

# Important Account Information *for* Our Members

Terms and Conditions  
Electronic Transfers  
Funds Availability  
Truth in Savings



**NESC**  
FEDERAL CREDIT UNION

248 Pleasant Street, Methuen, MA 01844

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## TERMS AND CONDITIONS OF YOUR ACCOUNT

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** - To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**AGREEMENT** - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws, the laws of the state of Massachusetts and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this document is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does not intend, and the terms "you" and "your" should not be interpreted, to expand an individual's responsibility for an organization's liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

**BYLAWS** - Our bylaws, which we may amend from time to time, establish basic rules about our credit union policies and operations which affect your account and membership. You may obtain a copy of the bylaws on request. Our right to require you to give us notice of your intention to withdraw funds from your account is described in the bylaws. Unless we have agreed otherwise, you are not entitled to receive any original item after it is paid, although you may request that we send you an item(s) or a copy of an item(s). Dividends are based on current earnings and available earnings of the credit union, after providing for required reserves.

**LIABILITY** - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused

by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft.

You will be liable for our costs as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys' fees can be deducted from your account when they are incurred, without notice to you.

**DEPOSITS** - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of indorsement or lack of indorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Unless prohibited by law, we also reserve the right to charge back to your account the amount of any item deposited to your account or cashed for you which was initially paid by the payor bank and which is later returned to us due to an allegedly forged, unauthorized or missing indorsement, claim of alteration, encoding error or other problem which in our judgment justifies reversal of credit. You authorize us to attempt to collect previously returned items without giving you notice, and in attempting to collect we may permit the payor bank to hold an item beyond the midnight deadline. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. If you deliver a deposit to us and you will not be present when the deposit is counted, you must provide us an itemized list of the deposit (deposit slip). To process the deposit, we will verify and record the deposit, and credit the deposit to the account. If there are any discrepancies between the amounts shown on the itemized list of the deposit and the amount we determine to be the actual deposit, we will notify you of the discrepancy. You will be entitled to credit only for the actual deposit as determined by us, regardless of what is stated on the itemized deposit slip. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check for deposit, we may require any third-party indorsers to verify or guarantee their indorsements, or indorse in our presence.

### **WITHDRAWALS** -

**Generally** - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to indorse any item payable to you or your order for deposit to this account or any other transaction with us.

**Postdated checks** - A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

**Checks and withdrawal rules** - If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. We will use the date

the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. In addition, we may place limitations on the account until your identity is verified.

Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify it as a transaction account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts to which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the time we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

**A temporary debit authorization hold affects your account balance -** On debit card purchases, merchants may request a temporary hold on your account for a specified sum of money, which may be more than the actual amount of your purchase. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your purchase, but it may be up to three days before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions will be reduced by the amount of the temporary hold. If another transaction is presented for payment in an amount greater than the funds left after the deduction of the temporary hold amount, that transaction will be a nonsufficient funds (NSF) transaction if we do not pay it or an overdraft transaction if we do pay it. You will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy. You will be charged the fee even if you would have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

Here is an example of how this can occur – assume for this example the following: (1) you have opted-in to our overdraft services for the payment of overdrafts on ATM and everyday debit card transactions, (2) we pay the overdraft, and (3) our overdraft fee is \$35 per overdraft, but we do not charge the overdraft fee if the transaction overdraws the account by less than \$10.

You have \$120 in your account. You swipe your card at the card reader on a gasoline pump. Since it is unclear what the final bill will be, the gas station's processing system immediately requests a hold on your account in a specified amount, for example, \$80. Our processing system authorizes a temporary hold on your account in the amount of \$80, and the gas station's processing system authorizes you to begin pumping gas. You fill your tank and the amount of gasoline you purchased is only \$50. Our processing system shows that you have \$40 in your account available for other transactions (\$120 - \$80 = \$40) even though you would have \$70 in your account available for other transactions if the amount of the temporary hold was equal to the amount of your purchase (\$120 - \$50 = \$70). Later, another transaction you have authorized is presented for payment from your account in the amount of \$60 (this could be a check you have written, another debit card transaction, an ACH debit or any other kind of payment request). This other transaction is presented before the amount of the temporary hold is adjusted to the amount of your purchase (remember, it may take up to three days for the adjustment to be made). Because the amount of this other transaction is greater than the amount our processing system shows is available in your account, our payment of this transaction will result in an overdraft transaction. Because the transaction overdraws your account by \$20, your account will be assessed the overdraft fee of \$35 according to our overdraft fee policy. You will be charged this \$35 fee according to our policy even though you would have had enough money in

your account to cover the \$60 transaction if your account had only been debited the amount of your purchase rather than the amount of the temporary hold or if the temporary hold had already been adjusted to the actual amount of your purchase.

**Overdrafts -** You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

**Multiple signatures, electronic check conversion, and similar transactions -** An electronic check conversion transaction is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the check to examine the signatures on the item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

**OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION -** These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We reserve the right to refuse some forms of ownership on any or all of our accounts. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

**Individual Account -** is an account in the name of one person.

**Joint Account - With Survivorship (And Not As Tenants In Common) -** is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

**Revocable Trust Account -** One or two of you (called trustees) may create such an account in trust for another. Payments may be made to the trustee, or if there are two trustees, to either or both of the trustees or the survivor. Upon the death of the trustee or the death of both trustees, payment may be made to the person for whom the trust was made, or that person's legal representative.

**BUSINESS, ORGANIZATION AND ASSOCIATION ACCOUNTS -** Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. You represent that you have the authority to open and conduct business on this account on behalf of the entity. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the entity.

**STOP PAYMENTS -** Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules.

We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because stop-payment orders are handled by computers, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee.



You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment order was oral your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires. A release of the stop-payment request may be made only by the person who initiated the stop-payment order.

If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

**TELEPHONE TRANSFERS** - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month (less the number of "preauthorized transfers" during the month). Other account transfer restrictions may be described elsewhere.

**AMENDMENTS AND TERMINATION** - We may change any term of this agreement. Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account. Reasonable notice depends on the circumstances, and in some cases such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new term(s).

**NOTICES** - Any written notice you give us is effective when we actually receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive it in time to have a reasonable opportunity to act on it. If the notice is regarding a check or other item, you must give us sufficient information to be able to identify the check or item, including the precise check or item number, amount, date and payee. Written notice we give you is effective when it is deposited in the United States Mail with proper postage and addressed to your mailing address we have on file. Notice to any of you is notice to all of you.

**STATEMENTS - Your duty to report unauthorized signatures, alterations and forgeries** - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations or forgeries in your account within 60 days of when we first send

or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

**Your duty to report other errors** - In addition to your duty to review your statements for unauthorized signatures, alterations and forgeries, you agree to examine your statement with reasonable promptness for any other error - such as an encoding error. In addition, if you receive or we make available either your items or images of your items, you must examine them for any unauthorized or missing indorsements or any other problems. You agree that the time you have to examine your statement and items and report to us will depend on the circumstances. However, this time period shall not exceed 60 days. Failure to examine your statement and items and report any errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any errors on items identified in that statement and as between you and us the loss will be entirely yours.

**Errors relating to electronic fund transfers or substitute checks** - For information on errors relating to electronic fund transfers (e.g., computer, debit card or ATM transactions) refer to your Electronic Fund Transfers disclosure and the sections on consumer liability and error resolution. For information on errors relating to a substitute check you received, refer to your disclosure entitled Substitute Checks and Your Rights.

**ACCOUNT TRANSFER** - This account may not be transferred or assigned without our prior written consent.

**DIRECT DEPOSITS** - If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the federal government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

**TEMPORARY ACCOUNT AGREEMENT** - If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**RIGHT TO REPAYMENT OF INDEBTEDNESS** - You each agree that we may (without prior notice and when permitted by law) charge against and deduct from this account any due and payable debt any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off any funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note, and this amount may include any portion of the balance for which we have properly accelerated the due date.

In addition to these contract rights, we may also have rights under a "statutory lien." A "lien" on property is a creditor's right to obtain ownership of the property in the event a debtor defaults on a debt. A "statutory lien" is one created by federal or state statute. If federal or state law provides us with a statutory lien, then we are authorized to apply, without prior notice, your shares and dividends to any debt you owe us, in accord with the statutory lien.

Neither our contract rights nor rights under a statutory lien apply to this account if prohibited by law. For example, neither our contract rights nor rights under a statutory lien apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal arises only in a representative capacity, or (d) setoff is prohibited by the Military Lending Act or its implementing regulations. We will not be liable for the dishonor of any check or draft when the dishonor occurs because we charge and deduct an amount you owe us from your account. You agree to hold us harmless from any claim arising as a result of our exercise of our right to repayment.

**AUTHORIZED SIGNER (Individual Accounts only)** - A single individual is the owner. The authorized signer is merely designated to conduct transactions on the owner's behalf. The owner does not give up any rights to act on the account, and the authorized signer may not in any manner affect the rights of the owner or beneficiaries, if any, other than by withdrawing funds from the account. The owner is responsible for any transactions of the authorized signer. We undertake no obligation to monitor transactions to determine that they are on the owner's behalf.

The owner may terminate the authorization at any time, and the authorization is automatically terminated by the death of the owner. However, we may continue to honor the transactions of the authorized signer until: (a) we have received written notice or have actual knowledge of the termination of authority, and (b) we have a reasonable opportunity to act on that notice or knowledge. We may refuse to accept the designation of an authorized signer.

**RESTRICTIVE LEGENDS OR INDORSEMENTS** - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for restrictive legends, restrictive indorsements or other special instructions on every check. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." The payee's signature accompanied by the words "for deposit only" is an example of a restrictive indorsement. For this reason, we are not required to honor any restrictive legend or indorsement or other special instruction placed on checks you write unless we have agreed in writing to the restriction or instruction. Unless we have agreed in writing, we are not responsible for any losses, claims, damages, or expenses that result from your placement of these restrictions or instructions on your checks.

**PAYMENT ORDER OF ITEMS** - The law permits us to pay items (such as checks or drafts) drawn on your account in any order. To assist you in handling your account with us, we are providing you with the following information regarding how we process the items that you write. When processing items drawn on your account, our policy is to pay them in the order that they are received. The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. There is no policy that is favorable in every instance. If the smallest items are paid first, you may have fewer NSF or overdraft fees, but the largest, and perhaps more important items (such as rent or mortgage payments) might not be paid. If an item is presented without sufficient funds in your account to pay it, we may, at our discretion, pay the item (creating an overdraft) or return the item (NSF). The amounts of the overdraft and NSF fees are disclosed elsewhere. By paying items in the order that we receive them, we think our policy attains a reasonable balance between minimizing additional cost to you and paying your more important items. We encourage you to make careful records and practice good account management. This will help you to avoid writing checks or drafts without sufficient funds and incurring the resulting fees.

**CREDIT VERIFICATION** - You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

**PLEDGES** - Each owner of this account may pledge all or any part of the funds in it for any purpose to which we agree. Any pledge of this account must first be satisfied before the rights of any surviving account owner or account beneficiary become effective.

**CHECK PROCESSING** - We process items mechanically by relying solely on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and indorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of indorsements unless you notify us in writing that the check requires multiple indorsements. We must receive the notice in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders.

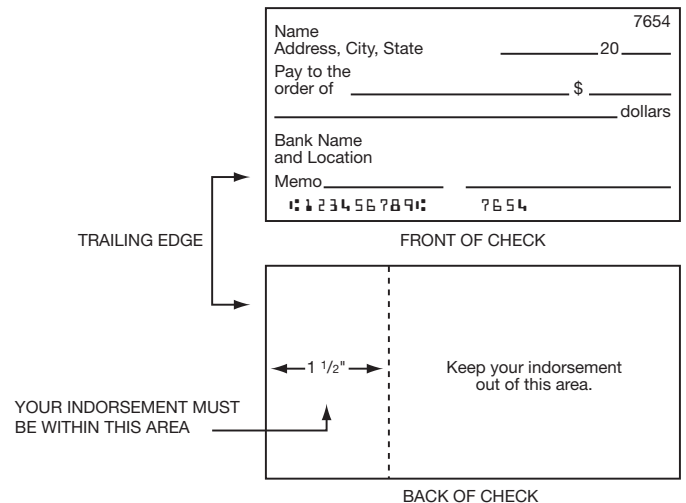
**CHECK CASHING** - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash such a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

Generally, we do not accept third party checks for deposit. If we accept a third-party check for deposit, we may require any third-party endorser to verify or guarantee their endorsement, or endorse in our presence.

**INDORSEMENTS** - We may accept for deposit any item payable to you or your order, even if they are not indorsed by you. We may give cash back to any one of you. We may supply any missing indorsement(s) for any item we accept for deposit or collection, and you warrant that all indorsements are genuine.

To ensure that your check or share draft is processed without delay, you must indorse it (sign it on the back) in a specific area. Your entire indorsement (whether a signature or a stamp) along with any other indorsement information (e.g. additional indorsements, ID information, driver's license number, etc.) must fall within 1 1/2" of the "trailing edge" of a check. Indorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

As you look at the front of a check, the "trailing edge" is the left edge. When you flip the check over, be sure to keep all indorsement information within 1 1/2" of that edge.



It is important that you confine the indorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed indorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your indorsement, another indorsement or information you have printed on the back of the check obscures our indorsement.

These indorsement guidelines apply to both personal and business checks.

**DEATH OR INCOMPETENCE** - You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

**FIDUCIARY ACCOUNTS** - Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be

opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

**LEGAL ACTIONS AFFECTING YOUR ACCOUNT** - If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action. Or, in our discretion, we may freeze the assets in the account and not allow any payments out of the account until a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action. Any fees or expenses we incur in responding to any legal action (including, without limitation, attorneys' fees and our internal expenses) may be charged against your account. The list of fees applicable to your account(s) provided elsewhere may specify additional fees that we may charge for certain legal actions.

**SECURITY** - It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

Except for consumer electronic funds transfers subject to Regulation E, you agree that if we offer you services appropriate for your account to help identify and limit fraud or other unauthorized transactions against your account, such as positive pay or commercially reasonable security procedures, and you reject those services, you will be responsible for any fraudulent or unauthorized transactions which could have been prevented by the services we offered, unless we acted in bad faith or to the extent our negligence contributed to the loss. If we offered you a commercially reasonable security procedure which you reject, you agree that you are responsible for any payment order, whether authorized or not, that we accept in compliance with an alternative security procedure that you have selected.

**TELEPHONIC INSTRUCTIONS** - Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission or leave by voice mail or on a telephone answering machine.

**MONITORING AND RECORDING TELEPHONE CALLS AND CONSENT TO RECEIVE COMMUNICATIONS** - We may monitor or record phone calls for security reasons, to maintain a record and to ensure that you receive courteous and efficient service. You consent in advance to any such recording. We need not remind you of our recording before each phone conversation.

To provide you with the best possible service in our ongoing business relationship for your account we may need to contact you about your account from time to time by telephone, text messaging or email. However, we must first obtain your consent to contact you about your account because we must comply with the consumer protection provisions in the federal Telephone Consumer Protection Act of 1991 (TCPA), CAN-SPAM Act and their related federal regulations and orders issued by the Federal Communications Commission (FCC).

- Your consent is limited to this account, and as authorized by applicable law and regulations.
- Your consent does not authorize us to contact you for telemarketing purposes (unless you otherwise agreed elsewhere).

With the above understandings, you authorize us to contact you regarding this account throughout its existence using any telephone numbers or email addresses that you have previously provided to us or that you may subsequently provide to us.

This consent is regardless of whether the number we use to contact you is assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service or any other service for which you may be charged for the call. You further authorize us to contact you through the use of voice, voice mail and text messaging, including the use of pre-recorded or artificial voice messages and an automated dialing device.

If necessary, you may change or remove any of the telephone numbers or email addresses at any time using any reasonable means to notify us.

**CLAIM OF LOSS** - If you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

**EARLY WITHDRAWAL PENALTIES (and involuntary withdrawals)** - We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your notice of penalty for early withdrawals for additional information.

**ADDRESS OR NAME CHANGES** - You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent address you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

**RESOLVING ACCOUNT DISPUTES** - We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

**WAIVER OF NOTICES** - To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit a check and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

**ACH AND WIRE TRANSFERS** - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial



institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. Credit entries may be made by ACH. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

**FACSIMILE SIGNATURES** - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing facsimile signatures, you authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

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## ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

**Electronic Fund Transfers Initiated By Third Parties.** You may authorize a third party to initiate electronic fund transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. For example, your authorization to convert a check or draft to an electronic fund transfer or to electronically pay a returned check or draft charge can occur when a merchant provides you with notice and you go forward with the transaction (typically, at the point of purchase, a merchant will post a sign and print the notice on a receipt). In all cases, these third party transfers will require you to provide the third party with your account number and credit union information. This information can be found on your check or draft as well as on a deposit or withdrawal slip. Thus, you should only provide your credit union and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

- **Preauthorized credits.** You may make arrangements for certain direct deposits to be accepted into your share draft or share savings account(s).
- **Preauthorized payments.** You may make arrangements to pay certain recurring bills from your share draft or share savings account(s).
- **Electronic check or draft conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your checking or share draft account using information from your check or draft to pay for purchases or pay bills.
- **Electronic returned check or draft charge.** You may authorize a merchant or other payee to initiate an electronic funds transfer to collect a charge in the event a check or draft is returned for insufficient funds.

**Audio Response** - You may access your account by telephone 24 hours a day at 1-800-514-9322 using your personal identification number, a touch tone phone, and your account numbers, to:

- transfer funds between share draft and share savings
- make payments from share draft or share savings to loan accounts with us

- get information about:
  - account balance of share draft or share savings accounts
  - deposits to share draft or share savings accounts
  - withdrawals from share draft or share savings accounts

**Your Option to Limit Cash Withdrawals** - In addition to dollar amount limitations for withdrawals using your debit card and/or code that we may establish, you have the option to limit the amount of cash that can be withdrawn by your debit card and/or code to \$50.00 per day or some other amount acceptable to us.

**ATM Transfers - types of transfers and dollar limitations** - You may access your account(s) by ATM using your debit card and personal identification number, to:

- make deposits to share draft or share savings account(s) with a debit card
- get cash withdrawals from share draft or share savings account(s) with a debit card
  - you may withdraw no more than \$500.00 per day (or your preauthorized withdrawal limit)
- get information about:
  - the account balance of your share draft or share savings accounts with a debit card

Some of these services may not be available at all terminals.

**Types of Point-of-Sale Transactions** - You may access your share draft account(s) to purchase goods (in person or by phone), pay for services (in person or by phone), get cash from a merchant, if the merchant permits, or from a participating financial institution and do anything that a participating merchant will accept.

**Point-of-Sale Transactions - dollar limitations** - Using your card:

- you may not exceed \$1,500.00 in transactions per day (or your preauthorized withdrawal limit)

**Currency Conversion.** When you use your debit card at a merchant that settles in currency other than US dollars, the charge will be converted into the US dollar amount. The currency conversion rate used to determine the transaction amount in US dollars is either a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date. The conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or posting date.

**Advisory Against Illegal Use.** You agree not to use your card(s) for illegal gambling or other illegal purpose. For example, display of a payment card logo by an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located. The credit union reserves the right to deny electronic transactions that may appear to be illegal in nature or originate in high-risk foreign countries.

**Non-Visa Debit Transaction Processing.** We have enabled non-Visa debit transaction processing. This means you may use your Visa-branded debit card on a PIN-Debit Network\* (a non-Visa network) without using a PIN.

The non-Visa debit network(s) for which such transactions are enabled are: Accel™ Network (© 2013 Fiserv, Inc. or its affiliates. Accel and the Accel logo are trademarks of Fiserv, Inc.).

Examples of the types of actions that you may be required to make to initiate a Visa transaction on your Visa-branded debit card include signing a receipt, providing a card number over the phone or via the Internet, or swiping the card through a point-of-sale terminal.

Examples of the types of actions you may be required to make to initiate a transaction on a PIN-Debit Network include initiating a payment directly with the biller (possibly via telephone, Internet, or kiosk locations), responding to a logo displayed at a payment site and choosing to direct payment through that network, and having your identity verified using known information derived from an existing relationship with you instead of through use of a PIN.

The provisions of your agreement with us relating only to Visa transactions are not applicable to non-Visa transactions. For example, the additional limits on liability (sometimes referred to as Visa's zero-liability program) and the streamlined error resolution procedures offered on Visa debit card transactions are not applicable to transactions processed on a PIN-Debit Network.

\*Visa Rules generally define **PIN-Debit Network** as a non-Visa debit network that typically authenticates transactions by use of a personal identification number (PIN) but that is not generally known for having a card program.

#### Termination -

- You may terminate the electronic fund transfer agreement by written notice to us.
- We may terminate the electronic fund transfer agreement by written notice to you.

#### Minimum account balance -

- You must maintain a minimum account balance of \$25.00 in your share account as a condition of using an access device (card and/or identification code) to accomplish a transfer.

#### FEES

- We do not charge for direct deposits to any type of account.

Except as indicated elsewhere, we do not charge for these electronic fund transfers.

**ATM Operator/Network Fees.** When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

#### DOCUMENTATION

- **Terminal transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at 978-688-8800 to find out whether or not the deposit has been made.
- **Periodic statements.**

You will get a monthly account statement from us for your share draft accounts.

You will get a monthly account statement from us for your share savings accounts, unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

#### PREAUTHORIZED PAYMENTS

- **Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:

Call or write us at the telephone number or address listed in this brochure in time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

Please refer to our separate fee schedule for the amount we will charge you for each stop-payment order you give.

- **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)
- **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

#### ADDITIONAL INFORMATION REQUIRED BY MASSACHUSETTS LAW

- (1) Any documentation provided to you which indicates that an electronic fund transfer was made to another person shall be admissible as evidence of the transfer and shall constitute prima facie proof that the transfer was made.
- (2) The initiation by you of certain electronic fund transfers from your account will, except as otherwise provided in the agreement, effectively eliminate your ability to stop payment of the transfer.

**Unless otherwise provided in this agreement, you (the consumer) may not stop payment of electronic fund transfers, therefore you should not employ electronic access for purchases or services unless you are satisfied that you will not need to stop payment.**

#### FINANCIAL INSTITUTION'S LIABILITY

If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If the automated teller machine where you are making the transfer does not have enough cash.
- (4) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- (5) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (6) If the funds are subject to legal process or other encumbrance restricting such transfer.
- (7) There may be other exceptions stated in our agreement with you.

#### CONFIDENTIALITY

In order that your privacy may be protected, we will not disclose any information about you or your account to any person, organization, or agency except:

- (1) for certain routine disclosures necessary for the completion of a transfer; or
- (2) for verification of the existence and condition of your account for a credit bureau or merchant; or
- (3) to persons authorized by law in the course of their official duties; or
- (4) to our employees, auditors, service providers, attorneys or collection agents in the course of their duties; or
- (5) pursuant to a court order or lawful subpoena; or
- (6) to a consumer reporting agency as defined in Chapter 93 of Massachusetts General Laws; or
- (7) as explained in the separate Privacy Disclosure.

If an unauthorized disclosure has been made, we must inform you of the particulars of the disclosure within 3 days after we have discovered that an unauthorized disclosure has occurred.

#### UNAUTHORIZED TRANSFERS

##### (a) Consumer liability.

• **Generally.** Tell us AT ONCE if you think your card and/or code has been lost, stolen, used without your permission, or if you believe that an electronic fund transfer has been made without your permission using information from your check or draft. Telephoning is the best way, if any, of minimizing your possible losses. You can lose no more than \$50 if you fail to give us notice of your lost or stolen card and/or code and your card and/or code is used without your permission.

• **Additional Limit on Liability for debit card.** Unless you have been grossly negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen debit card. This additional limit on liability does not apply to ATM transactions outside of the U.S., to ATM transactions not sent over Visa or Plus networks, or to transactions using your Personal Identification Number which are not processed by VISA®. Visa is a registered trademark of Visa International Service Association.

(b) **Contact in event of unauthorized transfer.** If you think your card and/or code has been lost, stolen or that someone has transferred or may transfer money from your account without your permission, for example, by using the information from your check or draft, call or write us at the telephone number or address listed in this brochure.



## PROTECTED CONSUMER USE

Chapter 167B of the Massachusetts General Laws was enacted to provide a means for financial institutions, businesses, and consumers to conduct their business relations more conveniently. Transferring funds electronically will supplement the use of checks, credit, and cash and will not replace these present methods of doing business. As a consumer, you should be aware of your rights if you choose to utilize this system.

(1) **Prohibition of compulsory use.** No person may:

- require you to use a preauthorized electronic fund transfer as a condition of the extension of credit unless the credit is being extended in connection with an overdraft checking plan, or is being extended to maintain a specified balance in your account, or
- require you either to accept a transfer service or to establish an account which is accessed electronically as conditions of employment or receipt of governmental benefit, or
- require you to pay electronically for the purchase of goods or services.

If your account is to be credited by a preauthorized transfer you may choose the financial institution to which the transfer may be made, if the institution is technically capable of receiving such preauthorized transfer.

- (2) **Waiver of rights.** No writing or agreement signed by you can waive the rights conferred to you by Chapter 167B of the Massachusetts General Laws unless you decide to waive these rights in settlement of a dispute or action.
- (3) **Refunds.** If it is the policy of a store or retail business to give cash refunds in return for an item purchased by cash, then this policy must also cover refunds for items purchased by electronic fund transfer unless it is clearly disclosed at the time the transaction is consummated that no cash or credit refunds are given for payments made by electronic fund transfers.
- (4) **Suspension of obligations.** If a person agrees to accept payment by means of an electronic fund transfer and the system malfunctions preventing such a transfer, then the consumer's obligation is suspended until the transfer can be completed, unless that person, in writing, demands payment by other means.
- (5) **Prohibited means of identification.** Your Social Security number cannot be used as the primary identification number although it can be used as secondary aid to identify you.
- (6) **Criminal liability.** Procuring or using a card, code or other means of electronic access to an account with the intent to defraud is a basis for criminal liability.

## ERROR RESOLUTION NOTICE

In Case of Errors or Questions About Your Electronic Transfers, Call or Write us at the telephone number or address listed in this brochure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number (if any).
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- (3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (5 business days for debit card point-of-sale transactions processed by Visa and 20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (5 business days for debit card point-of-sale transactions processed by Visa and 20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our

investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

NESC Federal Credit Union  
248 Pleasant St.  
Methuen, MA 01844  
Business Days: Monday - Friday  
Business Hours: 8:30 A.M. to 4:30 P.M.  
Excluding Federal Holidays  
For Dispute Issues  
Telephone: 978-688-8800  
Fax: 978-688-8808

MORE DETAILED INFORMATION IS AVAILABLE ON REQUEST

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## YOUR ABILITY TO WITHDRAW FUNDS

This policy statement applies to all accounts.

Our policy is to make funds from your check deposits available to you on the second business day after the day we receive your deposit, with the first \$200 available on the first business day after the day of your deposit. Electronic direct deposits will be available on the day we receive the deposit. Cash, wire transfers, and some specified check deposits will also be available before the second business day, as detailed below. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before closing on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after closing or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

### Same-Day Availability

Funds from the following deposits are available on the same business day as the day of your deposit:

- Electronic direct deposits
- U.S. Treasury checks that are payable to you.
- Wire transfers.
- Checks drawn on NESC Federal Credit Union.
- Members own payroll checks.
- Cash.
- State and local government checks that are payable to you.

If you do not make your deposit in person to one of our employees (for example, if you mail the deposit), funds from these deposits will be available on the second business day after the day of your deposit.

### Next-Day Availability

Funds from the following deposits are available on the first business day after the day of your deposit:

- Cashier's, certified, and teller's checks that are payable to you.
- Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders, if these items are payable to you.

If you do not make your deposit in person to one of our employees (for example, if you mail the deposit), funds from these deposits will be available on the second business day after the day we receive your deposit.

#### **Other Check Deposits Subject to Second-Day Availability**

The first \$200 from a deposit of other checks will be available on the first business day after the day of your deposit. The remaining funds will be available on the second business day after the day of your deposit.

For example, if you deposit a check of \$700 on a Monday, \$200 of the deposit is available on Tuesday. The remaining \$500 is available on Wednesday.

If we cash a check for you that is drawn on another bank, 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 bank, 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.

#### **LONGER DELAYS MAY APPLY**

Funds you deposit by check may be delayed for a longer period under the following circumstances:

We believe a check you deposit will not be paid.

You deposit checks totaling more than \$5,000 on any one day.

You redeposit a check that has been returned unpaid.

You have overdrawn your account repeatedly in the last six months.

There is an emergency, such as failure of computer or communications 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.

#### **SPECIAL RULES FOR NEW ACCOUNTS**

If you are a new member, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct 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's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). 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 eleventh business day after the day of your deposit.

#### **DEPOSITS AT PROPRIETARY AUTOMATED TELLER MACHINES**

Funds from any deposits (cash or checks) made at automated teller machines (ATMs) we own or operate will be available on the second business day after the day of deposit, except that U.S. Treasury checks that are payable to you will be available on the first business day after the day of deposit. Also, the first \$200 of a deposit will be available on the first business day after the day of deposit. Checks drawn on NESC Federal Credit Union will be available on the first business day after the day of deposit if the deposit is made at an ATM located on our premises.

#### **DEPOSITS AT NON-PROPRIETARY AUTOMATED TELLER MACHINES**

Funds from any deposits (cash or checks) made at automated teller machines (ATMs) we do not own or operate may not be available until the fifth business day after the day of your deposit. The first \$200 of your deposits, however, will be available on the first business day after the day of your deposit.

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## **TRUTH-IN-SAVINGS DISCLOSURE**

### **MAIN SHARE ACCOUNT**

#### **Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close your share account before dividends are paid, you will receive the accrued dividends.

#### **Minimum balance requirements:**

The minimum balance required to open this account is \$25.00.

You must maintain a minimum daily balance of \$25.00 in your account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

#### **Transaction limitations:**

No transaction limits unless stated in Common Features section.

#### **Par value of a share:**

The par value of a share in this account is \$25.00.

### **CHILDREN'S ACCOUNT (Under Age 16)**

At age 16, account will revert to main share account.

#### **Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will receive the accrued dividends.

#### **Minimum balance requirements:**

The minimum balance required to open this account is \$5.00.

You must maintain a minimum daily balance of \$5.00 in your account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

#### **Transaction limitations:**

During any month, you may not make more than six withdrawals or transfers to another credit union account of yours or to a third party by means of a preauthorized, automatic, transfer, or telephonic order or instruction, or by check, draft, debit card (if applicable), or similar order to a third party. If you exceed the transfer limitations set forth above, your account will be subject to closure by the credit union.

### **MONEY MARKET ACCOUNT**

#### **Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All

other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will not receive the accrued dividends.

**Minimum balance requirements:**

The minimum balance required to open this account is \$2,500.00.

You must maintain a minimum average daily balance of \$2,500.00 in your account to obtain the disclosed annual percentage yield.

If, during any month, your average daily balance is below the required minimum, your account will earn the main share account rate.

**Average daily balance computation method** - Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly cycle.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

During any month, you may not make more than six withdrawals or transfers to another credit union account of yours or to a third party by means of a preauthorized or automatic transfer, or telephonic order or instruction, or by check, or similar order to a third party. If you exceed the transfer limitations set forth above, your account will be subject to closure by the credit union.

**CHRISTMAS CLUB ACCOUNT**

**Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will receive the accrued dividends.

**Minimum balance requirements:**

You must maintain a minimum daily balance of \$25.00 in your account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

You may not make any withdrawals or transfers to another credit union account of yours or to a third party by means of a preauthorized or automatic transfer, telephonic order or instruction, or similar order to a third party.

If any withdrawal is made from this account before end of the club term normally as of November 1 of each year, then this account may be closed or subject to an early withdrawal fee.

On November 1 all available funds in Christmas Club Account will automatically transfer to the Main Share Account.

**ALL PURPOSE ACCOUNT**

**Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will receive the accrued dividends.

**Minimum balance requirements:**

You must maintain a minimum daily balance of \$25.00 in your account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

During any month, you may not make more than six withdrawals or transfers to another credit union account of yours or to a third party by means of a telephonic order or instruction or similar order to a third party. If you exceed the transfer limitations set forth above, your account will be subject to closure by the credit union.

**CLASSIC CHECKING ACCOUNT**

**Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.

**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will not receive the accrued dividends.

**Minimum balance requirements:**

The minimum balance required to open this account is \$25.00.

You must maintain a minimum daily balance of \$200.00 in your account to avoid minimum balance fee.

**Average daily balance computation method** - Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly cycle.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

No transaction limitations apply to this account unless otherwise stated in the Common Features section.

**EASY CHECKING ACCOUNT**

**Minimum balance requirements:**

The minimum balance required to open this account is \$25.00.

**Transaction limitations:**

No transaction limitations apply to this account unless otherwise stated in the Common Features section.

**IRA SHARES ACCOUNT**

**Rate Information:**

The dividend rate and annual percentage yield may change at any time, as determined by the Credit Union Board of Directors.

**Compounding and crediting** - Dividends will be compounded every month. Dividends will be credited to your account every month.



**Dividend period** - For this account type, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1, and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date is the last day of the dividend period, and for the example above is January 31.

If you close this account before dividends are paid, you will receive the accrued dividends.

**Minimum balance requirements:**

You must maintain a minimum daily balance of \$25.00 in your account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

You may not make any withdrawals or transfers to another credit union account of yours or to a third party by means of a preauthorized or automatic transfer, telephonic order or instruction, or similar order to a third party.

**SHARE CERTIFICATE**

**Rate Information** - The dividend rate on your term share account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%. You will be paid this rate until first maturity.

**Compounding frequency:**

Dividends will be compounded every month on all certificates.

**Crediting frequency** - Dividends will be credited to your account every month. Alternatively, you may choose to have dividends paid to you or to another account every month rather than credited to this account.

**Dividend period** - For this account type, the dividend period is monthly.

**Minimum balance requirements:**

The minimum balance required to open this account is \$500.00.

You must maintain a minimum daily balance of \$500.00 in your account to obtain the disclosed annual percentage yield.

**Daily balance computation method** - Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

**Accrual of dividends on noncash deposits** - Dividends will begin to accrue on the business day you place noncash items (for example, checks) to your account.

**Transaction limitations:**

After the account is opened, you may not make additions into the account until the maturity date stated on the account.

You may make withdrawals of principal from your account before maturity. Principal withdrawn before maturity is included in the amount subject to early withdrawal penalty.

You can only withdraw dividends credited in the term before maturity of that term without penalty. You can withdraw dividends anytime during the term of crediting after they are credited to your account.

**Time requirements** - Your account will mature \_\_\_\_\_.

**Early withdrawal penalties** (a penalty may be imposed for withdrawals before maturity) -

- If your account has an original maturity of one year or less:  
The penalty we may impose will equal 30 days dividends on the amount withdrawn subject to penalty.
- If your account has an original maturity of over one year:  
The penalty we may impose will equal 90 days dividends on the amount withdrawn subject to penalty.

In certain circumstances such as the death or incompetence of an owner of this account, the law permits, or in some cases requires, the waiver of the early withdrawal penalty. Other exceptions may also apply, for example, if this is part of an IRA or other tax-deferred savings plan.

**Withdrawal of dividends prior to maturity** - The annual percentage yield is based on an assumption that dividends will remain in the account until maturity. A withdrawal will reduce earnings.

**Automatically renewable account** - This account will automatically renew at maturity. You may prevent renewal if we receive written notice from you before maturity of your intention not to renew. We can prevent renewal if we mail notice to you at least 30 calendar days before maturity. If either you or we prevent renewal, dividends will not accrue after final maturity.

Each renewal term will be the same as the original term, beginning on the maturity date. The dividend rate will be the same we offer on new share certificate accounts on the maturity date which have the same term, minimum balance (if any) and other features as the original term share account.

Share certificate opened with a special promotion rate or term will not automatically renew. At maturity, this share certificate will surrender to share account.

You will have a grace period of ten calendar days after maturity to withdraw the funds without being charged an early withdrawal penalty.

**COMMON FEATURES**

**Bylaw requirements:**

You must complete payment of one share in your Main Share account as a condition of admission to membership.

**Transaction limitation** - We reserve the right to at any time require not less than seven days notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D.

**Nature of dividends** - Dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

**National Credit Union Share Insurance Fund and Massachusetts Share Insurance Corporation (MSIC)** - Member accounts in this credit union are insured by MSIC and federally insured by the National Credit Union Share Insurance Fund.

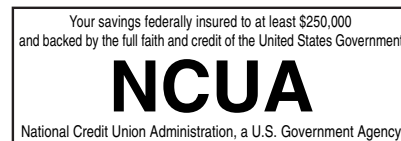
**The following fee may be assessed against your account.**

Draft printing ..... (fee depends on style and quantity of draft ordered)

**Overdraft Fee Transaction Categories** - The categories of transactions for which an overdraft fee may be imposed are those by any of the following means: share draft, in-person withdrawal, ATM withdrawal, or other electronic means.

Please refer to our separate fee schedule for additional information about charges.

**NESC FEDERAL CREDIT UNION**  
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