



CHANGE IN TERMS – Effective 10.11.21

Service Federal Credit Union Corporate Offices
Stateside Offices: P.O. Box 1268, Portsmouth, NH 03802 | 800.936.7730
Overseas Offices: Unit 3019, APO AE 09021-3019 | 00800.4728.2000

September 11, 2021

To Our Members:

The upcoming system upgrade is generating a number of changes in terms, prompting this **30-Day Change in Terms Notice**. The system upgrade will take place the weekend of October 9th. In addition to the system-related changes, the following important changes are being made to your accounts with Service Federal Credit Union (“SCU,” “Service Credit Union”). These changes involve the implementation of **an Arbitration Provision and Class Action Waiver**. You can opt out of the Arbitration Provision as provided below and you will not lose any of the rights and benefits of your accounts. **PLEASE READ THIS DOCUMENT CAREFULLY**. Unless noted otherwise, the below changes will all be **effective 10/11/2021**. This is not an attempt to collect a debt.

Account Changes

Dividend Calculation Method

We currently calculate and post dividends monthly based on the Average Daily Balance method. Effective 10/11/2021, dividends will be calculated based on Actual Daily Balance. At each period end, we will apply the effective daily periodic rate to the ending balance of each day. The sum of the daily earnings will be posted to your account as dividends.

Courtesy Pay Overdraft Protection

Currently, when you opt in to have Courtesy Pay overdraft protection coverage on one time, everyday debit card and ATM transactions, we offer a \$25 “de minimis” threshold, meaning we do not charge Overdraft Fees on POS (point of sale) or ATM overdrafts until your negative available balance exceeds \$25.00. As part of our system enhancements, we are eliminating the de minimis threshold and replacing it with a transaction amount-based limit. As of 10/11/2021, Overdraft Fees on one time everyday debit card and ATM transactions (but not for any other transaction type, including but not limited to, ACHs and checks) that are less than or equal to \$15.00 will not be charged a fee even if they result in an overdraft. If the one time debit card or ATM transaction that results in an overdraft is \$15.01 or more, the \$30 fee will be assessed. These fees will only apply if you have opted in to Courtesy Pay overdraft protection on one time debit card and ATM transactions. SCU VPay card overdrafts will not be charged a Courtesy Pay fee.

Service Credit Union Visa – Late Fees

All Service Credit Union Visa late fees are currently determined as \$20 or the amount of the required minimum payment, whichever is less. This language is being updated to: Your late fee will be the lesser of \$20 or your remaining payment due. This means that your late fee will either be \$20 or the amount of your monthly payment that is still due. If you make a partial payment one month and your minimum payment is less than \$20, your late fee will be reduced by the amount of your partial payment.

Inactive Account Fee

The Credit Union currently discloses and charges a \$50 inactive account fee that is charged once a year on accounts that have been inactive for 365 days or more. **Starting on 1/31/22**, we are reducing the inactive account fee to \$10 and will be charging it each month once an account has been inactive for 12 months. This change is designed to reduce the amount of inactive fees paid by members, and it may also prompt a member to re-engage with their account sooner. Note that this change is happening later than other changes in this disclosure.



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Service Federal Credit Union’s Account Agreement and Disclosure Changes

The following section is added on page 4 of the Account Agreement:

Overdrafts and Courtesy Pay - General

“Overdraft” means there is not enough available balance in your account at the time a transaction is presented to us and we decide whether to pay it. Should an overdraft occur and you have signed up for Overdraft Protection, then we will first attempt to authorize and pay the item by transferring funds to your share draft account from your primary savings account if you are enrolled in Share Transfer Overdraft Protection (S.T.O.P). If you are not enrolled in S.T.O.P, then we may either reject the transaction or we may, at our discretion, pay it using our Standard Overdraft Practices, which are called Courtesy Pay.

Courtesy Pay normally applies when we pay overdraft checks, Automatic Clearing House (ACH) described below transactions, bill pay and other payment transactions, other than one time or nonrecurring debit card transactions and ATM withdrawals. Courtesy Pay only applies to one time or nonrecurring debit card payment transactions and ATM withdrawals if you choose to opt in and affirmatively consent for us to cover overdrafts on non-recurring debit card and ATM transactions. Without your consent, we may not authorize payment for one time debit card transactions or ATM withdrawals that will result in a negative available balance in your account

If we authorize any type of payment transaction and there is insufficient available balance at the time it is posted to your account (which may be at a later time than when the transaction is authorized), then we will charge you an Overdraft Fee; **the exception to this is that we will not charge you an Overdraft Fee on one-time debit card or ATM transactions if you have not opted in and affirmatively consented for us to cover overdrafts on non-recurring debit card and ATM transactions.** If we decline to pay a check, ACH, or Bill Pay transaction, then it will be rejected, and you will be charged a Return Item Fee. You will not be charged any fees if we decline to authorize a debit card payment transaction or ATM withdrawal. Overdraft and Return Item Fees are described in our Fee Schedule, which is updated periodically and is incorporated into this Agreement.

Note: Merchants may reattempt to get paid on Check and ACH transactions that were initially declined payment, multiple times until paid. You may be charged a Return Item or Overdraft Fee each time a merchant presents a transaction for payment, even if a transaction was previously declined and a fee was previously charged.

The following is important information regarding your account balances, how transactions are authorized and posted to your account, and when an overdraft or Return Item Fee will be charged. You should read these disclosures carefully. If you have questions, please see a branch representative or call us at 800.936.7730 (U.S) or 00800.4728.2000 (Int'l).

The following section is added on page 5 of the Account Agreement:

Checking Account Balances

A checking account has two balances: the “actual” balance and the “available” balance. Both can be checked when you review your account online, on our mobile banking app, at an ATM, or at a branch. It is important to understand how the two balances work so that you know how much money is in your account at any given time. This section explains actual and available balances and how they work.

Actual Balance

Your actual balance is the full amount of all deposits, even though some portion of a deposit may be on hold and may not be available to you, less payment transactions that have “posted” to your account, but not payment transactions that have been authorized and are pending. Thus, while the term “actual” may sound as though the number you see is an up-to-



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date display of what is in your account that you can spend, that is not always the case. Any holds for purchase transactions, holds on deposits, or other checks, payments and fees that have not yet posted will not appear in your actual balance. For example, if you have a \$50 actual balance, but you just wrote a check for \$40, then your actual balance is \$50 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you have already spent \$40.

Available Balance

Your available balance is the amount of money in your account that is available for you to use. The available balance is the actual balance less things such as holds placed on deposits and pending transactions that the Credit Union has authorized but that have not yet posted to your account (such as pending debit card purchases). For example, assume you have an actual balance of \$50 and an available balance of \$50. If you were to swipe your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to pre-authorize the payment. In that case, we will reduce your available balance by \$20 because once we authorize the payment, we are obligated to pay. Your actual balance would still be \$50 because this transaction has not yet posted, but your available balance would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), we will post the transaction to your account and your actual balance will be reduced by \$20.

We use available balance at the time transactions are presented to us to decide whether to authorize them for payment. We also use available balance at the time transactions are posted and actually paid (not when they are authorized) to decide whether to charge Overdraft Fees. The following example illustrates how this works:

Assume your actual and available balance are both \$100, and you swipe your debit card at a restaurant for \$80. As a result, your available balance will be reduced by \$80 so your available balance is only \$20. Your actual balance is still \$100. Before the restaurant charge is sent to us for posting, a check that you wrote for \$50 clears. Because you have only \$20 available (you have committed to pay the restaurant \$80), your account will be overdrawn by \$30, even though your actual balance was \$100. In this case, we may reject the check, in which case you will be charged a Return Item fee. If you are eligible for Courtesy Pay, then we may pay the \$50 check, but you will be charged an Overdraft Fee because your available balance was not sufficient at the time of payment to cover the check. Also, when the \$80 restaurant charge is later submitted to the Credit Union and posted to your account, you will not have enough money in your available balance because of the intervening check, and you may be charged a fee for that transaction as well (if you have opted in for us to cover overdrafts on one time debit and ATM card transactions), even though your available balance was positive when it was authorized.

It is very important to understand that you may still overdraw your account even though the available balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your available balance may not reflect all your outstanding checks and automatic bill payments that you have authorized or other outstanding transactions that have not been paid from your account. In the example above, the outstanding check will not be reflected in your available balance until it is presented to us and posted to your account.

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within seven (7) business days of authorization (or for up to thirty (30) business days for certain types of debit card transactions), we must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from your account.

The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely.



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The following is revised on page 6 of the Account Agreement:

You will never be charged a Courtesy Pay fee for one time debit card and ATM transactions that are \$15.00 or less, if you opt in to Courtesy Pay. If you opt in to Courtesy Pay for one time debit card and ATM transactions, each transaction that is greater than \$15.00 will be subject to the Courtesy Pay Fee listed on our Fee Schedule. Additionally, overdrafts on VPay cards will not be charged a Courtesy Pay fee. Additional information about overdrafts on VPay cards is available in the VPay Terms and Conditions.

The following is added to the description of Signature-based debit card purchase transactions on page 8 of the Account Agreement:

Immediately before we process and pay your signature debit card transaction, the pre-authorization hold will be released and the funds will go back into your available balance. As a result, it is possible that your available balance will still be insufficient after the pre-authorization hold is released and result in an overdraft fee if you have opted in.

The following sections are added on page 11 of the Account Agreement:

Furnishing Negative Account 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.

ARBITRATION AND WAIVER OF CLASS ACTION

You and the Credit Union agree that we shall attempt to informally settle any and all disputes arising out of, affecting, or relating to your accounts, or the products or services that we have provided, will provide or have offered to provide to you, and/or any aspect of your relationship with us (hereafter referred to as the "Claims"). If that cannot be done, then you agree that any and all Claims that are threatened, made, filed or initiated after the Effective Date (defined below) of this Arbitration and Waiver of Class Action provision ("Arbitration Agreement"), even if the Claims arise out of, affect or relate to conduct that occurred prior to the Effective Date, shall, at the election of either you or us, be resolved by binding arbitration administered by the American Arbitration Association ("AAA") in accordance with its applicable rules and procedures for consumer disputes ("Rules"), whether such Claims are in contract, tort, statute, or otherwise. The Rules can be obtained on the AAA website free of charge at www.adr.org; or, a copy of the Rules can be obtained at any branch upon request. Either you or we may elect to resolve a particular Claim through arbitration, even if one of us has already initiated litigation in court related to the Claim, by: (a) making written demand for arbitration upon the other party, (b) initiating arbitration against the other party, or (c) filing a motion to compel arbitration in court. AS A RESULT, IF EITHER YOU OR WE ELECT TO RESOLVE A PARTICULAR CLAIM THROUGH ARBITRATION, YOU WILL GIVE UP YOUR RIGHT TO GO TO COURT TO ASSERT OR DEFEND YOUR RIGHTS. This Arbitration Agreement shall be interpreted and enforced in accordance with the Federal Arbitration Act set forth in Title 9 of the U.S. Code to the fullest extent possible, notwithstanding any state law to the contrary, regardless of the origin or nature of the Claims at issue. This Arbitration Agreement does not prevent you from submitting any issue relating to your accounts for review or consideration by a federal, state, or local governmental agency or entity, nor does it prevent such agency or entity from seeking relief on your behalf. This Arbitration Agreement shall not apply to: (1) claims that are initiated in or transferred to small claims court; and (2) claims that arise out of or relate exclusively to any secured or unsecured loan agreement you may have with us. Exclusion number (2) shall not include credit card and debit card agreements, both of which are subject to this Arbitration Agreement.

1. Selection of Arbitrator. The Claims shall be resolved by a single arbitrator. The arbitrator shall be selected in accordance with the Rules, and must have experience in the types of financial transactions at issue in the Claims. In the



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event of a conflict between the Rules and this Arbitration Agreement, this Arbitration Agreement shall supersede the conflicting Rules only to the extent of the inconsistency. If AAA is unavailable to resolve the Claims, and if you and we do not agree on a substitute forum, then you can select the forum for the resolution of the Claims.

2. Effective Date. This Arbitration Agreement is effective upon the 31st day after we provide it to you (“Effective Date”), unless you opt-out in accordance with the requirements of the RIGHT TO OPT-OUT provision below. If you receive your statements by mail, then the Arbitration Agreement was provided to you when it was mailed. If you receive your statements electronically, then it was provided to you when you were sent notice electronically.

3. Arbitration Proceedings. The arbitration shall be conducted within 50 miles of your residence at the time the arbitration is commenced. Any claims and defenses that can be asserted in court can be asserted in the arbitration. The Arbitrator shall be entitled to award the same remedies that a court can award, including any kind of injunctive relief that could be awarded by a court. Discovery shall be available for non-privileged information to the fullest extent permitted under the Rules. The Arbitrator shall not be permitted to make errors of law. The Arbitrator’s award can be entered as a judgment in court. Except as provided in applicable statutes, and except with respect to an error of law, the arbitrator’s award is not subject to review by the court and it cannot be appealed. We will pay for any filing, administration, and arbitrator fees imposed on you by the AAA or any other applicable arbitration forum. However, you will be responsible for your own attorneys’ fees, unless you prevail on your Claim in the arbitration, in which case, we will pay your attorneys’ fees. Conversely, if we prevail, then you will not be required to pay our attorneys’ fees and costs. Nothing contained in this Arbitration Agreement shall prevent either you or us from applying to any court of competent jurisdiction for provisional prejudgment relief, such as a temporary restraining order, a temporary protective order, an attachment or any other pre-judgment remedies. Nor shall it preclude applicable self-help remedies, such as set-off and repossession.

Any determination as to whether this Arbitration Agreement is valid or enforceable in part or in its entirety shall be made solely by the arbitrator, including without limitation any issues relating to whether a Claim is subject to arbitration; provided, however, the enforceability of the Class Action Waiver set forth below shall be determined by the Court.

4. Class Action Waiver. ANY ARBITRATION OF A CLAIM SHALL BE ON AN INDIVIDUAL BASIS. YOU UNDERSTAND AND AGREE THAT YOU ARE WAIVING THE RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER IN A CLASS ACTION LAWSUIT.

5. Severability. In the event the Class Action Waiver in this Arbitration Agreement is found to be unenforceable for any reason, the remainder of this Arbitration Agreement shall also be unenforceable. If any provision in this Arbitration Agreement, other than the Class Action Waiver, is found to be unenforceable, then the remaining provisions shall remain fully enforceable.

6. Right to Opt-Out. You have the right to opt-out of this Arbitration Agreement and it will not affect any other terms and conditions of your relationship with us. To opt out, you must notify us in writing of your intent to do so prior to the Effective Date (defined above). Your opt-out must be sent to us at either the address or email address listed below prior to the Effective Date.

Mail to Service Credit Union, PO Box 1268, Portsmouth, NH 03802 or email inquiries@servicecu.org.

Your notice of intent to opt out can be a letter that is signed by you or an email sent by you that states “I elect to opt out of the Arbitration Agreement” or any words to that effect.

The following is added to the “Applicable Laws” section on page 15 of the Account Agreement:

This agreement is governed by the laws of the State of New Hampshire for any situation in which Federal Law does not apply. Any litigation not subject to arbitration shall be initiated only in a court of competent jurisdiction located within the state of New Hampshire within one year of the transaction or occurrence that is the subject of the litigation. If we are required to bring an action to enforce our rights, you agree to make your assets subject to the jurisdiction of such court.