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# MEMBERSHIP AND ACCOUNT AGREEMENT

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# **SERVICE 1st FEDERAL CREDIT UNION**

## **MEMBERSHIP AND ACCOUNT AGREEMENT**

### **INTRODUCTION**

This Agreement is the contract of deposit which covers your and our rights and responsibilities concerning Membership and Account(s) offered to you by Service 1st Federal Credit Union. In this Agreement, the words “you” and “yours” mean those who sign the Membership Agreement/Signature Card as applicants, joint account owners or any authorized users. The words “we,” “us,” and “our” mean the Credit Union. The word “account” means any one or more deposit accounts you have with the Credit Union, including savings accounts, checking accounts, investment savings accounts, and certificates, as applicable.

By signing the Membership Agreement/Signature Card that is part of the Agreement, each of you, jointly and severally, agree to the terms and conditions in this Agreement, including the Funds Availability Policy, the Rate and Fee Schedule accompanying this Agreement, and the Credit Union’s Bylaws and account policies, which collectively govern your membership and accounts. You agree additional accounts and services you request in the future will be governed by this Agreement, as amended from time to time.

### **CERTIFICATION AS TO TAXPAYER IDENTIFICATION NUMBERS (TIN) OR EMPLOYERS IDENTIFICATION NUMBER (EIN) AND BACKUP WITHHOLDING**

Upon opening the account, you must (1) provide a name, matching Taxpayer Identification Number (TIN) or Employers Identification Number (EIN) and address of the person or business on whose behalf the account is being opened, and (2) certify that the TIN/EIN shown on the account is the correct TIN/EIN, and whether the person to whom the TIN/EIN belongs is: a) subject to, b) not subject to, or c) exempt from backup withholding. By signing the Membership Agreement/Signature Card, you certify, in accordance with the IRS W-9 instructions provided by the Credit Union and under penalties of perjury, the Taxpayer Identification Number (TIN) or the Employers Identification Number (EIN) shown is the correct identification number and you are NOT, unless otherwise designated, subject to backup withholding because you have not been notified that you are subject to backup withholding or the IRS has notified you that you are no longer subject to

backup withholding. If your account is, or becomes subject to, backup withholding, the Credit Union is required by law to withhold and pay to the Internal Revenue Service (IRS) a percentage of payments of interest, dividends and certain other payments under certain conditions. Your failure to furnish a correct TIN/EIN or meet other applicable requirements may result in backup withholding as well as civil or criminal penalties. If you fail to provide your TIN/EIN, the Credit Union may suspend your account privileges until a TIN/EIN is provided.

## **MEMBERSHIP AND ACCOUNTS**

**1. Membership Eligibility.** To be eligible for membership in Service 1st Federal Credit Union, you must be an individual or entity qualifying within the Credit Union's field of membership and must purchase and maintain at least one share at par value, as required by the Credit Union's Bylaws. You authorize us to check your account and employment history and obtain a credit report from third parties, including credit reporting agencies, to verify your eligibility for the accounts and services you request.

**2. Individual Accounts.** An individual account is an account owned by one depositor. If the account is an individual account, the interest of a deceased individual owner will pass to the decedent's estate or beneficiary, if applicable.

**3. Joint Accounts.** An account owned by two or more persons is a joint account. If your account is a joint account, the account is owned as a joint account with the right of survivorship. Upon the death of a joint account owner, that person's interest will become the property of the surviving joint account owners. In the event of the simultaneous death of all joint owners the interest of the primary owner will pass to the primary owner's estate or, if applicable.

**Rights of Joint Account Owners.** Any joint account owner is authorized to act for the other owner(s) and the Credit Union may accept orders and instructions regarding the account, requests for future services, and any transaction from any joint account owner. Any joint account owner may withdraw all funds in the account, stop payment on items drawn on an account, or transfer all or any part of the shares of any account (except the membership share) without the consent of the other joint account owner(s) and the Credit Union shall have no duty to notify any other

joint account owner(s). The Credit Union reserves the right to require written consent of all joint owners for a change of ownership or termination of an account. If the Credit Union receives written notice of a dispute between joint account owners or receives inconsistent instructions from them, the Credit Union may suspend or terminate the account, require a court order to act, or require that all joint account owners agree in writing to any transaction concerning the account.

**Joint Account Owner Liability.** If any item deposited in a joint account is returned unpaid or an account is overdrawn, each of the joint account owners is jointly and severally liable to the Credit Union for the amount of the returned item or overdraft plus any charges, regardless of who created the overdraft, deposited or cashed the item, or benefited from the transaction. If any joint account owner is indebted to the Credit Union such that the Credit Union has a lien against an account of that joint account owner, the Credit Union may enforce its rights against any or all funds in the joint account or the joint owners' other accounts, regardless of who contributed the funds to the account(s).

## **ACCOUNT AGREEMENTS**

### **1. Joint Savings Account Agreement** (Not transferable as defined in 12 CFR Part 204)

(i) The joint owners of this account hereby agree with each other and with Service 1st Federal Credit Union that all sums now deposited on account, or heretofore or hereafter deposited on account by any or all of said joint owners to their credit as such joint owners with all accumulations thereon, are and shall be owned by them jointly, with right of survivorship and be subject to the withdrawal or receipt of any of them, and payment to any of them or the survivor or survivors shall be valid and discharge said Credit Union from any liability for such payment. The joint owners also agree to the terms and conditions of the account as established by the Credit Union from time to time. (ii) Any or all of said joint owners may pledge all or any part of the shares in this account as collateral security to a loan or loans from this credit union. (iii) The right or authority of the Credit Union under this agreement shall not be changed or terminated by said owners, or any of them except by written notice to said Credit Union which shall not

affect transaction heretofore made.

**2. Checking Agreement.** You hereby authorize Service 1st Federal Credit Union (the Credit Union) to establish a special draft account for you, also known as a “Checking Account.” The Credit Union is authorized to honor checks executed by any of the individuals signed on the Membership Agreement/ Signature Card and to charge the payments against the Checking Account.

It is agreed that:

- only check blanks and other methods approved by the Credit Union may be used to withdraw funds from this Checking Account.
- the Credit Union is under no obligation to pay a check which exceeds the fully paid and collected balance in the Checking Account; the Credit Union may, however, pay such a check and charge the amount from which the person who signed the check is entitled to withdraw from another deposit account or the Credit Union may treat the check as a request to the Credit Union for an advance from the Flexline-of-credit account identified within the Membership Agreement sufficient to permit the Credit Union to pay such checks and credit the loan advance to this Account. The Credit Union will charge the amount of the resulting overdraft against a savings account or flexline-of-credit in the order listed on the Membership Agreement. The Credit Union is under no obligation to pay a check on which the date is more than six (6) months old. The Credit Union may pay a check on whatever day it is presented for payment, notwithstanding the date appearing on the check.
- in the event of an overdraft condition on your Checking Account, you authorize the Credit Union to establish overdraft protection to my Checking Account as indicated on the Membership Agreement/ Signature Card.
- in the event the Credit Union declines to pay a check, or in the event you instruct the Credit Union not to pay a check, the Credit Union shall incur no liability for the nonpayment of such a check and the undersigned, jointly and severally, agree to indemnify and save harmless the Credit Union from

any damages or expenses including any reasonable attorneys' fees it might incur by reason of such non-payment. Should the Credit Union decline to pay any check as above, it may impose a service charge in such amount as may be provided in its rules and regulations for these checks.

- any objection regarding any item shown on a monthly statement of the Checking Account shall be waived unless made in writing to the Credit Union on or before the sixtieth (60th) day following the day the statement is mailed. You may telephone the Credit Union, but doing so will not preserve your rights.
  - all non-cash payments received on deposits in the Checking Account will be the final payment.
  - the use of the Checking Account is subject to such other terms, conditions, and service charges as the Credit Union may establish from time to time.
  - the Credit Union has the right to close your Checking Account at any time. Checking Accounts which are deemed by the Credit Union as being overdrawn excessively will be closed by the Credit Union.
  - when checks are paid by the Credit Union, they become the property of the Credit Union and will not be returned either with the periodic statements or otherwise.
- a) The Better Choice Checking Account is governed by the Checking Account Agreement. The Better Choice Checking Account is designed for use by individuals who do not qualify for the Credit Union's regular Checking Account. A minimum balance, to be set by the Credit Union, is required to open the Better Choice Checking Account. Dividends will not be paid to this account. A monthly fee will be assessed, as per the Credit Union's Rate and Fee Schedule. After twelve (12) months in good standing, the member may request the account be reviewed and changed to a regular Checking Account. The Credit Union reserves the right to change the restrictions from time to time.



**3. Christmas and Vacation Clubs Agreement.** The Christmas Club and Vacation Club accounts are depository accounts governed by the Joint Savings Account Agreement. There is no minimum deposit required to open either the Christmas Club or Vacation Club account. The Christmas Club account begins on the 1st of October and ends with the account being automatically transferred to the regular savings or checking account effective the close of business September 30th of the Christmas Club year. The Vacation Club account begins on the 1st of April and ends with the account being automatically transferred to the regular savings or checking account effective the close of business March 31st of the Vacation Club year. Dividends are calculated on the average daily balance of all funds on deposit and credited after the close of each calendar quarter. Deposits can be made to club accounts at anytime. You may deposit cash, transfer funds from another account, or establish a recurring payroll deduction or automatic transfer. A fee will be assessed if you withdraw any funds prior to the end of the club year. You may, however, continue the club to be paid out at the regular time. Or you may close out your club at the time a withdrawal is made.

**4. Money Market Account.** The Money Market Account (MMA) is a depository account governed by both the Joint Savings Account Agreement and the Checking Agreement. A minimum balance, to be set by the Credit Union, is required to open the MMA. Five (5) dividend tiers exist. The MMA will earn the applicable rate for the balance tier. The dividend rate is calculated on the actual daily balance and is posted monthly. Fees for minimum dollar withdrawal and maximum number of withdrawals per month apply to the MMA. Consult the current Rate and Fee Schedule. If the MMA falls below the minimum balance requirement set by the Credit Union, dividends will not be earned for the period of time the balance remains below the minimum and a monthly fee will be assessed. The Credit Union reserves the right to change the restrictions from time to time.

**5. Premium Money Market Accounts.** The Premium Money Market Account (PMMA) is a depository account governed by both the Joint Savings Account Agreement and the Checking Account Agreement. A minimum balance, to be set by the Credit Union, is required to open the PMMA. The dividend rate is calculated on the actual daily balance and is posted monthly. Fees for minimum dollar withdrawal and maximum number of withdrawals per month apply to the PMMA. Consult the current Rate and Fee Schedule. If the PMMA falls

below the minimum balance requirement set by the Credit Union, dividends will not be earned for the period of time the balance remains below the minimum and a monthly fee will be assessed. The Credit Union reserves the right to change the restrictions from time to time.

**6. Health Savings Accounts.** The Health Savings Account (HSA) is designed specifically for individuals who have chosen a high-deductible health plan (HDHP). Five (5) dividend tiers exist. The HSA will earn the applicable rate for the balance tier. The dividend rate is calculated on the actual daily balance and is posted quarterly. If the HSA balance falls below the minimum balance needed to earn the stated APY, dividends will not be earned for the period of time the balance remains below the minimum. Account deposit limitations apply. Maximum allowable contribution is determined by the limits set by the IRS annually.

**7. Share Secured Loan Savings Account.** The Share Secured Loan Savings Account (SSLSA) is a depository account governed by the Joint Savings Account Agreement. This account may only be opened as collateral for a loan received from the Credit Union. The SSLSA will be opened with the balance needed to secure the loan. The balance held will match the principal balance of the loan. As the loan decreases, the available balance in the SSLSA will be released.

**8. Account for Minors.** For any account established by or for a minor, the Credit Union reserves the right to require the minor account owner to have a joint account owner who is at least eighteen years of age, who shall be primarily liable to the Credit Union for any returned item, overdraft, or unpaid charges or amounts on such account. All funds in a joint account shall be owned as a joint account with the right of survivorship. The Credit Union may make payments of funds directly to the minor without regard to his/her age unless the Credit Union has received written notice from the minor's guardian to withhold payment from the minor and the Credit Union has reasonable opportunity to act on the notice. Unless a guardian is a joint owner, the guardian shall not have any right to access the account. The Credit Union has no duty to inquire about the use or purpose of any transaction by the minor or joint account owner.

**9. Uniform Transfer to Minors Accounts.** A Uniform Transfer to Minors Account (“UTMA”) is an individual account established by a member as a custodian on behalf of a minor (a person under twenty-one (21) years of age). The custodian shall open the account in the name of minor, include the minor’s social security number, and must sign his or her own name on the Account Card. The custodian is the owner of the account for the exclusive right and benefit of the minor and, barring a court order otherwise, is the only party entitled to make deposits to, withdrawals from, or close the account. In the event of the custodian’s death, the Credit Union may place an administrative hold on the account until it receives instructions from any person authorized by law to withdraw funds or a court order authorizing such withdrawal. It is the custodian’s responsibility to turn the funds over to the “minor” once they reach 21 years of age.

**10. Trust Accounts.** A trust requires a person or other entity which owns the assets to be held in trust (called the Settlor or sometimes the Grantor), a person or entity which receives and holds the assets (called the Trustee) and a person or entity which receives the benefits of the trust (called the Beneficiary). The assets held by the trustee are called the Corpus of the trust. The Credit Union does not have trust powers and the only function of the Credit Union is to furnish the same services to a trust as it furnishes to individual members. The Credit Union may require a separate trust agreement and an Employee Identification Number (EIN) for the trust.

**11. Estate Accounts.** An Estate Account may be opened in order to administer the disbursement of an estate according to the directions of the will. The Executor/Executrix/Administrator, an individual appointed in a will and approved by a probate court, must be eligible for Credit Union membership as an individual in order to open an Estate Account. In order to open the Estate Account, the Executor/Executrix/Administrator must present a short certificate as proof they are eligible to administer the estate. You must also provide a Taxpayer Identification Number (TIN) for the account or apply for the TIN at the time of opening the account.

**12. Deposit Requirements.** Deposits may be made to any deposit account in any amount by cash, check, or other item at any branch office or by mail. All deposit accounts are non-assignable and non-transferable to third parties.

- a) **Endorsements.** You authorize the Credit Union, in or at its discretion, to accept transfers, checks, and

other items for deposit into any of your accounts if they are made payable to, or to the order of, any one or more owners on the account, whether or not they are endorsed by all owners. You authorize the Credit Union to supply missing endorsements if the Credit Union chooses to supply such endorsements. When you deposit items to your account, you warrant that all prior endorsements are genuine. The Credit Union reserves the right to verify all endorsements on third party checks presented for deposit either in person or by comparison with member signature files, and to require insurance, government, and certain other checks be endorsed in person exactly as they are made payable. Endorsements must be placed in the space on the back of the check between the top edge and 1-1/2 inches from the top edge. The Credit Union may accept checks with endorsements outside this space. However, if any such endorsement causes any delay in processing the item for payment, you will be responsible for any loss incurred by the Credit Union due to the delay. The Credit Union may disregard information on any check other than the signature of the drawer and MICR information. Any item presented with a full payment legend must be presented in person to a Credit Union Manager. Otherwise, payment is made with full reservation of rights.

- b) Collection of Items.** The Credit Union shall not be responsible for deposits made by mail or at an unstaffed facility until the Credit Union actually receives them. In handling items for deposit or collection, the Credit Union only acts as your agent and assumes no responsibility beyond the exercise of ordinary care. The Credit Union will not be liable for default or negligence of any correspondent or for loss in transit, and each correspondent will only be liable for its own negligence. The Credit Union reserves the right to send any item for collection.
- c) Final Payment.** All non-cash deposits posted to your account are provisional and subject to our receipt of final payment. If final payment is not received, we reserve the right to charge your account for the amount of those deposits and impose a return item charge on your account. After we receive final payment, we refer to these deposits as collected

items. If the Credit Union incurs any fee to collect your deposit item, the Credit Union may charge such fees to your account. The Credit Union reserves the right to refuse or to return all or part of a deposit or to close your account.

- d) Direct Deposits.** The Credit Union may offer direct deposit options allowing you to preauthorize deposits (i.e., payroll checks, Social Security or retirement checks, or other government checks) or preauthorize transfers from other accounts at the Credit Union. You must authorize any direct deposit to your account by a separate authorization form. If you wish to cancel the direct deposit or direct transfer option, you must notify the Credit Union at least 30 days prior to the date of the direct deposit or preauthorized transfer you wish to cancel. A member may stop payment on a preauthorized transfer or electronic fund transfer by notifying the Credit Union orally or in writing at any time up to three (3) business days prior to the scheduled date of transfer. The Credit Union will require a written confirmation of the stop payment order to be made within fourteen (14) days of an oral notification.
- e) Crediting of Deposits.** Deposits received at our offices on business days before the deposit cut-off time will be credited to your account as of the day of the deposit. Deposits made after the deposit cut-off time, deposits made at automated teller machines, and deposits made on Sundays and Credit Union holidays will be credited to your account on the next business day. Deposits received at unstaffed teller locations such as night depositories will be credited on the day funds are removed and processed by the Credit Union. If the amount presented by you for deposit differs from the actual amount credited to your account, we will adjust your account accordingly and notify you. We do not required deposit slips; however, if you present one and the dollar amount on the deposit slip differs from the actual deposit amount, the actual amount presented will be deposited to your account.

### **13. Account Access.**

**Access Options.** You may make withdrawals or transfers from your account in any manner which is permitted by the Credit Union (e.g., checks, automated teller machines (ATMs), in person, by mail, automatic transfer, telephone, home banking, and point of sale (POS) as applicable). If you make withdrawals by check, the check must be properly completed and signed by you or your representative whose authority is on file with us. The Credit Union may return as unpaid any check that is not completed in the form provided by the Credit Union. The Credit Union may restrict the withdrawals or transfers on your account(s).

#### **a) Electronic Fund Transfers.**

1. Wire transfers may be used to send or receive funds between accounts located at separate financial institutions. These transactions are governed by Regulation J. You may give the Credit Union a payment order which identifies the beneficiary (recipient of the funds) by financial institution name, address, routing number, and individual's name and identifying account of the named beneficiary. However, if you give the Credit Union a payment order which identifies an intermediary or beneficiary's financial institution by both name and an identifying number, a receiving financial institution may rely on the number as proper identification even if it identifies a different person than the named financial institution. The Credit Union is not required to provide you next day confirmation of wire transfers. The notification will appear as an item on your periodic statement from the Credit Union. You will be required to complete a Wire Transfer Agreement in order to initiate wire transfers via telephone or fax.
2. ACH transactions are those which involve the electronic processing of debits and/or credits to accounts held at the Credit Union. These transactions are governed by operating rules of the National Automated Clearing House Association. The Credit Union may give you a credit for ACH payments before it receives final settlement of the funds transfer. However, any such credit is provisional until the Credit Union receives the final settlement of the payment. The Credit Union is not required to provide

you next day confirmation of ACH transactions. The notification will appear as an item on your periodic statement from the Credit Union. You are hereby notified and agree, if the Credit Union does not receive such final settlement, that it is entitled to a refund from you of the amount credited to you in connection with the ACH entry.

Choice of Law Disclosure. We may accept on your behalf payments to your account which have been transmitted through one or more Automated Clearing Houses (ACH) and which are not subject to the Electronic Funds Transfer Act and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the state of Pennsylvania, as provided in the operating rules of the National Automated Clearing House Association, unless it has been otherwise specified in a separate agreement that the law of some other state shall govern.

- b) **Transactions by Mail.** Except as otherwise provided in this Agreement, the Credit Union may permit you to make deposits, transfers, and withdrawals by mail. Such transactions will be posted to your account as of the day the transaction is received at the Credit Union.
  
- c) **Shared Branching.** Service 1st has partnered with credit unions from all over the country to share facilities and provide thousands of convenient locations to perform transactions. You can conduct a range of transactions, including deposits, withdrawals, loan payments, funds transfers between accounts, purchase traveler's checks and official checks. (These items are available at some locations along with other ancillary services; however, to find out if the location you will be visiting offers the items you would like to purchase, please contact them first.) To perform a transaction at a shared branch, you'll need: your credit union's name, your account number, the last four digits of your Social Security # and valid government-issued photo ID (i.e. State Driver's license, US Passport).

**14. Dividend Rates and Fees.** The Credit Union's payment of dividends on savings, checking, and certificate accounts are based on current projections and prior earnings, after the

provision for required reserves. The Credit Union is prohibited, as a matter of law, from guaranteeing in advance the dividend return on any account. In no event may dividends be paid in excess of earnings. All dividend rates, except those rates which are contracted, such as certificate accounts, are determined on a periodic basis and are subject to change without notice. Dividend refers to any declared or anticipated earnings on a member's account.

**Annual Rate.** The Credit Union calculates dividends by the average daily balance method. A periodic interest rate is applied to the average daily balance in the account for the period. The average daily balance is determined by adding the full amount of principal in the account for each day of the period and dividing that figure by the number of days in the period. The Credit Union will apply 1/365 of the dividend rate for each day of the dividend period. The simple dividend rate may change from time to time based on the Board of Directors' declaration of dividends based on available earnings of the Credit Union. The annual percentage rate for each account, including the period it will be in effect, the frequency of any rate changes, and limitations, if any, are set forth on the Rate and Fee Schedule.

**Annual Percentage Yield.** The Annual Percentage Yield (APY) is a percentage rate that reflects the total amount of dividends to be paid on an account based on the dividend rate and frequency of compounding for an annual period. For primary, special, IRA, Christmas Club, Vacation Club, and checking accounts, the dividend rate and APY may change quarterly as determined by the Credit Union's Board of Directors.

For ***Money Market Accounts***, the dividend rate and APY may change monthly as determined by the Credit Union's Board of Directors. The Money Market account is a tiered rate account. The balance tiers are as follows: \$2,500.00 to \$4,999.99 - Tier 1; \$5,000.00 to \$19,999.99 - Tier 2; \$20,000.00 - \$49,999.99 - Tier 3; \$50,000.00 - \$99,999.99 - Tier 4; \$100,000.00 and up - Tier 5.

For ***Health Savings Accounts***, the dividend rate and APY may change at any time as determined by the Credit Union's Board of Directors. The Health Savings Account is a tiered rate account. The balance tiers are as follows: \$100.00 to \$2,499.99 - Tier 1; \$2,500.00 to \$4,999.99 - Tier 2; \$5,000.00 to



\$14,999.99 - Tier 3; \$15,000.00 and up - Tier 4. Once a particular balance range is met, the dividend rate and APY for that balance range will apply to the full balance of the account.

**Dividend Compounding and Crediting.** The compounding and crediting of dividends and dividend period applicable to each account are set forth in the Rate and Fee Schedule. The Dividend Period is the period of time at the end of which an account earns dividend credit. The dividend rates and annual percentage yields are the rates and yields as of the last dividend declaration date which is set forth in the Rate and Fee Schedule.

**Account of Dividends.** For all applicable accounts, dividends will begin to accrue on noncash (e.g., checks) on the business day of deposit to your account.

**Balance Requirements.** If any account is subject to a minimum balance requirement to open or maintain the account, avoid the imposition of any service fees, or obtain the stated Annual Percentage Yield, the balance requirements, including the conditions and fees, are set forth on the Rate and Fee Schedule. The method of determining the balance on which dividends are computed or minimum balance requirements imposed is set forth on the Rate and Fee Schedule. If your account falls below a minimum required balance at any time during the period, your account may be subject to a service fee or may not earn dividends at the stated annual percentage rate. For all accounts using a daily balance method, dividends are calculated by applying a daily periodic rate to the principal in the account each day.

**Fees and Charges.** The Credit Union may charge you fees for account services provided by the Credit Union. The fees and charges that may be assessed against your account are set forth on a separate Rate and Fee Schedule. You agree the Credit Union may change the Rate and Fee Schedule at any time, and you will be notified of such charges as required by law.

## **15. Account Transaction Limitations.**

**Withdrawal Restrictions.** The Credit Union is only required to permit a withdrawal if you have sufficient available funds in your account to cover the full amount of the withdrawal or have an established overdraft protection plan. Checks or other transfer of payment orders which are drawn against insufficient available funds will be subject to a service charge as set forth

in the Rate and Fee Schedule. If there are sufficient available funds to cover some but not all of your withdrawal orders, we may pay those withdrawals for which there are sufficient available funds in any order at the Credit Union's discretion.

In the event of either written notice of the existence of a dispute between the owners, beneficiaries, or other persons concerning their respective rights of ownership to the funds contained in, or proposed to be withdrawn, or previously withdrawn, from any account(s), or the Credit Union's uncertainty as to who is entitled to the funds in any account(s), the Credit Union reserves the right to place an administrative hold on the funds in the account(s), notify all owners, beneficiaries, and/or all other persons claiming an interest in the account(s), of either the dispute or the Credit Union's uncertainty as to who is entitled to the funds and will not release the funds to any owner(s), beneficiary(s) or other persons claiming an interest in funds in the account, until the Credit Union receives either: a request for payment in writing agreed to by all owner(s), beneficiary(s), or all other persons claiming an interest in funds held in an account(s), or the payment is authorized or directed by a court of proper jurisdiction. The Credit Union, at its discretion, reserves the right to require members to give notice in writing of any intended withdrawals from any account (except checking) of not less than 7 days and up to 60 days before such withdrawal.

**Account Limitations.** The Federal Reserve's Regulation D permits a total of six electronic transfers in a given month. This applies to any regular, special, or money market account. Electronic transfers include any combination of Teller-Phone transactions, check card, home banking, and overdraft protection transactions. Members using overdraft protection are reminded only three (3) overdraft transfers per month are permitted according to Regulation D. Consequently, any overdraft in excess of three in a given month presented for payment will be returned for insufficient funds and/or will be assessed a fee as disclosed in the Rate and Fee Schedule. An overdraft transfer from a Flexline-of-credit does not qualify as a Regulation D transaction and will not count as one of the three transfers per month. In addition to the transactions specified above, you may make withdrawals or transfers as follows: (i) transfers to any loan account with the Credit Union; or (ii) transfers or withdrawals (payments directly to you) by mail, in person, from this account to another Credit Union account of yours, or to a third party by means of a preauthorized or automatic transfer. If you exceed the transfer

limitations set forth above in any statement period, your account could be subject to suspension or closure by the Credit Union, and the Credit Union may impose a charge. Christmas and Vacation Clubs have special restrictions. Funds will be paid automatically on October 1 and April 1, respectively, of the appropriate Club year. If you withdraw any balance prior to these dates, your Club will be assessed a fee and may be closed. (See Rate and Fee Schedule.) The Credit Union will allow closure of a Club without fee assessment if the closure is within seven (7) business days of opening the account.

**16. Certificates.** Certificates are subject to the terms of this agreement and the following specific terms and disclosures. (i) for regular, IRA, youth, special and monthly-pay certificates, the dividend rate and annual percentage yield are fixed and will be in effect for the term of the account. For the Bump-Up Certificate, you may elect to change the rate once during the initial term of the certificate. The rate will be changed to the rate currently in effect for a 48-month certificate. The annual percentage yield is based on the assumption that dividends will remain on deposit until the certificate reaches maturity.

Withdrawal of dividends will reduce the annual percentage yield earned. (ii) A substantial penalty is imposed if certificate funds are withdrawn before the maturity date. The penalty is calculated as a forfeiture of part of the dividends that have been earned on the account. If the equivalent of penalty has not been earned in dividends, penalty will affect the principal of certificate. Some exceptions to the early withdrawal penalty apply. Please refer to the Rate and Fee Schedule for details. The forfeiture is calculated at the simple interest rate being paid on the certificate. Maturity of your certificate will be as indicated on the Rate and Fee Schedule or on your account receipt or renewal notice. (iii) The Credit Union will give at least 10 days notice prior to maturity. The certificates will automatically be renewed for another term at the close of business on the initial maturity date.

The rate of earnings for any renewal term shall be at the rate the Credit Union is paying at the time on new certificates of that term. (iv) After your certificate is opened, your ability to make additional deposits to your account or withdrawals of dividends and any limitations on such transactions are set forth in the Rate and Fee Schedule. (v) In the event of the death of the certificate owner or if the certificate holder is determined legally incompetent by a court or other body of legal jurisdiction, the certificate will be surrendered without incurring the early withdrawal penalty. (vi) Certificates of deposit are nontransferable and non-negotiable.

## 17. Overdrafts.

**Overdraft Liability.** If on any day, the available funds in your checking account are not sufficient to cover checks or other items posted to your account, those checks and items will be handled in accordance with our overdraft procedures or an overdraft protection plan you have with us. The Credit Union has no duty to notify you of an insufficient funds check. The Credit Union reserves the right to pay or return any transaction(s) which take the account into overdraft, at its discretion. Your account will then be subjected to a charge for the item as set forth in the Rate and Fee Schedule. Except as otherwise agreed in writing, the Credit Union, by covering one or any overdraft, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time. If the Credit Union pays a check that would otherwise overdraw your account, you agree to pay the overdraft amount and service fees immediately. We reserve the right to pursue collection of previously dishonored items at any time.

**Overdraft Protection Plan.** If we have approved an overdraft protection plan for you, we will honor checks drawn on insufficient funds in your checking account by transferring the necessary funds from another account of yours to your checking account. We will transfer funds to your checking account from your savings, money market account, or your Flexline-of-credit account, as you have directed, or as required under the Credit Union's Overdraft Protection Plan. Transfers from a deposit account will be governed by this Agreement. Transfers from a loan account will be governed by the applicable loan agreement.

**18. Postdated and Stale Dated Items.** You must not date a check later than the date you write it. If you do and the item is presented for payment before this date, the Credit Union may return it unpaid or pay the item, the Credit Union will not be responsible for paying the item before the date stated, and the Credit Union may charge your account as of the date the Credit Union pays the item. You agree not to deposit checks, drafts, or other items before they are properly payable. The Credit Union is under no obligation to you to pay a check or draft drawn on your account which is presented more than six months from the date of issue but may charge your account for payment unless the item is certified or you have placed an effective stop payment order.

## **19. Stop Payment Orders.**

**Stop Payment Request.** You may, upon timely and proper request, ask the Credit Union to stop payment on any check or other payment order drawn upon your checking account. You may request a stop payment by telephone, online, by mail, or by appearing in person. The stop payment order, to be effective, must be received before the Credit Union has finally paid the subject item or has taken certain other action with respect to the check. You must provide the number of the account, date and number of the item, its exact amount, and to whom it was issued. If you give the Credit Union incorrect or incomplete information, the Credit Union will not be responsible for failing to stop payment on the item. If the stop payment order is not received in time for the Credit Union to act upon the order, the Credit Union will not be liable to you or to any other party for payment of the item. If we credit your account after paying a check over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer to the Credit Union all of your rights against the payee, or other holders of the item, and to assist the Credit Union in legal action taken against the person.

**Duration of Order.** Verbal stop payment orders remain in effect for fourteen (14) days. Written stop payment orders and online stop payment orders are effective for six (6) months except for preauthorized EFTs, which remain in effect until the request is withdrawn. In order for any written stop payment to remain in effect after six (6) months, you must renew the order in writing. We do not have to notify you when a stop payment expires.

**Liability.** The Credit Union may charge a fee for each stop payment order requested, as set forth on the Rate and Fee Schedule. You may not stop payment on any certified check or draft or any other check, draft, or payment guaranteed by you or the Credit Union. It is at the credit union's sole discretion to place stop payments on check they issued on your behalf. Be aware that while payment of the item may be stopped, you may remain liable to any person, including the Credit Union, who is holder of the item despite the stop payment order. If you place a stop payment order and the item is paid through no fault of yours, the Credit Union will only be liable for actual damages you incur, not to exceed the amount of the check.

**20. Lost Items.** The Credit Union, in receiving items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse the credit for any deposited items or to

charge your account for the items should they become lost in the collection process.

**21. Credit Union's Liability for Errors.** If the Credit Union does not properly complete a transaction according to this Agreement, the Credit Union will be liable for your losses or damages not to exceed the amount of the transaction. The Credit Union will not be liable if: (i) through no fault of the Credit Union, your account does not contain enough money to make the transaction; (ii) circumstances beyond the Credit Union's control prevent the transaction; (iii) your loss is caused by the negligence of another financial institution; or (iv) the money in your account is subject to legal process or other claim. In no event will the Credit Union be liable for consequential damages. You grant the Credit Union the right, in making payment of deposited funds, to rely exclusively on the form of the account and the terms of this Account Agreement.

**22. Consensual Pledge of Shares.** You grant us a security interest in all individual and joint share and/or deposit accounts you have with us now and in the future to secure your account. The Credit Union may apply the funds on which it has a lien to pay off your indebtedness. Shares and deposits in an Individual Retirement Account, and any other account that would lose special tax treatment under state or federal law if given as security, are not subject to the security interest you have given in your shares and deposits. If the Credit Union chooses not to enforce its lien, the Credit Union does not waive its right to enforce the lien at a later time.

**23. Collection Costs.** You agree to pay all costs of collecting the amount you owe under this Agreement. Our costs include, to the extent permitted by applicable law, third party collection costs associated with collecting the outstanding debt, reasonable attorney fees if the Credit Union hires an attorney, and legal expenses incurred whether or not a lawsuit is commenced, plus any court costs and all other reasonable sums allowed by law.

**24. Legal Process.** If any legal action, such as a levy, garnishment, or attachment, is brought against your account, the Credit Union may refuse to pay out any money from your account until the dispute is resolved. If the Credit Union incurs any expenses or attorney fees in responding to legal process, such expenses may be charged against your account without prior notice to you, unless prohibited by law. Any legal process against your account is subject to the Credit Union's lien and security interest.

**25. Account Information.** Upon your request, the Credit Union will inform you of the name and address of each credit reporting agency from which the Credit Union obtains a credit report in connection with your account. The Credit Union agrees not to disclose information to third parties about your account regarding any transactions or balances except when: (i) it is necessary to complete the transaction; (ii) the third party seeks to verify the existence or condition of your account in accordance with the Fair Credit Reporting Act or other applicable laws and regulations; (iii) such disclosure is in compliance with the law, government agencies or court orders; or (iv) you give us your written permission.

## **26. Notices.**

**Name or Address Changes.** It is your responsibility to notify the Credit Union upon a change of address, email address or change of name. The Credit Union is only required to honor items drawn upon the name as listed on the account and to attempt to communicate with you only at the most recent address you have provided to the Credit Union. The Credit Union will accept only signed, written notices of an address or name change or, in some instances when proper identification is provided. You may also request a change of address or email address via Home Banking using the Settings tab. Logging into Home Banking constitutes the same authorization as your signature.

**Notice of Amendment.** Except as otherwise prohibited by applicable law, the terms of this Agreement and all fees and other agreements provided to you in connection with this account are subject to change at any time. The Credit Union will notify you of any changes in terms, rates, or fees as required by law by delivering notice to the last address which you have specified for this account. If notice is given by mail, you agree only one notice is necessary in the case of a joint account. You may terminate your account prior to the effective date of any changes. Amendments requested by you, or any one joint account owner, such as adding or closing a new type of account or service, must be evidenced by a signed "Membership Signature Card," which upon execution will be incorporated herein by this reference. The Credit Union reserves the right to require all owners consent in writing to terminate an account.

**27. Statement and Billing Rights.** You will receive a periodic statement of all transactions and activity on your account during the statement period. Any deposit, withdrawal, transfer,

payment of dividends or interest, and imposition of applicable fees will appear on your statement. You are responsible for examining each statement and reporting any irregularities to the Credit Union. If you think your statement is wrong, or if you need more information about a transaction on your statement, you may write us at the address listed on the statement as soon as possible. We must hear from you no later than sixty (60) days after we sent you the first statement on which the error or problem appeared. You may telephone the Credit Union to discuss the discrepancy but doing so will not preserve your rights. In your letter, give us the following information: your name and account number, the dollar amount of the suspected error, description of the error, and explain, if you can, why you believe there is an error. You understand your original check will not be returned to you, but copies will be made available through the Credit Union for a nominal fee upon your request. You agree the Credit Union's retention of checks does not alter or waive your responsibility to examine your statements or the time limits for notifying the Credit Union of any errors. The statement will be considered correct for all purposes and the Credit Union will not be liable for any payment made or charged to your account unless you notify the Credit Union in writing within the above time limit after the statement and checks are made available to you.

**28. Termination of Accounts.** The Credit Union may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if: (i) there is a change in any term or condition of the agreement; (ii) there has been a forgery or fraud reported or committed involving your account; (iii) there is a dispute as to the ownership of the funds in the account; (iv) any checks are lost or stolen; (v) if there are excessive returned, unpaid items not covered by an overdraft protection plan; or (vi) if there has been any misrepresentation or any other abuse of any of your accounts. You may terminate your account at any time by notifying the Credit Union in writing or in person. However, the Credit Union reserves the right to require the consent of all joint account owners for termination of a joint account. The Credit Union is not responsible for payment of any check, withdrawal, or other item once your account is terminated. If you close your account within a certain time period after opening it, you may be charged an account closure fee. Consult the current Rate and Fee Schedule.

**29. Suspension and/or Termination of Services.** The Credit Union may suspend or terminate services at any time without



notice to you if there has been any misrepresentation, fraud or abuse of any of your accounts, or if you are delinquent on a loan or incur a negative share balance. The Credit Union is not responsible for payment of any items once the service(s) are terminated.

**30. Termination of Membership.** You may terminate your membership at the Credit Union under the conditions that no deposit accounts are pledged as collateral and all loan accounts, including VISA® and student loan accounts, are closed by giving written or oral notice of your intent to withdraw from membership. The Credit Union is not liable for payment of any check, withdrawal, or any other item once your membership is terminated. The Credit Union may expel you from membership for any reason allowed by NCUA regulation, applicable legislation, and Credit Union bylaws.

**31. Dormant and Abandoned Accounts.** If you have not made a withdrawal, deposit, or transfer on your account for a 12-month period, the Credit Union may classify your account as a dormant account and may charge a dormant account service fee as allowed by applicable law and set forth on the Rate and Fee Schedule. If the dormant account balance is under the required share par value and has remained so for 12 months, the Credit Union may absorb the balance by a late charge upon authorization of the Board. If a deposit or withdrawal has not been made on the account for three (3) years as required by the Pennsylvania Department of Revenue, Abandoned and Unclaimed Property (Escheat), the account will be presumed to be abandoned. Funds in abandoned accounts will be remitted in accordance with the Pennsylvania Department of Revenue Law. Once funds have been turned over to the state, the Credit Union has no further liability to you for such funds and if you choose to reclaim such funds you must apply to the appropriate state agency.

**32. Death of a Member.** Upon the death of the primary account owner, funds in the account shall be payable to joint account owners or the estate in accordance with this agreement and applicable state laws. The Credit Union will require the survivor or other claimant of the account to produce certain documents before releasing the funds in the account. The Credit Union may continue to honor all transfers, withdrawals, deposits, and other transactions on the account until the Credit Union learns of the account owner's death. Once the Credit Union learns of an account owner's death, the Credit Union may pay checks or honor other payments or transfer orders authorized by the deceased owner for a period of ten (10)

days from the date of death, unless the Credit Union receives instructions from an authorized person to stop payment on the drafts or other items. You agree the Credit Union can require anyone who claims funds in your account after your death to indemnify the Credit Union for any losses resulting from honoring that claim.

**33. Special Account Instructions.** The Credit Union can facilitate certain trust or court ordered account arrangements you may request. However, because the Credit Union does not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust or court order. If you ask the Credit Union to follow instructions that the Credit Union believes might expose it to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the Credit Union may refuse to follow your instructions or may require a bond or other protection. The Credit Union will not recognize the authority of someone to whom you have given power of attorney without written authorization and a copy of the Power of Attorney on record at the Credit Union. The Credit Union is not required to accept the Power of Attorney if all of the requirements are not included.

**34. Waiver.** Any waiver of any term or condition stated in this Agreement must be in writing and signed by an officer of the Credit Union and shall not be considered as a waiver of any future or other obligation or right.

**35. Severability.** In the event any paragraph of this Agreement or any portion thereof is held by a court to be invalid or unenforceable for any reason, the other paragraphs and portions of this Agreement shall not be invalid or unenforceable and will continue in full force and effect.

**36. Governing Law.** This Agreement is governed by the Credit Union's Bylaws, federal laws and regulation, the laws, including applicable principles of contract law, and regulation of the state in which the Credit Union's main office is located, and local clearinghouse rules, as amended from time to time.

**37. Enforcement.** In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled/subject by applicable law to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post judgment collection actions, if applicable. If there is a lawsuit,

you agree it may be filed and heard in the county and state in which the Credit Union is located if allowed by applicable law.

**38. Notice of Furnishing Negative Information.** We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

## **UNLAWFUL INTERNET GAMBLING NOTICE**

In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, restricted transactions are prohibited from being processed through your account or relationship with our institution. Restricted transactions are transactions in which a person accepts credit, funds, instruments or other proceeds from another person in connection with unlawful Internet gambling. We may terminate your account relationship if you engage in unlawful internet gambling or other illegal activities.

## **FUNDS AVAILABILITY POLICY**

- 1. General Policy.** Our policy is to make funds from your deposits available to you on the same business day that we receive your deposit. Electronic deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written. For determining the availability of your deposits, every day is a business day, except Sundays and federal holidays. Your deposits are considered received: (1) the day you deposit the funds at our teller windows, (2) the day we receive your deposit funds in the mail, or (3) the day you deposit funds in the Automated Teller Machine (ATM). If you make a deposit in our night depository when we are not open, we will consider that deposit to be made on the next business day that we are open.
- 2. Reservation of Right to Hold.** In some cases, we will not make all of the funds that you deposit by check available to you on the same business day that we receive your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$200 of your deposit will be available on the same business day we receive your

deposit. If we are not going to make all of the funds from your deposit available on the same business day we receive your deposit, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take action after you have left the premises, we will mail you the notice no later than the next business day after we receive your deposit.

- 3. Holds on Other Funds.** If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.
- 4. Longer Delays May Apply.** We may delay your ability to withdraw funds deposited by check into your account an additional number of days for under certain circumstances. Federal law provides for exception to the federal funds availability schedules when: a.) We believe a check you deposit will not be paid; b.) You deposit checks totaling more than \$5,000 on any one day; c.) You deposit a check that has been returned unpaid; d.) You have overdrawn your account repeatedly in the last six months; or e.) There is an emergency, such as failure of communications or computer equipment. We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.
- 5. Special Rules for New Accounts.** If you are a new member, the following special rules will apply during the first thirty (30) days your account is open.

Funds from electronic deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier, certified, teller, traveler, and federal, state, and local government checks will be available on the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit. Funds from all other check deposits will be available on the ninth business day after the day of your deposit.

- 6. Deposits at Automated Teller Machines.** You may not be able to immediately access all of the deposited funds when making an ATM deposit. The first \$200 of an ATM deposit will be immediately available. The remaining funds will be available in one business day after the day of deposit for deposits made at Service 1st ATMs. If the deposit is \$200 or less, no hold will be imposed.

Funds deposited at foreign ATMs (ATMs not owned by Service 1st) will be available in four (4) business days after the day of deposit. The first \$200 will be immediately available. If the deposit is \$200 or less, no hold will be imposed.

- 7. Foreign Checks.** Checks drawn on financial institutions located outside the U.S. (foreign checks)

cannot be processed the same as checks drawn on U.S. financial institutions. Foreign checks are exempt from the policies outlined in this disclosure. Generally, the availability of funds for deposits of foreign checks will be delayed for the time it takes us to collect the funds from the financial institution upon which it is drawn.



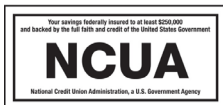




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