

OVERDRAFT SERVICES DISCLOSURE

“Overdraft” means there is not enough available balance in Your account at the time a transaction is presented to us for payment. Overdrafts can result from checks, electronic payment transactions such as on line bill payments, Automated Clearing House or ACH payments, and debit card payments. Should an Overdraft occur and You have signed up for Overdraft Protection, then We will first attempt to authorize and pay the item by transferring funds to Your Checking Account from any approved personal line of credit, or other deposit account (such as a Savings Account). If You have not signed up for Overdraft Protection or funds are not available in any of the above accounts when a transaction is presented to us, then We may either reject the transaction or We may, at Our discretion, elect to pay it using Our standard overdraft practices, which are called Overdraft Services.

Overdraft Services apply when We pay overdraft checks, Automatic Clearing House (ACH described below) transactions, bill pay, and recurring debit card payments. If You choose to opt-in, Overdraft Services can also apply to nonrecurring or one-time debit card payment transactions. Without Your affirmative consent, We may not authorize one-time debit card transactions or ATM withdrawals that will result in insufficient available balance in Your account. Generally, We do not authorize ATM withdrawals that will result in insufficient available balance. An ATM withdrawal or transfer may result in an overdraft if Our ATM network is temporarily offline and you are nevertheless permitted to withdraw funds or transfer funds from an insufficient available balance.

If We pay an overdraft, then We will charge You an Insufficient Funds Overdraft fee. If We decline to pay an overdraft that would result from a check, ACH, or bill pay transaction, then it will be rejected and You will be charged an Insufficient Funds Return fee. You will not be charged any fees if We decline to authorize a debit card payment transaction. Nor will you be charged a fee for an overdraft debit card payment that was authorized when your account has sufficient available balance. Overdraft and Return Fees are described in Our Fee Schedule, which is updated periodically.

Note: Check and ACH payment transactions that are returned may be presented to Us again for payment multiple times until paid. You may be charged a fee each time an overdraft transaction is presented for payment, even if it was previously rejected and a fee was previously charged.

The following is important information regarding Your account balances, how transactions are authorized and posted to Your account, and when an Overdraft or Return Fee will be charged. You should read these disclosures carefully. If You have questions, please see a branch representative or call (757) 877-2444.

YOUR CHECKING ACCOUNT BALANCE.

Your checking account has two balances: the “actual” balance and the “available” balance. Both can be checked when You review Your account online, on Our mobile banking app, at an ATM, 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. This section explains actual and available balances and how they work.

Your actual balance is the full amount of all deposits into Your account, even though some portion of a deposit may be on hold and may not be available to You (see Our Funds Availability Policy Disclosure), less payment transactions that have actually “posted” to or have been paid from Your account. Thus, while the term “actual” may sound as though the number You see is an up-to-date display of what is in Your account that You can spend, that is not always the case. For example, if You have a \$50 actual balance, but You just wrote a check for \$40, then Your actual balance is \$50 but it does not reflect the pending check transaction. The actual balance is the balance reflected on Your account statements.

Your available balance is the amount of money in Your account that is available for You to use without the risk of being charged an Overdraft or Return Fee. The available balance is the actual balance less things like holds placed on deposits and pending transactions (such as pending debit card purchases) that We have 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 swipe Your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment. In that case, We will reduce Your available balance by \$20 because once We authorize the transaction, We are obligated to pay it. Your actual balance would still be \$50 because this transaction has not yet posted, but Your available balance would be \$30 because You have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), We will post the transaction to Your account and Your actual balance will be reduced by \$20.

We use available balance to decide whether to pay or not pay transactions. We also use available balance **at the time transactions are posted and actually paid (not when they are authorized)** to decide whether to charge Overdraft Fees. The following example illustrates how this works:

Assume Your actual and available balance are both \$100, and You swipe Your debit card at a restaurant for \$60. As a result, Your available balance will be reduced by \$60 so Your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to Us for posting, a check that You wrote for \$50 clears. Because You have only \$40 available (You have committed to pay the restaurant \$60), Your account will be overdrawn by \$10, even though Your actual balance was \$100. In this case, We may reject the check, in which case You will be charged a Return fee. If You are eligible for Overdraft Services, then We may pay the \$50 check, but You will be charged an Overdraft Fee because Your available balance was not sufficient at the time of payment to cover the check. When the \$60 restaurant charge is later submitted to us and posted to Your account it will also be an overdraft, but You will not be charged a fee because Your available balance was sufficient when it was authorized.

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 the outstanding checks and automatic bill payments that You have written or authorized, or other outstanding transactions that have not been paid from Your account. In the example above, the outstanding check will not be reflected in Your available balance until it is presented to us and posted to 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 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 will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from Your account.

Your available balance can be checked on Our mobile banking application, on line, at 1st Advantage owned ATMs or by calling us at (757) 877-2444.

PAYMENT ORDER OF ITEMS:

The law permits us to pay items (such as checks) drawn on Your account in any order. To assist You in handling Your account with us, We are providing You with the following information regarding how We process the items drawn on Your account(s). When processing items drawn on Your account, Our policy is to pay them in the order that they are received. If an item is presented without a sufficient available balance of funds in Your account to pay it, We may, at Our discretion, pay the item (causing an overdraft) or return the item. The amounts of the Overdraft Fee and the Return Fee is disclosed in the Fee Schedule. We encourage You to make careful records and practice good account management. This will help You to avoid writing checks without a sufficient available balance of funds and incurring the resulting fees. An Overdraft Fee may be imposed for Overdrafts created by checks, in-person withdrawals, or by other electronic means, as applicable, regardless of the amount of the item paid.

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 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, the full amount of the deposit may not be immediately available. For details on the availability for withdrawal of Your deposits, see the Funds Availability Policy Disclosure in 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 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 posted to Your account each day. We process the payments in the order they are presented in the Federal Reserve file.
- **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, the ACH data files are grouped together and posted to Your account at the end of the day. We post credits first, then debits.

- **ATM Withdrawals or Transfers.** ATM transactions are processed in real time. Thus, funds are deducted from your account at the time the transaction is executed at an ATM.
- **Point of Sale (POS) Debit Card PIN Transactions and ATM withdrawals.** These are transactions where You use Your debit card and You enter Your PIN number at the time of the sale or withdrawal. Money is usually deducted from Your account immediately at the time of the transaction similar to an ATM withdrawal. However, some POS debit card payment transactions are not presented for payment immediately; it depends on the merchant.
- **Signature POS 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. As described above, in these situations, the merchant may seek prior authorization for the transaction. When that happens, We generally reduce Your available balance by the amount authorized. We refer to this 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 payment from (posting to) Your account. 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. The opposite may happen at hotels, rental car companies and gas stations. If You go to a gas station and use Your debit card, the merchant may authorize \$50 but You may actually only pump \$20. Your available balance may be reduced by the authorization amount and it will not be adjusted until the transaction is presented for payment. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.
- 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.

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 chose 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 \$29 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 AGREEMENT OR HAVE ANY QUESTIONS, PLEASE CONTACT US AT (757) 877-2444 OR GO TO www.1stadvantage.org.

We will decide to pay overdrafts on a case-by-case basis, in Our sole and absolute discretion.

For Your overdrafts cleared, You promise to immediately pay us all sums, including the fees and charges for this service advanced to You or any other person You permit to use Your checking account and/or who causes an overdraft on Your checking account.

We may terminate or suspend Overdraft Services at any time without prior notice. In no event shall any termination relieve You of Your obligation to repay such sums already paid, including but not limited to, Overdraft fees, collection costs, and attorneys' fees, if any.

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