

Texas Trust Credit Union

Overdraft Coverage Options

(Effective February 1, 2022)

As of February 1, 2022, Texas Trust Credit Union will decide whether an overdraft has occurred in your account by referring to the account's ledger balance at the time the transaction is presented to the credit union for payment.

In deciding whether an overdraft has occurred, we will use the ledger balance minus the "overdraft adjustments" as that term is defined in the "Definitions" section below. Additional information about how the overdraft determination is made is also provided below.

Your available options to avoid having transactions declined and for covering overdrafts in your account are explained below. Those options are Overdraft Protection, Standard Overdraft Privilege and Extended Overdraft Privilege.

Questions. You should read this document with your Member and Account Agreement. If you have any questions about the Overdraft Coverage options, please contact us by email, secure message center in online banking, visiting your local branch, or calling us at (972) 263-5171, or (800) 527-3600.

DEFINITIONS

Ledger Balance. The ledger balance is made up of the amount on deposit in the Account at any point in time, with no adjustment made for any holds that are in effect either for debits or the availability of deposits.

Overdraft Adjustments. The overdraft adjustments are the amounts that the credit union will deduct from the ledger balance for purposes of determining whether an overdraft has occurred. Those amounts are: (i) the amounts of checks deposited in the applicable Account that are subject to availability or exception holds, (ii) amounts in the Account that are subject to levy or garnishment by the IRS or other creditors, (iii) amounts of deposits in the Account that are subject to freezes on the accounts from which those funds are drawn, and (iv) amounts attributable to deposits that are determined to be uncollectible.

Available Balance. The "available" balance is comprised of the ledger balance less any debit card transactions that are in a pending status and any deposited funds that are not available due to a hold. This balance is used, among other things, to determine whether Texas Trust Credit Union will authorize a requested debit card transaction.

Pending Debit Card Transaction. Debit card purchases that have been authorized and are being processed are considered to be "pending." The authorized amount of the transaction is subtracted from your "available" balance, but not your "ledger" balance. See "Additional Information" below for a detailed explanation.

1: Subject to credit approval.

2: Recurring debit card transactions will be paid regardless of member's coverage choice. To cancel a recurring debit card transaction, member must contact the merchant.

3: Requires member consent, i.e., "opt in."

Deposit Hold. Deposited funds are recognized in the “ledger” balance upon deposit. Texas Trust Credit Union may place a hold on deposited funds if deemed uncollectible or until the financial institution on which the check or deposit is drawn on is able to forward the funds to Texas Trust. Amounts under a hold are not included in the “available” balance or “ledger balance” as reduced by the “overdraft adjustments” in deciding whether an overdraft has occurred. When the hold is released, the funds will be added to your “available” balance. This is in accordance with our Membership and Account Agreement and Funds Availability Policy.

OVERDRAFT COVERAGE OPTIONS

Texas Trust Credit Union will determine whether an overdraft occurs in your account by referring to the ledger balance reduced by the overdraft adjustments at the time a withdrawal (checks, ACH items, debit card transactions, ATM withdrawals, etc.) is presented for payment.

Texas Trust Credit Union offers three types of overdraft coverage to help members manage their checking accounts and avoid having transactions declined: **Overdraft Protection, Standard Overdraft Privilege, and Extended Overdraft Privilege.**

Overdraft Protection, which is available to all checking accounts, covers an overdraft by transferring funds from your other Texas Trust Credit Union account(s) that are linked to your checking (share draft) account:

- Eligible linked accounts include savings (regular share), checking (share draft), line of credit¹, and credit card¹
 - Funds from savings and checking are transferred in an amount equal to the amount of the overdraft and any applicable fee
 - Funds from a line of credit and credit card are transferred in increments of \$100
- A transfer fee applies as specified in the current Fee Schedule
- Interest may apply to credit card and line of credit transfers
- All transaction types are covered; refer to Table 1 below
- Overdraft Protection is the first source of funds for all overdraft occurrences; if the linked accounts do not have a sufficient available balance, the overdraft will be paid using Standard Overdraft Privilege or Extended Overdraft Privilege, if applicable to your account
- If neither Overdraft Protection nor Overdraft Privilege are available, the transaction may be declined for insufficient funds; a fee applies as specified in the current Fee Schedule
- Members may modify this coverage at any time via email; secure message center in online banking; branch visit; or telephone at (972) 263-5171 or (800) 527-3600

Standard Overdraft Privilege, which is applied to checking accounts of members in good standing, covers an overdraft by using the credit union’s funds:

- Funds are provided in the amount equal to the amount of the overdraft
- An overdraft fee applies for each transaction that results in an overdraft as determined above negative ledger balance as specified in the current Fee Schedule
- Initial overdraft privilege limit is \$100 for the first 30 days, after which the limit increases to \$500. It may be increased up to \$1,000 if member has a direct deposit equal to or greater than \$500 into the checking account within the last 30 days.

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- Coverage limit is inclusive of all fees and the amount(s) of the overdraft
- Not all transactions are covered, as Standard Overdraft Privilege does not cover ATM transactions and “Everyday” purchases made with a debit card; refer to Table 1 below
- Overdraft Privilege is the second source of funds for eligible overdraft occurrences; if Overdraft Protection cannot be used because the linked accounts do not have a sufficient available balance, the overdraft will be paid using Standard Overdraft Privilege if applicable to your account and your account has an overdraft privilege limit sufficient to amount to pay the transaction and associated fee
- Member may decline this coverage at any time via email; secure message center in online banking; branch visit; or telephone at (972) 263-5171 or (800) 527-3600

Extended Overdraft Privilege is an optional coverage that extends the member’s Standard Overdraft Privilege to include additional transactions; refer to Table 1 below

- Member must elect to have this extended coverage for their account (“opt in”)
- Extends Standard Overdraft Privilege to include ATM transactions and “Everyday” purchases made with a debit card; refer to Table 1 below
- As with Standard Overdraft Privilege, this is the second source of funds for eligible overdraft occurrences; if Overdraft Protection cannot be used because the linked accounts do not have a sufficient available balance, the overdraft will be paid using Extended Overdraft Privilege, if applicable to your account and your account has an overdraft privilege limit sufficient to pay the transaction and associated fee.
- Member may opt in or revoke at any time via email; secure message center in online banking; online banking; branch visit; telephone at (972) 263-5171 or (800) 527-3600; or mail at PO Box 2260, Mansfield, Texas 76063

These three options and the transactions or items they are used to pay are summarized below in Table 1.

Table 1.

| Transaction Type | Overdraft Protection | Standard Overdraft Privilege | Extended Overdraft Privilege |
|--|-----------------------------|-------------------------------------|-------------------------------------|
| Checks | X | X | X |
| Automatic Debits Using Your Checking Account Number (also known as ACH transactions) | X | X | X |
| Automatic Recurring Payments Using Your Debit Card Number ² | X | X | X |
| Payments made through Texas Trust Bill Pay | X | X | X |
| At the Branch | X | X | X |
| At the ATM | X | | X ³ |
| Everyday Debit Card Purchases, including Cash Back | X | | X ³ |

ADDITIONAL INFORMATION

Avoiding and Minimizing Overdraft and NSF Fees. The key to avoiding overdrafts is daily account balance management. Keep track of your balances by using mobile banking, text banking, online

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banking, and automated telephone banking services. Using Overdraft Protection is the least expensive overdraft coverage option, so keeping track of your balances in your linked accounts is also important.

Lack of Overdraft Coverage. If you do not have overdraft coverage available under one of the above options and a transaction amount exceeds your ledger balance minus the overdraft adjustments, the credit union will reject the transaction² due to insufficient funds (NSF). Rejected checks and ACHs will be subject to an NSF fee per occurrence, refer to current Fee Schedule. If the checks or ACH transactions are re-submitted with requests for payment and the ledger balance minus the overdraft adjustments is again not sufficient to pay the transaction, separate and additional NSF fees will be charged.

Assessment of Fees. In deciding whether an overdraft has occurred in your account, Texas Trust Credit Union reviews whether the account's ledger balance minus the overdraft adjustments is sufficient to cover a transaction. If an overdraft occurs, fees will be assessed as described below and in the amounts specified in the Fee Schedule.

- All members, all checking accounts
 - Overdraft Protection Transfer Fee, per transfer
- Members 13 to 17 years old with Student Checking:
 - Overdraft Privilege is not available
- Members 18 to 23 years old with Student Checking
 - Overdraft Privilege Fees per overdraft
 - NSF Fee, per transaction, when member is not covered by any overdraft coverage option. The transaction² will be rejected or returned to the merchant unpaid. This may trigger additional fees from the merchant. If the transaction is resubmitted to the credit union by the merchant for payment, and the ledger balance minus the overdraft adjustments is again insufficient, separate, and additional NSF Fees will be charged.
- Members 18 or Older with Bonus, Easy, or Power Checking:
 - Overdraft Privilege Fee, Fee per transaction
 - NSF Fee, per transaction, when member is not covered by any overdraft coverage option. The transaction² will be rejected or returned to the merchant unpaid. This may trigger additional fees from the merchant. If the transaction is resubmitted to the credit union by the merchant for payment, and the ledger balance minus the overdraft adjustments is again insufficient, separate and additional NSF Fees will be charged.
- There is no daily maximum on the number of fees that may be charged.
- Fees are included in the Overdraft Privilege coverage limit amount; this may cause you to exceed the Overdraft Privilege coverage limit.

Posting Order. We make overdraft determinations based on the ledger balance minus the overdraft adjustments at the time transactions are presented, which is also referred to as a transaction or an item being "posted." We generally post items in the following order; however, exceptions will occur. The posting order may affect the number of overdraft transfer, overdraft privilege or insufficient funds ("NSF") fees that you will incur.

- Transactions made using your debit card and PIN, including purchases at a merchant and ATM withdrawals, are real time transactions and post immediately as they are made by the member

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- Transactions authorized with your signature or made using your debit card as “credit,” post throughout the day.
- ACH items are received throughout the day and are posted throughout the day on business days in the order presented.
- Checks post in the late afternoon in check number order

Overdrafts Are Based on Ledger Balance As Adjusted. If the funds in the ledger balance minus the overdraft adjustments are not sufficient to pay a transaction or item when it is presented, any applicable Overdraft Coverage options may be used to authorize and pay a transaction; subject to the member’s coverage limit, and with the applicable fee.

Pending Debit Card Transactions. The debit card transaction process is a multi-step and multi-party process including you, the merchant, the credit union, and the merchant’s financial institution. To allow sufficient time for this process to play out, we place debit card transactions in “pending” status for, typically, four calendar days, however, timing can vary.

Step 1: When you swipe your Texas Trust debit card, the merchant sends a request to the credit union to determine whether your account is active and verifies you have a sufficient available balance to cover the transaction. Unlike the overdraft determination described above, the verification is based on the available balance in your account.

As noted above, the available balance is comprised of the ledger balance less any debit card holds and does not include any deposited funds on hold.

- We place the verified amount in a “pending” status and deduct it from your available balance, but we do not subtract it from your ledger balance. Note: the amount the merchant used to verify the available funds in the account may differ from the amount of the actual transaction.

Step 2: The merchant submits the actual amount of the transaction, which may be different than the verification amount, to the financial institution the merchant uses to process payments. Typically, this step occurs prior to the merchant’s next business day, however, the timing can vary.

Step 3: The merchant’s financial institution processes the transaction and asks Texas Trust Credit Union to transfer funds equal to the amount of the actual purchase.

- We release the actual amount of the transaction from “pending” status and deduct that amount from both your “available” and ledger balances. If the authorization amount was greater than the actual amount of the transaction, the excess amount is also released from pending status and is added back to your available balance.
- We release the funds of the actual charge to the merchant’s financial institution.

Step 4: The financial institution deposits the funds into the merchant’s account.

Deposit Holds. Texas Trust Credit Union may place a hold on deposited funds in accordance with our Membership and Account Agreement and Funds Availability policy. Amounts under a deposit hold are included in the ledger balance but are deducted from the ledger balance for purposes of determining

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whether an overdraft has occurred and are not included in the available balance” of your account. When the deposit hold is released, the funds will be added to the “available” balance.

Non-Payment. Except as described in this disclosure, Texas Trust Credit Union will not pay items if the ledger balance minus the overdraft adjustments is not sufficient to pay the item unless your account has sufficient amounts provided through Overdraft Protection and/or the Overdraft Privilege limit to cover the item(s) and the amount of any fee(s).

Discretionary. Overdraft Privilege is not a line of credit; it is a discretionary overdraft coverage service that the credit union can withdraw at any time without prior notice.

Discontinuing Privilege. Overdraft Privilege may be discontinued at Texas Trust’s discretion if you default on any loan or other obligation to us, your account becomes subject to any legal or administrative order or levy, or if you fail to maintain your account in good standing by not bringing your account to a positive balance within thirty (30) days for a minimum of one business day.

Members may modify their Overdraft Coverage at any time via email; secure message center in online banking; branch visit; telephone at (972) 263-5171 or (800) 527-3600; or mail at PO Box 2260, Mansfield, Texas 76063.

Obligation to Pay. Depositor and each Authorized Signatory on the Account will continue to be liable, jointly and severally, for all overdraft and fee amounts, as described in the Membership and Account Agreement. The total (negative) balance, including all fees and charges, is due and payable on demand.

Questions. If you have any questions about the Overdraft Coverage options, please contact us by email, secure message center in online banking, visiting your local branch, or calling us at (972) 263-5171 or (800) 527-3600. You can also visit us at TexasTrustCU.org/ODP_FAQ.

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