**Automatic Transfer and Courtesy Pay Agreement**
(Discretionary Overdraft Services)

First Priority Credit Union (“we, us or our”) offers two discretionary overdraft services, Automatic Transfer Service and Courtesy Pay. If your account qualifies for Automatic Transfer Service or Courtesy Pay, we will consider, without obligation on our part, paying items for which your account has insufficient or unavailable funds, instead of automatically returning those items unpaid. This document explains how these overdraft services operate.

*Transactions that May Qualify for Overdraft Protection*

An overdraft occurs when you do not have enough money in your account to cover a transaction. Although, there are many reasons why your account might become overdrawn; most overdrafts result from the following:

1. You write a check, swipe your debit card or initiate an electronic funds transfer in an amount that exceeds the amount of funds available in your account;
2. You deposit a check or other item into your account, and the item is returned unpaid, which causes a negative balance in your account once your balance is reduced by the amount of the returned check;
3. You have inadequate funds in your account when we assess a fee or service charge; or
4. u initiate a transaction before funds deposited into your account are “available” or “finally paid” according to our Funds Availability Policy. For example, if you deposit a check into your account, the proceeds of that check may not be available to you for up to seven days after you deposit the check. If you do not have sufficient funds in your account—independent of the check—to cover the transaction, you will incur an overdraft.

Other Credit Union services such as Pay Day Loans, Personal Loans and Share Secured Loans may be less expensive alternatives to overdraft protection services.

**Automatic Transfer Service**

*How Automatic Transfer Service Operates*

Automatic Transfer Service is a discretionary overdraft protection service. This service automatically transfers up to six times per month from the related Regular Share Account to cover NSF items in your checking account for a small transfer fee. Participation in this service is not mandatory. You may opt-out of the service at any time by notifying us. Using this overdraft service will likely be less expensive than participating in the Courtesy Pay Program alone. The Courtesy Pay Program is described below.

If you notify us, you may also set up Automatic Transfer Service from other accounts that you own. We also reserve the right to transfer funds from other accounts you own at our discretion to pay overdraft items. Alternatively, we accept no responsibility to make transfers from any account to pay any overdraft at any time.

Automatic Transfer Service applies to a variety of transactions, including checks and other transactions made using your checking account number, in person transactions, bill payments, ATM and debit card transactions and other electronic means. However **we will not include ATM and everyday debit card transaction within our Automatic Transfer Service without first receiving your affirmative consent to do so.**  Absent your affirmative consent, ATM and everyday debit card transactions generally will not be paid under Automatic Transfer. Furthermore, you may revoke your affirmation consent to have ATM and everyday debit card transactions considered for payment under Automatic Transfer Service without removing other items from the service. Simply inform us of your preference.

*Fees for Automatic Transfer Service*

For each overdraft we pay under the Automatic Transfer Service, we will charge the standard per item overdraft fee set forth in our fee schedule (currently $1.00). Transfers in excess of 6 per month may incur an excessive transfer fee (currently $5.00). We will notify you by mail if we pay or return any insufficient or unavailable funds items on your account; however, we have no obligation to notify you before we pay or return any item.

*Eligible Accounts*

All checking accounts are eligible for Automatic Transfer Service and are automatically enrolled as long as the account owner is current on all loan obligations with us, and the account is not subject to legal or administrative order or levy, such as bankruptcy or tax lien.

*Our Responsibility to Pay or Return Items*

We retain full discretion to decline to pay any item under the Automatic Transfer Program. This means we can refuse to pay an overdraft for any reason. Even if we decide to pay an overdraft item, absent an agreement to the contrary, such payment does not create any duty to pay future overdrafts. If we do not authorize and pay an overdraft, your transaction will be declined and we may assess NSF fees on your account in accordance with your account agreement and the fee schedule in effect at the time of the overdraft.

**Courtesy Pay Service**

*How Courtesy Pay Operates*

Courtesy Pay Service is also a discretionary overdraft protection service. This service generally allows you to overdraw your eligible checking account up to $500 (negative) balance including per item fees. Participation in Courtesy Pay is not mandatory. You may opt-out of the service any time by notifying us. Using this overdraft service alone will likely be more expensive than also participating in our Automatic Transfer Service. If you participate in both the Automatic Transfer Service and Courtesy Pay Service, automatic transfers from available funds under the Automatic Transfer Service will usually be made before overdrawing the account under the Courtesy Pay Service..

Courtesy Pay Service also applies to a variety of transactions, including checks and other transactions made using your checking account number, in person transactions, bill payments, ATM and debit card transactions and other electronic means. As with Automatic Transfer Service **we will not include ATM and everyday debit card transaction within our Courtesy Pay Service without first receiving your affirmative consent to do so.** Absent your affirmative consent, ATM and everyday debit card transactions generally will not be paid under Courtesy Pay. Furthermore, you may revoke your affirmation consent to have ATM and everyday debit card transactions considered for payment under Courtesy Pay without removing other items from the service. Simply inform us of your preference.

*Fees for Courtesy Pay*

For each overdraft we pay, we will charge the standard per item overdraft fee set forth in our fee schedule (currently $29). We will notify you by mail if we pay or return any insufficient or unavailable funds item on your account; however, we have no obligation to notify you before we pay or return any item.

*Accounts Eligible for Courtesy Pay*

We may, in our sole discretion, limit the number of accounts eligible for courtesy pay to one account per household. Further, Courtesy Pay is usually extended only to accounts in good standing. An account in good standing exhibits, but is not limited to, the following characteristics:

1. The checking account has been open for at least 60 days;
2. The checking account has deposits totaling at least $500 or more within a thirty (30) day period;
3. The checking account demonstrates consistent deposit activity with a current address;
4. The account owner is current on all loan obligations with us;
5. The account is not subject to any legal or administrative order or levy, such as a bankruptcy or tax lien; and
6. The account is not a non-profit, trust, or POA account.

Your Responsibility

The amount of any overdrafts, including our fees, is due and payable immediately, or on demand. You must bring your account balance to a positive balance within a 21 day period from the first negative occurrence for a minimum period of 24 hours to avoid the account being placed into collection status.

*Our Responsibility to Pay or Return Items*

This service is discretionary and we reserve the right to refuse to provide this service at any time or from time to time on any account without notice. We retain full discretion to decline to pay any item under the Courtesy Pay program. This means we can refuse to pay an overdraft for any reason. Even if we decide to pay an overdraft item, absent an agreement to the contrary, such payment does not create any duty to pay future overdrafts. If we do not authorize and pay an overdraft, your transaction will be declined and we may assess NSF fees on your account in accordance with your account agreement and the fee schedule in effect at the time of the overdraft.

**To include ATM and one-time Debit Card transactions in overdraft services, you must let us know by returning the enclosed card, or notifying us in person or by phone at 325-692-4089.**