

# Disclosure Regarding Balance Calculation and Overdrafts



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This disclosure describes how we (the "Credit Union") calculate your balance for determining whether funds in your account are adequate to cover checks, debit card transactions, or other items that are presented for payment from your account. It also describes how transactions are posted to your account. If funds in your account are insufficient to pay any item, we may either pay or return the item(s). In either case, we may charge a fee as set forth in the Service Charge and Fee Schedule. Further information about circumstances under which we may pay overdrafts is included in Section 6.i. of the Member Service Agreement (MSA). This section includes information about our account and lending overdraft payment programs and Courtesy Payment Service.

The following is important information regarding your account balance, how transactions are posted to your account, and when an overdraft (also known as a Courtesy Payment Fee) or NSF fee will be charged. You should read these disclosures carefully. If you have questions, please see a service center representative or call 800-388-7000.

## 1. Your Checking Account Balance

Your checking account has two kinds of balances: the "actual" balance and the "available" balance. Both can be checked when you review your account online, at an ATM, by calling Member Relations, or by visiting a service center. It is important to understand how the two balances work so that you know how much money is in your account at any given time.

Your **actual** balance is the amount of money that is actually in your account at any given time based on transactions that have "posted" to your account, but **not** transactions that have been authorized and are pending. The "actual" balance disregards any holds that have been placed on your account, and is not the amount is in your account that is available to pay items presented against the account. Any purchases, holds, fees, other charges, or deposits made on your account that have not yet posted will not affect your actual balance. For example, if you have a \$50.00 actual balance, but you just wrote a check for \$40.00 that has not yet been paid, then your actual balance is \$50.00 but it does not reflect a deduction for the check that has not yet been paid.

Your **available** balance is the amount of money in your account that is available to pay items presented against the account without incurring an overdraft or non-sufficient funds fee. The available balance is generally equal to the actual balance, less the amount of any holds placed on recent deposits, holds for other reasons, and holds for pending transactions (such as pending debit card purchases) that the Credit Union has authorized but that have not yet posted to your account. For example, assume you have an actual balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20 (without a tip), then that merchant could ask us to pre-authorize the payment. In that case, we will put a "hold" on your account for \$20. Your actual balance would still be \$50.00 because this transaction has not yet posted, but your available balance would be \$30 because we have been notified that there will be a \$20 charge to the restaurant. When the restaurant submits its charge for payment (which could be a few days later and then include a tip), we will post the transaction to your account and your actual balance will be reduced by the amount of the charge to the restaurant (\$20 plus any tip). The \$20

hold will be released around the same time, but not necessarily at exactly the same time.

Available balance is used to determine when there are insufficient funds to pay an item presented for payment from the account. The following example illustrates how this works:

*Assume your actual and available balances are both \$150, and you swipe your debit card at a restaurant for \$30. A hold is placed on your account, so your available balance is only \$120. Your actual balance is still \$150. Before the restaurant charge is sent to us for processing, a check that you wrote for \$130 clears. Because you have only \$120 available (there is a hold on your account for the pending restaurant charge for \$30), your available balance is -\$10, even though your actual balance is \$150. In this case, we may pay the \$130 check, but you will be charged an overdraft fee. (If we return the check, you would be charged a non-sufficient funds fee.) That fee will be deducted from your account, further reducing the balance.*

It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect all your outstanding checks, bill payments, or other transactions that you have authorized but have not yet been paid (or pre-authorized) from the account. In the example above, the outstanding check will not reduce your available balance until it is presented to us and paid from your account.

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within three (3) business days of authorization (or for up to thirty (30) business days for certain types of debit card transactions), we must release the authorization hold on the transaction. The available balance would not be reduced by the amount of this transaction from the time the hold has been released until the transaction has been received by us and paid from your account.

## 2. How Transactions Are Posted to Your Account

There are two types of transactions in your account: credits or deposits of money into your account, and debits or payments out of your account. It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

### a. Credits.

Most deposits are added to the actual balance of your account on the first business day after we receive them. Funds from your deposits are added to your available balance in accordance with our Funds Availability Policy as set forth in the Member Service Agreement (MSA). You can view the Member Service Agreement (MSA) online at [www.bcu.org/Legal/Terms-of-Use](http://www.bcu.org/Legal/Terms-of-Use).

### b. Debits.

There are several types of debit transactions. Each type of debit transaction is described generally below. Keep in mind that there are many ways transactions are presented for payment,

and the Credit Union is not necessarily in control of when transactions are received.

**i. Checks.** We receive one or more data files of checks presented for payment each day from the Federal Reserve or other check clearing service providers. Checks contained in a single data file will be posted to your account in check number order. Checks may also be presented for payment at one of our service centers. If a check is paid at a service center, it will be posted to your account when it is paid, or a hold will be placed on the account when it is paid.

**ii. ACH Payments.** We receive data files every day from a service provider that include Automated Clearing House or "ACH" debit transactions. These include, for example, automatic bill payments you have signed up for. Each day, ACH transactions for your account are grouped together and paid in random order.

**iii. Point of Sale (POS) Debit Card Transactions.** These are transactions where you use your debit card and you enter your PIN number at the time of the sale. We pay these transactions as they are transmitted to us. Most are transmitted immediately; others may be delayed for one or more days.

**iv. Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card and you do not enter your PIN but you are instead asked to sign for (or otherwise authorize) the purchase. As described above, in these situations, the merchant may seek prior authorization for the transaction. When that happens, we generally place a temporary hold against the available funds in your account. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available balance. Authorizations are deducted from your available balance but not your actual balance as they are received by us throughout each day. At some point after you sign for the transaction, it is processed by the merchant and

submitted to us for payment. This can happen hours or sometimes days after you signed for it, depending on the merchant and its processing company. These payment requests are received in real time throughout the day and are posted to your account as they are received. **Please note:** the amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when the authorization request is submitted. For example, if you use your card at a restaurant, a hold will be placed in the amount of the bill presented to you, but when the transaction posts it will include any tip that you may have added to the bill. This may also be the case when you swipe your debit card at gas stations and hotels and other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

Our general practice is to post deposits and ACH credits to your account before debits. In general, we post ACH payments to your account before checks. POS transactions and Signature Debit Card transactions are posted as they are received and processed. This is a general description of how certain types of transactions are posted. These practices may change and we reserve the right to pay items in any order we choose as permitted by law.

We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means that you may be charged more than one fee if we pay multiple transactions when your account is overdrawn.

***The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely.***

**IF YOU DO NOT UNDERSTAND THIS DISCLOSURE OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT (800) 388-7000.**

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please contact us at 800-388-7000.**

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