

Overdraft Protection Disclosure

Effective: November 6, 2023

An overdraft occurs when you do not have enough available balance in your account to cover a transaction, but we pay it anyway. We can cover overdrafts in several ways:

1. Overdraft transfer from a linked savings account. There is a \$5 per transaction fee.
2. Overdraft transfer from a linked Preferred Line of Credit. This option requires credit approval and interest charges may apply. However, this may be less expensive option than our fee for extended overdraft service.
3. Standard Overdraft Service and Optional Overdraft Service are both parts of our Extended Overdraft (EOD) service, which is subject to eligibility criteria and constraints which are explained below.

Under our Standard Overdraft Service, we may pay checks, and other transactions made using your account, Automated Clearing House (ACH) transactions, and automatic bill payments presented against your checking account when you do not have enough available balance to cover these transactions. If you opt-in to our Optional Overdraft Service, we may also pay Automated Teller Machine (ATM) transactions and one-time Debit card transactions. To be eligible for either or both parts of our EOD service, you must meet the following criteria:

- Be 18 years of age or older,
- Checking account opened for 60 days or more,
- No delinquent loan obligations,
- No legal orders against your account,
- No suspicious or fraudulent activity in your account,
- Checking account currently overdrawn less than 35 days,
- Checking account must receive a deposit of at least \$150 every 35 days or less,
- Service is available on 1 checking account per primary tax ID,
- Service is not available for business accounts.

Standard Practices and Fees

1. You are not required to have our EOD service on your account – you may opt out at any time for (1) ATM and one-time Debit card transactions, (2) check, ACH, and recurring purchases, or all transactions.
2. Our EOD service is limited to a total of \$300 at any one time. Your account may be overdrawn in excess of \$300 due to fees.
3. We will charge a fee of \$30 each time we pay an overdraft.
4. You can pay a maximum of seven (7) Overdraft or NSF fees for items processed for payment on a business day. Fees exceeding this limit may be credited the next business day.
5. MECU does not charge an ongoing negative balance fee for being overdrawn for an extended period of time.
6. Our EOD service will be suspended if you fail to meet eligibility criteria noted above.

7. Our EOD service is not designed to be used for extended periods of time. Accounts are monitored for excessive use, and we may remove the EOD service if we believe you are not managing your account in a responsible manner.
8. Eligibility for our EOD service does not guarantee that we will pay overdrafts. MECU pays overdrafts at our discretion, which means we will not always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be returned unpaid. Returned (unpaid) items may assess a \$30 NSF/return fee per transaction.
9. Checking accounts that remain overdrawn more than 46 consecutive days will be closed and charged off. Charged off accounts will be turned over to our collection agency for recovery efforts, and the amount of charge off will be reported to Chex Systems.

Overdraft Transfers – Linked Savings or Preferred Line of Credit

If your checking account does not have sufficient available balance to cover transactions, we can transfer available funds from a linked savings account. When a transaction causes an overdraft, a \$5 per item transaction fee will be posted to your checking account for each paid transaction. The aggregated checking overdraft amount will be transferred from the linked savings account to the checking account. Savings transfers will sweep up to sufficient available funds in the savings, minus the required \$5 membership share. Overdraft savings transfers are subject to the total transfer/withdrawal limit of 6 per month.

If your checking account does not have sufficient available balance to cover transactions, we can transfer available funds from a linked Preferred Line of Credit account. This option requires credit approval and interest charges may apply. There is no per transaction or annual fee for this option. The aggregated checking overdraft amount will be transferred from the linked line of credit to the checking account up to the available credit limit. Delinquency on the line of credit will stop transfers to clear your overdrawn checking account.

Understanding Your Checking Account Balances

In determining whether a transaction may cause an overdraft of your account, it is important to understand that your checking account has two types of balances: the available balance and the current balance.

- a. **Available balance** is the amount of funds available for use at the time a transaction is presented for authorization or payment. The available balance includes pending transactions that have been authorized but not yet posted – POS, Debit card, ATM, online transfers, and certain types of deposits. Your available balance is your current balance less (1) holds placed on deposits, (2) holds on Debit card or other transactions that have been authorized but not yet posted, and (3) any specialty holds such as pledge or legal holds. We use available balance to determine whether there are sufficient funds in your account to pay items, including checks, ACH, Debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your current balance. You should assume that any item which would overdraw your account based on your available balance may create an overdraft.
- b. **Current balance** reflects the amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks that you have written and are still outstanding or transactions that have been authorized but are still pending. Your current balance is typically greater than the available balance.

How Transactions are Posted to Your Account

Basically, there are two types of transactions that affect your account: credits (deposits of money into your account) and Debits (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. We post transactions to your account:

Credits: Deposits are generally added to your account when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Please refer to the Funds Availability Policy Disclosure for details regarding the timing and availability of funds from deposits. This information is available at mecu.com or visit one of our branch offices.

Debits: There are several types of Debit transactions. The most common Debit transactions are described below. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.

- **Checks** – when you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments in the order contained in the data file.
- **ACH Payments** – we receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day, as the files are received. Items in each file are posted credits first, then Debits.
- **PIN-Based Debit Card Purchase Transactions** – these are purchase transactions using your Debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN Debit network. These transactions are similar to ATM withdrawal transactions because the money is usually deducted from your account immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.
- **Signature-Based Debit Card Purchase Transactions** – these are purchase transactions using your Debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a hold on funds in your account when the authorization is completed. The “authorization hold” will reduce your available balance by the amount authorized but will not affect your current balance. The transaction is subsequently processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received.

A few examples that illustrate how overdraft fees are assessed on your account:

1. Assume your available balance and your current balance are both \$75. You use your Debit card to make a purchase of \$40, which reduces your available balance to \$35 when the authorization hold is placed. Your current balance remains at \$75. Before the merchant sends the \$40 transaction for processing, and assuming you opted in for ATM and one-time Debit transactions, you withdraw \$60 from the ATM. Your available balance will now be overdrawn, and an overdraft fee will be assessed.

2. Your current balance and available balance are both \$200 and you swipe your Debit card at a restaurant for \$65, so an authorization hold is placed on your account bringing your available balance to \$135 while your current balance remains at \$200. Before the merchant sends the restaurant charge for processing, we may pay a check you previously wrote for \$175, and charge you an overdraft fee.

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 you present your card for payment. For example, if you use your Debit card at a restaurant, a hold will be placed in an amount equal to 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 where you present your Debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

This is a general description of certain types of transactions. These practices may change, and we reserve the right to pay items in any order we choose as permitted by law.

Opting Out of ATM and One-Time Debit Authorization

You have the right to revoke your consent for paying ATM and one-time Debit card authorization at any time by accessing your account at mecu.com and selecting member services, then secure messaging. You can also visit one of our branch locations, or call Member Services at 410-752-8313, or toll free 1-800-248-MECU. You will receive a selection confirmation notice when we process your request.

Opting In for ATM and One-Time Debit Authorization

You can elect to opt in for Extended Overdraft service for ATM and one-time Debit card transactions at any time by accessing your account at mecu.com and selecting member services, then ATM and Debit card overdraft coverage. You can also visit one of our branch locations, or call Member Services at 410-752-8313, or toll free 1-800-248-MECU. You will receive a selection confirmation notice when we process your request. Certain eligibility criteria apply, and opting in for the service does not guarantee payment using EOD service.

Financial Education

MECU offers financial education to help our members make informed decisions. If you are experiencing financial difficulties, MECU partners with the Accel Program, a free education and counseling program. The Accel Counselors are available Monday through Thursday, 8:00 a.m. to 12:00 a.m. (EST), Friday 8:00 a.m. to 7:00 p.m. and on Saturday 9:00 a.m. to 1:00 p.m. Visit Accel on the web @ www.accelservices.org or call them toll free 1-877-33ACCEL (332-2235).