



Courtesy Pay Agreement

In accordance with your commitment to provide valued service and benefits, you may, at your discretion, pay my overdrafts that would cause my eligible checking account to have a negative balance up to the amount of my Courtesy Pay limit, which is determined by you in your sole and absolute discretion. You refer to this service as your Courtesy Pay Service (hereinafter referred to as the "Service"). This Courtesy Pay Agreement ("Agreement") sets forth the terms and conditions applicable to the Service.

I understand that this Service is also subject to the applicable terms of my Account Agreement and Truth-in-Savings Disclosure and Electronic Funds Agreement and Disclosure ("Account Agreement"), my Rate and Fee Schedule, and other applicable agreements I have with you. In the event of a conflict between the terms of this Agreement and any other agreement I have with you, this Agreement will control.

"Overdrawing" my account means that there are not sufficient available funds in my account to pay for a transaction, but the transaction is paid under the Courtesy Pay Service, which results in a negative "overdrawn" balance. Some transactions that can result in an overdraft in my checking account include, but are not limited to: (1) the payment of checks, electronic transfers, telephone-initiated transfers, preauthorized payments under my Bill Pay Service, or other withdrawal requests authorized by me including, but not limited to, ATM transactions, Visa Debit Card transactions, Point of Sale transactions, ACH transactions, and other preauthorized transfers, for which funds are insufficient; (2) the return (unpaid) of items deposited by me; (3) the imposition of service charges by you; or (4) the deposit of items which are treated as not yet "available" according to our Funds Availability Agreement. I understand that as a service to me, you may pay my overdrafts resulting from the foregoing transactions as part of the Service, at your sole discretion, except that the Service shall not be applied to one-time Visa Debit Card transactions or ATM Transactions unless I consent to overdraft services for such transactions separately.

It is my responsibility to ensure that my transactions do not exceed my available balance on my Checking Account, and I must monitor the amount of my available balance by phone, in person at your branches or shared branches, when I use ExpressLine or an ATM, or am logged into Mobile Banking or BranchLine for personal electronic banking, as well as monitoring those transactions that I have authorized (such as automatic bill payments or checks I have written) but have not yet posted to my Checking Account.

You will process transactions on my Checking Account in the order disclosed in my Account Agreement. This item posting order will also affect my account balance, including my available balance, in my Checking Account and can affect the number of transactions that result in an overdraft and Courtesy Pay Fee.

My checking account has two kinds of balances: the balance and the available balance. Both can be checked when I review my account online, at a Credit Union-owned ATM, through automated telephone, or at a branch. It is important to understand how the two balances work so that I know how much money is in my account at any given time. My available balance is important because you rely on the available balance at the time you receive a transaction in determining whether or not that transaction results in a negative balance. I acknowledge that my available balance is subject to change, based on pending transactions, holds that affect my available balance, and delayed funds availability in accordance with my Account Agreement. My available balance is what you use to determine whether or not transactions on my Checking Account result in an overdraft at the time a transaction is posted to the Checking Account. This section explains balances and available balances and how they work.

My balance is the amount of money that is actually in my account at any given time, but not all funds included in the balance are considered available for transactions on my account. My balance reflects transactions that have posted to my account, but not transactions that have been authorized and are pending, while pending deposits that are subject to holds under your Funds Availability Policy will be reflected in the balance even though they are not yet "available." While the term "balance" may sound as though the number I see is an up-to-date indication of what is in my account that I can spend, that is not always the case. My balance will not reflect any purchases, holds, fees, other charges, or deposits made on my account that have not yet posted. For example, if I have a \$50 balance, but I just wrote a check for \$40, then my balance is \$50 but it does not reflect the pending check transaction. So at that point, I have a balance of \$50, but I have already spent \$40.

My available balance is the amount of money in my account that is available to me to use without incurring an overdraft. The available balance takes into account factors such as holds placed on deposits and pending transactions (such as pending debit card purchases) that you have authorized but that have not yet posted to my account. For example, assume I have a balance of \$50 and an available balance of \$50. If I use my debit card at a restaurant to buy lunch for \$20, then that merchant could ask you to pre-authorize the payment in that amount (or even a different amount). Under this example, if the merchant requested preauthorization in the amount of \$20, you will place a "hold" on my account for \$20 (referred to as an "authorization hold"). My balance would still be \$50 because this transaction has not yet posted, but my available balance would be \$30 because of the restaurant's preauthorization request that resulted in an authorization hold on \$20 in my account. When the restaurant submits its bill for payment (which could be a few days later and for a different amount than the amount of the authorization hold), you will release the authorization hold, post the transaction to my account, and my balance and available balance will be reduced by the amount of the posted transaction.

You use my available balance to determine whether my account is overdrawn and whether Courtesy Pay Fees will be assessed. My account is considered overdrawn when the available balance in my account is negative (less than \$0). In making this determination, you check my available balance at two separate times—first, at the time a merchant authorization request is received, and second, when the transaction "settles" and posts to my account. If my available balance is insufficient for the merchant's authorization request, you will decline the request. If my available balance is sufficient to cover a merchant's authorization request, the authorization request will be approved and an authorization hold will be placed on my account in the amount of the merchant's authorization request, and the available balance will be reduced by the amount of the authorization hold. If the transaction later "settles" and posts to my account at a time when the available balance is insufficient to pay the posted transaction without causing the account to have a negative balance (less than \$0), you will charge a Courtesy Pay Fee on that transaction even though the available balance was sufficient to cover it at the time the transaction was authorized. The following example illustrates how this works:

Assume my balance and available balance are both \$50, and I use my debit card at a restaurant for \$20. If the restaurant requests preauthorization in the amount of \$20, an authorization hold is placed on \$20 in my account, so my available balance is only \$30. My balance would remain \$50. Before the restaurant charge is sent to you for payment, a check that I wrote for \$40 clears. Because my available balance is only \$30 (due to the authorization hold of \$20), my account will be overdrawn by \$10, even though my balance is \$50. In this case, if you pay the \$40 check under the Service, you will charge me a Courtesy Pay Fee, which will be deducted from my account, further increasing the overdrawn amount. In

addition, when the restaurant charge is finally submitted to you for payment, you will release the authorization hold and pay the transaction amount (which may be \$20 or even a different amount, for example, if I added a tip) to the restaurant. Because the amount of the restaurant charge exceeded my available balance at the time the restaurant charge “settled” (i.e., posted to my account), you will charge me an additional Courtesy Pay Fee, even though the restaurant transaction was authorized and approved with a sufficient available balance.

I ACKNOWLEDGE THAT I MAY STILL OVERDRAW MY ACCOUNT EVEN THOUGH THE AVAILABLE BALANCE APPEARS TO SHOW THERE ARE SUFFICIENT FUNDS TO COVER A TRANSACTION THAT I WANT TO MAKE. This is because you check my available balance at two separate times as explained above, in addition to the fact that my available balance may not reflect all my outstanding checks, automatic bill payments that I have authorized, or other outstanding transactions that have not yet been paid from my account. In the example above, the outstanding check will not be reflected in my available balance until it is presented to me and paid from my account.

In addition, my available balance may not reflect all of my debit card transactions. For example, if a merchant obtains your prior authorization but does not submit a one-time debit card transaction for payment within three (3) business days of authorization (or for up to thirty (30) business days for certain types of debit card transactions, including but not limited to car rental transactions and international transactions), you must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released. I must refer to the Electronic Services Disclosure and Agreement for information about how authorization holds affect my available balance.

Finally, my available balance may not reflect the most recent deposits to my account. I must refer to your Funds Availability Policy for information regarding the availability for withdrawal of my deposits.

As a result of these factors that can affect my available balance and result in overdraft transactions, it is critical that I ensure there are sufficient funds in my Checking Account for all of my transactions as well as holds that may be placed on my account balance under my Account Agreement as a result of my debit card transactions.

ELIGIBILITY FOR COURTESY PAY SERVICE

The Service is not a credit product and requires no application or credit approval process. The Service will only be applied to my Checking Account if:

- I maintain my membership in good standing;
- I must not be more than thirty-one (31) days delinquent or be in default in any other respect on any loan or other obligation to you;
- There must not be any legal or administrative orders or levies against my Checking Account;
- The primary account holder must be 18 years of age or older; and
- I continue to make regular deposits every 30 days to my Checking Account.
- I must not have negative reporting on ChexSystems or other credit reporting agencies
- I must not already have Courtesy Pay on a checking account of which I am an owner or joint owner

ANY COURTESY PAY PAYMENT WILL BE MADE ON A CASE-BY-CASE BASIS, IN YOUR SOLE AND ABSOLUTE DISCRETION. THE COURTESY PAY SERVICE DOES NOT CONSTITUTE AN ACTUAL OR IMPLIED AGREEMENT BETWEEN THE CREDIT UNION AND ME, NOR DOES IT CONSTITUTE AN ACTUAL OR IMPLIED OBLIGATION OF THE CREDIT UNION. THE COURTESY PAY SERVICE IS A PRIVILEGE THAT THE CREDIT UNION PROVIDES FROM TIME TO TIME AND WHICH MAY BE WITHDRAWN OR WITHHELD BY THE CREDIT UNION AT ANY TIME, WITHOUT PRIOR NOTICE, REASON, OR CAUSE.

OPTIONAL OVERDRAFT SERVICES – ONE-TIME VISA DEBIT CARD AND ATM TRANSACTIONS

I understand the following types of transactions require me to “opt in” (in other words, I must provide you with my affirmative consent) if I would like to include them in the Service. Choosing not to opt in may result in these transactions being declined:

- ATM transactions
- Everyday Visa Debit Card transactions

You will not charge any Courtesy Pay Fees for transactions that I initiate as everyday Visa debit card transactions or as ATM transactions, unless I opt in to these transactions being covered under your Service. You will separately provide me with information on how to opt in to the Service coverage for everyday Visa debit card transactions and ATM transactions, and if I choose to opt in to such coverage, any overdraft transactions you pay resulting from these everyday Visa debit card transactions or ATM transactions will be subject to the terms and conditions of this Agreement and your Courtesy Pay Fees. If I previously chose to opt in to the Service coverage for everyday Visa debit card transactions and ATM transactions, and would like to subsequently opt-out, I must do so separately by calling a member service representative at (888) 858-6878, by visiting any branch, or by mailing a completed “What You Need to Know About Overdrafts and Overdraft Fees” form reflecting your opt-out to Pacific Service CU, Electronic Services, P.O. Box 8191, Walnut Creek, CA 94596-8191.

HOW YOU ADMINISTER THE COURTESY PAY SERVICE

You will not pay any checks or other items/transactions through the Service if my negative Checking Account balance is, or if you were to make payment pursuant to the terms and conditions of the Agreement would become, greater than: (1) five hundred dollars (\$500.00) (plus any applicable fees) if my Checking Account is six (6) months old or less; or (2) five hundred dollars (\$500.00) (plus any applicable fees) if I have a FirstStep Checking Account; or (3) one thousand five hundred dollars (\$1,500.00) (plus any applicable fees) if my Checking Account is greater than six (6) months old or if I have and maintain a direct deposit into my Checking Account. The applicable limit on my negative Checking Account balance is my “Courtesy Pay Limit.” I will be notified by mail or electronically of any nonsufficient funds checks, items, or other transactions that have been paid or returned; however, I understand that you have no obligation to notify me before you pay or return any check, item, or other transaction. You may refuse to pay any overdrafts without first notifying me even though my account is in good standing and even if you have paid previous overdrafts.

Each person who causes an overdraft, which is paid by you, is a maker and agrees to be individually and jointly obligated to repay the unpaid negative balance in accordance with the terms and conditions of this Agreement. You reserve the right to limit the Service coverage to one (1) account per household or member without notice of reason or cause.

OVERDRAFT BALANCES ARE DUE IMMEDIATELY

The total of the overdraft (negative) balance in my Checking Account, including any and all fees and charges is due and payable upon demand, and I am required to immediately deposit with you sufficient funds to cover the overdraft paid by you and pay the related fees.

COURTESY PAY FEES

A Courtesy Pay Fee will be charged to my Checking Account, in accordance with your Rate and Fee Schedule for each overdraft that is cleared on my Checking Account through the Service. This means that more than one Courtesy Pay Fee may be assessed against my Checking Account per day depending upon the number of overdrafts cleared through the Service. You will not charge a Courtesy Pay Fee if my overdraft transaction results in a Checking Account negative balance that is \$5.00 or less. You also limit Courtesy Pay Fees imposed on my account to no more than five (5) a day. I understand that my Courtesy Pay Limit shall be reduced by the amount of each overdraft paid by you through the Service and the amount of the related Courtesy Pay Fee imposed until such amounts are repaid by me as set forth herein at which time you may replenish my Courtesy Pay Limit by the amount of the repayment. The Courtesy Pay Fee is not the same as your NSF Fee charged by you for each "nonsufficient funds" item presented for payment and returned unpaid on a Checking Account. If you choose not to pay the overdrawn check or other item/transaction under the Service, I am subject to an NSF Fee in accordance with the Rate and Fee Schedule for each such item. All Courtesy Pay Fees and NSF Fees will be itemized on my periodic statement.

TRANSFERS TO COVER OVERDRAFTS

I also agree that I have the right to transfer available funds from my other accounts I may have with you to cover the overdraft and pay the related fees. I understand and agree that I may transfer funds to my Checking Account from any of my other account(s) with you (excluding IRA accounts), including account(s) upon which I am a joint owner, in an amount equal to the overdraft which you may pay according to the terms and conditions of this Agreement and to pay the related fees. I understand that you do not encourage me in any way to overdraw my Checking Account, but if I am concerned that I might overdraw my Checking Account, you also offer overdraft protection transfer services to members that I should consider. These overdraft protection transfers are not subject to Courtesy Pay Fees, and may be a more cost-effective way for members to cover overdrafts on their Checking Account.

If you and I agree in writing to add coverage under an overdraft protection transfer service, you will transfer available funds from an account I designate or an overdraft line of credit (depending on which service I enroll in), provided that I have sufficient available funds or credit for this transfer. The overdraft protection transfer services you offer are also subject to fees and/or finance charges, depending on which service I enroll in, but these costs are generally less than the cost of overdrafts under your Service.

The terms and conditions of your overdraft protection transfer services will be separately disclosed to me before I agree to any such service, and I can get more details by contacting a Credit Union representative at (888) 858-6878 or any branch if I am interested in learning about the potential benefits of such services.

RIGHT OF OFF-SET

In addition to any other rights that you may have, I agree that any deposits or future deposits in or other credits to any account in which I may now or in the future may have an interest are subject to your right of off-set for any liabilities, obligations, or other amounts owed to you by me (e.g., overdrafts and any related fees and charges) and such is applicable irrespective of any contribution to the account or source of funds in the account. Moreover, unless I "opt-out" of the service (see below), I consent and expressly agree that the application of an off-set of funds in any account includes the off-set of government benefits (such as Social Security and other public benefit funds) deposited to the account from which the overdraft or related fees are paid.

DEFAULT

I will be in default under the terms of this Agreement if I fail to live up to any of the terms and conditions of this Agreement or I am in default on any loan obligation with you and/or a negative balance exists in any other deposit account with you on which I am an owner. If I am in default, in addition to any other rights you may have, you may temporarily suspend overdraft privileges or terminate the Service or close my Checking Account and demand immediate payment of the entire unpaid negative balance. I also agree to pay any collection costs, attorneys' fees, and court costs which I or you shall or may incur as a result of my default.

TERMINATION; SUSPENSION

You may terminate or suspend the Service at any time without prior notice. In no event shall any termination relieve me of my obligation to repay such sums already overdrafted, overdraft fees, collection costs, and attorneys' fees, if any. You can delay enforcing any of your rights under this Agreement without losing them.

YOUR RIGHT TO OPT-OUT OF THE COURTESY PAY SERVICE

If I prefer not to have the Service, I can call a member service representative at (888) 858-6878 Monday through Friday, 8.a.m. to 5 p.m. or send a written request to Pacific Service CU, PO Box 8191, Walnut Creek, CA 94596-8191. When you receive my request, the Courtesy Pay Service will be removed from my Checking Account. If you opt-out of the Courtesy Pay Service, you will still be charged applicable NSF Fees for returned items.