

## **BINDING ARBITRATION AND CLASS ACTION WAIVER**

RESOLUTION OF DISPUTES BY ARBITRATION: THIS SECTION CONTAINS IMPORTANT INFORMATION REGARDING YOUR ACCOUNTS AND ALL RELATED SERVICES. IT PROVIDES THAT EITHER YOU OR WE CAN REQUIRE THAT ANY DISPUTES BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, INCLUDING THE RIGHT TO A JURY TRIAL AND THE RIGHT TO PARTICIPATE IN A CLASS ACTION OR SIMILAR PROCEEDING. IN ARBITRATION, THE DISPUTE IS SUBMITTED TO A NEUTRAL PARTY, AN ARBITRATOR, INSTEAD OF A JUDGE OR JURY. ARBITRATION PROCEDURES MAY BE MORE LIMITED THAN RULES APPLICABLE IN COURT.

**AGREEMENT TO ARBITRATE DISPUTES.** Either You or We may elect, without the other's consent, to require that any dispute between Us concerning Your Accounts and the services related to Your Accounts be resolved by binding arbitration, except for those disputes specifically excluded below.

**NO CLASS ACTION OR JOINDER OF PARTIES.** YOU ACKNOWLEDGE THAT YOU AND WE AGREE THAT NO CLASS ACTION, CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ACTION, OR OTHER PROCEEDING WHERE SOMEONE ACTS IN A REPRESENTATIVE CAPACITY, MAY BE PURSUED IN ANY ARBITRATION OR IN ANY COURT PROCEEDING, REGARDLESS OF WHEN THE CLAIM OR CAUSE OF ACTION AROSE OR ACCRUED, OR WHEN THE ALLEGATIONS OR FACTS UNDERLYING THE CLAIM OR CAUSE OF ACTION OCCURRED. Unless mutually agreed to by You and Us, claims of two or more persons may not be joined, consolidated, or otherwise brought together in the same arbitration (unless those persons are joint account holders or beneficiaries on Your account and/or related accounts, or parties to a single transaction or related transaction), whether or not the claim may have been assigned.

**DISPUTES COVERED BY ARBITRATION.** YOU ACKNOWLEDGE THAT IN ARBITRATION THERE WILL BE NO RIGHT TO A JURY TRIAL. Any claim or dispute relating to or arising out of Your Accounts or our relationship will be subject to arbitration, regardless of whether that dispute arose before or after Your receipt of this notice. Disputes include claims made as part of a class action, private attorney general or other representative action, it being expressly understood and agreed to that the arbitration of such claims must proceed on an individual (non-class, non-representative) basis and the arbitrator may award relief only on an individual (non-class, non-representative) basis. Disputes also include claims relating to the enforceability or interpretation of any of these arbitration provisions. Any questions about whether disputes are subject to arbitration shall be resolved by interpreting this arbitration provision in the broadest way the law will allow it to be enforced.

All disputes are subject to arbitration, no matter what legal theory they are based on, or what remedy (damages, or injunctive or declaratory relief) they seek. Disputes include any unresolved claims concerning any services relating to Your Accounts. Disputes include not only claims made directly by You, but also made by anyone connected with You or claiming through You, such as a joint account holder, account beneficiary, employee, representative,

agent, predecessor or successor, heir, assignee, or trustee in bankruptcy. Disputes include not only claims that relate directly to the Credit Union, but also its parent, affiliates, successors, assignees, employees, and agents, and claims for which We may be directly or indirectly liable, even if We are not properly named at the time the claim is made. Disputes include claims based on any theory of law, contract, statute, regulation, tort (including fraud or any intentional tort), or any other legal or equitable ground, and include claims asserted as counterclaims, cross-claims, third-party claims, interpleaders or otherwise; and claims made independently or with other claims. If party initiates a proceeding in court regarding a claim or dispute which is included under this Resolution of Disputes by Arbitration provision, the other party may elect to proceed in arbitration pursuant to this Resolution of Disputes by Arbitration provision.

**DISPUTES EXCLUDED FROM ARBITRATION.** Disputes filed by You or by Us individually in a small claims court are not subject to arbitration, so long as the disputes remain in such court and advance only an individual (non-class, non-representative) claim for relief. However, if a matter in small claims court is removed, transferred, or appealed to a non-small claims court, that claim shall be subject to this Resolution of Disputes by Arbitration provision. Disputes filed by You or by Us related to a consumer credit transaction secured by a dwelling will also be excluded from arbitration.

**COMMENCING AN ARBITRATION.** The arbitration must be filed with one of the following neutral arbitration forums and follow its rules and procedures for initiating and pursuing an arbitration: American Arbitration Association or JAMS. If You initiate the arbitration, You must notify Us in writing at: Philadelphia Federal Credit Union, Attn: Legal Department, 12800 Townsend Road, Philadelphia, PA 19154. If We initiate the arbitration, We will notify You in writing at Your last known address on file. You may obtain a copy of the arbitration rules for these forums, as well as additional information about initiating an arbitration by contacting the American Arbitration Association or JAMS. The arbitration shall be conducted in the same city as the U.S. District Court closest to Your home address, unless the parties agree to a different location in writing.

**ADMINISTRATION OF ARBITRATION.** The arbitration shall be decided by a single, neutral arbitrator. The arbitrator will be either a lawyer with at least ten years' experience or a retired or former judge selected in accordance with the rules of the arbitration forum. The arbitrator shall follow procedures and rules of the arbitration forum in effect on the date the arbitration is filed unless those rules and procedures are inconsistent with this arbitration provision, in which case this arbitration provision will prevail. Those provisions and rules may limit the discovery available to You or Us. The arbitrator will take reasonable steps to protect customer account information and other confidential information if requested to do so by You or by Us. The arbitrator shall decide the dispute in accordance with applicable substantive law consistent with the Federal Arbitration Act and applicable statutes of limitations, will honor claims of privilege recognized at law, and will be empowered to award any damages or other relief provided for under applicable law. The arbitrator will not have the power to award relief to, or against, any person who is not a party to the arbitration. An award in arbitration shall determine the rights and obligations between the named parties only, and only in respect of the claims in arbitration, and shall not have any bearing on the rights and obligations of any other person, or

on the resolution of any other dispute. Your or we may choose to have a hearing and be represented by counsel. The decision rendered by the arbitrator shall be in writing. At Your or Our request, the Arbitrator shall issue a written, reasoned decision following applicable law and relief granted must be relief that could be granted by the court under applicable law. Judgment on the arbitration award may be entered by any court of competent jurisdiction.

**COSTS.** The party initiating the arbitration 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. If there is a hearing, We will pay the fees and costs of the arbitration for the first day of that hearing. All other 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 there is good 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 a party may recover any or all costs and expenses from another party if the arbitrator, applying applicable law, so determines.

**RIGHT TO RESORT TO PROVISIONAL REMEDIES PRESERVED.** Nothing herein shall be deemed to limit or constrain our right to resort to self-help remedies, such as the right of set-off or the right to restrain funds in an account, to interplead funds in the event of a dispute, to exercise any security interest or lien we may hold in property, or to comply with legal process, or to obtain provisional remedies such as injunctive relief, attachment, or garnishment by a court having appropriate jurisdiction; provided, however, that You or we may elect to arbitrate any dispute related to such provisional remedies.

**ARBITRATION AWARD.** The arbitrator's award shall be final and binding unless a party appeals it in writing to the arbitration forum within fifteen days of notice of the award or pursuant to the rules of the arbitration forum, whichever is later. The appeal must request a new arbitration before a panel of three neutral arbitrators selected in accordance with the rules of the same arbitration forum. The panel will consider all factual and legal issues anew, follow the same rules that apply to a proceeding Using a single arbitrator, and make decisions based on the vote of the majority. Costs will be allocated in the same manner as allocated before a single arbitrator. An award by a panel is final and binding on the parties after fifteen days of notice of the award or pursuant to the rules of the arbitration forum, whichever is later. A final and binding award is subject to judicial intervention or review only to the extent allowed under the Federal Arbitration Act or other applicable law. A party may seek to have a final and binding award entered as a judgment in any court having jurisdiction.

**GOVERNING LAW.** You and we agree that our relationship includes transactions involving interstate commerce and that these arbitration provisions are governed by, and enforceable under, the Federal Arbitration Act. To the extent state law is applicable, the laws of the Commonwealth of Pennsylvania shall apply.

**SEVERABILITY, SURVIVAL.** These arbitration provisions shall survive (a) termination or changes to Your accounts or any related services; (b) the bankruptcy of any party; and (c) the transfer or assignment of Your Accounts or any related services. If any portion of this

Resolution of Disputes by Arbitration provision is deemed invalid or unenforceable, the remainder of this Resolution of Disputes by Arbitration provision shall remain in force. No portion of this Resolution of Disputes by Arbitration provision may be amended, severed, or waived absent a written agreement between You and Us.

**APPLICABILITY.** Arbitration will not apply to Your Account as long as You are an active duty Service Member.

**RIGHT TO REJECT THIS RESOLUTION OF DISPUTES BY ARBITRATION PROVISION.** YOU MAY CHOOSE TO REJECT THIS RESOLUTION OF DISPUTES BY ARBITRATION PROVISION BY SENDING US WRITTEN NOTICE AS DESCRIBED BELOW:

Agreement to the Resolution of Disputes by Arbitration provision:

1. If You agree to be bound by the above Resolution of Disputes by Arbitration provision, then no action is needed on Your part.
2. If You take no action, then effective immediately Your Accounts will be bound by this Resolution of Disputes by Arbitration provision.

Rejection of the Resolution of Disputes by Arbitration provision:

1. If You do not agree to be bound by this Resolution of Disputes by Arbitration provision, You must send Us written notice that You reject the Resolution of Disputes by Arbitration provision within 30 days of account opening or within 30 days of receiving this notice, whichever is sooner, including the following information:
  - a. Your written notice must include: Your name, as listed on Your account, Your account number, and a statement that You reject the Resolution of Disputes by Arbitration provision, and;
  - b. You must send Your written notice to Us at the following address: Philadelphia Federal Credit Union, Attn: Legal Department, 12800 Townsend Road, Philadelphia, PA 19154.