

## Overdraft Disclosure

An overdraft occurs when there is not enough available money in your checking account to cover a transaction (based on your account's Available Balance), but Broadview pays the transaction anyway.

Your checking account has two balances: the **Current Balance** and the **Available Balance**. Both can be checked when you review your account online, at an ATM, by phone, or at a branch. 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. Here is an explanation of the **Current Balance** and the **Available Balance** and how they work.

Your **Current Balance** is the full amount of all deposits to your account, even though some portion of a deposit may not be available to you, minus payment transactions that have actually been paid by us and fees that have posted. The Current Balance does not include preauthorized commitments to pay merchants that are pending settlement (for example, debit card transactions that have not yet been presented for payment and posted to your account), nor all or portions of checks or other deposits that have not yet posted. Thus, while the term "current" may sound as though the amount you see is an up-to-date display of what is in your account that you can spend, that is not always the case.

**Available Balance** is the amount of money in your account that is immediately available for use. It is the **Current Balance** minus holds placed on deposits, minus debit card payment commitments that have been authorized but that have not yet been paid by us and posted to your account, and minus other holds on funds, such as any garnishment or pending fees.

Broadview uses the **Available Balance** to determine whether a transaction that is presented for payment will be paid and whether an Insufficient Funds Charge will be assessed. In addition, for transactions that require authorization by Broadview, such as ATM withdrawals and debit card transactions, Broadview uses the **Available Balance** at the time authorization is requested to determine whether the transaction will be authorized.

It is very important to understand that you may still overdraw your account even though the **Available Balance** and **Current Balance** appear to show there are sufficient funds to cover a transaction that you want to make. This is because your balances may not reflect all your outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not been 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 present a one-time debit card transaction for payment within three (3) business days of authorization (or 2 hours for certain automated fuel dispenser transactions, or 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** will not reflect this transaction once the hold has been released until the transaction has been presented to us and paid from your account.

**Broadview is not under any obligation to pay overdrafts, except debit card transactions that are authorized by us for payment.** Broadview's Premium Overdraft is a discretionary service automatically available to members who maintain their checking account in good standing and in a responsible manner, providing overdraft coverage to potentially prevent items/transactions from being returned or declined. Premium Overdraft provides automatic discretionary coverage for checks, ACH debit transactions, and recurring debit card transactions. However, this coverage can be expanded to include one-time debit card and ATM transactions if you affirmatively opt in. If you opt in to **Premium Overdraft for one-time debit card and ATM transactions**, we may at our discretion authorize debit card transactions when you do not have sufficient available funds in the **Available Balance** of your checking account at the time authorization is requested. If the transaction is authorized, then we are required to pay it at the time it posts to your account, which could be days later, regardless of the **Available Balance** at the time it posts.

While there is no fee to have Premium Overdraft coverage, when we pay overdraft items for you, you may be charged our Insufficient Funds Charge as stated in the Broadview Fee Schedule. There is no limit to the total fees we can charge you for overdrawing your account. If you ask us to pay overdrafts for ATM and everyday debit card transactions, we will not charge an Insufficient Funds Charge if you have a sufficient **Available Balance** at the time the transaction is authorized, even if your **Available Balance** is insufficient to pay the transaction at the time we pay it. Alternatively, you can also decline all overdraft coverage by contacting Broadview at 800-727-3328 or by stopping by any of our branches. If you decline all overdraft coverage, transactions that would otherwise overdraw your account will be declined or returned unpaid and potentially subject to an Insufficient Funds Charge by Broadview, as described in the Broadview Fee Schedule, as well as any fees assessed by the merchant.

**You may change your election and opt out, or opt in, at any time by contacting Broadview at 800-727-3328, stopping by any of our branches or going online at [broadviewfcu.com/overdraftoptions](https://broadviewfcu.com/overdraftoptions).**

Each checking account with Premium Overdraft has a dynamic overdraft limit that determines the maximum amount of overdraft protection that is available. The dynamic overdraft limit is a

customized amount based on factors such as how long an account has been open, as well as the amount and frequency of deposits into the account. Therefore, your overdraft limit may change based on your daily account activity.

Both the item(s) presented and the associated fee(s) are subtracted from the dynamic limit.

The following example illustrates how the foregoing can work<sup>1</sup>:

Assume both your **Current Balance** and **Available Balance** are \$100, and you swipe your debit card at a restaurant for \$80. The restaurant may ask Broadview to authorize the payment. If it is authorized, then your **Available Balance** will be reduced by \$80 so your **Available Balance** becomes \$20. Your **Current Balance** is still \$100. Before the restaurant charge is presented to us for payment, a check that you wrote for \$110 is presented to us for payment. Because you have only \$20 in your **Available Balance** (you have committed to pay the restaurant \$80) and if the amount of the Premium Overdraft available to you is not sufficient to cover the remaining \$90, your check will be returned unpaid. Since the check amount of \$110 was more than your **Available Balance** of \$20, an Insufficient Funds Charge of \$25 will be charged, resulting in a current balance of \$75 and an **Available Balance** of -\$5. Later, when the \$80 restaurant charge is presented and posted to your account, you will not have enough money in your **Available Balance** because of the intervening check. However, Broadview is obligated to pay the restaurant charge because it was authorized. Broadview will not charge an Insufficient Funds Charge for the restaurant charge even though your **Available Balance** is insufficient when the restaurant payment is presented for payment to your account because there was enough money in your **Available Balance** when the transaction was authorized.<sup>1</sup>

**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. This section explains generally how and when 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 Disclosure for details regarding the timing and availability of funds from deposits.

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1. This is a hypothetical example for illustration purposes only.

**Debits.** There are several types of debit transactions. Common debit transactions are generally 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 check processing networks. We receive data files of cashed checks each day. The checks drawn on your account are compiled from these data files and paid each day. We process the checks in the order they are received. Additionally, checks can be presented and paid in branch, which is reflected in both your **Current Balance** and **Available Balance** immediately.

**ACH Payments.** We receive data files every day 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 in order of receipt.

**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 **Available Balance** and **Current Balance** immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment; in that case, an authorization hold will reduce your **Available Balance** by the amount authorized, but the transaction will not affect your **Current Balance** until it is presented for payment and paid by us. The transaction is subsequently processed by the merchant and presented to us for payment. These payment requests are received in real time throughout the day and are posted to your account when they are received.

**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. This is referred to as an "authorization hold". An authorization hold will reduce your **Available Balance** by the amount authorized, but the transaction will not affect your **Current Balance** until it is presented for payment and paid by us. 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.

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. The amount of an authorization hold may also differ from the final transaction amount when you present your debit card for payment. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

For debit card transactions involving merchant authorization holds, there may be a delay between the hold being applied and the transaction being presented to us for payment and posting to your account. During the delay, intervening transactions may impact the **Available Balance** in your account.