



Merit Pay Service

Merit Pay Service is a convenient way to safeguard your account with Bounce Protection for those unexpected situations.

PVCU Provides **Merit Pay Service** for your checking account. Members who have direct deposit will have a \$1000.00 limit and members who do not have direct deposit will have a \$200.00 limit. Both limits include all applicable fees.

We think you're going to appreciate having Merit Pay Service, because it provides a number of important benefits for you, such as:

- ✓ **May reduce or eliminate bounced checks and insufficient fund fees from merchants**
- ✓ **Simple and Convenient way to safeguard transactions from insufficient funds**
- ✓ **Coverage for all checks written and EFT transactions**
- ✓ **Auto-enrollment**
- ✓ **If you don't use it, it won't cost you anything**
- ✓

If you want to use Merit Pay at the ATM or for Debit Card Transactions, you must tell us you want Merit Pay.

The eligibility requirements for maintaining Merit Pay Service are listed in the enclosed Merit Pay Disclosure. Please take a minute and read through it. With the Overdraft Merit Pay Service, we will generally pay your overdraft items up to your established limit. Whether your overdrafts will be paid is discretionary and we reserve the right not to pay.

For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts. You will be charged our normal insufficient fund fee of \$29 for each item that is presented, and you must bring your account to a positive balance within 30 days. If you have any questions, just call us at 413-733-2800. In the event that you would not like to have this valuable service on your account, simply complete an opt-out form.

We appreciate your business and the Merit Pay Service is just another way we can say "thank you" for being a member with Pioneer Valley Credit Union!

Sincerely,
Anabela P. Grenier
President/CEO

Rev: 05/16



WHAT YOU NEED TO KNOW ABOUT YOUR OVERDRAFT AND OVERDRAFT FEES

Use this form to authorize Pioneer Valley Credit Union to pay overdrafts on your ATM and debit card transactions. Please Print and sign the form and return this form to PVCU for Processing.

What You Need to Know About Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your checking account to cover a transaction, but we pay it anyway. In addition to Overdraft Merit Pay, Pioneer Valley Credit Union (PVCU) offers two other forms of overdraft protection:

1. **Automatic Transfers:** When your checking account is at risk of being overdrawn, an Automatic Transfer moves funds from your savings account automatically into your checking account to cover the overdraft (fees apply).
2. **Overdraft Line-of-Credit:** \$100 or more is kept in a reserve, with no interest charged until you use it (approval required).

For members who use more than one of these options, the order of use is: Automatic Transfer, Overdraft Line-of-Credit and then Overdraft Merit Pay.

In addition, the alerts feature in Online Banking offers another layer of protection by allowing members to create low balance alerts to notify you when your account is at risk of being overdrawn.

What is included in Merit Pay?

We authorize and pay overdrafts for the following types of transactions:

- Automatic Bill Payments
- Electronic Transfers (ACH Debits)
- Check Transactions
- Recurring Debit Card transactions (e.g. gym membership, insurance premiums)

We will not pay overdrafts on your ATM and everyday debit card transactions unless you ask us. If you do not ask us, the transaction will not be paid. There is no fee if we decline ATM and debit card transactions. We may continue to pay overdrafts on your bill payments, electronic transfers, checks and automatic bill payments and impose a fee. Overdrafts are paid at our discretion. Payment of an overdraft is not guaranteed. If you do not authorize us to pay an overdraft, your transaction will be declined and the item returned unpaid.

We Charge a \$29.00 Fee Each Time We Pay an Overdraft

We will pay overdrafts up to a limit of \$1000.00 including overdraft fees. There is no limit on the total fees we can charge you for overdrawing your account. We can close your account if you have excessive overdrafts. You should ask us if you qualify for a program that may pay your overdrafts for less than the overdraft fee. There is no fee if you have the service and don't use it.

What about recurring automatic Debit Card payments that I set up with a merchant?

No action is required by you. Debit Card purchases or payments that are set up to bill automatically (like a gym membership, insurance premiums) will be authorized at our discretion even if you do not opt in for Overdraft Merit Pay for ATM and everyday Debit Card transactions. If Overdraft Merit Pay is used to pay such transactions, your account will be charged a fee for each transaction.

YES, I want Pioneer Valley Credit Union to authorize and pay overdrafts on my ATM and everyday debit card transactions for the account(s) listed below.

Member Name _____ Account Number(s) _____

Signature _____ Date _____

You can opt out of Merit Pay for ATM and everyday Debit Card transactions at any time. You can opt out by mail, fax, in person or through Online Banking by completing the Merit Pay Opt Out form. You can also contact us by phone at (866) 697-8328 and speak to one of our Member Service Representatives.

You may return form to any Pioneer Valley Credit Union location or mail or fax it to us. If, at a later date, you wish to no longer receive overdraft services, you may change this authorization at any time.

Mailing Address
Pioneer Valley Credit Union
246 Brookdale Drive
Springfield, MA 01104

Contact Us
Phone 413.733.2800 or 866.697.8328
Fax 413.788.0013
Email info@pvcu.org



It is important for you to use your checking account responsibly and to never intentionally overdraw your account. However, we realize that financial shortfalls happen from time to time and we have several options available for you. As a benefit to our members, we offer these useful services to cover you in the event that you overdraw your checking account.

Overdraft Protection Options:

Transfer from another account - If you have other accounts with us, you can authorize us to transfer the funds needed to cover your overdraft by contacting us in person or by phone.

Line of Credit – A line of credit is available to cover overdrafts. This service requires you to complete an application and approval is based on your credit worthiness. Contact our Lending Department for applicable terms and conditions.

Merit Pay - Merit Pay is a service we add to your checking account, subject to the eligibility criteria as explained below. With Merit Pay we will generally pay your overdraft items up to \$1000.00 if you have Direct Deposit and up to \$200.00 if you do not have Direct Deposit. However, whether your overdrafts will be paid is discretionary and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, or you are not making regular deposits, or you have too many overdrafts. You will be charged our normal overdraft or return item fee of \$29.00 for each item that is presented. Both the amount of the overdraft items and all applicable fees, including but not limited to the overdraft fees, are included in this limit. All deposits to overdrawn accounts are applied to the negative balance.

Eligibility - No application is required for Merit Pay; eligibility is at the sole discretion of the Credit Union and is based on you managing your checking account in a responsible manner. Your Merit Pay may be suspended or permanently removed based on the following criteria:

- You do not bring your account to a positive balance within 30 days of becoming overdrawn.
- You have an account that has been opened less than 90 days.
- Your account type is not eligible.
- You are more than 30 days past due on any Credit Union loan or delinquent on any other obligation to the Credit Union.
- You are subject to any legal or administrative orders, levy, or are currently a party in a bankruptcy proceeding.
- You have had an Overdraft Repayment Plan.
- Your account is being reviewed for fraudulent activity or transactions.
- The primary account owner is less than 18 years old.
- A ChexSystems or any other negative indicator has been reported to us.
- Your account is classified as inactive.
- You have an unresolved prior loss with the Credit Union.
- We do not have a valid address for you.
- Your account is not a fiduciary account

Transactions Eligible for Merit Pay – Merit Pay will be available for all checks written, ACH transactions, preauthorized automatic transfers, online and mobile banking, and telephone banking. Merit Pay will **not** be available for ATM and everyday debit card transactions **unless** you authorize the Credit Union by requesting the Overdraft Opt-In Option.

NOTE: If you have consented to Merit Pay for ATM transactions, please verify your balance before initiating an ATM cash withdrawal. All overdrafts will be subject to our \$29.00 overdraft fee for each withdrawal until the account returns to a positive balance.

How to Avoid Fees – You can use electronic means to track your balances and you may also use a check register to manually track your checking account balances. Use the online banking “alerts” tab to:

- Set up text message and email alerts to notify you of:
 - Low balances
 - Balances of a certain threshold dollar amount
 - Every withdrawal transaction
 - Every deposit transaction



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- Transaction of a certain dollar amount
- You control the online banking parameters and frequency for each alert
- Use the mobile app to check your balance, view pending transactions and make account to account transfers *(Reg DD limits 6 transfers per month on all savings products)

How to Manage Your Account Balance - Your checking account has two kinds of balances: the “actual” balance and the “available” balance. Both can be checked when you review your account online, at an ATM, by phone, or at a branch. It is important to understand how the two balances work so that you know how much money is in your account at any given time. This section explains actual and available balances and how they work.

Your actual balance is the amount of money that is actually in your account at any given time. It reflects transactions that have “posted” to your account, but not transactions that have been authorized and are pending. While the term “actual” may sound as though the number you see is an up-to-date display of what is in your account that you can spend, that is not always the case. Any purchases, holds, fees, other charges, or deposits made on your account that have not yet posted will not appear in your actual balance. For example, if you have a \$50.00 actual balance, but you just wrote a check for \$40.00, then your actual balance is \$50.00 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you have already spent \$40.

Your available balance is the amount of money in your account that is available for you to use without incurring an overdraft fee. The available balance takes into account things like holds placed on deposits and pending transactions (such as pending debit card purchases) that the Credit Union has authorized but that have not yet posted to your account. For example, assume you have an actual balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20 (without a tip), then that merchant could ask us to pre-authorize the payment. In that case, we will put a “hold” on your account for \$20. Your actual balance would still be \$50.00 because this transaction has not yet posted, but your available balance would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later and then include a tip), we will post the transaction to your account and your actual balance will be reduced by \$20 plus any tip.

Available balance is used to determine when your account is overdrawn. The following example illustrates how this works:

Again, assume your actual and available balances are both \$50, and you swipe your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your actual balance is still \$50. Before the restaurant charge is sent to us for processing, a check that you wrote for \$40 clears. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$10, even though your actual balance is \$50. In this case, we may pay the \$40 check, but you will be charged an overdraft fee of \$29. That fee will be deducted from your account, further reducing the balance.

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

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within three (3) business days of authorization (or for up to thirty (30) business days for certain types of debit card transactions), we must release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from your account



There are basically two types of transactions in your account: credits or deposits of money into your account, and debits or payments out of your account. It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

Merit Pay Opt-Out - You may never need to take advantage of Merit Pay, but you may find it useful in the event of a temporary shortfall. If you do not want to have Merit Pay, simply contact us and we will provide you an opt-out form to remove this benefit from your account. It is important for you to consider that there is no additional cost for Merit Pay and that by opting out you are instructing us to return all unpaid items presented against insufficient funds.

If you opt out, you will still be charged our \$29.00 returned item fee. Members who receive a Social Security, federal direct deposit, or any other entitlement benefit must opt out if they do not want the Credit Union to apply those funds to pay an overdraft.

Payment Order of Items - There are basically two types of transactions in your account: credits or deposits of money into your account, and debits or payments out of your account. It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

Credits. Most deposits are added to your account when we receive them. For some checks you deposit, only \$200 will be made available at the time of deposit; the balance will be available two (2) business days later. There may be extended holds on checks over \$5,000. Thus, your available balance may not reflect the most recent deposits to your account. For details on the availability for withdrawal of your deposits, see the section of your Member Agreement entitled "Funds Availability Policy Disclosure."

Debits. There are several types of debit transactions. Each type of debit transaction is described generally below. Keep in mind that there are many ways transactions are presented for payment by merchants, and the Credit Union is not necessarily in control of when transactions are received.

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. When checks are processed and received, we will process the payments from low to high dollar value. This allows us to pay as many of your checks as possible without causing multiple overdrafts.
- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House or "ACH" transactions. These include, for example, automatic bill pays you have signed up for. Each day, ACH transactions for your account are grouped together and paid based on computer generated order sequence.
- **Point of Sale (POS) Debit Card Transactions.** These are transactions where you use your debit card and you enter your PIN number at the time of the sale. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some POS transactions are not presented for payment immediately; it depends on the merchant.
- **Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card and you do not enter your PIN but you are instead asked to sign for the purchase. As described above, in these situations, the merchant may seek prior authorization for the transaction. When that happens, we generally place a temporary hold against the available funds in your account. We refer to this temporary hold as an "authorization hold," and the amount of the authorization hold will be subtracted from your available balance. Authorizations are deducted from your available balance but not your actual balance as they are received by us



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throughout each day. At some point after you sign for the transaction, it is processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after you signed for it, depending on the merchant and its processing company. These payment requests are received in real time throughout the day and are posted to your account as they are received. **Please note:** the amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when the authorization request is submitted. For example, if you use your card at a restaurant, a hold will be placed in the amount of the bill presented to you, but when the transaction posts it will include any tip that you may have added to the bill. This may also be the case where you swipe your debit card at gas stations and hotels and other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

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

We may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means that you may be charged more than one \$29 fee if we pay multiple transactions when your account is overdrawn.

Account Agreement - Your account agreement describes the duties, obligations, and rights of depositors, authorized signatories and the Credit Union with regard to your deposit accounts. That account agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your account agreement and this disclosure shall be construed so as to minimize conflicts between them.

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

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