

DuTrac Member Notice of Addition to DuTrac Terms and Conditions

Effective Immediately

The following is added as Section 14 to the Membership and Account Agreement portion of the DuTrac Membership Guide.

14. OVERDRAFTS

a. Payment of Overdrafts. An overdraft occurs if the available balance in your share or deposit account is not sufficient to pay the full amount of a check, draft, transaction, or other item at the time it is posted to your account. If you have established overdraft protection linking your share account with other individual or joint accounts or a line of credit, then we will first try to transfer funds to cover the overdraft. This will result in an overdraft transfer fee if we transfer money from your share account or other individual or joint account, but will avoid an Overdraft/Returned Item fee. If we transfer money from a line of credit, there is a transfer fee and you will pay interest on the amount advanced, in accordance with the terms of the line of credit agreement. However, if a transfer source is not available, then we may elect to pay the overdraft, in which case you will be charged an Overdraft Fee as described in our current Fee Schedule. If we reject the item, then you will be charged a Returned Item Fee.

The Credit Union's determination of an insufficient available balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. We do not have to notify you if your account does not have a sufficient available balance before we pay or reject an overdraft. Your account may be subject to a fee for each item presented to us regardless of whether we pay or return the item. We may charge a fee each time an item is submitted or resubmitted for payment; therefore, you may be assessed more than one fee as a result of a returned item and resubmission(s) of the returned item.

If you are eligible for our standard overdraft services, then we may pay for the following types of transactions regardless of whether your share or deposit account has sufficient available balance: (1) share drafts/checks and other transactions made using your checking account, except as otherwise described below; (2) automatic bill payments; (3) ACH transactions; and (4) recurring debit card transactions. For ATM and one-time debit card transactions, you must affirmatively consent or opt in to such coverage. Without your consent, the Credit Union will not authorize and pay a one-time debit card transaction or allow an ATM withdrawal that will result in insufficient available balance in your account.

Your checking account has two balances: the "actual balance" and the "available balance". It is important to understand how the two balances are calculated and how they are used to know when you may be charged Returned Item or Overdraft Fees. Your actual balance is the full amount of all deposits into your account less transactions that have "posted" to (or have been paid from) your account. It is the balance shown on your monthly statements. Your available balance is the amount of money in your account that is available for you to use without incurring an Overdraft or Returned Item Fee. It is the actual balance less holds placed on deposits and pending transactions that have been authorized but have not yet been presented to us for payment (such as pending debit card purchases that have been authorized at the point of sale, but have not been presented to us for payment by the merchant). We use your available balance to determine whether to authorize payments and whether to assess Returned Item or Overdraft Fees when transactions are posted to (paid from) your account. The following is an example of how this works:

Assume you have \$100 in your actual balance and your available balance and you have **opted in** to Courtesy Pay for debit cards. Further assume you use your debit card to buy a shirt for \$70, in which case the merchant will typically ask us to authorize the payment. If we do, then we will reduce your available balance to \$30 because we are now required to pay the \$70 for the shirt when the transaction is presented to us (usually a few days later) through the merchant's card network. Before the merchant sends the shirt payment to us, a check you have written for \$50 is presented for payment. Because you have only have \$30 in your available balance, we may reject the check (in which case you will be charged a Returned Item Fee) or we may pay it with Courtesy Pay (in which case you will be charged an Overdraft Fee). The \$50 check payment is an overdraft because your available balance is insufficient at \$30 even though your actual balance is still \$100. Later, when the shirt payment is presented to us through the merchant's card network, we are required to pay it, even though your available balance is now -\$20 due to the check we paid. You will not be charged an Overdraft Fee on the shirt payment because there was sufficient available balance when it was authorized.

To help you manage your account and avoid Overdraft and Returned Item Fees, you can see your available balance at ATMs, online, or on your mobile banking application. We also provide you with a summary of Overdraft and Returned Item Fees on your monthly account statements for the current period and year-to-date.

b. How Transactions Are Posted To Your Account. There are basically 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 is available to you at any given time. This section explains generally how and when we post transactions to your account.

Credits. Most deposits are added to your account when we receive them. For some checks you deposit, only a portion of the amount will be made available at the time of deposit; the remaining balance may be available on the second business day after the day of your deposit. There may be extended holds on checks for other reasons. For details on the availability for withdrawal of your deposits, see the Funds Availability section of this Agreement.

Debits. There are several types of debit transactions. The most frequent types of debit transactions are described generally below. Keep in mind that there are many ways transactions are presented for posting to your account by merchants, and the Credit Union is 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 posted to your account each day.
- ACH Payments. We receive data files every day from the Federal Reserve with Automated Clearing House, or ACH, transactions. These include, for example, automatic bill pays you have signed up for. Each day, ACH transactions for your account are grouped together and posted to your account.
- Point of Sale (POS) Debit Card PIN Transactions. These are transactions where you use your debit card and you enter your PIN number at the time of the sale. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some POS transactions are not presented for payment immediately; it depends on the merchant.
- Signature Debit Card Transactions. These are transactions where you make a purchase with your debit card and you are typically asked to sign for the purchase or it is processed through the Visa or MasterCard networks. As described above, in these situations, the merchant may seek prior authorization for the transaction. If we approve the transaction, then we are required to pay it so we will reduce your available balance by the amount of the authorization request. We refer to this deduction from your available balance as an “authorization hold.” 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 posting to your account. This can happen hours or sometimes days after you signed for it, depending on the merchant and its processing company. **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 where 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. The fact that we put an authorization hold on your available balance does not mean the authorization is set aside and made available to pay the specific transaction authorized. The hold is simply a reduction in your available balance based on the fact that we have authorized a transaction and the Credit Union is therefore obligated to pay it when presented.

Debit card transactions can be recurring or nonrecurring. Recurring transactions are where you use your debit card to set up a recurring monthly payment, such as a gym membership. Nonrecurring transactions are one-time transactions that are authorized each time you use your debit card. Using your debit card at a restaurant is an example of a one-time or nonrecurring transaction. We will rely on how the merchant characterizes the transaction for purposes of processing it and your only recourse for an improperly coded transaction is with the merchant who submitted it to us.

Checks, drafts, transactions, and other items may not be processed in the order that you make them or in the order that we receive them. We may, at our discretion, pay a check, draft, or item, and execute other transactions on your account in any order we choose. The order in which we process checks, drafts, or items, and execute other transactions on your account may affect the total amount of overdraft fees that may be charged to your account. Except as otherwise agreed in writing, if we exercise our right to use our discretion to pay such items that result in an overdraft, then we do not agree to pay them in the future and may discontinue coverage at any time without notice. If we pay an overdraft, then you agree to pay the insufficient amount, including the fee assessed by us, in accordance with any overdraft payment policy we have implemented.

The following is added to Section 37 of the Membership and Account Agreement portion of the DuTrac Membership Guide.

37. ARBITRATION AND WAIVER OF CLASS ACTION

7. Limitation On Time To Commence Action - An action or proceeding by you to enforce an obligation, duty or right arising under this agreement or by law with respect to your account or any account service must be commenced within one year after the cause of action accrues.