

In this Privilege Pay Agreement ("Agreement"), the words "you," "your," and "yours" mean each and all of those who use the Privilege Pay Service described below. The words "we," "us," and "our" mean South Bay Credit Union. The word "overdraft" includes a negative balance in your primary checking account with us ("Checking Account") that may occur for various reasons, including, but not limited to: (1) the payment of checks, Automated Clearing House (ACH) items, or other withdrawal requests authorized by you; (2) the return (unpaid) of items deposited by you; (3) the imposition of service charges by us; or (4) the deposit of items which are treated as not yet "available" according to our Funds Availability Policy.

Pursuant to our commitment to provide valued service and benefits, we may pay checks and/or ACH items/transactions that would cause your Checking Account to have a negative (or further negative) balance (herein "overdraft"), pursuant to the terms and conditions of this Agreement. We will not pay your overdrafts for ATM withdrawals and debit card purchases you make at a store, online or by telephone, unless you tell us you want overdraft coverage for these transactions ("Privilege Pay Plus.") Even if you do not request overdraft coverage for ATM withdrawals and debit card purchases, we may still pay your overdrafts for other types of transactions, including checks.

The Privilege Pay Service is not a credit product and requires no application or credit approval process. The service will only be applied to your Checking Account if:

- You maintain your membership in good standing;
- Your Checking Account is more than 60 days old;
- Your loans with us and credit cards are not past due;
- There are no legal or administrative orders or levies against your Checking Account; and
- The primary account holder is 18 years of age or older.

ANY SUCH PAYMENT WILL BE MADE ON A CASE BY CASE BASIS, IN OUR SOLE AND ABSOLUTE DISCRETION. However, we shall not pay any check or other item/transaction if your negative Checking Account balance is, or if we were to make payment pursuant to the terms and conditions of this Agreement would become, greater than five hundred dollars (\$500) (including any applicable fees). We have no obligation to notify you before we pay or return any check, item, or other transaction. We may refuse to pay any overdrafts without first notifying you even though your account is in good standing and even if we have paid previous overdrafts.

For your overdrafts cleared, you promise to immediately pay us all sums, including the fees and charges for this service, advanced to you or any other person you permit to use your Checking Account and/or who causes an overdraft on your Checking Account. You understand that items presented for payment on the same day will be paid in the order in which they are received.

**OVERDRAFT FEES:** An Overdraft Fee will be charged to your Checking Account, in accordance with our Schedule of Fees and Charges, for each overdraft check or other item/transaction that is cleared on your Checking Account. The total of the overdraft (negative) balance in your Checking Account, including any and all fees and charges is due and payable upon demand, and you are required to immediately deposit with us sufficient funds to cover the overdrawn check paid by us and pay the related fees.

**OTHER WAYS WE CAN COVER YOUR OVERDRAFTS:** Privilege Pay service differs from other ways of covering your overdrafts that may be less expensive, such as linking your account to another account with us or a line of credit. Contact us to learn more about these options.

You also agree that we have the right to transfer available funds from your other accounts you may have with us to cover the overdrawn check and pay the related fees. You understand and agree that we may transfer funds to your Checking Account from any of your other account(s) with us (excluding IRA accounts), including account(s) upon which you are a joint owner, in an amount equal to the overdrawn check, item, or other transaction which we may pay according to the terms and conditions of this Agreement and to pay the related fees. In addition to any other rights that we may have, you agree that any deposits or future deposits in or other credits to any account in which you may now or in the future may have an interest are subject to our right of off-set for any liabilities, obligations, or other amounts owed to us by you (e.g., overdrafts and any related fees and charges) and such is applicable irrespective of any contribution to the account or source of funds in the account. Moreover, unless you "opt-out" of the Privilege Pay service by informing us in writing at the address below, you consent and expressly agree that the application of an off-set of funds in any account includes the off- set of government benefits (such as Social Security and other public benefit funds) deposited to your account. Each person who causes an overdraft, which is paid by us, is a maker and agrees to be individually and jointly obligated to repay the unpaid negative balance in accordance with the terms and conditions of this Agreement. We reserve the right to limit Privilege Pay Service to one (1) account per household or member without notice of reason or cause.

You will be in default under the terms of this Agreement if you fail to live up to any of the terms and conditions of this Agreement or you are in default on any loan obligation with us and/or a negative balance exists in any other deposit account with us on which you are an owner. If you are in default, we may temporarily suspend overdraft privileges or terminate the Privilege Pay Service or close your Checking Account and demand immediate payment of the entire unpaid negative balance. You also agree to pay any collection costs, attorneys' fees, and court costs which we or you shall or may incur as a result of your default.

We may terminate or suspend the Privilege Pay Service at any time without prior notice. In no event shall any termination relieve you of your obligation to repay such sums already overdrawn, overdraft fees, collection costs, and attorneys' fees, if any. We can delay enforcing any of our rights under this Agreement without losing them.

**CONTACT US FOR MORE INFORMATION:** To request Privilege Pay or Privilege Pay Plus, overdraft protection, or other information about our services, please call 310-374-3436. If you prefer not to have Privilege Pay Service, please inform us in writing at the following address:

South Bay Credit Union, Operations Dept.  
2304 Artesia Blvd.  
Redondo Beach, CA 90278  
06/11