



## Consumer Banking Services Agreement

### Consumer Banking Services Agreement

Welcome to Salem Five Cents Savings Bank. Salem Five is a mutually owned savings bank, chartered in the Commonwealth of Massachusetts in 1855. We offer a full range of deposit products to meet your financial needs.

This Consumer Banking Services Agreement (“Agreement”) explains the terms and conditions of our consumer deposit banking services as well as the regulations that govern them. This Agreement does not govern accounts for business purposes. When you open an account or sign a signature card, or when you transact business, you agree to be bound by the terms and conditions set forth in this Agreement. Please read the Agreement carefully and retain it for your records. If you have any questions, we will be happy to answer them for you.

In this Agreement, the words “you” and “your” refer to the consumer who maintains a deposit account with the Bank. The words “the Bank,” “we,” “our,” and “us” refer to

Salem Five Cents Savings Bank. All terms are effective as of the date of this Agreement and may be amended from time to time by notice to you, if required by law.

In addition to the terms stated in this Agreement, your account is governed by the laws and regulations of the United States and the Commonwealth of Massachusetts, including the Uniform Commercial Code. In the event of any conflict between these provisions and applicable law or regulation, this Agreement shall be considered changed to the extent necessary to comply with such law or regulation.

#### Disclosure of Account Terms

When you open your deposit account, or upon request, you will receive a disclosure of account terms and a fee schedule, which are part of this Agreement. Your account disclosure will provide you with information pertaining to your account, such as the interest rate and applicable annual percentage yield, minimum balance requirements (if any) and method of compounding and crediting interest. If any information in this disclosure or the fee schedule changes, and that change adversely affects you, we will provide notice to you. When required by law, we will notify you in writing at least 30 days prior to the effective date of the change.

#### Deposit Protection

Your deposit accounts at Salem Five are insured by the Federal Deposit Insurance Corporation (FDIC). The basic insurance amount provided by the FDIC is \$250,000

per depositor per deposit category.

#### Taxpayer Information

When you open a deposit account, you are required to certify the Taxpayer Identification Number (TIN) you provide us. You must also certify that you are not subject to backup withholding of federal income taxes. If you are a U.S. person and you fail to furnish us with a certified TIN, if the IRS notifies us that the TIN you gave us is incorrect, or if the IRS notifies you that you failed to report all your interest and dividends on your tax return, we may be required to close your account or withhold a percentage of your interest payments and provide it to the IRS. This is known as “backup withholding”.

#### Account Opening

Consumer deposit accounts may only be opened for personal, family or household purposes. Deposit accounts will be considered open once the Bank has received funding and approved all required account opening documentation. We reserve the right to require additional signature or other verification documentation from you during your account relationship.

#### Account Ownership

You may open your account in one or more names. Minors may not open accounts as sole owners.

*Joint Accounts:* If opened in more than one name, your account will be treated as a joint account with right of survivorship. If one owner dies, funds will be payable to the surviving owner(s). The TIN assigned to the account for IRS reporting purposes shall be that of the first listed owner. Any account owner may withdraw any or all of the funds, regardless of any information we may have regarding actual ownership of the funds on deposit. We may honor instructions concerning the account from any account owner or the legal representative of any account owner, including instructions regarding account closure, account re-titling, and/or the removal of account owners. Each joint account owner guarantees the signature of the other joint owner(s). All owners on a joint account are jointly and individually liable for any overdrafts created in the account, regardless of which joint owner made the withdrawal overdrawn the account or who benefited from the payment.

All owners must sign a permanent signature card and provide the required documentation of identity. Failure to provide us with this completed document may result in the Bank's refusal to negotiate checks or payment orders against the account.

For your convenience, we may allow you to establish a joint account, even if only one joint account owner signs the signature card. If we allow you to do this, you agree to indemnify and hold us harmless from and against losses we may incur, or other harm arising from, or in any way relating to,

establishing your joint account without having a signature card signed by another joint account owner. By transacting any business on the joint account, a joint account owner who has not signed the account's signature card agrees to be bound by this Agreement, the Consumer Banking Fee Schedule, and any other applicable agreement. If any joint account owner has not provided us with a signed signature card, your joint account may not qualify as a joint account for purposes of Federal Deposit Insurance coverage under applicable law concerning inheritance or the transfer of property upon death. We reserve the right to refuse to pay or honor checks and other orders of withdrawal signed by a joint account owner who has not signed the account's signature card. We may, in our sole discretion, convert your joint account into an individual account.

Each joint account owner hereby appoints each other joint owner as his or her agent for the purpose of requesting services relating to the account, such as ATM or debit cards, Online Banking, and telephone banking.

*Beneficiary Accounts:* An informal trust account is the account of the trustee depositor(s) only. For IRS reporting purposes, the TIN shall be that of the first listed trustee depositor. When the trustee depositor(s) dies, ownership of funds in the account passes to the beneficiary. However, the beneficiary will have no rights to the funds until all trustee depositors have died.

*MUTMA Accounts:* Massachusetts law allows an adult to make an irrevocable gift or transfer of property to a minor under the terms of the Massachusetts Uniform Transfer to Minors Act (MUTMA). This account is opened under the TIN of the minor. However, the adult, as custodian of the funds, is the only person who may transact business on the account. It is the obligation of the custodian to use the funds for the sole benefit of the minor and to turn the funds over to the minor when the minor attains age 21. We will not be liable to the minor or anyone representing the minor for the conduct of the custodian with regard to the account.

*Unwritten Trusts:* Also known as Totten Trusts or pay-on-death accounts. This type of account may be set up by one or two trustees, for the benefit of up to four named beneficiaries. The trustee(s) are the owner(s) of the funds in the account and any one trustee, acting alone, may close the account, change the account type, and withdraw all or part of the funds in the account. Upon the death of the last of the trustee(s), the funds in the account will be distributed, subject to any bank claims, to the surviving beneficiary(ies) in equal shares. The Bank must have written instructions from all surviving beneficiaries and death certificates for any deceased beneficiary before any funds will be distributed and all funds will then be distributed in full on the same day and the account closed. If a beneficiary is not able to be present in a Bank branch, the Bank will accept a properly notarized letter directing distribution of that beneficiary's share of the

funds. Salem Five Bank is not obligated to notify the beneficiary(ies) of any trustee's death or of the existence of the account. Unclaimed funds will be deemed abandoned property and escheated to the Commonwealth of Massachusetts in accordance with state law.

### **Credit Reference**

You agree that the Bank may, from time to time, obtain credit and other reference information necessary, including information about you from a consumer reporting agency, credit bureau or a similar service provider.

### **Deposits**

All checks and items deposited or cashed are received and credited by the Bank subject to final collection. In receiving items for deposit or collection, the Bank acts solely as your agent and assumes no responsibility beyond the exercise of ordinary care. You may determine the availability of your funds by referring to the section titled "Your Ability to Withdraw Funds." If a deposited or cashed item is returned unpaid for any reason and at any time, we have the right to charge the item back to your account or to require a refund from you, plus applicable fees, even if the dishonored item is returned after the drawee bank's midnight deadline. We may alternatively redeposit the item, in which case you waive the right to notice of dishonor. We may process a copy, electronic entry, or other evidence of a returned item.

*Foreign Collection Items:* We may refuse to accept a foreign item for deposit or

collection. If accepted, checks drawn outside the continental U.S., whether payable in U.S. or foreign funds, will be accepted for deposit on a collection basis only, and, at our discretion, may be provisionally credited to your account or not credited until we receive the proceeds in cleared funds from the paying bank. Any provisional credit will not affect our right of chargeback if the item is returned, even if returned months later. You bear all the risks associated with the collection process, and you acknowledge that your deposit of a foreign item will be subject to adjustment based on the applicable exchange rate and bank fees for the collection of foreign items.

*Automated Deposits:* Funds deposited through an automated clearing house (ACH) or other electronic means are always provisional and are subject to the rules of the applicable automated clearing house (ACH) or other system. That is, they may be revoked prior to final settlement and are subject to adjustment by the originator. Interest in your account will be subject to adjustment in the event of any chargebacks. We will not provide you with next day notice of the receipt of an ACH credit to your account. You will receive notice of such credits in your periodic statements.

*Deposit of Substitute Checks:* You agree that you will not deposit, without our prior written consent, "substitute checks" as defined by federal law or Image Replacement Documents that purport to be substitute checks and have not been previously

endorsed by a bank. If you deposit such an item, you agree to reimburse us for losses, costs and expenses we may incur associated with warranty or indemnity claims.

*Remotely Created Checks:* If you deposit a remotely created check (that is, a check that was not signed by the person on whose account it is drawn), you warrant that the person on whose account the check is drawn authorized the issuance of the check in the amount stated on the check and to the payee stated on the check.

*Freezing Your Deposit Account:* When we suspect that an irregular, unauthorized or unlawful activity may be occurring in connection with your deposit account, we may place a hold on (or "freeze") the entire balance in your deposit account and any other deposit accounts that you may have with us while we investigate your deposit account and the activities that appear suspicious. Freezing your deposit account in this manner is not tied to the availability of items that you deposit to your deposit account. Rather, it is part of our effort to protect both you and us from losses related to suspected fraud involving your deposit account. As a result, we may impose such a freeze on your deposit account(s) without regard for our Funds Availability Policy requirements. However, if we do freeze your deposit account we will provide you with any notice that may be required by applicable Law.

### **Withdrawals**

You may only make withdrawals with

checks, drafts, or other withdrawal forms supplied or approved by the Bank. The Bank reserves the right to return unpaid any other form of order presented or any order incompletely or defectively drawn and to impose a charge therefore. We may also refuse a request for a withdrawal or check encashment if any document or identification required by law or the Bank in connection with the withdrawal or encashment has not been presented to us.

*Standard of Care:* Most checks and other debit items are processed automatically, without review of each check or item. You agree that we are acting within common and reasonable banking practices by such automated processing and that the use of automated systems in the processing of checks constitutes ordinary care. You also agree that the Bank does not fail to exercise ordinary care in paying an item solely because its procedures don't provide for sight-review, or provide for sight review only for items above a threshold level, or on a sample basis, at the discretion of the Bank.

*Safeguarding Your Checks:* You agree to use care in safeguarding unsigned checks on your account against theft or misuse. You agree to tell us immediately if any such checks are lost, missing, destroyed or otherwise unaccounted for.

*Order of Payment Posting:* "Posting" is the process by which we record transactions received for credit to (e.g., deposit) or debit from (e.g., withdrawal) your account. When a

transaction is "posted," the monetary value of that transaction is added to or subtracted from the balance of your account. Generally, your transactions will post as follows: Scheduled transfers (e.g., electronic transfers you scheduled in advance) will post in the morning; Automated Clearing House transactions, or "ACH" transactions (e.g., external transfers, direct deposit of Social Security benefits, electronic check conversions, etc.), will post throughout the day, when ACH credits and ACH debits are received simultaneously, ACH credits will post before ACH debits; In-clearing items (e.g., checks not presented for payment at a Salem Five location) post at night during nightly processing, in serial number order, including online bill payments that are issued as checks; In-person transactions (e.g., deposits, withdrawals, internal transfers, checks cashed, wire transfers, etc.) and internal transfers initiated via online banking will post as they are processed; ATM and PIN-based debit card transactions are posted in the order in which you initiated the transaction (please note that signature-based debit card transactions are processed in the order they were conducted based on the date and time provided to us by the merchant); Transaction-related fees (e.g., NSF fees) post at the time the transaction triggering the fee posts to your account (e.g., an NSF fee resulting from an ATM transaction that overdraws your account will post simultaneously with the transaction causing the overdraft); Interest paid to your account posts next, followed by service fees/charges occurring at the time of statement

cycle/period.

We may change our posting order at any time. We will provide you with notice of any such changes as required by applicable law. The order in which items are authorized, received, processed and posted affects your available balance and may affect the total amount of Overdraft Fees or NSF Fees you incur. Your monthly account statement does not necessarily report debit and credit transactions in the order that they were processed or posted to your account.

*Multiple Signatures:* We do not offer accounts on which two (2) or more signatures are required for a check or withdrawal. We do not assume a duty to enforce multiple signature requirements that you may decide or agree upon yourselves. If you indicate on your checks or signature card or other account documents that more than one signature is required for withdrawal, this indication is for your own use and is not binding on us. We may disregard any instructions to permit withdrawals only upon more than one signature with respect to checks, electronic fund transfers and other withdrawal requests. We may pay out funds from your account if the check, item, or other withdrawal or transfer instruction is signed or approved by any one of the persons authorized to sign on the account and we are not liable to you if we do this.

*Facsimile Signatures:* If you have authorized a facsimile signature, by the imprinting of a specimen of same on an account signature

card and/or by appropriate business resolution, the Bank may honor all checks, drafts, or other orders drawn on your account(s) when the facsimile signature(s) have been affixed on such checks or orders, regardless of by whom or by what means the actual or purported facsimile signature(s) thereon may have been affixed thereto. You assume the risk for any unauthorized use of such facsimile signature. You agree to indemnify and hold us harmless from all claims, costs, losses and damages, including attorneys' fees, that result from our payment of a withdrawal bearing or purporting to bear a facsimile signature that we believe you authorized.

*Faulty Check Stock:* Checks you write may be converted into electronic images (truncated) during the check collection and return process. If you elect to have your checks printed by a vendor that has not been approved by us, or you use check stock or features (e.g., security features) that cause critical data to disappear or to be obscured upon truncation, or you make your check out in a way (e.g., using a lightly colored ink) that causes critical data to disappear upon truncation, you agree to bear the risk of loss. You also agree to bear the risk of loss if you use check stock that contains printing inaccuracies, faulty magnetic ink, faulty encoding, or duplicate serial numbers.

*Defective Substitute Checks:* Checks you write may be converted during processing to Image Replacement Documents or "substitute checks." If the Bank is presented

with an item that purports to be a substitute check, but does not qualify as such due to an image defect, the Bank may, but is not required, pay the item if, in its discretion and judgment, the item appears to be "properly payable."

*Overdrafts:* We may, at our sole discretion, refuse a withdrawal request in excess of the available funds in your account in addition to any overdraft protection you may have. If your account is in good standing, the Bank will consider, without obligation on its part, approving your reasonable inadvertent overdrafts. However, unless you authorize us to do so, we will not honor, and will not assess a fee for, an ATM withdrawal or non-recurring debit card transaction that exceeds your available account balance. Authorization by any owner of a joint account is considered authorization by all joint owners. If we honor a draft, check, withdrawal order, electronic funds order or transfer request, other than an ATM withdrawal or nonrecurring debit card transaction, that exceeds your available balance, you agree to pay the amount of the overdraft immediately and without demand plus the applicable fee. However, the honoring of one or more of your overdrafts does not obligate the Bank to honor any future overdrafts, and you should not rely on the Bank to honor an overdraft. If we do pay an overdraft, you consent to the application of any directly deposited governmental benefits, including Social Security, to the overdraft and associated insufficient funds fees.

*Available Balance:* We use the "available balance" method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your "available" balance may not be the same as your account's "actual" balance. This means an overdraft or an NSF transaction could occur regardless of your account's actual balance. Your account's actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money "available" in your account to make payments. In other words, the available balance takes transactions that have been authorized, but not yet settled, and subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance. Among the transactions holds that may impact your available balance are preauthorized holds placed on accounts by merchants in connection with debit card point-of-sale (POS) transactions. When you use your debit card to make a purchase, you authorize the

merchant to ask us to approve the transaction. When we approve the transaction, we must promise the merchant to pay for the purchase upon the merchant's request. We call this "authorizing" the transaction. Our decision to authorize or decline the transaction is based on your account's available balance at the time of the request, plus, at our sole discretion, any available overdraft coverage. There is often a delay between the date we authorize a debit card transaction and the date the merchant submits it to us for payment (settlement). We place a hold on your account for any authorized debit card transaction at the time we authorize it, and the hold remains on your account until we pay it. The amount of this temporary hold may be more or less than the actual amount of your purchase when the merchant submits it to us for payment. Preauthorized holds will reduce your available balance at the time of the transaction even though the transaction may not settle until the next day or sometimes a few days later. A preauthorized hold can result in overdraft or NSF Fees if additional items are presented for payment that exceed the reduced available balance resulting from the preauthorized hold.

You agree that it is your responsibility to keep track of your available balance as you make transactions in order to avoid overdrafts and fees. Your monthly account statement does not report the holds affecting your account on any given day; as a result, the daily balances reported in your statement may not reflect your available balance(s) occurring on that day. If you have questions

about your statement or overdrafts you have incurred, visit one of our branches or call (800) 850-5000 or (978) 745-5555.

Consult our Fee Schedule for the fees that apply when we pay your overdrafts or when we charge you an NSF fee..

***Communicating Your Preferences:*** You may communicate your preferences as to the payment of your inadvertent overdrafts at any time by visiting a branch, calling or writing to us. If you want us to approve your inadvertent ATM and non-recurring debit card overdrafts, you should advise us that you wish to "opt in", and we will not honor such items unless you do opt in. You may revoke your authorization at any time. If you do not want us to approve your inadvertent overdrafts by other payment methods such as check, draft or electronic funds transaction (other than ATM and non-recurring debit card transactions), you should advise us that you wish to "opt out," and we will generally not pay any of these items if they would overdraw your account, however, if certain items do get paid drawing upon insufficient funds you may be charged an overdraft fee. You may communicate your preference during business hours in person, or by calling us at **(800) 850-5000** or **(978) 745-5555** or by writing to us at: Attn: Contact Center., Salem Five Cents Savings Bank, 210 Essex Street, Salem, MA 01970. Let us know if you would like information about alternative overdraft programs, such as a traditional line of credit

or a savings-to-checking link.

***Restrictive Legends:*** We shall not be liable for payment of any check contrary to a restrictive legend, inscription, message, requirement or other limitation contained in or on the check unless we have specifically agreed in writing to the restrictions or limitations.

***Transfers by Wire:*** Wire transfer requests must be authorized in writing by an individual authorized on the Bank's account documentation to perform such transfers.

We may accept on your behalf, payments to your account or transfers from your account that have been or will be transmitted by Fedwire. Your rights and obligations with respect to such transfers are governed by Federal Reserve Regulation J. If other systems are used for transmitting the payment order, the rules of those systems will also be applicable to the extent permitted by law.

No payment order is accepted until executed by the Bank. The Bank reserves the right to refuse to accept any payment order. We will not be liable for any errors resulting from incorrect or inaccurate information you provide when authorizing a wire transfer. If you give us a payment order which identifies the beneficiary (the person or business to whom you are wiring funds) by both name and an identifying account number, payment may be made by the beneficiary's bank on the basis of the identifying account number, even

if the number identifies a person other than the named beneficiary. If you give us a payment order which identifies an intermediary or beneficiary financial institution by both name and identifying routing number, we and a receiving institution may rely on the number even if it identifies a different financial institution than the one you named. We will provide you with notification of any incoming wire transfers in your periodic statement, but we will not provide a special notice every time we receive a wire transfer into your account. You may, however, contact us if you are expecting a wire transfer into your account and we will tell you if it has been received.

Foreign wire transfers will be sent and received at the then prevailing foreign exchange rates. The Bank will not be responsible for fluctuation in these rates.

*Transaction Limitations:* Some types of transactions from money market accounts and savings accounts are limited by us. If you exceed these limits, we may assess a service fee. You should consult your account disclosure for details.

Withdrawals from passbook savings accounts and certificates of deposit for which a certificate or passbook was issued will be permitted only upon presentation of the certificate or passbook.

### **Senior Citizen and Minor Accounts**

Customers 18 years of age or younger or 65 years of age or older will be entitled to one savings account and one checking account free of specified service charges, upon request and presentation of proof of age. Such qualified customers must be the sole or primary (first listed) account owner. Customers under the age of 18 may not open accounts as sole owners and must have an adult as a co-owner. Please refer to our Fee Schedule for information about fee waivers.

### **Transferability**

Your deposit account is nontransferable except on the books of the Bank. No account may be pledged or assigned to a third party except with the prior written consent of the Bank. We may refuse to acknowledge a pledge or assignment of an account or purported security interest in an account. If you transfer or assign your interest, your successors and assigns are bound by this Agreement.

### **Powers of Attorney**

As an accommodation to you, we may accept a power of attorney executed by you authorizing another to act on your behalf with respect to your account. Any power of attorney must be acceptable to us in form and content. If you give someone such authority, you assume all risk of improper acts by such person. When we accept a power of attorney, we may continue to recognize the authority of your attorney-in-fact until we receive written notice of revocation from you and have had a reasonable opportunity to act

upon it.

### **Notices and Statements**

All notices and statements will be sent to the last address provided by you in our records. Any notice sent to you at that address will be presumed to have been received by you and will be binding on you for all purposes. For joint accounts, notices sent to the address of one account owner are binding on all account owners. You agree to promptly notify us in writing of any change in your address. If notices or statements are returned to us undelivered, we may destroy them and discontinue further correspondence with you until notified by you in writing of a valid mailing address.

If your account includes check writing capability, your original canceled checks will not be returned to you. Instead, we will send you images of the front of all checks paid during the statement period. Copies of the front and back of all canceled checks will be retained as required by law and are available for your review for seven years from the date of the statement on which the paid check appeared. A fee will be charged for copies of checks you request in excess of 25 per year. The original checks will be destroyed within a reasonable period of time.

## Examining Your Statement

You are in the best position to discover a forged, unauthorized or missing signature or endorsement; a material alteration; or a missing or diverted deposit or any other error or discrepancy relating to a check, deposit or other credit or debit entry to your account. Therefore, you should review your account statements for accuracy as soon as you receive them. Statements, including check images, will be deemed to correctly reflect all transactions posted to the account during the statement period unless you notify the Bank of an error or unauthorized transaction item or debit within 30 days after the statement date (60 days for an electronic transaction error). You may provide notice to the Bank in writing at 210 Essex Street, Salem, MA 01970, or by calling (800) 850-5000 or (978) 745-5555. If you call to report an error or unauthorized transaction, we may require that you confirm your notification in writing. Any written notice you send to the Bank will not be effective until receipt.

## Inactive and Abandoned Accounts

We are legally required to send funds from all “abandoned” accounts to the state treasurer’s office. The applicable state law under which abandonment is determined (and the state to which abandoned funds are sent) is usually the state listed in the address you have specified for the account. Typically, an account is considered abandoned when there has been no customer-initiated activity for the period of years specified in the state law and no contact by the customer during that time. Since abandonment is determined based

on customer-initiated activity, actions by the Bank (such as paying interest or sending notices) do not keep an account from being deemed abandoned. We will attempt to notify you in writing at least 60 days prior to turning over the account to the state. Such notification will include instructions on how you may prevent remittance of the funds to the state. After we turn abandoned funds over to the state, we have no further liability to you for the funds. You may be able to reclaim the funds by filing an application with the appropriate state agency

Unless prohibited by applicable law, we may charge an abandoned property administrative fee to your account to cover our costs of sending notices, processing the account, and remitting the funds to the state. Even if the time period for abandonment has not passed, if we consider your account to be inactive, we may stop sending statements, charge your account inactivity fees, and otherwise suspend activity on your account until you contact the Bank to reactivate the account. (Refer to our Fee Schedule.)

## Fees and Charges

Your account will be subject to service charges and fees as set forth in our Consumer Banking Fee Schedule. A then current Fee Schedule will be provided at account opening and a current schedule is available at any of our branches. You may request a copy at any time in person, by phoning the Bank, or on the Bank’s website, salemfive.com. Any fees may be deducted against funds already or later on deposit, including deposits of Social

Security or other benefits. Fees and service charges may change from time to time.

## Endorsements

All checks you cash or deposit to your account must be endorsed in the first 1.5 inches of the trailing edge of the back of the check. You may identify the “trailing edge” of a check by viewing the check from the front; the trailing edge is the left edge of the check. Your endorsement must contain your signature. Improper endorsements may result in a chargeback of the item or may delay the processing of the check, and, consequently, the availability of the funds to you.

We may not accept for deposit or cash checks with multiple endorsements unless we can verify all endorsements.

## Stale and Postdated Checks

The Bank reserves the right, in its sole discretion, to pay or dishonor a check, other than a certified check, presented for payment more than 6 months after its date. You may not date a check with a date later than the day on which the check is written. If you do, you agree to notify the Bank in writing at least 3 business days prior to its presentment.

## Closing of Accounts

*By the Bank:* The Bank has the right to close an account or to refuse to do business with any customer at any time. We may close it without notice to you if we reasonably believe it will prevent loss to us or if you have violated this Agreement. If we close



your account, we may return deposits, checks and other items that we receive after your account is closed, even if doing so overdraws your account, without being liable to you.

The Bank has the right to close an account that has a 0.00 balance for at least 60 days.

*By You:* You may close your account at any time. However, if you close your account prior to the crediting of interest, you will not receive the accrued interest.

The closing of your account by you or the Bank will not release you from any fees or other obligations incurred before the closing, those you incur in the process of closing out your account, or your liability on outstanding items.

### **Lost or Stolen Passbooks**

If a passbook is lost or stolen, the Bank will issue a replacement only upon receipt of (a) an application for replacement, including confirmation of loss or theft, in the form requested by the Bank, (b) presentation of identification satisfactory to the Bank, (c) payment of a replacement fee, and (d) payment of any bond or other form of indemnification, if required by the Bank.

### **Checking Accounts**

*Sub-Accounting:* If you have a Salem Five checking account, your account may be structured on the books of the Bank into two sub-accounts, a transaction sub-account and a savings sub-account. This process will not,

however, affect your available balance, access to your funds, your interest earnings (if any), your periodic statement, or any other feature or term of your overall account. Your account remains insured by the FDIC up to \$250,000.

*Check Verification:* You authorize us to disclose information about funds availability to individuals and firms who represent to us that they have received a check from you in a particular amount. In such a situation, we will tell the caller whether a check in that amount would clear at that time.

### **Your Liability for Disclosure**

If you voluntarily give information about your account (such as our routing number and your account number) to a person who is seeking to sell you goods or services, and you don't physically deliver a check to that person, any debit to your account initiated by that person to whom you gave the information is deemed authorized. This provision shall not apply when a remotely created check is fraudulently presented and paid. Additionally, if you share any personal information, such as your on-line banking credentials, with anyone, we will consider any of their activities to have been authorized by you. Report any unauthorized transactions to us as quickly as possible. If you suspect you are a victim of fraud, please contact us immediately at 800-850-5000 or (978) 745-5555.

### **Stopping Payment**

You may request a stop payment on a check

or draft drawn on your checking or money market deposit account that has not already been paid or certified or an automated clearing house (ACH) payment that has not yet been presented. A fee will apply for this service, as indicated on the Consumer Banking Fee Schedule. On a joint account, we may accept a stop payment order from any account owner, even if the check or other debit transaction was authorized by another joint owner. We must have a reasonable time to act on your stop payment request after we receive it. Unless you notify us within 14 days of your request that the information on the stop order confirmation is incorrect, we will assume your confirmation is accurate and, unless you subsequently revoke the stop order in writing, we will continue to honor your request for 6 months from the date of your request, after which you may renew it for an additional fee, by notice to us.

Your stop payment order must be accurate and must contain the exact amount, date, number of the check (if applicable), and name of the payee. The Bank will not be responsible if the information you gave us is incorrect or if you fail to give any other information required to identify the check, draft or other payment order with reasonable certainty rendering the stop payment unable to be completed.

If you have authorized the conversion of your check to an electronic transaction or if you have authorized the assessment of a fee by a payee for the re-presentation of your check as an electronic transaction, you must so inform us at the time you request that payment be stopped on your check. (Your authorization for these electronic transactions may be implied by the merchant's or other payee's notice to you at the time you offer the check.)

If you order us to stop payment on an ACH transaction you have previously authorized, your stop order will be honored indefinitely.

To stop a payment you have previously authorized through Salem Five Online Banking, please refer to instructions provided to you in the Salem Five Online Banking Agreement.

### **Right of Set-Off**

The Bank reserves the right of set-off, which means that, under most circumstances, we have the right to use funds in your deposit account to pay any debts or amounts you owe us whether or not they are then due, even if withdrawal results in an interest penalty or dishonor of subsequent checks. For joint accounts, the Bank may exercise its right against the entire balance to pay the individual debts of any owner of the account. Each joint owner agrees that the Bank may use the funds in his or her individual or joint accounts to satisfy obligations of the joint account. Any garnishment or other levy against your account(s) is subject to the Bank's right to set-off and any security

interest the Bank may have. In addition to any right of set-off, you hereby grant to the Bank a security interest in your deposit accounts to secure all loans or other extensions of credit, now or in the future.

### **Legal Process**

We may accept and comply with any legal process that we believe to be valid and binding, without any liability by us to you, regardless of the method or place of service of such process. "Legal process" includes a writ of attachment, execution, garnishment, tax withholding order, levy, restraining order, subpoena, warrant, injunction, search warrant, or other similar order. We may but are not required to give you notice of our receipt of legal process involving your account and will not do so if prohibited by law. We will hold and turn over funds to the court or creditor as directed by the legal process. We do not pay interest on the funds during the period we hold them. If we use funds from a term deposit account (CD), we may impose an early withdrawal penalty.

### **Expense Reimbursement**

If you fail to pay any amount owed to us, you will be liable to pay any expenses reasonably incurred by the Bank, including attorneys' fees.

You also agree to be liable to the Bank for any loss, costs, or expenses, including, without limitation, administrative costs of responding to an attachment, garnishment or other levy, and reasonable attorneys' fees, that the Bank incurs as a result of any dispute

involving your account, or any actions taken by you or a third party with respect to the account, that causes the Bank, in good faith, to seek the advice of counsel, and you authorize the Bank to deduct any such loss, costs or expenses from your account without prior notice to you. This obligation applies to disputes between you and the Bank involving your account and situations where the Bank becomes involved in disputes between you and an authorized signer, another joint owner or a third party claiming an interest in the account.

### **Prohibition against Illegal Use**

You may not use your account or any other financial service we provide for any illegal purpose, including the origination, receipt, or processing of illegal Internet gambling transactions and activities in violation of United States economic sanctions, laws, and regulations, including regulations issued by the Office of Foreign Assets Control (OFAC). You agree to indemnify and hold us harmless from any and all actions arising out of your illegal use of your account or our services.

### **Waiver and Severability**

The Bank reserves the right to waive the enforcement of any of the terms of this Agreement with you with respect to any transaction or series of transactions. Any such waiver will not affect the right of the Bank to enforce any of its rights with respect to other customers, or to enforce any of its rights with respect to later transactions with you and any such waiver does not modify the terms and conditions of the Agreement.

A determination that any part of this Agreement is invalid or unenforceable will not affect the remainder of this Agreement.

### **Limitation of Liability**

Reasonable care will be taken with respect to all transactions. We are not liable to you for any claim, cost, loss or damage caused by an event or circumstance beyond our reasonable control that prevents us from, or delays us in, acting on a payment order, processing a transaction or crediting your account. Events beyond our reasonable control include, but are not limited to, a natural disaster, war, terrorist attack, riot, fire, computer problem, loss of electric power, communications, pandemic, or transport. Except as may be limited by applicable law, we are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind, including, but not limited to, lost profits.

### **Governing Law**

Your deposit accounts, the services we provide in connection with them, and all the agreements between you and us relating to those accounts and services will be governed by federal laws and by the laws of the state in which the account was opened. An account opened online or through any other electronic access we make available will be deemed to have been opened in the Commonwealth of Massachusetts. If there is any conflict between our agreements and applicable federal and state laws, the affected agreements will be considered changed to the extent necessary to comply with those laws.

### **Amendment**

We reserve the right to modify or amend this Agreement at any time, and we will notify you prior to any such changes that would adversely affect your account, as required by law. If you continue to use your account or keep it open after the effective date of the change, you expressly accept and agree to the change.

### **YOUR ABILITY TO WITHDRAW FUNDS**

Our general policy is to make funds from your deposit of checks available to you on the first business day after the day we receive your deposit. At that time, you can withdraw the funds in cash and we will use the funds to pay checks that you have written. For determining the availability of your deposits at a branch, every day is a business day, except Saturdays, Sundays and federal holidays. If you make a deposit on a nonbusiness day, we will consider that the deposit was made on the next business day.

ATM deposits have a daily settlement time of 3:30 P.M. ATM deposits made before settlement Monday through Friday are available on the next business day. Deposits made after settlement and deposits on a Saturday, Sunday or federal holiday are available on the second business day following the day of deposit. All times are Eastern Time.

### **Same Day Availability**

Funds from the following deposits will be

available on the business day of your deposit: cash, wire transfers, electronic payments, including preauthorized credits such as Social Security benefits and payroll payments, and checks drawn on Salem Five Cents Savings Bank for which there are sufficient available funds on deposit.

### **Longer Delays May Apply**

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$225 of your deposits will be available on the first business day after the day of your deposit. If we are not going to make all the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our tellers, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, 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 \$5,525 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 communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the fifth business day after the day of your deposit.

We may also, from time to time, need to temporarily suspend the processing of an ACH (automated clearing house) deposit received from or through another country (IAT) for further investigation; this additional required handling may delay settlement until the investigation is completed.

### **Holds on Other Funds**

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. You must therefore maintain an available account balance sufficient to cover any check you present for cashing.

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately by delaying 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.

### **Special Rules for New Accounts**

If you are a new customer, the following special rules may 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. The first \$5,525 from the deposit of U.S. Treasury checks and checks drawn on a Federal Reserve Bank or Federal Home Loan Bank will be available on the first business day after the day of deposit. The excess over \$5,525 will be available on the fifth business day after the day of your deposit. Funds from wire transfers into your account will be available on the first business day after the day we receive the transfer.

Funds from deposits of cash and the first \$5,525 of a day's total deposits of cashier's

checks, certified checks, teller's checks, money orders, traveler's checks, and Massachusetts 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 check must be payable to you. The excess over \$5,525 will be available on the fifth business day after the day of your deposit. If you do not make the deposit in person to one of our tellers, the first \$5,525 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 fifth business day after the day of your deposit.

PLEASE NOTE: This Funds Availability Policy does not affect our right under this Agreement to charge back to your account, or otherwise obtain a refund from you for any item that is not finally paid for any reason.

### **ELECTRONIC FUND TRANSFER DISCLOSURE**

Salem Five offers a wide variety of electronic fund transfer services. For example, if you have preauthorized the transfer of funds from your account to third parties, if you have authorized direct deposits to your account, if you use our AccessLine or Online Banking Services, or if you have a Salem Five ATM card or Salem Five debit card (both referred to in this Agreement as "Card"), you have subscribed to electronic banking services. Your use of the electronic banking services to which you have subscribed will be subject to

the terms and conditions of this Agreement and any other agreement specific to the service you use.

Laws have been enacted by Congress and the Massachusetts Legislature that define the rights and responsibilities of the Bank in providing electronic fund transfer services to consumers and your rights and responsibilities as a consumer utilizing these services. In order for you to understand your rights under the federal Electronic Fund Transfer Act and Chapter 167B of the Massachusetts General Laws, we are providing you with the following disclosures. In addition to these federal and state laws, Federal Reserve Regulation E and the rules of NACHA Electronic Payments Association apply to your electronic transfers.

Consumers who utilize or intend to utilize Salem Five's Online Banking Services to view their accounts, transfer funds or pay bills should also refer to the disclosure entitled Salem Five Online Banking Agreement, which describes additional terms and conditions pertaining specifically to those services.

### **Disclosure of Consumer's Liability for Unauthorized Transfers**

IF YOU BELIEVE YOUR CARD OR PERSONAL IDENTIFICATION NUMBER ("PIN") HAS BEEN LOST OR STOLEN OR THAT SOMEONE HAS TRANSFERRED OR MAY TRANSFER MONEY FROM YOUR ACCOUNT WITHOUT YOUR PERMISSION, CALL US IMMEDIATELY,

**DURING BANKING SERVICE HOURS:  
MONDAY THROUGH FRIDAY  
BETWEEN THE HOURS OF 8:00 A.M.  
AND 6:00 P.M., SATURDAY BETWEEN  
9:00 A.M. AND 3:00 P.M., OR SUNDAY  
BETWEEN THE HOURS OF 11:00  
A.M. AND 3:00 P.M., EASTERN TIME.  
CALL (978) 745-5555 OR TOLL FREE AT  
(800) 850-5000. YOU MAY WRITE US AT:  
CONTACT CENTER, 210 ESSEX STREET,  
SALEM, MA 01970. TO REPORT A LOST  
OR STOLEN DEBIT CARD BEFORE OR  
AFTER BANKING HOURS, PLEASE  
CALL CARD SERVICES AT 800-850-5000,  
option 3.**

Tell us AT ONCE if you believe your Card or your PIN has been lost, stolen or used without your permission. Telephoning is the best way of minimizing your losses. You can lose no more than \$50 if you give us timely notice of a lost or stolen Card or a disclosed PIN and someone uses your Card or PIN without your permission.

Please notify us as soon as you are aware of any possible loss or theft.

### **Business Days**

For purposes of this Agreement, our business days are Monday through Friday. Bank holidays are not included.

### **Use of Your Card or Electronic Banking PIN**

By using your Card or PIN, you agree that:

- a. Ownership of Card

Your Card is not transferable and remains the property of the Bank. You agree to return the Card to us immediately upon our request.

### **b. PIN Security**

Your PIN is confidential to you. You should not write it on your Card or disclose it to other persons. If you believe your PIN is no longer a secret, you agree to notify us immediately.

### **c. Minimum Balance**

A minimum account balance of \$10 is required in order to qualify for ATM or POS privileges.

### **d. Misuse of Card**

The Bank may suspend your Card privileges if you misuse your account or your Card. If your Card privileges have been suspended, we may impose additional restrictions before returning your Card to you or we may cancel your Card privileges.

### **Types of Available Transfers and Limits on Transfers**

When you request electronic access, you designate the accounts to which you want access by electronic means.

You may designate your money market, checking or statement savings account(s) for ATM access. Debit card access is limited to checking accounts.

The following transactions are available to your designated account(s) using your Card and PIN:

a. Cash Withdrawals

At Salem Five ATMs and locations of other participating networks, you may make withdrawals up to your allowable daily limit, which is disclosed to you upon receipt of the Card. You have the right to limit the daily amount to \$50 per day. Contact us if you would like to do so.

b. Deposits

At most Salem Five ATMs and at designated Plus® ATMs, you may make deposits to your account.

c. Transfers

You may transfer funds between your designated accounts.

d. Payments on Loans

You may make a payment on your loan with us at most Salem Five ATMs. These will not be credited to you until the following business day.

e. Balance Inquiries

You may make balance inquiries on your designated account(s).

f. Point of Sale (POS) Purchases

At certain POS terminals you may withdraw funds from your designated account to pay for the retail purchases of goods and services, subject to your daily withdrawal limit and normal charges pertaining to your account. POS transactions are restricted on savings and money market accounts. (Refer to your account disclosure.)

g. Debit Card Purchases

In addition to the transactions listed above, if you have a Salem Five debit card you may make purchases with that Card anywhere VISA® is accepted. Card-based purchases are restricted to checking accounts and are subject to a daily aggregate Card limit which is disclosed to you upon receipt of your Card.

h. Cash Advances

You can use your Salem Five debit card to get cash advances in amounts up to your authorized daily debit card limit from participating financial institutions and others that are authorized to make cash advances.

Some cardholder services may not be available at all terminals at all times.

When you use Salem Five **AccessLine** Telephone Banking, the following transactions are available on your designated accounts, using your personal AccessLine ID number:

a. Transfers

You may transfer funds between your designated accounts, including advancement of any available lines of credit.

b. Payments on Loans

You may make a payment on your loan with us by transferring funds from your deposit account. These will be credited the following business day.

c. Balance Inquiries

You may make balance inquiries on your designated account(s). This balance may not reflect the most recent transactions involving your account.

d. Account Information

You may obtain information on recent deposits and withdrawals, interest rates and earnings.

If you use **Salem Five Online Banking**, the following transactions are available on your designated checking account(s), using your personal Online Banking ID number:

a. Transfers

You may transfer funds between your designated deposit accounts within Salem Five (Internal Transfers), between your designated Salem Five checking account and your account at another financial institution (External Transfers), or to other individuals (person-to-person transfers, also referred as Zelle™ transfers), including by advancing any available lines of credit. Refer to the Salem Five Online Banking Agreement for information about dollar limitations on External Transfers and Zelle™ transfers.

b. Payment on Loans

You may make a payment on your loan with us, to be credited immediately or on a future date, depending on the method you choose.

c. Balance Inquiries

You may make balance inquiries on your

designated account(s). This balance will reflect all transactions posted as of the day you inquire.

#### d. Bill Payments

You may make payments to third parties by telephone or personal computer. Refer to the Salem Five Online Banking Agreement for further information about Bill Payments.

You may authorize the **Direct Electronic Transfer** of funds to or from your designated account(s). For example:

a. You may authorize a third party, such as a government agency or your employer, to periodically make deposits to your account.

b. You may authorize a one-time or periodic transfer of funds from your designated checking account to pay your obligations to third parties.

c. Electronic check conversion: In order to purchase goods or services or to pay bills, you may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check.

d. If you initiate a transaction by check and the check is returned for insufficient or uncollected funds, the payee may assess a fee when re-presenting the check

electronically, if at the time you offered the check, the payee gave notice to you that such a fee may be assessed.

There may be other limits set by law or in our agreements with you concerning your account(s), Card, AccessLine, or Online Banking. We also may limit or refuse to complete transactions as we determine in our sole discretion for security reasons. PLEASE CONSULT YOUR ACCOUNT DISCLOSURE AND FEE SCHEDULE. You may contact us for current rates and fees.

#### Disclosures of Account Information to Third Parties

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:

a. For certain disclosures necessary for the completion of a transfer; or

b. For verification of the condition and existence of your account for a third party, such as a credit bureau or merchant; or

c. To persons authorized by law in the course of their official duties; or

d. To our employees, auditors, service providers, attorneys or collection agents in the course of their duties; or

e. Pursuant to a court order or lawful subpoena; or

f. To a consumer reporting agency as defined in Chapter 93 of the Massachusetts General Laws; or

g. By your written authorization, which shall automatically expire after 45 days.

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

#### Right to Receive Documentation of Transfers

##### a. Terminal Transfers

You will get a receipt at the time you make any transfer to or from your account using our ATMs.

##### b. 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, either the person or company making the deposit will tell you every time they send us the money or you can call us at (978) 745-5555 or (800) 850-5000 to find out whether or not the deposit has been made.

##### c. Notice of Varying Amounts

If regular payments from your account to a third party will vary in amount, the person or company you are going to pay will tell you 10 days before each payment, when it will be made and how much it will be.

#### d. Periodic Statements

You will get monthly account statements unless there are no transfers in a particular month. In any case, you will get statements at least quarterly.

#### e. Passbook Accounts where the Only Possible Transfers are Preauthorized Credits

If you bring your passbook to us, we will record any electronic deposits that were made to your account since the last time you presented your passbook. Your passbook should be updated at least quarterly.

#### **Limitation of Bank's Responsibility**

The Card and associated electronic banking services are made available for your convenience and, except to the extent provided by applicable law, we will not be liable for the unavailability or failure to operate all or any part of the electronic banking services system, including any POS terminal, card authorization terminal or other link in the authorization system. We will also not be liable for the refusal of any merchant or bank to honor a Card. We will not be liable for any personal injury or tangible property damage suffered or incurred by you through use or attempted use of your Card at any terminal.

#### **ATM Fees**

We will not impose a charge on Salem Five Cardholders for use of a Salem Five or Salem Five affiliate bank ATM. However, if you initiate a transaction at an ATM not operated by Salem Five or an affiliate bank, a surcharge may be applied by that ATM

operator and/or by an automated transfer network.

#### **Direct Debit of Your Account**

When making a merchant purchase or procuring a cash advance, you authorize the Bank to debit from your designated account for the total amount of the transaction as shown on any sales draft or withdrawal order originated by use of your Card, whether or not signed by you, and we are permitted to handle such sales drafts or withdrawal orders in the same way we handle checks drawn on your designated account, with the exception that you have no right to stop payment.

#### **Prior Authorization Required**

We may require the merchant or bank that honors your Card to obtain prior authorization for any transaction over a certain dollar amount, which is set at our discretion and may be changed from time to time.

#### **Authorizations to Result in Holds on Funds in Your Account**

We reserve the right to place a hold on your account based on the authorization prior to settlement (the actual posting of the transaction to your account). This could result in an overdraft if sufficient funds are not available in your account to cover both the hold and any checks or other items posting to the account.

#### **Cash Refunds on Purchases Not Available**

We will not make cash refunds on purchases. Any claim or defense for purchases must be

handled by you directly with the merchant or other business establishment that accepted your Card. You may not assert disputes you may have with a merchant against us, as, for example, when you believe that the goods or services paid for with your Card were defective, not delivered or not as promised. Any such dispute is solely between you and the merchant, and you must still pay the total amount of the sales draft plus any appropriate charges we may be authorized to make. Any merchant credit vouchers for returns or adjustments will be credited to your designated account when received by us.

#### **Foreign Transactions**

Purchases, cash advances and cash withdrawals made in foreign countries and foreign currencies using your Card will be converted by Visa, Inc. ("Visa") and charged to your account in U.S. dollars. The Visa currency conversion procedure includes use of either a government-mandated exchange rate or a wholesale exchange rate selected by Visa. The government-mandated exchange rate or wholesale exchange rate used for a particular transaction is the rate Visa selects for the applicable currency on the day the transaction is processed, which rate may differ from the rate on the date the transaction actually occurred or was posted to your account.

#### **Documentation as Evidence**

Any documentation provided to you which indicates that an electronic funds transfer was made shall be admissible as evidence of such transfer and shall constitute *prima facie* proof



that such transfer was made.

**Right to Stop Payment and Procedure for Doing so, and Financial Institution's Liability for Failure to Stop Payment**

*a. Right to Stop Payment and Procedure for Doing so*

If you have told us in advance to make regular payments from your account, you can stop any of these payments as follows: Call us at (978) 745-5555 or (800) 850-5000 or write us at: Contact Center, 210 Essex Street, Salem, MA 01970 in time for us to receive your request at least 3 business days 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, in a form that we provide for you. The information you provide to us must be accurate and complete. At the same time, you should give notice directly to the merchant or other third party whom you authorized to periodically debit your account by electronic means, in accordance with your agreement with them.

*b. Liability for Failure to Stop Payment of a Preauthorized Transfer.*

If you properly 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.

*c. Canceling an Online Banking Transaction*

Please refer to the Salem Five Online Banking Agreement for information on canceling an Online Banking transaction you

have previously authorized.

*d. Stop Payment of an AccessLine Transaction*

AccessLine transfers you authorize are posted immediately and cannot be stopped

*e. No Stop Payments on Debit Card Transactions*

You cannot stop a debit card payment that you have already authorized.

The initiation by you of certain electronic fund transfers from your account will, except as otherwise provided in this disclosure, effectively eliminate your ability to stop payment of the transfer. **UNLESS OTHERWISE PROVIDED IN THIS DISCLOSURE OR ACCOMPANYING STATEMENT, YOU 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 for Failure to Make Electronic Funds Transfers**

If we do not properly complete a transfer to or from your account on time or in the correct amount according to our agreement with you and if you have properly instructed us to do so, we will be liable for your losses or damages.

However, there may be some exceptions. For instance, we will not be liable:

- a. If, through no fault of ours, your account does not contain sufficient available funds to make the transfer.
- b. If the transfer would go over the credit limit on your line of credit, if any.
- c. If the ATM where you are making the transfer does not have enough cash.
- d. If the system was not working properly and you knew about the breakdown when you started the transfer.
- e. If the funds in your account are subject to legal process or other encumbrance restricting transfer.
- f. If circumstances beyond our control (such as fire, pandemic, or flood) prevent the transfer, despite reasonable precautions that we have taken.
- g. If we are legally restricted from transferring the funds in your account.

h. If we have reason to believe that you or someone else is attempting to make a transfer for fraudulent or illegal purposes.

There may be other exceptions stated elsewhere in this or another agreement with you or imposed by applicable law. The foregoing is a summary of our liability as provided by federal and state law if we fail to complete transfers. It is provided for your information and is not intended to affect our or your rights under those laws.

### **In Case of Errors or Questions about Your Electronic Transfers**

Telephone us at (978) 745-5555 or (800) 850-5000 between the hours of 8:00 A.M. – 6:00 P.M. Monday through Friday, 9:00 A.M. – 3:00 P.M. Saturday, or Sunday 11:00 A.M. – 3:00 P.M., Eastern Time, or write to us at 210 Essex Street, Salem, MA 01970, as soon as you can if you think your statement or receipt of a preauthorized transaction reflected in your passbook or on a separate statement we have sent you listing those deposits is wrong, or if you need more information about a transfer listed on the statement or receipt, or about preauthorized transactions. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. When contacting us,

- a. Tell us your name and account number.
- b. Describe the error or the transfer you are unsure about as clearly as you can and why you believe it is an error or why you need

more information.

- c. Tell us the dollar amount of the suspected error.

If you notify us orally, we have the right to require you to send us your complaint or question in writing within 10 business days following the date you notified us.

We will determine whether an error occurred within 10 business days following the date you notified us. We will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to use more time to investigate, we will re-credit your account within 10 business days following the date you notified us 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 your 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 re-credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within 3 business days after completing our investigation. If we determine 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.

### **Electronic Communications**

If you are an Online Banking customer, you agree that we may communicate with you by electronic means. This means that we may send you electronic messages regarding your account or the Online Banking Services. These messages may include any disclosures required by applicable federal or state law or regulation. For example, if you assert an electronic transaction error in your account, we may communicate the results of our investigation to you via the e-mail feature of the Online Banking Services. (If you verbally or electronically communicate to us an assertion of an error, we may require you to confirm your claim in writing.) You should check your e-mail messages in the Online Banking Services frequently in order to ensure that you have received any important information about your account or the services. You will be deemed to have received any information, including any required disclosure, as of the date we transmit such information to you.

### **Telephone Communications**

You authorize us (and our affiliates, agents and contractors) to contact you at any number you provide to us, from which you call us, or at which we believe we can reach you, and that we may contact you for any reason, including, regarding any request you make for a loan or other product, to service or collect on every account you currently have

with us or may have with us in the future and regarding any other products or services we are providing to you or which we provide to you in the future. You authorize us to contact you in any manner, including by means of automated dialing devices, prerecorded messages, wireless push notifications, or text messages, even if you are charged for receiving the communication and even if you will receive the communication on a mobile or wireless device. You agree that such calls are not unsolicited and that we may monitor and/or record them.

Additionally, the Bank may record your voice as a means of authenticating you when you call the Contact Center. If you choose to opt-out of this additional security measure, please notify the Contact Center.

### **Termination of Electronic Services**

The Bank may terminate any of its electronic banking services, or revoke your Card at any time, by sending written notice to you. For security purposes, we may, without notice to you, deactivate your debit card if you have not made a transaction with it for one year or more. If you wish to terminate an electronic fund banking service, call us at (978) 745-5555 or (800) 850-5000 or write us at: Contact Center, 210 Essex Street, Salem, MA 01970. If you no longer wish to use your Card, cut the Card(s) in half and forward it to us at the above address. If you wish to cancel your transaction capability through AccessLine, you will have to notify the Bank in writing at the above address. To cancel your Online Banking service, you must

notify us by phone or e-mail or in writing, as directed in the Salem Five Online Banking Agreement. We are unable to terminate any agreement that you may have initiated with another financial institution or company. Please contact that organization directly.

## **SUBSTITUTE CHECKS AND YOUR RIGHTS AS A CONSUMER**

### **Important information about your checking account**

#### **What is a substitute check?**

To make check processing faster, federal law permits banks to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image on the front and back of the check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from Salem Five may be substitute checks. This notice describes rights you have when you receive substitute checks from Salem Five.

#### **What are my rights regarding substitute checks?**

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example,

if you think that Salem Five withdrew the wrong amount from your account or that Salem Five withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, returned check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after Salem Five receives your written claim and the remainder of your refund (plus interest if your account earns interest) no later than 45 calendar days after Salem Five receives your written claim.

Salem Five may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

**How do I make a claim for a refund?** If you believe that you have suffered a loss relating to a substitute check that you

received and that was posted to your account, please contact Salem Five by mail at: Salem Five, Deposit-Payment Operations, 210 Essex Street, Salem, MA 01970, or call us at (978) 745-5555 or (800) 850-5000. If you make your claim to Salem Five, you will be required to follow up with a written description of your claim. You must contact Salem Five within 40 calendar days of the date that Salem Five mailed (or otherwise delivered by means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. Salem Five will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and/ or the following information to help us identify the substitute check, such as the check number, the name of the person to whom you wrote the check, and the amount of the check.

#### **Arbitration Provision**

Salem Five Bank is committed to resolving

disputes fairly. We are able to resolve most issues quickly if you contact our Customer Contact Center at 800-850-5000. In the unlikely event we are unable to resolve the matter in a manner that is satisfactory to you, you and Salem Five Bank agree to the following dispute resolution process:

READ THIS ARBITRATION PROVISION CAREFULLY. THIS ARBITRATION PROVISION WILL GOVERN ANY AND ALL CLAIMS AND DISPUTES ARISING IN CONNECTION WITH YOUR ACCOUNT AND WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY WE OR YOU WILL RESOLVE ANY SUCH CLAIMS AND DISPUTES, NOW OR IN THE FUTURE, IF YOU DO NOT REJECT ARBITRATION IN ACCORDANCE WITH SUBSECTION A BELOW. IF YOU DO NOT REJECT THIS ARBITRATION PROVISION, EITHER WE OR YOU CAN REQUIRE INDIVIDUAL ARBITRATION OF ANY CLAIM SUBJECT TO ARBITRATION AND YOU WILL NOT HAVE THE RIGHT TO PURSUE SUCH CLAIM BY BRINGING OR PARTICIPATING IN ANY CLASS ACTION OR SIMILAR PROCEEDING, IN COURT OR IN ARBITRATION. CLAIMS SUBJECT TO ARBITRATION INCLUDE ANY CLAIM BETWEEN YOU AND US REGARDING YOUR ACCOUNT, EXCEPT FOR CERTAIN "EXCLUDED CLAIMS"

AS DEFINED BELOW IN SECTION c.

**a. Your Right to Reject Arbitration.** If you do not want this Arbitration Provision to apply to your Account, you may reject arbitration by mailing us a written rejection notice which gives your name(s) and Account number(s) and contains a statement that you (or all of you, if more than one) reject arbitration of disputes concerning your Account. The rejection notice must be signed by all account holders and must be sent by first class mail to: Salem Five Bank, Attn: Contact Center, 210 Essex Street, Salem, MA 01970. A rejection notice is only effective if it is signed by you (both or all of you, if more than one owner) and if we receive it within thirty (30) days after the day you open your Account or, if you are receiving this Arbitration Provision in conjunction with an amendment to your existing Account then we must receive it within thirty (30) days from the effective date of such amendment. If you have more than one Account, you must specify in your rejection notice all of the Account numbers to which you want the rejection notice to apply.

**b. Parties Subject to Arbitration.** Solely as used in this Arbitration Provision: (i) the terms "we," "us" and "our" include: (A) Salem Five Bank, its parents, subsidiaries and affiliates, their successors, if any, and the employees,

officers, directors and controlling persons of all such companies and banks (the "Bank Parties"); and (B) any other person or company who provides any services in connection with your account if you assert a Claim against such other person or company at the same time you assert a Claim against any Bank Party; and (ii) the terms "you" and "your" include: (A) each holder or owner of the Account, each person who signs a signature card for the account, and their respective heirs, successors, representatives and beneficiaries (including pay-on-death and similar beneficiaries); and (C) the term "Account" includes the Account established by this Consumer Banking Services Agreement and any updated or substitute Account for the same account holders, whether or not you execute a new or substitute signature card for the Account.

**c. Covered Claims.** (i) "Claim" means any claim, dispute or controversy between you and us, other than an Excluded Claim, that in any way arises from or relates to this Agreement, your Account, any ATM Card, Debit Card or similar card, any Substitute Check, any Account transaction or attempted transaction (including deposits, payments, transfers and withdrawals, whether by check, card, ACH or otherwise), any form of overdraft protection, overdraft line of credit or overdraft transfer agreement, insufficient

funds and overdraft items, and the advertising, disclosures, practices and procedures related to the foregoing, if such claim, dispute or controversy cannot be resolved without a lawsuit or arbitration proceeding. "Claim" includes disputes arising from actions or omissions prior to the date of the Agreement (and/or prior to the time this Arbitration Provision becomes part of the Agreement). "Claim" has the broadest reasonable meaning, and includes initial claims, counterclaims, cross-claims and third-party claims. It includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity (including any claim for injunctive or declaratory relief).

(ii) "Excluded Claim" means: (A) any dispute about the validity, enforceability, coverage or scope of this Arbitration Provision or any part thereof (including, without limitation, subsection g, captioned "Prohibition Against Certain Proceedings" (the "Class Action Waiver"), the final sentence in subsection m, captioned "Severability," and/or this sentence); (B) if this Arbitration Provision was not part of this Agreement at the time you opened your Account, any claim asserted by you or asserted on your behalf in any lawsuit that was ongoing at the time we sent you notice of the change in this Agreement adding this Arbitration Provision; and (C)

any individual claim that you bring against us in small claims court so long as that Claim is not transferred, removed or appealed to a different court (in which event such claim becomes a "Claim" and we then have the right to demand arbitration). Any Excluded Claim is for a court and not an arbitrator to decide.

**d. Electing Arbitration.** To the extent permitted by the Federal Arbitration Act (the "FAA") and any other applicable law, arbitration may be elected by either party with respect to any Claim, even if that party has already initiated a lawsuit with respect to a related or different Claim. Arbitration is elected by giving a written demand for arbitration to the other party, by filing a motion to compel arbitration in a Massachusetts court or by initiating an arbitration against the other party.

**e. Choosing the Administrator.** "Administrator" means the American Arbitration Association ("AAA"), [www.adr.org](http://www.adr.org) and 1-800-778-7879; JAMS, [www.jamsadr.com](http://www.jamsadr.com) and 1-800-352-5267; or any other company selected by mutual agreement of the parties. If both AAA and JAMS cannot or will not serve and the parties are unable to select an Administrator by mutual consent, the Administrator will be selected by a court. The arbitrator will be appointed by the Administrator in accordance

with the rules of the Administrator. Notwithstanding any language in this Arbitration Provision to the contrary, no arbitration may be administered, without the consent of all parties to the arbitration, by any Administrator that has in place a policy that is inconsistent with the Class Action Waiver.

**f. Court and Jury Trials Prohibited; Other Limitations on Legal Rights.** FOR CLAIMS SUBJECT TO ARBITRATION, YOU WILL NOT HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM. ALSO, YOUR ABILITY TO OBTAIN INFORMATION FROM US MAY BE MORE LIMITED IN AN ARBITRATION THAN IN A LAWSUIT. OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.

**g. Class Action and Class Arbitration Waiver.** NOTWITHSTANDING ANY OTHER LANGUAGE IN THIS ARBITRATION PROVISION TO THE CONTRARY, FOR CLAIMS SUBJECT TO ARBITRATION: (1) YOU MAY NOT PARTICIPATE IN A CLASS ACTION IN COURT OR IN A CLASSWIDE ARBITRATION, EITHER AS A PLAINTIFF, CLASS REPRESENTATIVE

OR CLASS MEMBER; (2) YOU MAY NOT ACT AS A PRIVATE ATTORNEY GENERAL IN COURT OR IN ARBITRATION; (3) CLAIMS BROUGHT BY OR AGAINST YOU MAY NOT BE JOINED OR CONSOLIDATED WITH CLAIMS BROUGHT BY OR AGAINST ANY OTHER PERSON; AND (4) THE ARBITRATOR SHALL HAVE NO POWER OR AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTIPLE-PARTY ARBITRATION. This Subsection (g) does not apply to any lawsuit or administrative proceeding filed against us by a state or federal government agency even when such agency is seeking relief on behalf of a class of individuals including you. This means that we will not have the right to compel arbitration of a claim brought by such an agency.

**h. Location and Costs of Arbitration.** Any in-person arbitration hearing must be at a venue situated in Essex County, in the Commonwealth of Massachusetts. The party initiating the arbitration (or appeal of the first arbitration award) shall pay the initial filing fee. If you file the arbitration and an award is rendered in your favor, we will reimburse you for your filing fee. All fees and costs will be allocated in accordance with the rules of the arbitration

forum. However, we will advance or reimburse filing and other fees if the arbitrator rules that you cannot afford to pay them or finds other good cause for requiring us to do so; or if you ask us in writing and we determine in good faith there is a justifiable reason for doing so. Each party shall bear the expense of their respective attorneys, experts, and witnesses and other expenses, regardless of who prevails, but the arbitrator will have the authority to award reasonable attorneys and expert witness fees and costs to the extent permitted by this Agreement, the forum's rules, or applicable law.

**i. Governing Law.** You and we agree that our relationship arising from this Agreement is governed by Federal and Massachusetts law. The arbitrator may award any remedy provided by the substantive law that would apply if the action were pending in court. At the timely request of either party, the arbitrator must provide a brief written explanation of the basis for the award.

**j. Right to Discovery.** In addition to the parties' rights to obtain discovery pursuant to the Administrator's rules, either party may submit a written request to the arbitrator to expand the scope of discovery normally allowable under such rules.

**k. Arbitration Result and Right of Appeal.** Judgment upon the arbitrator's award may be entered by any court having jurisdiction. The arbitrator's decision is final and binding, except for any right of appeal provided by the FAA. Notwithstanding the foregoing, if the amount of the Claim exceeds \$50,000 or involves a request for injunctive or declaratory relief that could foreseeably involve a cost or benefit to either party exceeding \$50,000, any party can, within 30 days after the entry of the award by the arbitrator, appeal the award to a three-arbitrator panel administered by the Administrator. The panel shall reconsider anew any aspect of the initial award requested by the appealing party. The decision of the panel shall be by majority vote. Reference in this Arbitration Provision to "the arbitrator" shall mean the panel if an appeal of the arbitrator's decision has been taken. The costs of such an appeal will be borne in accordance with subsection (h) above.

**l. Rules of Interpretation.** This Arbitration Provision shall survive the closing of the Account, any legal proceeding and any bankruptcy to the extent consistent with applicable bankruptcy law. In the event of a conflict or inconsistency between this Arbitration Provision and either the Administrator's arbitration rules or the other

provisions of this Agreement, this Arbitration Provision shall govern.

**m. Severability.** If any portion of this Arbitration Provision, other than the Class Action Waiver, is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force. If a determination is made that the Class Action Waiver is unenforceable, this Arbitration Provision shall be null and void, provided that the determination concerning the Class Action Waiver shall be subject to appeal.

**n. Notice and Cure.** Prior to asserting a Claim in litigation or arbitration, the party desiring to assert the Claim (the "Claimant") shall give the other party (the "Potential Defendant") written notice of the Claim (a "Claim Notice") and a reasonable opportunity to resolve the Claim. The resolution period shall be at least 30 days except for Claims requiring some form of expedited injunctive relief in a shorter period. Any Claim Notice to you shall be sent in writing to the current address we have for you in our records. Any Claim Notice to us shall be sent by first class mail to: Salem Five Bank, Attn: Contact Center, 210 Essex Street, Salem, MA 01970 (or any updated address we subsequently provide). If there are multiple parties on your Account, any Claim Notice may be sent by or to any of you. Any Claim Notice you send

must provide your name and Account number, as well as your address and a phone number where you can be reached during normal business hours. Any Claim Notice must explain the nature of the Claim and the relief that is demanded. A Claim Notice from us may be in the form of a collection letter or a notice demanding payment of a negative balance under the Account. You may only submit a Claim Notice on your own behalf and not on behalf of any other party. If a third party submits a Claim Notice on your behalf the third party must provide sufficient proof of his, her or its authority to act on your behalf. The Claimant must reasonably cooperate in providing any information about the Claim that the Potential Defendant reasonably requests. If a Claimant fails to comply with the requirements of this subsection, the Potential Defendant may seek an order requiring the Claimant to comply before the Claimant further pursues the Claim.

SBF-070 06/21

[www.salemfive.com](http://www.salemfive.com)

**Customer Support:1**

(978) 745-5555 and (800) 850-5000

**Salem Five AccessLine:**

(978) 745-7787 or (800) 255-7787

**Salem Five Bank Corporate Headquarters**

210 Essex Street, Salem, MA 01970

Equal Housing Lender

Member FDIC

Member Allpoint