

FIRST SOUTH FINANCIAL CREDIT UNION - OVERDRAFT PRIVILEGE POLICY

It is the policy of First South Financial Credit Union to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

The Deposit Account Agreement and Disclosure provided to you at the time you opened your account with us controls the duties, obligations, and rights of the Depositor, the Authorized Signatories and First South Financial Credit Union with regard to your share account. The Deposit Account Agreement (and all the amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Overdraft Privilege Policy and the Deposit Account Agreement and Disclosure. A copy of the Deposit Account Agreement and Disclosure is available to you on request from your First South Financial Credit Union account representative.

Overdraft Privilege is not a line of credit. However, if you inadvertently overdraw your account, we will normally pay the overdraft, subject to the limit of your overdraft privilege and the amount of the overdraft fee. Overdraft fees may be charged if the **available balance** in your account at the time a check, draft, transaction or other item that is posted to your account is not enough to pay the full amount of that item.

Understanding Your Account Balance

Your checking or Savings Plus account has two kinds of balances: **the actual balance** and **the available balance**. Your actual balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending. **Your available balance is the amount of money in your account that is available for you to use.** Your available balance is your actual balance less: (1) holds placed on deposits; (2) holds on debit card or other transactions that have been authorized but are not yet posted; and (3) [any other holds, such as holds related to pledges of account funds and minimum balance requirements or to comply with court orders.] We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as 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 actual balance.** In such cases, subsequent posting of the pending transactions may further overdraw your account and be subject to additional fees. You should assume that any item which would overdraw your account based on your available balance may create an overdraft. Your account may be subject to a fee for each item 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. **You may check your available balance online through our online banking at www.firstsouth.com, our mobile banking application, at an ATM, by visiting a branch or by calling us at 901-380-7400.** For qualified members, available balance may include any Overdraft Privilege limits.

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 Policy Disclosure provided at the time you opened your account for details regarding the timing and availability of funds from deposits.

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 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 checks from highest to lowest.
- **ACH Payments.** We receive data files each business day from the Federal Reserve that include electronic deposits and payments that you have authorized known as ACH (Automated Clearing House) transactions. ACH transactions for your account are posted throughout the day in the following order:
 - ACH Credit Items
 - ACH Debit Items from lowest to highest

- **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 actual 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.

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. Please reference our Member Account Agreement for further details.

Overdraft Practices and Fees

As noted above, your available balance can be affected by pending transactions that have placed funds on hold in your account which will decrease the available balance. First South Financial Credit Union is not obligated to pay any item presented for payment if your account does not contain sufficient available funds. Any discretionary payment by First South Financial of an overdraft check or item does not obligate First South Financial to pay any other overdraft check or item, or to provide prior notice of its decision to refuse to pay such check or item.

Pursuant to First South's commitment to always provide you with the best level of service, now and in the future, if your account has been open for at least thirty (30) days and thereafter you maintain your account in good standing, which includes at least:

- A. Bringing your account balance to a positive balance within every thirty (30) day period for a minimum period of 24 hours
- B. Not being in default on any loan or other obligation to First South Financial Credit Union
- C. Not being subject to any legal or administrative order or levy

First South Financial Credit Union will have the discretion to pay overdrafts within the overdraft privilege limits, but payment by First South Financial Credit Union is a discretionary courtesy and not a right or obligation. This privilege for accounts will generally be limited to a maximum of \$300, \$500, \$750, \$1,000, \$1,500 or \$2,000 overdraft (negative) balances. Your privilege may be increased based on the discretion of First South Financial Credit Union. Of course, any and all fees and charges, including without limitation the non-sufficient funds fees (as set forth in our fee schedules and Deposit Account Agreement and Disclosure) will be included as part of the maximum amount.

The total of the discretionary overdraft privilege (negative) balance, including any and all fees and charges, including all non-sufficient funds/overdraft fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts, as described in the Deposit Account Agreement and Disclosure with a maximum period of 30 days.

Again, while First South Financial Credit Union will have the discretion to pay overdrafts on accounts in good standing (as described above) any such payment is discretionary courtesy, and not a right of the member or an obligation and First South Financial Credit Union in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause. You may opt out at any time by calling us at 901-380-7400.

Overdraft Privilege should only be utilized as a last resort. **For support or financial counseling, please visit firstsouth.com/overdraft-options or call us at 901-380-7400.**