

Southbridge Credit Union  
Overdraft Privilege Service Disclosure

**What is the “Overdraft Privilege Service”?**

Overdraft Privilege Service is a service we add to your checking account to cover inadvertent overdrafts to a set limit, subject to the eligibility criteria as explained below. With Overdraft Privilege Service, we will as a discretionary service and not as a right or obligation guaranteed to you, strive to pay your reasonable overdrafts when your account is in good standing, meeting eligibility and we reserve the right not to pay.

Good standing includes the following criteria:

- Age of account
- Number of deposits
- Dollar amount of deposits
- Deposit patterns
- Repayment patterns
- Overdraft Activity

For example and not limited to, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts. When we pay overdraft items for you, you will be charged our normal overdraft charge fee, currently \$32.00, for each item that is presented. All deposits to overdrawn accounts are applied to the negative balance.

**Eligibility** - No application is required for our Overdraft Privilege Service; eligibility is at the sole discretion of the Southbridge Credit Union and is based on you managing your share draft account in a responsible manner.

**Non-Eligible Account Types**

- Minor accounts
- Representative Payee Accounts
- Money Market
- Share Savings
- IOLTA accounts
- Public Fund accounts

**Suspension/Revocation**- Your Overdraft Privilege Service may be suspended or permanently removed based on the following criteria:

- Your account type is not eligible.
- You are more than 30 days past due on any Southbridge Credit Union loan or delinquent on any other obligation to the Southbridge Credit Union.
- You are subject to any legal or administrative orders, levy, or are currently a party in a bankruptcy proceeding.
- Your account is being reviewed for fraudulent activity or transactions.
- The primary account owner is less than 18 years old.
- A ChexSystems or other negative indicator has been reported to us.
- You have an outstanding balance on an Overdraft Repayment Plan.

- Your account is classified as inactive.
- You have an unresolved prior loss with the Southbridge Credit Union.
- We do not have a valid address for you.

**Transactions Covered** – Overdraft Privilege Service will be available for all checks written, in-person withdrawals and other electronic transactions. Overdraft Privilege Service will not be available for ATM and everyday debit card transaction unless you authorize the Southbridge Credit Union by completing an ATM/Debit Card Consent Form.

NOTE: If you have consented to Overdraft Privilege Service for ATM transactions, please verify your balance before initiating an ATM cash withdrawal. All overdrafts will be subject to our overdraft charge fee for each withdrawal until the account returns to a positive balance.

**Opt Out** -. This is an expensive way of handling your account and you have the option to have this service removed at anytime by writing us at Southbridge Credit Union, P.O. Box F, Southbridge, MA 01550 or contact your local Southbridge Credit Union branch. It is important for you to consider that by opting out of this service without some other form of overdraft plan such as an account transfer you are instructing us to return unpaid all items presented against insufficient funds. If you opt out, you will still be charged our \$32.00 overdraft charge unpaid item fee. Members who receive a Social Security, federal direct deposit, or any other entitlement benefit must opt out if they do not want the Southbridge Credit Union to apply those funds to pay an overdraft.

**Payment Order of Items** - The order in which items are presented may affect the total fees assessed to your account. It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments from low to high dollar value in the order contained in the data file.
- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day based on settlement date; credits will post first then debits will post lowest to highest.
- **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN debit network. These transactions are similar to ATM withdrawal transactions because the money is usually deducted from your account immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.
- **Signature-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a hold on funds in your account when the authorization is completed. The “authorization hold” will reduce your available balance by

the amount authorized but will not affect your actual balance. The transaction is subsequently processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received.

The amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be placed in an amount equal to the bill presented to you; but when the transaction posts, it will include any tip that you may have added to the bill. This may also be the case where you present your debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

This is a general description of certain types of transactions. These practices may change, and we reserve the right to pay items in any order we choose as permitted by law.

**Understanding Your Account Balance** - Your checking account has two kinds of balances: the actual balance and the available balance. Your actual balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending. Your available balance is the amount of money in your account that is available for you to use. Your available balance is your actual balance less: (1) holds placed on deposits; (2) holds on debit card or other transactions that have been authorized but are not yet posted; and (3) any other holds, such as holds related to pledges of account funds and minimum balance requirements or to comply with court orders. We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your actual balance. You should assume that any item which would overdraw your account based on your available balance may create an overdraft. You may check your available balance online at [www.SouthbridgeCU.com](http://www.SouthbridgeCU.com), at an ATM, by visiting a credit union branch or by calling us at toll free at 888-599-2265.

**Excessive Use** – We monitor member accounts for chronic or excessive use. If you excessively overdraw your account in a rolling twelve month period you may be contacted to discuss alternatives and/or continued use of Overdraft Privilege Service.

**Financial Education** – The Southbridge Credit Union believes that financial literacy and education helps customers make informed decisions. Heightened awareness of personal financial responsibility helps customers realize the benefits of responsible money management, understanding the credit process and the availability of help if problems occur. [www.MyMoney.gov](http://www.MyMoney.gov) is the federal government's website that serves as the one-stop for federal financial literacy and education programs, grants and other information. To request a personal financial toolkit, call **1-888-MyMoney**.

**Account Agreement** - Your membership and account agreement describes the duties, obligations, and rights of depositors, authorized signatories and the Southbridge Credit Union with regard to your deposit accounts. The membership and account agreement is incorporated herein for all purposes as if it

were set forth verbatim as to matters not directly addressed by this disclosure. Your membership and account agreement and this disclosure shall be construed so as to minimize conflicts between them.

**Remedy:** You and the Southbridge Credit Union agree that the exclusive remedy and forum for all disputes arising out of the Overdraft Privilege Service or your or Southbridge Credit Union's performance there under, except for matters you or the Southbridge Credit Union take to small claims court, is arbitration by an independent arbitrator pursuant to the applicable rules of the American Arbitration Association, except as prohibited by law.

**Waiver:** The Southbridge Credit Union's forbearance from, or delay in, exercising any of the Southbridge Credit Union's rights, remedies, privileges, or right to insist on your strict performance of any provisions of your membership and account agreement, this Overdraft Privilege Service disclosure, or any other provision related to your account, shall not be construed to be a current or future waiver of the Southbridge Credit Union's rights, remedies or privileges.