



## FREQUENTLY ASKED QUESTIONS – COURTESY PAY

### **Does the Credit Union offer protection from overdrafts?**

Yes, all members that have a Share Draft Checking Account are automatically set up with overdraft protection from their Primary Savings Account. If the member has an established Line of Credit, the Line of Credit may also be used as an overdraft option. If both a Line of Credit and a Primary Savings Account are set up as overdraft options, the default order is to pay items first from the Line and Credit and then from the Primary Savings Account, however the member has the option to change this order at any time. Regardless of the order, Courtesy Pay is always used last.

The Courtesy Pay feature can be used at the Credit Union's discretion, according to our overdraft policies which include a maximum dollar limit per member.

### **If I have Courtesy Pay, will you continue to follow other overdraft methods?**

If a member has established other overdraft protection methods, such as a Line of Credit or a transfer from their Primary Savings Account, we will always look to pay any overdraft by those methods first before paying an overdraft using Courtesy Pay and imposing the Courtesy Pay fee.

### **What are the eligibility requirements for Courtesy Pay?**

A member is eligible to receive Courtesy Pay for checks/share drafts and ACH transactions once the below criteria is met. A member must opt in for Courtesy Pay to apply to everyday debit card transactions.

#### Eligibility Criteria:

- Qualifies for a Share Draft Checking Account
- Has not caused a loss to the Credit Union
- Member is at least 18 years of age
- Account must be open for at least 30 days\*
- Account is not classified as dormant or frozen
- Account has a current mailing address
- Loans extended by Freedom are not delinquent 30 or more days
- The account has not been established as a Business Account

\* A 30-day waiting period applies to new accounts.

### **How do I opt-in to the Courtesy Pay for one-time check card transactions?**

There are several ways that you can opt in. You can choose any of these options:

- Visit any Freedom Credit Union Access Center location  
Complete the authorization form listing each account attached to a Check Card. A confirmation letter will be given to you for your records.
- Telephone Requests

You can simply call the credit union at 215-612-5900 and our staff will process the authorization for you. A confirmation letter will be mailed or emailed to you for your records.

- **Email Requests**

You may email us at [help@freedomcu.org](mailto:help@freedomcu.org) and our staff will process the authorization for you. A confirmation letter will be mailed or emailed to you for your records.

**If I have a Joint Account, do both account holders need to agree to the service?**

No, any party on a joint account may make this decision and it applies to all joint account owners.

**Can I change my option at a later date?**

Yes, any account owner may opt-out at any time by notifying the credit union either in person, by email or by calling the Call Center at 215-612-5900. A confirmation letter will be mailed or emailed to you for your records.

**How much will the feature cost members?**

The Courtesy Pay feature does not cost members anything unless they use it. There is no regular monthly fee for the service. The only time a member will incur a cost for the Courtesy Pay feature is when they use it (for example, if an item is paid by the Credit Union which causes the member to overdraw the account).

A fee may be charged for EACH item presented and paid. For example, if two items are presented to the Credit Union for payment on the member's account, they will have to repay the Credit Union for the amount of the two paid items, PLUS two Courtesy Pay fees.

**Is Courtesy Pay a loan?**

No. It is a non-contractual courtesy that we extend to our members who maintain their Share Draft accounts in good standing. When the feature is used, it results in a negative or overdrawn account. This feature is discretionary on the part of the Credit Union. The words "DISCRETION" and "DISCRETIONARY", however used, mean there is NO PROMISE TO PAY. Courtesy Pay is not guaranteed. Courtesy Pay can be taken away at any time the Credit Union determines the account is no longer in good standing.

**What types of transactions will access a member's Courtesy Pay limit?**

The following are items that Courtesy Pay may apply to:

- Share drafts presented on the member's Share Draft Checking Account
- ACH transactions presented on the member's Share Draft Checking Account
- Check Card one-time debit transactions presented on the member's Share Draft Checking Account (*members must opt-in for this feature*)

**Are there any items Courtesy Pay would not apply to?**

Courtesy Pay would not apply to the below items:

- Share Drafts presented for cash by the account holder at an Access Center
- Member check presented by Payee at an Access Center
- ATM Transactions
- POS (PIN based) Transactions
- Bill Payer Transactions
- Online Banking Transactions
- Telephone Teller Transactions
- ACH/Pre-Authorized Drafts presented on an account other than the Share Draft Checking Account
- Electronic debit transactions presented on an account other than the Share Draft Checking Account

**How is the account balance determined?**

We authorize and pay transactions using the available balance in your account. The available balance is the ledger balance (collected funds) minus any debit card holds. As such, the available balance does not include any deposited funds on hold. We may place a hold on deposited funds in accordance with our Membership Account Agreement and our Funds Availability Disclosure. If the funds in the available balance are not sufficient to cover a transaction, any available overdraft protection and/or Courtesy Pay may be used to authorize and pay a transaction. We will also place a hold on your account for any authorized debit card transaction until the transaction settles (usually within two business days) or as permitted by payment system rules. In some cases, the hold may exceed the amount of the transaction. When the hold ends, we will add the funds to the available balance. If your account is overdrawn after such held funds are added to the available balance and the transaction is posted to the available balance, an overdraft fee may be assessed.

**What is the posting order of transactions?**

We post transactions in the order set out in our Membership Account Agreement.

**Is Courtesy Pay taken into account when verifying available funds? For example, if a merchant calls to verify funds on a check?**

No. The system does not show the Courtesy Pay Limit. Therefore, employees cannot verify its availability for a merchant.

**When do members have to repay the overdraft?**

Any overdraft amount, plus our per-item Courtesy Pay fee(s) is due immediately. Any deposits a member makes will first be applied to any overdrawn balance.

**What kind of notices will the member receive if their account is overdrawn?**

The system will generate a notice for each paid item that overdraws the Share Draft Checking Account, showing that the item has been paid through Courtesy Pay. If you have an email address on file, we will email the notice to you. Otherwise, the notice will be printed and mailed. Additional warning or collections letters will be generated if the account remains overdrawn according to the following schedule:

Paid Overdraft Notice – Day of Occurrence

1<sup>st</sup> Warning Letter – 15 Days

2<sup>nd</sup> Warning Letter – 30 Days

**When does the clock start running?**

The clock begins with the date of the first overdraft.

**How will the credit union collect the Courtesy Pay balances?**

The Courtesy Pay service is discontinued if the share is not brought current within 30 days. If the negative balance is not resolved within 45 days, the account is restricted and the negative balance will be recommended for charge off. The balance owed, including any and all fees, will be reported to Chex Systems.

**What does it mean to “bring the account current”?**

“Bring the account current” means to make a payment into your account to pay any overdrawn amount.

**How long does the account have to stay current?**

You must remain current for one business day, or 24 hours, for the system to recalculate the days overdrawn.

**How can I avoid overdrafts?**

The best way to avoid overdrafts is to keep an accurate transaction register and balance it to your monthly statements. Be sure to record automatic payments, bill pay transactions, check card purchases and ATM withdrawals. You can use helpful resources such as Online and Mobile Banking or Telephone Teller for transaction information. However, these resources do not reflect outstanding transactions that have not yet been posted to your account.