

**1<sup>st</sup> Community Federal Credit Union**  
**Membership & Account Agreement and Disclosures**  
**Effective January 1, 2020**

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## MEMBERSHIP AND ACCOUNT AGREEMENT

**IMPORTANT NOTICE:** This Agreement and disclosures represent our contractual arrangement with you and contain important information about your membership and accounts with us. Please carefully review this Agreement and disclosures and contact us if you have any questions. The agreements and disclosures may be updated from time to time, and we will notify you of any changes as required by law. The most current versions of the agreements and disclosures are available on our website at [www.1cfcu.org](http://www.1cfcu.org) for easy reference in the future. In case of any conflict between any version of the agreements and disclosures and the versions appearing on our website, the versions on our website will control.

**ACCEPTANCE PROVISION:** You and we acknowledge and agree that when you (or anyone else you allow to use your account(s) or our products or services) continue use of any of your account(s) or our products or services, you are confirming your acceptance and agreement to ALL of the terms of the latest and current version of, and modification(s) to, this Membership and Account Agreement and the additional agreements and disclosures in this handbook, regardless of whether such terms relate to the particular account(s) or products and services that were used.

In this Membership and Account Agreement ("Agreement" or "Account Agreement"), the words "you," "your," and "Party" mean any and all persons or entities who sign a Membership Application and Account Authorization (Application) or any other application in connection with the opening of any Account with 1<sup>ST</sup> Community Federal Credit Union (1CFCU), any such person or entity who maintains an Account with us, any Joint Owner, and any other person or entity authorized to use or having access to any such Account. "Owner" means each person who owns the Account, including any Joint Owners. The words "we," "us," "our," and "Credit Union" mean 1CFCU.

In this Agreement and in the Truth-In-Savings (TIS) Account Disclosures, the term "Savings Account" may be used to describe your Share Accounts and Club Accounts with us, and the term "Checking Account" may be used to describe your Share Draft Accounts with us.

Each person admitted to membership 18 years of age and older is entitled to one vote in Credit Union elections. Each person must provide a valid SSN/ITIN prior to account opening.

Our Membership Application and any additional agreements represent our contractual arrangement with you and contain important information about your membership and account(s) with us. All subsequent accounts opened by you and/or subsequent accounts you are added to as an owner, reflecting any existing "like ownership" will be governed by this application. **Account ownership will be determined by you at the time the account is opened and/or owners are added to, or removed from the account.**

Based on your request, you authorize us to establish one or more Accounts from time to time for you and those on your behalf as designated in your Membership Application or any other Account authorization you may execute with us (collectively, the "Application"), including but not limited to any Savings Account, Club Account, Checking Account, Money Market Account, Business or Organizational account or Term Share Certificate Account. By opening or using any Account with us, you agree to be bound by the terms of this Agreement if your Account is held for personal, family, or household purposes whether you are acting in your individual capacity, in a fiduciary capacity, or in your capacity as an officer, agent, or representative of any business entity or association with regard to any such Account. You also acknowledge receipt of and agree to be bound by our TIS Account Disclosures & Rate Schedule along with the TIS Fee Schedule, as amended from time to time, and to conform to our rules, regulations, bylaws, policies and procedures now in effect and as amended or adopted hereafter. In case of any conflict between the terms of this Account Agreement and the TIS Account Disclosures & Rate Schedule and the TIS Fee Schedule, the terms appearing in the TIS Account Disclosures & Rate Schedule and the TIS Fee Schedule will control. The TIS Account Disclosures & Rate Schedule and the TIS Fee Schedule are incorporated by reference into this Agreement. This Agreement is incorporated into and made a part of any Application or other document that you execute in connection with the opening or use of any Account. You authorize us to verify and retain this information. You authorize us to use your credit report to consider whether to offer other products and services to you and you understand and specifically intend this authorization to apply to the current inquiries and future credit inquiries. You understand and agree that your authorization will remain in effect until you provide written notice of your revocation to us. Unless any other account agreement you have with us specifically provides otherwise, this Agreement supersedes any other account agreement you may have with us and, in the event of any conflict between the provisions of this Agreement and any other such agreement, the terms and conditions set forth in this Agreement will control. You agree, when we post changes to this Agreement, TIS Account Disclosures & Rate Schedule and the TIS Fee Schedules to our website these changes become effective immediately subject to any notification requirements imposed under the Truth-in-Savings Act.

You also understand that when you agree to accept all documents electronically, you also confirm that you have the ability to receive documents via the email address you provide or you may log into Online Banking to view all documents. You understand and agree it is your obligation to update us when your email address changes or if, for any reason, you are unable to receive or access documents.

The USA PATRIOT Act requires financial institutions to identify potential members before opening an account. When you open an account with us we require the legal name of the individual and/or entity, physical address, date of birth, Social Security Number, Individual Taxpayer identification Number or Employer Identification Number. Additional information may be required that will allow us to properly identify you. We will not establish accounts if the required information and documentation is not provided. The following valid IDs are the only forms of identification accepted by us.

- US driver's license
- US state-issued ID card (issued by the Department of Motor Vehicles)
- Passport with photo and in English

- Passport Card
- Uniformed Services ID card
- Common Access Card (CAC)
- Matricula Consular
- Resident Alien or Permanent Resident Card (a "Green Card")
- United States Employment Authorization Card
- Concealed Handgun License – Same as License to Carry (Texas)

We require all members and non-members transacting business with us in any capacity to be identified with the forms of identification accepted by us. We require said Parties to provide information and documentation to support their request which will be reviewed and must be deemed compliant with our Identification Policy. **We maintain the right to refuse the transaction/request based on the information and/or documentation provided. Additionally, if a person or entity refuses to adhere to our Identification Policy, we will deny the transaction and/or request.**

### ACCOUNT OWNERSHIP

Account selection is made on the Application. The type of Account you select may determine how property passes on your death. Your Will may not control the disposition of funds held in some of the following Accounts. We require that all Checking, Savings, Money Market, and Club Accounts have the same owners and Payable on Death beneficiaries. As to IRA Share accounts, Term Share Certificates or IRA Term Share Certificates ownership and beneficiaries are separately determined. If our policy permits, you may choose to designate one or more convenience signers on a personal Account. A designated convenience signer may make transactions on your behalf during your lifetime on your Checking, Savings, Money Market and Club Accounts but does not own the Accounts during your lifetime. The designated convenience signer owns the Account on your death only if the convenience signer is also designated as a P.O.D. payee.

**1. Single Party Account.** Under this type of Account ownership, the sole Party to the Account owns the Account. If you open a Single Party Account without a Payable on Death (P.O.D.) designation, then upon your death, ownership of the Account passes as part of your estate under your Will or by intestacy. If you make a P.O.D. designation, then upon your death, ownership of the Account passes to the surviving P.O.D. beneficiaries of the Account in equal shares and the Account does not pass as part of your estate.

**2. Joint or Multiple Party Account with Right of Survivorship.** If an Account is opened by two or more Parties, or if one or more Parties are added to a Single Party Account after the Account is opened, the Account will be a Joint or Multiple Party Account with Right of Survivorship. The Owners of the Account own the Account in equal undivided interests. All funds deposited into any such Account, including any earnings thereon, shall be owned by the Owners jointly with right of survivorship. You understand that a survivorship designation may be ineffective unless signed by all Owners of the Account.

On the death of an Owner, all sums in the Account on the date of the death vest in and belong to the surviving Owner(s) as their separate property and estate, subject to any lien we have for the deceased Party's obligations to us, regardless of whether any of the surviving Owners have consented. Payment of any sums to any Party shall be valid and discharge the Credit Union from any and all liability for such payment.

The Credit Union may accept instructions from any Party or act at the request of any Party with regard to any Joint Account without the consent of any other Party to the Account. Each Party authorizes all other Parties to the Account to act on his or her behalf with respect to the Account and to endorse any instrument payable to him or her for deposit to any such Account. Without the consent or joining of any other Party and without regard to the interest in the Account of any other Party, any Party to the Account may (i) make deposits to or withdraw funds from the Account, (ii) place stop payment orders with respect to any items drawn on the Account by any Party to the Account, (iii) if the Party is an Owner, pledge all of the shares and deposits in eligible Accounts to secure any indebtedness owing to us, (iv) if the Party is an Owner, designate an Account to provide overdraft protection from any other Account, (v) authorize or decline courtesy pay on a checking account, or (vi) authorize or decline the payment of one-time debit card transactions or ATM transactions that result in an overdraft. In the event that any Account may be accessed by means of an electronic fund transfer, including the use of an ATM or debit card issued in connection with the Account or the use of any telephone or online banking, text banking or mobile banking program, each Party grants to every other Party actual authority to initiate any such transfer, to use any such ATM or debit card issued, or to use any Personal Identification Number ("PIN") issued in connection with any such card, telephone, or online banking, text banking or mobile banking program.

A Member/Owner in whose name a Joint or Multiple Party Account is opened who designates other Parties to own the Account jointly may, without notice to any other Party of such Account and upon written notice to the Credit Union in such form as the Credit Union may require, change the form of the Account, add Parties to the Account, or remove any Parties from the Account. Any such action by that member will terminate any interest that the removed Party may have in such Account. At its option, the Credit Union may require that an Account be closed and a new Account opened in lieu of permitting a Member/Owner to remove any other Party from the Account, or the Credit Union may require the consent of any or all Parties prior to acting upon any written notification or instruction by a Member/Owner to add or remove a Party or beneficiary from an Account. No other Party to a Joint or Multiple Party Account may make any such change, addition, or deletion, and no other Party to a Joint or Multiple Party Account may close a Member/Owner's regular savings Account or withdraw funds from the Member/Owner's regular savings Account below the par value of one share.

The parties agree that the Credit Union may pay funds in any Joint or Multiple Party Account to or on the order of any Party, regardless of whether any other Parties are incapacitated or deceased. The Credit Union makes no representation concerning the legal consequences or effectiveness of the survivorship rights described herein, including any consequences arising out of the community property laws of any

state, and you agree to hold us harmless from any loss or liability in connection with any survivorship designation. You understand that you should consult with your attorney if you have any question regarding the validity, effectiveness, or fitness of any such survivorship designation for any purpose. In the event one of the Owners of the account dies, the credit union may not accept items made payable to the decedent or accept electronic deposits on behalf of the decedent. A separate estate account will have to be opened for the decedent's estate to receive these funds.

**3. Payable on Death (P.O.D.) Account.** A P.O.D. Account is an Account payable on request to one or more persons during their lifetimes and upon the death of the last of those persons, payable to one or more P.O.D. beneficiaries named in the Application executed in connection with the Account. You agree that the persons named as P.O.D. beneficiaries in the Application, whether one or more, are designated as P.O.D. beneficiaries. During the Owners' lifetime, all funds paid into or deposited into the Account designated, including any earnings thereon, shall be owned by the Owners, and payment may be made upon any Owner's request, or the request of any other Party to the Account. Upon the Owner's death (the death of the last Owner to survive), each P.O.D. payee agrees that all such funds shall be owned by the P.O.D. payees surviving, with right of survivorship. At our option, payment may be made at the request of any named P.O.D. beneficiary then living, and any payment made upon the request of any surviving P.O.D. beneficiary discharges us from any and all liability to that P.O.D. beneficiary and any remaining P.O.D. beneficiaries or their heirs, executors, and personal representatives. You, your heirs, executors, and personal representatives, agree to defend, indemnify, and hold the Credit Union harmless from any claim asserted by any person or estate as a result of the payment of funds deposited in the Account designated. You understand and agree that a P.O.D. designation shall be ineffective with respect to any Account maintained as an Individual Retirement Account. You understand and agree, further, that a P.O.D. designation may be ineffective unless signed by all original Parties to the Account. An agent acting under a power of attorney may not make a P.O.D. beneficiary designation on behalf of the principal. We make no representation concerning the legal consequences or effect of any P.O.D. designation, and you understand that you should consult with your attorney if you have any question regarding the validity, effectiveness, or fitness of any such P.O.D. designation for any purpose.

**4. Convenience Signer Accounts.** Certain personal Accounts may be established in the name of one or more Owners and one or more "convenience signers." Sums on deposit may be paid or delivered to the Parties for the convenience of the Owners. The convenience signers do not own the Account, do not have right of survivorship, and are not Payable on Death beneficiaries of the Account unless so designated, and will lose access to the Account after we receive written notice of the death of the last surviving Owner. You will not hold us liable for making a payment from the Account before receiving notice in writing signed by an Owner or any other authorized person not to make the payment in accordance with the terms of the Account. We will not be liable for paying any funds on deposit to a convenience signer after the death of the last surviving Owner's death and before we have received written notice of the death. If, after the death of the last surviving Owner, we make payment to the personal representative of the Owner's estate and later receive a court order prohibiting payment, we will not be held liable, to the extent of the payment, to any person claiming a right to the funds.

**5. Accounts for Trusts.** At our option, we may issue shares or receive deposits in a revocable or irrevocable trust subject to such membership requirements as we may impose from time to time in keeping with applicable law. If you request that we open an Account in the name of a trust, you agree that we are authorized to release the funds in any such Account upon the signature of any Trustee. You agree that if we make payment to any Trustee or Successor Trustee, or at the direction of any one of the Trustees or Successor Trustees named, that payment shall be valid and shall discharge us from any liability for the sums paid. Any Trustee authorized to sign on any such Account shall be subject to the terms and conditions set forth in this Account Agreement and any other agreement governing any such Account. You agree that we shall have no fiduciary responsibility or obligation in connection with any such Account beyond our obligations set forth in this Agreement, and that we shall serve solely as a depository for the trust funds. You and any Trustee agree to save, indemnify, defend, and hold us harmless from any claim, demand, suit, or other charge by any person arising out of or resulting from the establishment, maintenance, and transaction of any business related to the trust and any Account established for the trust.

**6. Business, Club and Organization Accounts.** At our option, we may issue shares and accept deposits in the name of businesses and other organizations upon such terms and conditions, and upon such membership requirements as we may establish from time to time. In the event that the Credit Union permits the opening of such an Account, and if you establish a business or organization Account, you agree to provide us with such documentation as we may require. Business and organization Accounts may be subject to additional terms and conditions provided when you open the Account. You agree that we may rely upon the signature of any person authorized to transact business on behalf of any such business or organization and that any such authorization shall continue in effect until we receive and give written acknowledgment of the receipt of written revocation thereof. The Credit Union shall not be liable for any loss occasioned by the fraud, negligence or misapplication of funds on the part of any officer, director, employee, or agent of any such business or organization. Please refer to the Illegal Transactions section below for important terms regarding unlawful Internet gambling transactions.

**7. Minor Accounts.** At our option, we may accept deposits in the name of a minor. We may require that a minor Account have a creditworthy joint owner at least 18 years of age who shall be jointly and severally liable for any amounts owing to us out of the Account. We may open certain other Accounts for a minor, receive payment or pay withdrawals on the Account by or for a minor, and act in any other matter on the order of the minor without regard to the minor's capacity, and we are discharged from liability to the extent of any such actions. Unless a parent or guardian is a Joint Owner on a minor Account, the parent or guardian shall have no rights to access or obtain information about the Account. Even if a parent, guardian, or another adult is a Joint Owner on a minor Account, the minor as an Account owner has the right at any time to withdraw the Account funds and close the Account. When the minor reaches the age of 18, we may require the consent of all Account owners before changing the form or ownership of the Account.

**8. Uniform Transfers to Minors Accounts.** If you have indicated in the Application that an Account is established under the Texas Uniform Transfer to Minors Act ("TUTMA"), the Party signing any such Application shall be a custodian, and the Accounts will be established by such custodian under the Texas Uniform Transfers to Minors Act for the benefit of the minor named. A TUTMA Account is owned by the

minor, and amounts deposited into the Account constitute an irrevocable gift to that minor. The custodian named is the sole Party entitled to access the Account for the minor's benefit. The Credit Union has no duty to (i) determine if the person designated or acting as custodian has been duly designated, (ii) determine if an act of the custodian is in accordance with or authorized by the Texas Uniform Transfers to Minors Act, (iii) question the validity or propriety of any instrument or instructions executed or given by a person acting as a donor or custodian, or (iv) oversee the application by a custodian of money or other property paid or delivered to the custodian.

**9. Accounts for Guardianships and Estates.** At our option we may issue shares and accept deposits in the name of (a) a ward on whose behalf a Guardianship has been established under applicable law, or (b) the estate of a deceased member being administered under applicable law. Any guardian or estate representative (whether executor, administrator or otherwise) authorized to sign on any such Account shall be subject to the terms and conditions set forth in this Account Agreement and any other agreement governing any such Account. You agree that we will have no fiduciary responsibility or obligation in connection with any such Account beyond our obligations set forth in this Agreement and you agree that we will not be liable for any loss occasioned by the fraud, negligence, or misapplication of funds by the guardian or estate representative. If we are presented with Letters of Guardianship, Letters Testamentary, or Letters of Administration valid on their face, you agree that we will have no further duty (a) to determine if the person appointed guardian or estate representative has qualified or continues to be qualified as guardian or as estate representative, (b) to determine if an act of the guardian or estate representative is in accordance with or authorized by the Texas Probate Code or other applicable law, (c) to question the validity or propriety of any instrument or any instructions executed or given by a person acting as a guardian or estate representative, or (d) to oversee the administration by a guardian or estate representative of money or other property paid or delivered to him or her. You agree that we may rely upon Letters of Guardianship, Letters Testamentary, or Letters of Administration that are valid upon presentment, that we may continue to rely upon the same without inquiring into their expiration or renewal, and that we may assume their renewal unless notified in writing to the contrary. Further, you agree that we will have no obligation to recognize or honor any such Letters that we know to have expired without renewal pursuant to the provisions of the Texas Probate Code or other applicable law. If we receive notice of expiration without renewal, we will have no obligation to honor any check that is presented for payment or to honor any requests for withdrawal of funds from the Account of a ward or an estate until we receive renewed Letters or another order issuing out of a court of competent jurisdiction.

**10. Representative Payee Accounts.** At our option, we may accept deposits in Accounts established in a member's name and for the member's benefit by an individual appointed as a Social Security Administration or Veterans Administration "Representative Payee." Funds in a Representative Payee Account are owned by the member beneficiary. Only the Representative Payee, however, shall have direct access to the funds on deposit. If an Account is opened, you (whether as beneficiary or as Representative Payee) agree that we may accept deposits, including direct deposits from the Social Security Administration and Veterans Administration, that we may permit withdrawals from the Account by the Representative Payee through such means as we may prescribe from time to time, and that we may restrict access to the Account by the beneficiary. You agree that the Representative Payee alone will be responsible for compliance with the Rules of the Social Security Administration or Veterans Administration governing such Accounts. You agree that if we make payment to or at the direction of a Representative Payee, any such payment shall be valid and shall discharge us from any liability for the sums paid. You agree that we may rely upon any appointment of a Representative Payee that is valid on its face, that we will have no fiduciary responsibility or obligation in connection with any such Account beyond our obligations otherwise set forth in this Agreement, and that we will have no duty to oversee the application by a Representative Payee of any funds withdrawn from the Account. You agree that, if any deposit to an Account is subsequently reversed, whether by the Social Security Administration, Veterans Administration, or otherwise, we may transfer funds in other Accounts held by the beneficiary or the Representative Payee in order to cure any overdraft that may occur as a result of such reversal. You agree to save, indemnify, defend, and hold us harmless from any claim, demand, suit, or other charge by any person or entity arising out of or resulting from the establishment, maintenance, and transaction of any business related to a Representative Payee Account or any other Account designated for the receipt of government benefits.

**11. Business and Organizational Accounts.** 1CFCU offers Business and Organizational Accounts. Business and Organizational accounts are subject to the terms and conditions as in this Agreement.

**Business Accounts – Beneficial Ownership.** Individuals establishing a new business relationship will be required to provide additional information. Existing businesses may periodically be asked to provide updated additional information. This Federal Regulatory requirement transpired in order for financial institutions to assist the government to fight financial crime. We must obtain, verify and record information about the beneficial owners of legal entities. The regulation also requires the disclosure of key individuals who own and control the legal entity. These are known as the "Beneficial Owner" and the "Control Person". For the purposes of this regulation, a **legal entity** includes a Corporation, Limited Liability Company (LLC) or other entity that is created by a filing of a public document with a Secretary of State or similar office, a General Partnership, and any similar business entity formed in the United States. **We require Texas registration for all legal entities (must be a U.S. legal entity) in spite of where the legal entity was originally established.** A "Beneficial Owner" is each individual who owns, directly or indirectly, 25 percent or more of the legal entity. The "Control Person" is an individual with significant responsibility to manage, direct or control the legal entity. Examples are, but not limited to: Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer. Note: While a legal entity may have more than one individual that qualifies for the designation of "Beneficial Owner", only one "Control Person" is allowed in order to comply with the regulation. To further comply with the regulatory requirements, a "Certification of Beneficial Ownership" form must be completed by the person opening the new account or the person updating the existing legal entity account on their behalf. The Certification of Beneficial Ownership form is provided by the Credit Union. Information needed for the form is as follows: (i) the name, address, date of birth, valid identification approved by the Credit Union as well as Social Security number. **Note: An updated Certification of Beneficial Ownership is required when there are changes to accounts, business structure or business ownership (this is subject to change). In addition, a new Certification of Beneficial Ownership form will be required at the time a lending product extends or is modified. You agree to notify the Credit Union when changes occur. You understand and agree to complete a new Certification of Beneficial Ownership**

form. We reserve the right to deny a business account or the add-on of products or services if the information and documentation listed above is not provided.

We will not accept business transactions in a personal account. If identified, a business account must be opened. Continued noncompliance with this requirement will result in restrictions of services on your personal account.

We reserve the right to refuse business relationships with the following high-risk categories in accordance with the Bank Secrecy Act (BSA) (list subject to change):

- **Money Service Business Accounts.** We do not accept Business Accounts for businesses engaged in a Money Service Business (MSB). An MSB is generally defined as (i) currency dealer, currency exchanger, currency transfer (ii) a check casher, (iii) an issuer, seller, or redeemer of traveler's checks, money orders, or prepaid cards, or, (iv) a money transmitter.
- **Non-Bank Financial Institution Accounts.** We do not accept Non-Bank Financial Institutions (NBFIs) offering financial services. Examples of NBFIs include but are not limited to: securities, investments, pawn brokers, seller/exchanger of precious metals including gold and silver, finance or loan companies. We do not service the following: (i) used car lots that accept payments directly, also known as "Buy Here/Pay Here" (ii) used car lots using floor plans (iii) dealership accounts.
- **Marijuana/Cannabis Related Businesses.** We do not accept, service or process transactions, personal or business, for marijuana/cannabis/hemp related activity. If transactions are detected during account monitoring, the account will be restricted or closed depending on the circumstances.
- **Privately Owned ATMs.** We do not accept businesses or personal accounts servicing privately owned ATMs. Servicing refers to the following: (i) replenishments (ii) ACH transactions directly related to servicing an ATM.
- **Third Party Payment Processors.** We do not accept business accounts serving as a Third-Party Payment Processor (TPPP). These are businesses that provide payment-processing services to merchants and other business entities, typically initiating transactions on behalf of merchant clients that do not have a direct relationship with the Payment Processor's financial institution. Examples of services include (but not limited to) (i) credit card payments (ii) Automated Clearing House (ACH) debits (iii) creating and depositing remotely created checks (RCCs) or "demand drafts."
- **Virtual Currency.** We do not accept business accounts or personal accounts transacting in any type of virtual currency (cryptocurrency) services or transactions. Prohibited transactions include, but are not limited to: (i) wires (incoming/outgoing) (ii) ACH transactions (incoming/outgoing) (iii) privately owned ATMs dealing specifically with crypto-currency (iv) credit or debit card transactions. We monitor all members and transactions. If prohibited activity, suspicious activity and/or unsatisfactory account handling is detected, the Credit Union will review the account and take action either by limiting services or closing the account. (Refer to Limitation of Services).
- **Internet Gambling (Unlawful Internet Gambling Enforcement Act of 2006).** The Credit Union is prohibited from processing illegal transactions, through your Accounts or through our relationship with you, including unlawful Internet gambling transactions. You may not use your account in any manner or for any transaction that we believe poses an undue risk of illegality. We will refuse to process any such activity. **We will impose restrictions on your account including closing your account if you engage in unlawful activity.** If you use your Account relationship or engage in a transaction that is determined to be illegal, you will be liable to us. You waive any right to take legal action against the Credit Union for any illegal use or transactions and you agree to indemnify, defend, and hold harmless the Credit Union and any third-party processors from and against any lawsuits, other legal action, or liability that results directly or indirectly from such illegal use or transactions. **You agree to certify to us at Account opening and, if requested, annually that you do not engage in an Internet gambling business.** You authorize us to investigate the Account Owner, the principals', and the Authorized Signers' backgrounds, including without limitation any financial institution and payment processor references. You also agree to notify us immediately if at any time the Account Owner's business changes in any way that causes any prior certification to be inaccurate. If you certify to us that the Account Owner(s) has legal authority to engage in an Internet Gambling business, you acknowledge and agree that we will close the account as is our sole and absolute discretion. Additionally, if internet gambling activity is detected during our routine monitoring of accounts, we reserve the right to close the account without prior notification to you.

**12. Provisional Account Status.** 1CFCU allows you to become a member/open an account electronically both in the lobby and over the Internet. Any account that is opened by us is opened provisionally for 30 calendar days, the provisional period. During the provisional period, if we do not receive all of the required documents at the time of account opening, or if we discover upon further investigation you do not meet our membership requirements, or you have an unsatisfactory report in ChexSystems/Qualifile, or you fail to fund the savings account with \$25 and pay the membership fee, we will close your account. If you open an account online and you do not electronically sign and we receive, or you do not return a printed and signed copy of our Membership Application and Account Authorization – Signature Card, within the provisional period, we will close your account.

If you open an account in our lobby and request to add a joint owner who is not present at the time of account opening, we will refuse any request for access to the account by the joint owner until we receive a properly completed and signed Membership Application and Account Authorization form signed by the joint owner. If you open an account online and list a joint owner and we do not receive all of the required information on the joint owner, or we do not receive an electronically signed or a printed and signed Membership Application Account Authorization / Signature Card by the joint owner, we will refuse the joint owner access to the account.

If you add a P.O.D. Beneficiary when you open an account and you do not provide all of the required information for the P.O.D. Beneficiary, we may ignore any P.O.D. Beneficiary instruction(s) on the signature card and you agree to hold us harmless from any claim as a result of our actions.

If we close your account for any of the reasons above, we will mail you a check in the amount of the available balance to the address of record on the account. Any recently, deposited items subject to a funds availability hold will delay our check issuance until all funds are satisfactorily collected from other financial institutions. You agree, we have no responsibility of any kind to you for closing your account and you agree to hold the credit union harmless and agree to defend us against any claim of any type that may arise out of the credit union closing your account for the reasons listed above. Our closure of your account does not terminate your responsibilities to us as outlined in this Account Agreement.

## CHECKS, ACH, AND DEBIT WITHDRAWALS

**1. Payment Authorization.** You authorize us to pay checks signed or authorized by you and charge the payments against the applicable Account. Only checks or other withdrawal methods approved by us may be used to withdraw funds from your Account. You agree that it will be your responsibility to verify the accuracy of information appearing on any checks, deposit slips, or other forms, and you agree that we will not be liable for any printing errors on any such forms. All checks, withdrawal forms, deposit slips and transfer instructions used in connection with any Account must be on forms that we provide or otherwise expressly approve. When you use our online banking or mobile application to transfer money, we are not responsible for your input errors that transfer money to an unintended account. If you notify us of an errant transfer, we may make you sign an affidavit to hold us harmless before we attempt to retrieve the funds from the unintended account. If we attempt to retrieve the funds from the unintended account and the funds are unavailable, we will notify you of such and take no further action.

You agree to complete checks using a non-gel, black or dark blue ink that will readily transfer during any imaging of the check. We will not be liable, and you agree to indemnify us and hold us harmless, if you fail to follow the requirements in this paragraph. **We pay all checks and debits on your checking account in order of arrival sequence throughout the day. We pay all debits to savings accounts in the order they are received. To avoid overdraft or NSF (nonsufficient funds) fees, you should ensure that your Account contains sufficient available funds at all times to pay each of your transactions.** In making distributions upon the death or disability of any Party, you agree that we may rely upon our records at the time of any such death or disability. If an instrument (check) contains contradictory terms, typewritten terms prevail over printed terms, handwritten terms prevail over both, and words prevail over numbers. If you issue a check drawn on your Account and a nonmember of 1CFCU seeks to cash the check at a 1CFCU branch, you agree that we may require the nonmember to provide appropriate physical and/or documentary identification as a condition of cashing a check drawn on your Account. You also agree that we may refuse to cash a check, even if it is properly payable and proper identification is provided, and such refusal shall not constitute wrongful dishonor of your check. You understand and agree that a nonmember seeking to cash a check drawn on your Account retains the ability to deposit the check with their own financial institution which would result in your check being presented to us through normal check processing channels. For other members of 1CFCU, you agree that we may refuse to cash a check drawn on your Account if the member seeking to cash the check at a 1CFCU branch is not a member in good standing and you further agree such refusal (or other action such as requiring the check to be deposited into the other member's account at 1CFCU) shall not constitute wrongful dishonor.

**2. Available Balance.** Your account's **Available Balance** is our most current record of the amount of money in your account that is available for use or withdrawal (subject to the additional limitations and restrictions set forth in this Agreement, including as further explained in the Disclosures and Schedules, including without limitation, "What You Need to Know About Overdraft Protection"; "Electronic Fund Transfers Agreement and Disclosures"; and "Funds Availability Policy"). The account's Available Balance includes adjustments for factors such as restrictions or holds placed on deposited funds in your account, and restrictions or holds placed on funds in your account as a result of preauthorization holds in connection with the use of your Debit Card. Each of these restrictions and holds affects (reduces) the availability of funds in your account for use or withdrawal, including without limitation, to pay for checks drawn on your account, debits, Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your account. We use the account's Available Balance to authorize your transactions during the day, to pay your transactions in our nightly / daily processing, in determining whether the account has been overdrawn, and in assessing fees in connection with any overdrafts. **IT IS VERY IMPORTANT TO UNDERSTAND THAT YOU MAY STILL OVERDRAW YOUR ACCOUNT EVEN THOUGH THE ACCOUNT'S AVAILABLE BALANCE APPEARS TO SHOW THERE ARE SUFFICIENT FUNDS TO COVER A TRANSACTION THAT YOU WANT TO MAKE.** Your account's Available Balance may not reflect every transaction you have initiated or previously authorized, including without limitation, your outstanding checks, automatic bill payments that you have authorized, authorized automatic withdrawals (such as recurring Debit Card transactions, transfers, and ACH transactions that we have not received for payment or received too close to our nightly/daily processing to include in your account's Available Balance), the final amounts of Debit Card purchases (e.g., we may authorize a purchase amount prior to a tip you add or a gasoline purchase that exceeds the authorization amount). For example, an outstanding check will not be reflected in your Available Balance until it is presented to us and paid from your account. Your account's Available Balance also may not reflect recent deposits to your account that are subject to our Funds Availability Policy. Therefore, in order to avoid fees and/or overdrawing your account, it is imperative that you take into account the availability of funds in your account under the terms of this Agreement and keep track of each deposit, use, transaction, and withdrawal (including without limitation, checks drawn on your account, debits, Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your account), because you as the account Owner(s) is/are in the best position to know each of the activities occurring (or that have been scheduled and/or authorized to occur) on your account, and therefore, the funds available for use or withdrawal. Even though your account's **Available Balance** may not reflect each of these transactions, you must insure that, at all times, your **Available Balance** is sufficient to pay your authorized transactions.

- a. **Preauthorization Holds.** As more fully explained in the Preauthorization Holds paragraph of the "Electronic Fund Transfers Agreement and Disclosures" in the Disclosures and Schedules, when you use your Debit Card at certain merchants, the merchant may request a preauthorization hold from us in an amount that is the exact amount of the transaction, is less than the anticipated transaction amount or in an amount the merchant believes you might spend with them. The preauthorization hold may remain in place on your account for up to three (3) days, even after the transaction has been posted to your account. In some cases, the hold on Debit Card transaction is released prior to the merchant presenting the transaction for payment. When we receive transactions



after the hold is released we must pay the merchant. These preauthorization holds affect (reduce) the availability of funds in your account, including without limitation, to pay for checks drawn on your account, debits and Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your account. You cannot access funds that are subject to a preauthorization hold since they are not available funds. You must ensure that, at all times, sufficient funds are available (including to cover any preauthorization holds placed on the account) and remain in your account to pay for your Debit Card transactions. An authorization is not an indication or a guarantee that a purchase will not result in additional fees being charged to or debited from your account when the transaction is posted to your account. For example, if a preauthorization occurs, and subsequent transactions are posted to your account before the pending transaction (that was the subject of the preauthorization) is posted, causing the account's Available Balance to fall below \$0, a fee will be assessed when the pending transaction does post to the account (and fees may also be assessed for the additional intervening transaction(s) to the extent they resulted in a negative Available Balance at the time they posted to the account). For example, you purchase gasoline from a merchant and the merchant obtains an authorization for \$1 and you purchase \$50 in gasoline. When the item is received it is for an amount greater than the authorization. If the amount of the transaction causes the Available Balance to fall below \$0, a fee will be assessed.

- b. **Deposit Holds.** As more fully explained in the "Funds Availability Policy" in the Disclosures and Schedules, when you deposit funds to your account (including without limitation, electronic direct deposits; deposits by check; Mobile deposits; deposits of cash; wire transfers; and deposits of cashier's, certified, teller's, and federal, state, and local government checks) some or all of the deposited funds may not be immediately available to you. These restrictions and holds on deposited funds affect (reduce) the availability of funds in your account, including without limitation, to pay for checks drawn on your account, debits and Debit Card purchases, ACH transactions, ATM withdrawals, fees, and any other withdrawal or payment transactions on your account. If you will need the funds from a deposit right away, you should ask us when the funds will be available.
- c. **You can check your Available Balance on your account in several different ways: i) check your receipt when you make a deposit to see if a check hold has been applied, ii) login to online banking, iii) login to our mobile app, iv) utilize text banking, v) do a balance inquiry on the ATM, vi) use our audio response system, or vii) use eAlerts to alert you when your Available Balance reaches a limit you predetermine. Note - logging in online, or using our mobile app will allow you to see any outstanding holds on your account, as well as your cleared transactions, or call us at 325/653-1465 or Toll Free 800/749-1465 during normal business hours.**

**3. Stale Items.** We may pay a check of yours without regard to its date, and you agree that we will have no liability for doing so. We are under no obligation, however, to pay a check presented for payment more than six months from its date. In addition, in the event that a check drawn on your Account is payable, by its terms, within a stated period of time, we are under no obligation to pay that check if it is presented after the expiration of that time period.

**4. Overdrafts and Overdraft Protection.** An overdraft occurs when you do not have enough **Available Balance** in your account to cover a transaction, but we pay it anyway. **You agree to maintain available funds in your account at all times sufficient to pay any withdrawal order (whether oral, written, or otherwise) or item presented for payment against the account.** We are under no obligation to pay any withdrawal order or item if (i) the amount of which exceeds the **Available Balance** in the account upon which the order was made or the item was drawn, or (ii) that would exceed limitations imposed upon the account under our policies and procedures or under applicable law, including Federal Reserve Board Regulation D unless the item is authorized or pre-authorized. We pay all checks and debits on your checking account in order of arrival sequence throughout the day. See the "What You Need to Know About Overdraft Protection" for additional information about the standard overdraft practices and overdraft protection plans, and optional overdraft practices available for your account.

**5. Courtesy Pay.** Courtesy Pay is offered as a courtesy to our members who qualify for this service. Do not rely on Courtesy Pay to pay your items. Courtesy Pay is intended only as a courtesy in the event you accidentally overdraw your account. Courtesy Pay is a standard overdraft practice, included on your Checking Account for checks, recurring debit card transactions, ACH transactions and automatic bill payments made using your Checking Account number, unless you ask us to not use Courtesy Pay for your account for these types of transactions. Courtesy Pay is not offered on Second Chance Checking or to minors. Since we charge a fee, regulations require you to "opt in" for our Optional Courtesy Pay service if you want us to pay your one-time (everyday) debit card transactions and ATM transactions. An "opt in" or "opt out" decision by the member or any joint owner will be treated as binding for all owners on an account. An "opt in" or "opt out" decision is required for each individual checking account. Your ability to "opt in" may be limited or restricted to prevent structured or intended abuse of the program. The amount of the Courtesy Pay fee is set forth in the Truth in Savings Fee Schedule (TIS Fee Schedule). Courtesy Pay can be revoked at our sole and absolute discretion. There are also overdraft protection plans (a link to a 1CFCU Savings, Club (except Christmas club), or a link to a 1CFCU Line of Credit (you must apply and qualify for this account). There are no fees per transfer for the first 6 Regulation D transfers from your available Savings and Club accounts. Subsequent transfers subject to Regulation D from a savings or club account will be charged a fee in accordance with our TIS Fee schedule. **See Savings, Club and Money Market Account – Limitation on Preauthorized Transfers.** You may link one or more of these overdraft protection accounts to your checking account for overdraft protection. In the event these overdraft protection plans are utilized, we will use our best efforts to transfer available funds from the eligible Savings or Club Account to your Checking Account, or to make an advance of funds under the eligible 1<sup>st</sup> Cash Line of Credit Agreement to your Checking Account, to remedy the overdraft. Our Courtesy Pay service may be available when no overdraft protection plan is available. We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction, even if you have asked us to do so. If we do not authorize and pay an overdraft, your transaction will be declined. In the event that we do pay any such order or item, we will not waive our right to dishonor any subsequent orders or items presented. Each Party to any of your accounts will be jointly and severally liable for overdrafts (including without limitation the applicable fees) and other obligations owed to us that are caused by any other Party to the account. You agree to make an immediate deposit to cover the amount of your overdrawn account. You can make, change, or revoke your choices regarding our standard overdraft practices and overdraft protection plans for your account, in-person, orally

over the phone, or in online banking. If your **Available Balance** is not sufficient enough to cover a transaction, and at the time of the transaction you have opted out of our standard overdraft practices (**Courtesy Pay**) or you have not enrolled in an overdraft protection plan(s) on your account (i.e., you have opted out of all of 1CFCU's standard overdraft practices and overdraft protection plans and not opted into the Optional **Courtesy Pay**), then the transaction will be declined, the item will be returned unpaid due to insufficient funds, and a Nonsufficient Funds (NSF) fee will be charged per item. Please see the "What You Need to Know About Overdraft Protection" and the TIS Fee Schedule.

**6. Signatures** You authorize us to recognize any of the following: verbal Confirmations, Electronic Acknowledgements and or signatures set forth in the Application in the payment of funds or for the transaction of any business for your Accounts. You authorize us to pay a check presented for payment even though the signature or signatures thereon do not correspond exactly with the signatures on the Membership Application and Account Authorization signature card. We are not obligated to honor a check unless the signature or signatures do correspond exactly with the signatures on the Membership Application and Account Authorization signature card. We may recognize facsimile signatures, signatures imprinted by mechanical devices, or any other method of authentication, including orders to pay that are received electronically or telephonically. You agree to indemnify and hold us harmless from any losses resulting from our honoring an item which bears or purports to bear a facsimile signature resembling a facsimile signature on file with us, regardless by whom or by what means the actual or purported signature was affixed to the item. You agree that we may act upon and rely upon documentation, correspondence, or other instructions with respect to your Accounts that we receive by way of electronic or facsimile transmission including account agreements, requests to modify accounts, loan agreements, and any other order with respect to your Accounts, and you agree to such verification procedures as we may implement from time to time. You agree that we may maintain copies of Account records, including copies maintained electronically, in lieu of any original and that any such copy will be considered an original record for any purpose, including admissibility in evidence as an original record before any court or administrative agency.

**7. Postdated, Incomplete and Conditional Items.** You agree to hold us harmless from any and all loss and liability that we may incur due to our inadvertent payment of incomplete or postdated items, items endorsed "without recourse," or conditional items. You agree that we will have no duty to discover or comply with postdated, incomplete, or conditional items. You agree that we may disregard any information on any check or draft other than the amount of the item, the identity of the drawee bank, the signature of the drawer, and the magnetically encoded information, whether or not that information is consistent with any other information on the item. You agree that we may decline to accept, process, or pay any item or order that, in our estimation, is ambiguous or otherwise unclear in its terms. You also agree that, at our option, we may use our best efforts to resolve any such ambiguity and you agree to release and hold us harmless from any and all loss and liability that we may incur or that may arise in connection with our attempts to resolve any such ambiguity.

**8. Wire Transfers, Automated Clearing House (ACH) Transactions, and Other Payment Order Transactions.**

a. **Governing Regulations.** If you send or receive a wire transfer, Fedwire may be used. Federal Reserve Board Regulation J is the law which covers transactions made over Fedwire. If you are a party to an Automated Clearing House (ACH) entry, you acknowledge and agree that any such entry will be governed by the National Automated Clearing House Association (NACHA) Operating Rules, the Rules of any local ACH, and the Rules of any other system through which the entry was made. Other payment orders may be governed by Article 4A of the Texas Business & Commerce Code.

b. **Notification.** Under the NACHA Rules we are not required to give you next-day notice of the receipt of an ACH entry and we will not do so, nor will we give next-day notice of the receipt of a wire transfer. However, we will notify you of these transfers in your Account Statement.

c. **Provisional and Final Payment.** If we credit your Account for an ACH entry or a wire transfer, the credit is provisional until we receive final settlement for the payment order. If we do not receive final settlement, or if we credit your Account by mistake, we are entitled to a refund of the amount credited and you agree that, at our option, we may reverse the credit or require that you reimburse us by way of direct payment.

d. **Identifying Account Numbers.** You agree that we can rely upon any identifying Account number given to us in connection with any ACH or wire transfer, even if the number identifies a person different than the named beneficiary, or a financial institution different from the named financial institution. You agree that neither we nor any other institution involved in the transaction has a duty to determine whether the number given matches the intended beneficiary or the named financial institution. We may rely upon the identifying number of the Beneficiary or The Receiving/Beneficiary financial institution (such as routing number, account number), as instructed. The Receiving/Beneficiary Financial Institution may make payment using the account number even if it identifies a person or entity different from the named Beneficiary.

e. **Our Liability; Interest Payable.** We may be responsible for your direct expenses if we fail to exercise ordinary care in carrying out your instructions in connection with a wire transfer transaction. In no event, however, will we be liable for any special, indirect, exemplary, or consequential damages (including lost profits) of any kind. We are not required to pay interest on any amount we may owe to you due to an unauthorized wire transfer arising out of our error unless you exercise ordinary care to discover the unauthorized transfer promptly and advise us of the relevant facts within the time period set forth below in the Account Statements section. Any rate of interest that we might be obligated to pay to you as a matter of law for a delay or incorrect transfer arising out of our error will be the lower of the federal funds rate at the time of the correction, or the dividend rate which we pay on the Account to or from which the funds transfer should have occurred. We will not be liable for any lost or misapplied funds caused by erroneous transfer details provided to us. Please ensure you verify all transfers details to ensure prompt and accurate delivery.

f. **Security Procedures.** You agree that we may verify the authenticity of payment orders using our security procedures in place at the time of any such order, which may include a combination of signature verification, call back procedures, the use of identifying words or numbers, and identification via employee ID badge, valid driver's license, or other photo identification document. **To prevent unauthorized access to your accounts, you agree to protect and keep confidential your account number, online username and passwords, or any other items of personal information that we may utilize to confirm your identity, from any person not authorized to access your accounts.** This responsibility includes, without limitation, utilizing up-to-date web browsers and the best commercially available encryption, antivirus, anti-spyware, and internet security software. **You acknowledge and**

**agree that the security procedures used by us are commercially reasonable.** In some cases we may take additional actions to verify the authenticity or detect an error in a Wire Transfer request. Any additional actions will not be considered part of an agreement and may only be used periodically. If you disclose your account numbers, usernames, or Passwords to any person(s) or entity, you assume all risks and losses associated with such disclosure. If you permit any other person(s) or entity to use your account to request Wire Transfers or to access or use your account numbers, user names, passwords, or other means to access your accounts, you are responsible for any transactions and activities performed from your accounts and for any use of your personal and account information by such person(s) or entity. **If you believe someone may attempt to use or has used the Service without your permission, or that any other unauthorized use or security breach has occurred, you agree to immediately notify us.**

**g. Cutoff Times.**

- **Wires Transfer** - Requests for wire transfers received after 12:30 p.m. for international wire transfers and 3:45 p.m. (central time) for domestic wire transfers on each weekday we are open that is not a holiday may be treated as having been received on the next banking day and processed accordingly.
- **ACH Transfers** - Generally, Account to Account (A2A) ACH transactions submitted by you on your account prior to 10:45 am on any business day will post on the same day. We are unable to stop ACH transactions submitted by you. We reserve the right to require notice at least five business days in advance in order to cancel or amend an ACH origination agreement. If we do accept a request to amend or cancel an ACH origination agreement in fewer than five business days of the post date, and have a reasonable time to act on the request, an attempt to accept the request will be made but we will not be responsible.

**9. Force Majeure.** We are not liable for a failure to execute a payment order according to your instructions if an interruption in communication facilities or some other circumstance beyond our control such as, but not limited to, delay in transit, breach or default by a supplier, strike lock out, labor disputes, disasters, fire, flood, accident, invasion, riot, war, revolution, embargo, restraint, acts of God, disease, epidemic, public health crisis, failure of electronic equipment, software internet service, and/or demand of any government.

**10. General.** You agree that only our forms, methods, and procedures may be utilized. You also agree that in the event of an error, we may correct any such error without prior notice or approval by you. If we are required to reimburse the U.S. government for a benefit payment made to your Account by direct deposit, we may deduct all or part of the amount owed from any Account on which you have an ownership interest, subject to applicable law. Any authorization you make to initiate paperless debit or credit entries will remain in effect until we receive written notice from you that your authorization has been revoked, in a manner and in time to provide us with a reasonable opportunity to act on it. We may delay posting international wire transfers and electronic transactions to your Account if such action is necessary to comply with requirements set forth by the Office of Foreign Assets Control (OFAC). We may refuse to credit an Account for a wire transfer or electronic transaction if such action would violate OFAC requirements. We must have 1) Beneficiary name and address as it appears on the account at the receiving financial institution; 2) account number; 3) receiving/beneficiary financial institution to complete the transfer successfully.

**11. Stop Payment.** You may stop payment of items drawn on your Accounts. You agree to hold us harmless from any claim, loss, damage or expense that we may suffer or incur, including attorney's fees, by virtue of our refusing payment of any item on which you have stopped payment, as well as for payment of any item after your stop payment order has expired. A stop payment order on checks will be effective for six months and must be renewed in writing every six months thereafter, if you wish for it to be extended. Stop payment requests on electronic funds transfer items will be placed for an indefinite or one time period of time. A stop payment order, a renewal of an order, or a revocation of any such order shall not be effective unless delivered to a member of our staff during our regular business hours and until we have had a reasonable opportunity to act on it. We are not required to notify you of the expiration of a stop payment order or a renewal of any such order. A stop payment order, a renewal of any such order, or a revocation of any such order shall not be effective unless it is delivered to us in writing during regular business hours and until we have had a reasonable opportunity to act on it. We will not be liable for the payment of an item over a stop payment order if the order is received after 9:00 a.m. on the next banking day after the banking day on which we received the item. Due to the limitations of computer systems, items subject to stop payment orders can be intercepted only if the precise amount, date, check number, name of payee, and any other information that we may reasonably require is provided. If that information is not provided exactly as it appears on the item, we will not be responsible if we are unable to stop payment. For check stops only, if the order is made orally, we have no obligation to honor it. Any stop payment order, renewal, or revocation will incur a charge which is set forth on the Fee Schedule. You agree that we may honor a stop payment order, revocation, or renewal if made by the person who signed the check to be stopped or any other person who has signed the Application or is otherwise authorized to transact business relating to the Account. You agree that we will not be liable for any inadvertent payment of any item, notwithstanding a stop payment order, if we have used ordinary care and followed our usual practices in handling such an order. If an item is inadvertently paid over a valid stop payment order, due to our failure to exercise ordinary care, we will be liable to you for any loss you suffer as a result of that inadvertent payment. You agree, however, that it will be your responsibility to establish any such loss. You agree that we will never be liable for more than your actual loss and that we will not be liable for any consequential damages. If we do recredit your Account, you agree to take whatever action we deem necessary to transfer to us all of your rights against the payee or holder of the item and to assist us if we take legal action against the payee or any other person. For information concerning your right to stop payment of certain electronic fund transfers, please refer to the Electronic Fund Transfers Agreement and Disclosures that accompany this Agreement. You may not stop payment of Cashier's Checks or Credit Union Official Checks issued by us at your request within 90 days of issuance date. You may not stop payment of transactions initiated through the use of an ATM card or a similar device used at an ATM or point-of-sale terminal, such as a debit card. (Note: This may need to be changed based on the USAA lawsuit)

**12. Checks/ACH/Debit Clearing Process.** We pay all checks and debits on your Checking and Share Savings account in order of arrival sequence throughout the day. We do not pay items according to dollar amount of the item or by transaction type (debit, check or ACH). In the event your available balance is not sufficient to clear an item and the item is drawn against your savings account it will be returned NSF (nonsufficient funds). If the item is drawn against your checking account and you do not have the funds in your Available Balance to clear an item we will use the overdraft options you have selected. This may be a transfer from a linked Savings or Club (except Christmas club) account, or by an advance on your Line of Credit. There are no fees associated with these overdraft protection options provided the number of Regulation D transfers from your savings or club account is less than 6 items. Subsequent Regulation D transfers from a savings or club account will be charged a fee in accordance with our TIS Fee schedule. **See Savings, Club and Money Market Account – Limitation on Preauthorized Transfers.** If your account is qualified for Courtesy Pay (note: you must “opt in” for one-time debit card or ATM transactions in order for these to be covered under Courtesy Pay) we may pay the item resulting in a negative Available Balance on your account. There are daily limits on your eligible Courtesy Pay amount that is determined by your account deposit habits and may change from day to day. (Do not rely on this method to pay your items – it is intended only as a courtesy in the event you accidentally overdraw your account. Refer to Courtesy Pay in this section of this membership agreement.) In the event that no overdraft options exist on your account at the time the item is presented it will be returned unpaid and your account will be charged an NSF fee

**13. Savings, Club, and Money Market Accounts - Limitation on Preauthorized Transfers.** Under government regulations that apply to Money Market, Savings, and Club accounts, you may not make more than six transfers and withdrawals, or a combination of such transfers and withdrawals from such Accounts, per calendar month to another Credit Union account of yours or to a third party by means of a check, preauthorized, or a telephonic agreement, order, or instruction (including transfers by personal computer or other data transmission). Withdrawals by mail, messenger, ATM, or in person, and transfers to make payments on your loans with us are not included in this limitation. However, automatic overdraft protection transfers, Audio Response transfers, and Online/Mobile/Text Banking transfers from your Money Market, Savings and Club Accounts are included in this limitation. **If you exceed the number of transfers permitted, your account will may be subject to fees, returns or closure.** Funds in a Christmas Club account are not eligible for transfer to another account.

**14. Credit Union Liability.** Except for losses caused by our failure to exercise ordinary care or our failure to act in good faith, you agree that we will not be liable for any action or inaction regarding the payment or non-payment of items, collection of items, other withdrawals, or the transfer of funds in satisfaction of overdrafts. Subject to applicable law, you agree that we will never be liable for any consequential damages arising out of or related to our obligations under this Agreement.

#### DEPOSIT OF ITEMS

**1. Handling of Items.** We act only as a collecting agent for any items deposited. Any deposit that we accept will be provisional and will be subject to subsequent payment verification. **Just because we have made funds from a deposited check or other item available for withdrawal does not mean that the item is “good,” has “cleared,” or has been paid by the paying bank.** It is possible that a deposited item will be returned unpaid months after we have made the funds available to you and you have withdrawn the funds. You are responsible for all items returned on your Account, and you acknowledge that no one, including our employees, can guarantee that a check or other item you deposit will not be returned. We are not responsible for any deposit or other transaction initiated by mail until the item or order is actually received. We will not be responsible for any deposit or other transaction made through the use of our night depository or any other unattended facility until the item or items are actually removed from the depository or facility by our personnel. We will not be responsible for any deposit or other transaction during the course of delivery to us by any courier or other third party until the items or orders are actually received by our personnel. We have the right to endorse all checks payable to you for deposit into your Account. We will not be liable for the negligence of any correspondent bank or institution nor for any loss incurred in transit when items are forwarded to correspondents. We will not be liable for any delay as a result of any interruption of communication facilities or any other circumstances beyond our control. You agree to bear the risk of any change in the exchange rate with respect to any items that may be payable in foreign currency. You agree that we may charge back any item before payment, without notice, whether the item has been returned. You agree that, if a check that has been deposited to your Account or cashed by you at the Credit Union is subsequently returned based upon a breach or alleged breach of any transfer warranty, presentment warranty, or otherwise, we may charge back the amount of any such item to your Account at any time without notice. You agree that we may resubmit an item that has been returned to us for payment, and you waive notice that an item has been dishonored or charged back against your Account. You also agree that, if we are charged a fee by any other institution or incur an expense in connection with any of your Accounts, that fee or expense may be charged to your Account. Requesting a hold on any deposit will not alter or release you from your responsibilities for that item. An item can be returned unpaid for up to three years for fraud or forgery. Acceptance of your deposit does not guarantee collectability.

**2. Endorsement Standards.** The area from the trailing edge of a check to 1.5 inches from the trailing edge of a check is reserved for the payee’s endorsement. The trailing edge of a check is defined as the left side of the check looking at it from the front. You and all other endorsers must make your endorsement within this prescribed area. If any endorsement or other writing that you or any other endorser makes causes any error or delay in the processing of the item, you agree that you will be liable for any loss that we incur as a result of that delay or error, and you agree to hold us harmless from any such loss. If you submit checks via mobile deposit the endorsement must state “For Mobile Deposit Only”, or if present, the check box must be marked that the item is a mobile deposit. Failure to properly endorse checks submitted through mobile deposit may result in the item being refused for deposit. We will not be liable to you for checks we refuse to accept through mobile deposit.

**3. Right to Refuse Deposit.** If you request that we accept a substitute check or a check for a deposit that has already been deposited at a financial institution but returned, we are under no obligation to accept that substitute check or check for deposit. If we do, however, you agree to hold us harmless from any loss or liability, including consequential damages, attorney’s fees, and expenses that may arise because of our acceptance of the item. In any event, in our discretion, we may refuse any deposit, limit the amount which may be deposited, accept

all or any part of a deposit for collection only, return all or any part of any deposit, or close the Account subject to applicable regulations.

**4. Deposit Verification.** If a deposit is made to your Account and we subsequently determine that the deposit or the amount of the deposit initially credited was incorrect, we may correct any such error and make corresponding adjustments to your Account in order to reflect the correction.

**5. Accrual of Dividends.** When you make a deposit, dividends begin to accrue on the day your deposit is posted. However, if your deposit is returned to us, we reserve the right to make dividend adjustments and you may be charged a fee.

## **GENERAL PROVISIONS**

**1. Account Security; Consent to Contact.** In the event of a security issue related to your Account, you agree that we may notify you using your contact information listed in our Account records, including your e-mail address and mobile telephone number. By providing phone number(s) to us (including any wireless, mobile or VOIP number), you expressly consent to receive autodialed or prerecorded calls and text messages from us or any affiliates or agents performing services on our behalf. You consent to receive calls or text messages to notify you: (i) in regards to your Accounts; (ii) to provide you with credit or debit card transaction alerts; (iii) to collect a debt or other obligation; or (iv) as otherwise necessary to service your account.

You agree to exercise precautions to safeguard your identity, your Accounts, and your Account information. You agree never to give your personal information or Account information to anyone who is not on your account, you do not know or whose identity you cannot verify. This includes your user Id, password and challenge questions to access your account using our online banking site or mobile application. If you give your personal information to someone and that person uses your information to access your Account, you agree that such use will be deemed an authorized use for which you will be responsible. We will never contact you and ask you to give us your Account information, including user names, personal identification numbers, and Account numbers, over the telephone, by e-mail, or by text messaging. You agree not to disclose your personal information and Account information to unknown persons through these mediums for any reason. You agree to remain vigilant for phishing and other fraudulent scams and notify us promptly if you become aware of or suspect fraudulent activity involving your identity, your Accounts, or the Credit Union. If you fail to exercise reasonable care to protect your identity and safeguard your Accounts, we will not be liable unless required by law. You are responsible for your on-line presence and the devices you use to access our website and mobile application. We have taken reasonable steps to ensure the security of our website, secure website and mobile app. We are not responsible for or liable for any losses you sustain as a result of your devices used to access our website, secure website or mobile app.

For account security purposes, we expect you to provide and update any changes to your cell phone number, email address and other contact numbers. This information is necessary for us to maintain contact with you in the event we have a question about a transaction request. If we receive a transaction request we believe is suspicious and we cannot reach you at the contact numbers you provided or you do not respond to our calls or emails timely, we may decline a transaction, you agree to hold us harmless for declining the transaction.

**2. Account Statements.** Your member statements (monthly and quarterly) are delivered by mail unless the member or joint owner "opts in" to receive statements electronically. If you "opt in," you will no longer receive a printed statement by mail. You are responsible for promptly examining each Account statement. Any objection that you may have with respect to any unauthorized withdrawal, payment order (including a wire transfer), or any item or deposit shown on a statement (except electronic fund transfers) will be waived unless made in writing to us, and received on or before the 30<sup>th</sup> day following the date the statement is mailed or is otherwise made available, subject to applicable law. If you have an issue relating to a substitute check, you must notify us in writing within 60 days of the date we mailed or delivered the substitute check in question or the Account statement showing the substitute check posted to your Account, whichever is later. If you are unable to make a timely claim relating to a substitute check because of extraordinary circumstances, we will extend the time period. You agree that we will not be liable for any unauthorized withdrawal, any payment order, any forged, unauthorized, or altered item drawn on or deposited to your Account, any item with missing signatures or endorsements, any missing or diverted deposit, or any other error or discrepancy if you fail to notify us within that 30-day period (60 days for substitute checks), nor will we be liable for any forged, unauthorized, or altered item if the forgery or alteration is not readily ascertainable upon inspection. We also will not be liable for subsequent unauthorized withdrawals by the same wrongdoer if you fail to notify us of the first unauthorized withdrawal within the 30-day period, even if the subsequent unauthorized withdrawals are reported promptly. You agree that no legal action may or will be instituted by you against us seeking the recovery of any alleged loss as a result of the payment of a forged, unauthorized, or altered item, or as a result of any missing or diverted deposit, or due to any other error or discrepancy unless you have provided us with such notice within the period prescribed above and any such legal action shall have been instituted within two years after the date that the statement containing any such error was mailed or otherwise made available to you. Unless we adopt alternative procedures from time-to-time, checks drawn on your Account will not be returned to you and copies of checks will be made available to you upon your request, subject to any fee disclosed in the Fee Schedule. That notwithstanding, you agree that it is your duty to examine statements promptly and your obligation to notify us in the event of any error is not waived or diminished in any respect by our retention of checks drawn on your Account. For consumer Accounts, please refer to your Electronic Fund Transfers Agreement and Disclosures to determine your rights and obligations in the event of unauthorized electronic fund transfers or other errors in connection with such transfers.

You will receive an Account statement monthly for your Checking (with activity), Money Market (with activity) and Line of Credit or Credit Card (with activity) or any other account with an EFT (Electronic Funds Transfer) during that month. You will receive an Account statement at least quarterly for your Savings, Checking, Certificates, Money Market, IRA accounts and loans. You are responsible for providing the

Account statement and other Account information to any other Parties to the Account. You acknowledge and agree that any person your Account statement is provided to may have access to Account information for all of your deposit and loan Accounts.

Unless we have agreed otherwise, we will mail your Account statement to the most recent address we have for you in our records. We will mail Account statements to the Member/Owner only. You agree to notify us promptly if your address or any other contact information such as your telephone number or e-mail address is changed. You agree that we may change your address of record if we receive an address change notice from the U.S. Postal Service or if a third party in the business of providing correct address information notifies us that your address of record is inconsistent with the address the third party has for you. It is your responsibility to ensure that your Account statements are received, and you agree that we will not be responsible for the loss or theft of your statements. You agree to notify us immediately if you fail to receive a statement for your Checking Accounts monthly, or a statement for your Savings Accounts at least quarterly. It is important that you make note of the time that you regularly receive your statement. You agree to notify us immediately, and in any event within 10 days of that time, if you fail to receive your statement. You are responsible for keeping your contact information current with the credit union. If you opt to receive e-statements and you subsequently change your email address, you are responsible for updating your account information online or notifying us of the email address change. We employ commercially reasonable methods to identify email addresses that are no longer valid. However, in the event we do not identify your email address has changed and you fail to update us of the email address change within 30 days of the change, we are not responsible for your failure to receive your statements and any corresponding dispute rights you may have will begin to run as if the eStatement notification had been delivered properly to the email address in our records. We are not responsible if you give us the wrong email address. We will consider your e-statement notification delivered unless we have knowledge to the contrary.

**3. Amendment.** We may add to, change, or delete any of the terms of this Agreement, the TIS Account Disclosures & Rate Schedule, or the TIS Fee Schedules, and any notice, agreement, or policy made a part of this Agreement, from time to time in our sole discretion, subject to such notification as required by applicable law.

#### **4. Annual Tax Statements**

IRA Fair Market Value Notice – EOY

Mortgage/Real Estate 1098 Annually – EOY

IRA 5498 Annually – May

Dividends (\$10 or more earned) 1099-INT Annually – EOY (Note: Member Statement may be used as substitute 1099-INT)

Retirement distributions 1099-R Annually – EOY

**5. Assignment.** You may not assign your Account or this Agreement, or any of your rights under this Agreement, without our express written consent, which we may withhold in our sole and absolute discretion.

**6. Attorney's Fees.** In addition to any other rights we may have at law or under this Agreement to recover fees and costs, we shall be entitled to recover reasonable attorney's fees and costs expended in connection with the enforcement of this Agreement and the defense of any rights we may have under this Agreement, and you authorize the Credit Union to deduct any such costs or expenses from your Account without prior notice to you.

**7. Cash Exchange.** We do not accept currency exchange/coin exchange (personal or business). Cash must be deposited into an account and then withdrawn. An ID will be required on all transactions. Business Owners: Runners (individuals conducting transactions for the benefit of the business) are required to have a check payable to them, cash or "petty cash." Runners must pass all ID requirements in order for the Credit Union to process a requested transaction.

**8. Cash Transacting Reporting.** To help law enforcement agencies detect illegal activities, the law requires that we gather and report information on some cash transactions. If the information we need to complete the report is not provided at the time of the transaction by you or the person conducting the transaction on your behalf, we will refuse the transaction. This includes (but not limited to) refusing to provide current occupation and/or source of funds (who you received the currency from).

**9. Check Cashing.** A fee may be assessed for anyone that does not have an account with us who is cashing a check, draft or other item drawn on us. For anyone cashing a check, member or non-member, we will require that you provide identification at the time of the transaction. If you refuse to do so, the transaction will be declined. If a non-member requests to cash a check drawn on your Account, we may require the non-member to present acceptable identification and, at our option, place a fingerprint on the check. If the non-member refuses to comply with our requirements, we may refuse to accept the check, and you agree that we will not be liable for wrongful dishonor.

**10. Check Orders.** We offer both personal and business checks through our authorized vendor. Most styles offer carbonless duplicates which allow you to keep a copy of the original check. If you require proof of payment, a photocopy of the original check is available by request for a fee. Like a cancelled check, a photocopy is a legally acceptable proof of payment and may be used for other recordkeeping purposes. You may also print your cleared checks from online banking for free within 18 months of the date the checks cleared by clicking on the check number and select print from your browser.

We ask that you use checks from our authorized vendor. We may be unable to assist you if you encounter problems using another check vendor and may have to refuse to accept those checks if our systems cannot read or process them.

**11. Closing the Account.** Only the Member/Owner may close an Account. No Joint Owner may close an Account of the Member/Owner or reduce the balance of the Member/Owner's Savings Account below the par value of one share. The Member/Owner's right to close an

Account is subject to any statutory or contractual lien existing in our favor and any legal process levied against any such Account. We may close an Account at any time and disburse funds on deposit in any such Account to the Owners of the Account or in satisfaction of any obligation owing to us, in any manner we deem appropriate, if (i) any of the events set forth in the Paragraphs 26 or 30 should arise, (ii) we believe that we may suffer a loss if the Account is not closed or we believe that the volume of Account activity exceeds that which we can reasonably and safely process, (iii) we determine that any Party to the Account or Party claiming interest in the Account has been abusive in the use of the Account or in the conduct of his or her affairs with the Credit Union, (iv) our attempts to verify your identity have failed, (v) you do not cooperate with our reasonable requests in connection with maintenance of your Account, or (vi) there has been a change in Account ownership or a change with regard to the persons authorized to sign on the Account.

The Credit Union may close an account if the balance drops below par value (\$25.00) for a period of one hundred eighty (180) days. The Credit Union may close an account due to inactivity in which the account no longer maintains a balance (see the TIS Fee Schedule – Inactive Account). A new account that is not properly funded or required documentation or signature(s) is not provided within a 30-day period will be closed. Generally, a closed account cannot be reopened. However, we may reopen your account after closing in certain instances including, but not limited to, receipt of a dishonored/returned item or a preauthorized debit card transaction initiated on your account and not canceled prior to account closure. In these instances you will be liable for any negative balance arising from these transaction as well as any associated fees incurred. Members closing out all accounts or accounts closed by the Credit Union due to inactivity will require members to re-qualify for membership and follow all required processes to open a new account. **We reserve the right to limit accounts and/or services (refer to “Limitation of Services”) and, subject to applicable law, close an account. We will close your account when suspicious activity is detected during monitoring of transactions. We are not obligated to notify you when your account is restricted or closed due to suspicious activity or law enforcement action.**

**12. Communications.** In order to ensure we carry out your instructions accurately and to provide quality member service, you consent to the monitoring and recording of telephone conversations and other communications between you and us. You also agree that we may contact you regarding any of your share Accounts or loan accounts with us using any standard mail, electronic address, or telephone number you have provided to us, including any cell phone number and by way of text messaging. **STANDARD WIRELESS AND MESSAGING FEES MAY APPLY.**

**13. Contractual Lien.** Unless otherwise prohibited by applicable law or our policies and procedures, you pledge all or any part of your shares and deposits, except for exempt Accounts, as security for any loan you may have now or in the future. In addition to any lien we have as a matter of law (see the Statutory Lien paragraph), you grant us a contractual lien on all shares, deposits, and accrued dividends in any account in which you have an interest to the extent of any loans made to you and any other obligation of yours that you owe to us, which lien secures repayment of any such loan or obligation to the extent not prohibited under the Federal Truth-In-Lending Act. You understand and agree the contractual lien and your pledge of shares applies to loans, a negative balance in any Account, fees, costs, expenses or any other financial obligation owed to us. You are not giving a security interest in any shares or deposits in an IRA or any other Account which, if pledged, would result in the loss of special tax treatment under the Internal Revenue Code or other applicable law. You agree that, if any such Account is a Joint or Multiple Party Account, the entire amount in such Account shall be subject to our lien and shall secure the indebtedness of each Party owing to us. You agree that we may exercise our lien and apply the entire amount in any such Account against the indebtedness of any Party owing to us notwithstanding the interest of any other Owner in the Account and without notice. Unless prohibited by applicable law or our policies and procedures, the contractual lien and your pledge of shares authorizes us to take money from any non-exempt Account and apply it to what you owe if you are in default. **For example, if you have a delinquent loan or a negative account balance, you agree we may use funds in your Account(s) to pay any or all of the unpaid obligations or negative balance.**

You agree to pay us for expenses and costs, including attorney's fees, that we may incur in defending or enforcing our right to exercise our lien against the indebtedness of any one or more Parties, and you agree that we will not be liable for dishonoring checks or other items where the exercise of our lien or any right of offset that may exist results in there being insufficient funds in the Account to honor such items. If we cash a check for you and any such check is subsequently returned unpaid for any reason, you agree that we may charge the amount of the item against your Account. If we elect not to enforce our lien at any time, we do not waive our right to enforce that lien on subsequent occasions. The lien secures all direct and indirect indebtedness that you may owe to us whether as borrower, co-borrower, guarantor, or otherwise. You agree that, with regard to any indebtedness owing to us secured by your principal residence, our lien on shares and deposits shall not be construed so as to diminish or forfeit any security interest in or indebtedness secured by such residence, nor shall our lien be construed so as to permit the modification of any claim we may have under 11 U.S.C. §1322(b)(2), and to the extent that this lien is so construed, it is hereby waived and shall be void.

To the extent permitted by law, any collateral you pledge to secure a loan payable to us shall secure your performance of any other obligations owed to us. **This cross-collateralization means the collateral securing a loan may serve as collateral for additional loans with us.** Additionally, we may hold the collateral from a loan until all obligations are paid off. For example, we may hold the title to your vehicle as collateral for another loan even if your auto loan has been paid in full. It is your responsibility to review your loan disclosures and security agreements to understand your collateral pledges and our rights. **Unless specifically agreed to by you and us in a separate writing, obligations secured by your principal residence are not included in this cross-collateralization pledge.**

**14. Cooperation in the Investigation of Claims of Unauthorized Activity.** If you submit a claim of unauthorized activity relating to your Account, you agree, on our request, to (a) adequately describe your claim in writing in a signed affidavit, declaration under penalty of perjury, or any other form that we provide, (b) file a police report, (c) cooperate with us in all respects in the investigation of your claim, including promptly completing and returning to us any documentation that we may require. If you fail to fully cooperate with us in the investigation of your claim, we may terminate our investigation and revoke any provisional credit we have provided to you, subject to applicable law.

**15. Credit Reports.** A hard credit inquiry is not required at account opening, but may be required for a different business need. You authorize us to use your credit report to consider whether to offer other products and services to you and you understand and specifically intend this authorization to apply to any current and future credit inquiries. You understand and agree that your authorization will remain in effect until you provide written notice of your revocation to us.

You agree and authorize us to check your credit and employment history and to request and use credit reports when considering any application to open an Account or application for related financial services or for any other reason we deem necessary.

**16. Credit Report Disputes.** We may report information about your share and loan accounts to credit bureaus. Late payments, missed payments, or other defaults on your Accounts may be reflected in your credit report. If you believe that information we have reported or may report to a credit bureau is inaccurate or incomplete, please notify us in writing at the address below. Include your name, address, cell phone number, home telephone number and Account number and the specific information you are disputing as well as an explanation for the basis of the dispute and any supporting information to substantiate the dispute. This may include documentation such as a portion of the consumer report containing the inaccurate information, a police report, a fraud or identity theft affidavit, or court order, or account statements. If your notification relates to an incident of identity theft, we will require a copy of your identity theft report filed with law enforcement authorities. If you do not comply with these requirements, we may decline to investigate your dispute.

**1<sup>st</sup> Community Federal Credit Union**  
**Attn: Special Projects**  
**3505 Wildewood Drive, San Angelo, TX 76904-6433**

**17. Death or Incompetence of Account Owner.** We may continue to accept deposits to an Account, to pay items drawn against an Account, to pay other payment orders against an Account, and allow any other transactions with respect to an Account until we are notified of an Account Owner's death or of an adjudication of incompetence and we have a reasonable opportunity to act upon any such notice. Subject to our policies and procedures, and subject to any separate agreement we may enter into with any surviving Account Party, once we are notified of a member's death or adjudicated incompetence, we may pay items drawn against the Account or other payment orders authorized by the deceased Account Owner unless we are ordered to stop payment by a person claiming an interest in the Account. We may require any person claiming an interest in the Account to indemnify us against any losses arising out of the payment of any such claim, and this Account Agreement will be binding upon the heirs or legal representatives of any deceased Account Owner or any Account Owner who is adjudicated incompetent. We may continue to pay dividends on an Account following the death of an Account Owner. If any surviving Joint Owner is a member of the Credit Union, we may require that the Account be closed and the funds transferred to the surviving Joint Owner's Account. Surviving joint Owner spouses may continue to maintain the joint Account of a deceased Account Owner.

**18. Deceased Accounts.** Unless restructured, the National Credit Union Share Insurance Fund insures a deceased member's account as if he or she were still alive for six months after the member's death. During this "grace period" the insurance coverage of the member's accounts will not change unless the accounts are restructured by those authorized to do so. If the accounts are restructured, or upon the expiration of the six months if not restructured, the share insurance coverage provided by the National Credit Union Share Insurance Fund will be based on the actual ownership of the accounts. Any deceased member remaining on an account after a six-month period will be removed by the Credit Union.

**19. Department of Defense Address Information Authorization.** If you are in the military or civil service, you hereby authorize the Department of Defense and its various departments and commands to verify your Social Security Number or other identifier and to disclose your home address to our employees so that we may contact you concerning your Account(s) with us. All information furnished will be used solely in connection with your financial relationship with us.

**20. Dispute Resolution.** Arbitration Agreement. You and we each acknowledge and agree that any Dispute, as herein defined, shall, at the election of either you or us, be resolved by confidential, mandatory FINAL AND BINDING ARBITRATION administered by the American Arbitration Association ("AAA") in accordance with its Consumer Arbitration Rules (the "Rules"), except as set forth herein. The arbitration award shall be FINAL AND BINDING and may be entered as a judgment in any court of competent jurisdiction.

a. **Dispute.** "Dispute" shall mean any dispute, controversy, disagreement, or claim arising out of or relating to your account(s), any transaction(s), our products or services, your relationship with us, this Membership and Account Agreement and/or the additional agreements and disclosures in this handbook (including the breach, termination, enforcement, interpretation or validity thereof), any prior agreement(s) between you and us, and/or the advertising, application(s) for, or approval or establishment of your account(s), whether arising in contract, tort, statute, or otherwise, save and except only the Excluded Disputes defined below. "Dispute" further includes any dispute, controversy, disagreement, and/or claim about this Arbitration Agreement's meaning, application, or enforcement, as well as the arbitrability of any Dispute. This Arbitration Agreement has only the following exceptions (the "Excluded Disputes"): (1) either we or you may still individually seek relief in small claims court, in accordance with the Rules, for a Dispute within the small claims court's jurisdiction; and (2) we or you may (i) foreclose against real or personal property or other security by an exercised power of sale under a security instrument or applicable law, (ii) exercise self-help remedies, or (iii) obtain provisional or ancillary remedies with regard to such securities, including without limitation, injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a Court having competent jurisdiction before, during, or after the pendency of any arbitration; and the pursuit of any such remedy shall not constitute a waiver of the right to have all other claims or disputes resolved by arbitration.

b. **Waiver of Trial.** You and we each hereby acknowledge and agree that, if either you or we elect to resolve a Dispute through arbitration, you and we each shall GIVE UP THE RIGHT TO GO TO COURT to assert or defend any rights with respect to any



Dispute (save and except only the Excluded Disputes), and hereby WAIVE THE RIGHT TO A (JURY OR BENCH) TRIAL (save and except only the Excluded Disputes) if such election is made by you or us.

- c. **Applicable Law.** The Federal Arbitration Act and the Texas General Arbitration Act govern this Arbitration Agreement and any arbitration between you and us. Texas substantive law shall govern the Dispute, to the extent not preempted by federal law.
- d. **Rules.** The Rules shall govern any arbitration under this Arbitration Agreement. A copy of the Rules, including how to initiate arbitration, can be obtained at [www.adr.org/Rules](http://www.adr.org/Rules). AAA determines the rules and procedures for deciding who pays the arbitration fees, unless limited by applicable law. Unless applicable laws state otherwise, you and we each agree that each will pay its own attorney, expert, and witness fees, without prejudice to the arbitrator's right to re-allocate such fees and other costs in the arbitration award. The arbitration shall be held in San Angelo, Tom Green County, Texas, and be decided by a single arbitrator appointed by AAA. AAA shall provide a list of ten potential arbitrators. If the parties are unable to agree upon an arbitrator, each party shall be entitled to strike two of the names and rank the remainder. From the unstricken names on the list, in accordance with the designated order of mutual preference, AAA shall invite the acceptance of an arbitrator to serve. The scope of discovery for any arbitration shall be strictly limited to matters directly relevant to the Dispute's claims and defenses. Unless otherwise agreed, each side shall be limited to 25 requests for production, 25 interrogatories, 25 requests for admission, and 3 depositions. If there is a conflict between (i) the Rules and (ii) this Arbitration Agreement and/or the Membership and Account Agreement, this Arbitration Agreement and the Membership and Account Agreement shall control.
- e. **Class Waiver.** YOU AND WE EACH HEREBY AGREE TO ARBITRATE ANY DISPUTE ON AN INDIVIDUAL BASIS AND EACH HEREBY WAIVES ANY RIGHT TO ASSERT OR PARTICIPATE ON A CLASS, COLLECTIVE, REPRESENTATIVE, AND/OR CONSOLIDATED BASIS. YOU AND WE EACH HEREBY AGREE: (I) THAT NO ARBITRATION PROCEEDING HEREUNDER SHALL BE CERTIFIED AS A CLASS/COLLECTIVE ACTION OR PROCEED AS A CLASS/COLLECTIVE ACTION, OR ON ANY BASIS INVOLVING CLAIMS BROUGHT IN A PURPORTED REPRESENTATIVE CAPACITY ON BEHALF OF OR IN THE INTEREST OF THE GENERAL PUBLIC AND/OR OTHER MEMBERS OR PERSONS SIMILARLY SITUATED, (II) THAT EACH SHALL NOT BE ENTITLED TO ACT IN ANY ARBITRATION IN THE INTEREST OF THE GENERAL PUBLIC, OR TO ACT AS A PRIVATE ATTORNEY GENERAL, (III) EACH SHALL NOT BE PART OF, OR BE REPRESENTED IN, ANY CLASS OR COLLECTIVE ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, AND (IV) THAT NO ARBITRATION PROCEEDING SHALL BE CONSOLIDATED WITH, OR JOINED IN ANY WAY WITH, ANY OTHER ARBITRATION OR OTHER PROCEEDING. THERE SHALL BE NO RIGHT OR AUTHORITY FOR ANY DISPUTE TO BE ARBITRATED ON A CLASS, COLLECTIVE, REPRESENTATIVE, AND/OR CONSOLIDATED BASIS. NO ARBITRATOR SHALL HAVE THE AUTHORITY TO MAKE ANY AWARD FOR THE BENEFIT OF, OR AGAINST, ANY PERSON WHO IS NOT A NAMED PARTY.
- f. **Severability.** If any provision of this Arbitration Agreement other than the "Class Waiver" provision is found to be illegal or unenforceable for any reason, the remaining provisions of this Arbitration Agreement shall remain enforceable to the fullest extent under the law. If you or we assert an arbitration demand on a class, collective, representative, or consolidated basis and the foregoing "Class Waiver" provision is found to be illegal or unenforceable such that an arbitration could otherwise proceed on a class, collective, representative, and/or consolidated basis, then this entire Arbitration Agreement shall be unenforceable.
- g. **Confidentiality.** No person participating in arbitration can disclose the arbitration's existence, content, subject, or results, except as required in a party's ordinary course of business or by law or regulation, including to any government authority having jurisdiction over a party.

**21. Elder Care Financial Guidance.** We may elect to freeze funds and limit activity if we suspect financial abuse on an account. This determination will be made at our sole discretion based on our interpretation of events or actions occurring on an account. It is our responsibility to report our suspicions and findings to the appropriate authorities. This includes elder exploitation, neglect or abuse.

**22. Electronic Transactions.** You agree that we may conduct transactions with you by electronic means. We may act upon instructions received from you by fax transmission, voice mail, e-mail, online, through mobile or text, chat and other means we have approved.

**23. Fees and Charges.** Your Accounts are subject to certain fees and charges as set forth on the TIS Account Disclosures & Rate Schedule along with the TIS Fee Schedule as adopted and periodically amended by us. You agree to pay all such fees and charges, and you authorize us, without notice to you, to debit your Accounts for all charges and fees we impose.

**24. Governing Law.** This Agreement shall be governed by the Federal Credit Union Act, the Rules and Regulations of the National Credit Union Administration, the Credit Union's Bylaws, and, to the extent not pre-empted by federal law, the laws of the State of Texas without regard to its choice of law provisions. You acquiesce and submit to personal jurisdiction in the State of Texas. Venue is proper in Tom Green County, Texas.

**25. Identification Requirements.** You will be asked to provide acceptable identification before we are able to provide services. Please refer to the ID section of the Membership Agreement.

**26. Illegal Transactions.** We are prohibited from processing illegal transactions through your Accounts or through our relationship with you, including unlawful Internet gambling transactions. You may not use your Account in any manner or for any transaction that we believe poses an undue risk of illegality, and we may refuse to process or authorize any such use or transaction. If you engage in illegal transactions or unlawful activity, we may also impose restrictions on your Account, including restricting your access to Account services, or we may close your Account. If you use your Account relationship or engage in a transaction that is determined to be illegal, you will be liable to us. You waive any right to take legal action against the Credit Union for any illegal use or transactions and you agree to indemnify, defend, and hold the Credit Union and any third-party processors harmless from and against any lawsuits, other legal action, or liability that results directly or indirectly from such illegal use or transactions.

If you open a corporation, partnership, organization, or any other kind of business Account with us, you agree to certify to us at Account opening, and if requested annually, that (a) you do not engage in an Internet gambling business or (b) you have legal authority to engage in an Internet gambling business. You agree to cooperate with us and provide any documentation we may reasonably require in order to substantiate your certification. You authorize us to investigate the Account Owner, its principals, and the authorized signers' background, including any current or previous financial institution and payment processor references. You also agree to notify us immediately if any time your business or organization changes in any way that causes any prior certification to be inaccurate. If you certify to us that you have legal authority to engage in an Internet gambling business, you acknowledge that we may choose to close the Account in our sole and absolute discretion.

**27. Inactive, Dormant, and Abandoned Accounts.** We may charge a fee for an inactive, dormant, or abandoned Accounts under terms as disclosed in our Fee Schedule. An Account is inactive under applicable law if for more than one year there has not been a debit or credit (deposit, withdrawal, or transfer) to the Account because of an act by you or your agent (other than us) or you have not communicated with us. An account is dormant under applicable law if for more than two years there has not been a debit or credit (deposit, withdrawal, or transfer) to the Account because of an act by you or your agent (other than us) or you have not communicated with us. An Account is presumed abandoned if (i) the Account has been inactive for at least three years from the date of your last transaction on the Account or your last correspondence with us, and (ii) we are unable to locate you. **If an Account is presumed abandoned, we are required by law to report the abandonment and to escheat the funds in the Account to the State of Texas.** After we pay funds to the State of Texas, we will no longer have access to such funds and your only recourse to reclaim such funds is through the applicable state agency.

**28. Large Cash Withdrawals.** We require advance notice for large cash withdrawals. The length of advance notice is dependent on (but not limited to) (i) time of year (holidays, location specific festivals, etc.) (ii) Pay days (iii) branch location. For large cash withdrawals we will ask for the purpose of the request. We reserve the right to deny the transaction.

**29. Legal Process.** You authorize the Credit Union to recognize and honor legal process issued against you from any jurisdiction or state. You agree that we may debit your Account for charges and costs, including attorney's fees, in connection with negotiations, responses, appearances, and the production of statements, items, or other documents pursuant to subpoenas, court orders, levies, garnishments, or other instruments of legal process to the extent not otherwise prohibited by law. You agree that any levy, attachment, or garnishment against your Account will be subject to our contractual and statutory liens set forth below, and you authorize us to exercise those liens whether or not any outstanding obligation is in default, subject to applicable law.

**30. Limitations of Services.** We reserve the right to restrict or close your account for the following reasons (but not limited to): (i) we believe that we may suffer a loss if the account is not closed (ii) the volume of account activity exceeds that which we can reasonably and safely process including excessive Reg D transactions (iii) the activity exceeds what is deemed reasonable and consistent with the type of account (iv) we determine that any party related to the account or those claiming an interest in the account have been abusive in the use of the account or in the conduct of his or her affairs with us (v) we are unable to verify your identity in accordance with our Identification Policy (vi) we suspect fraudulent or suspicious activity (vii) you demonstrate negligence in protecting your password(s), PIN, checks, or other account authorization information (viii) you attempt to circumvent our policies and procedures (ix) you refuse to provide information and/or documentation needed to facilitate a transaction or service (x) your balance remains below Par value (\$25.00) required minimum for six months (xi) you incur excessive overdrafts, returned unpaid items, or returned payments or deposits (xii) a change in account ownership or a change with regard to the persons authorized to sign on the account has occurred. What this means to you as a member is that we reserve the right to determine if certain activity on the account is within the scope of "usual or customary." We reserve the right to question account owners to our satisfaction and our decisions will be final. **You further understand and agree that we will impose restrictions, as described below, if you are delinquent or in default on any loan or other financial obligation owed to us. It is our policy to restrict account services, including but not limited to the right to maintain certain accounts, access and utilize our property or have direct contact with our employees. The privilege to use optional services, such as: Courtesy Pay, Skip-a-Pay, mobile deposit, and/or rewards programs are subject to restrictions if you abuse your account. The availability to use electronic fund transfers via a debit card, Online Banking, Mobile or Text Banking is subject to restrictions as well. If we have notified you to cease certain transactions and the activity continues, we will either restrict your services or close your account. Personal account(s) or business account(s) not ceasing requested activity will have limited member services and are subject to being reduced to Primary Savings only (we will never take away your "Fundamental Rights"; refer to "Member in Good Standing").** Unless expelled from membership, members have a right to maintain a Primary Savings account and vote in annual and special meetings. By opening an account with us, you have agreed to these terms. We will suspend your rights to services if you violate the terms of this agreement. You understand and agree that, unless required by law, we are not obligated to provide you with advance notice of our restriction of your account(s) or services. We may provide reasonable notice depending on the circumstances. As an account holder, you are encouraged to review any communications we provide to you regarding your accounts or services. Under certain circumstances, services may be reinstated if any loss caused to us is subsequently cured or if we, in our sole discretion, determine the conditions which led to the restrictions are no longer warranted.

**31. Marketing Offers – Opt Out.** For personal information (such as your name, address or certain account-related information) shared among affiliates, you may opt out of direct marketing of products and services to include both 1CFCU and third party materials. An opt-out by a joint account holder will be treated as applying to all associated joint account holders. You are required to make an "opt out" decision for each account. Your choice to limit marketing offers from our affiliates will apply until you notify us to modify your preference. Contact 1<sup>st</sup> Community Federal Credit Union

If you have questions or if you need to correct information we have on file, please contact us at:

**1<sup>st</sup> Community Federal Credit Union**  
**Attn: Member Services Supervisor**

**3505 Wildewood Drive, San Angelo, TX 76904-6433**  
325/653-1465 or 800/749-1465

**32. Notary or Medallion Signature Services.** Notary services and Medallion Signature services are available to members and their joint owners subject to legal requirements and service availability. Members are advised to bring their own witnesses as we cannot guarantee the availability of witnesses due to staffing.

**33. Notices.** Unless otherwise provided in any of our agreements or disclosures we have provided to you, any notice you provide to us must be in writing and will not be effective until we have actually received it and have had a reasonable opportunity to act on it. Unless we specify otherwise in any notice we provide to you, notices from us will be effective when mailed or otherwise delivered or made available to you.

**34. Power of Attorney.** You agree that we shall be under no obligation to recognize and honor any power of attorney that authorizes someone to deal with your Account on your behalf. If we accept a power of attorney, we may continue to recognize the authority of your attorney-in-fact until we receive actual notice of revocation or termination. We also reserve the right to restrict the types or sizes of transactions we will permit an attorney-in-fact to conduct on a case-by-case basis when permitted by applicable law. If we do accept a power of attorney, an agent may not make a survivorship or a payable-on-death beneficiary designation on your behalf. Agents acting under a power of attorney may not add themselves to a principal's Account. A person acting under a power of attorney is not an owner of an account, no funds in the account belong to that person by reason of that capacity, and that person has no right of survivorship in the account.

**35. Reopened Accounts.** Should your Account be closed at any time or times by withdrawal of the balance of the Account and later reopened by you, such re-opened Account shall be subject to all of the terms and conditions of this Agreement, whether or not any new signature card or other Account Agreement is signed.

**36. Reportable Dividends.** Dividends are reported to the IRS for the year they are posted.

**37. Statutory Lien.** Federal law grants us the right to impress a lien on all funds in any Account that you have with us if you are in default or otherwise fail to satisfy a financial obligation with us. We may exercise this right without further notice to you. This lien applies to all Accounts that you have with us, to the extent permitted by law, including Accounts that you hold jointly with another person. **For example, our statutory lien allows us to apply funds in any or all of your Accounts to pay your delinquent loan with us.** You agree we also retain the common law right of offset.

**38. Service Animals.** We welcome Service Animals in our facilities while in the company of the disabled individual or a Service Animal Trainer. We do request the Service Animal remain harnessed or on a leash at all times.

**39. Taxpayer Identification Number and Backup Withholding.** The Internal Revenue Service (IRS) requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to credit unions and other payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Credit unions and other payers must be given the numbers whether or not recipients are required to file tax returns. Credit unions and other payers generally must withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number. Certain penalties may also apply. In the event that (i) you have been notified by the IRS that you are subject to backup withholding due to payee under reporting and you have not received a notice from the IRS that the backup withholding has been terminated or, (ii) you provide us with an incorrect taxpayer identification number, the Credit Union is required to withhold payment, in part, of dividends or interest owing to you in amounts determined by the IRS and to pay interest or dividends withheld to the IRS.

**40. Transaction Processing.** Generally, transactions will post on the date and time presented. Exception – Generally, items deposited through mobile deposit after 4:00 PM will be credited the next day.

**41. Translation Requirements.** If an individual requires the use of a translator or interpreter to conduct business transactions with us, it is the responsibility of the individual to make arrangements to have that translator or interpreter with them throughout the entire transaction and subsequent discussions.

**42. Virtual Currency.** We do not accept any type of virtual currency transactions, personal or business.

**43. Waiver and Severability.** We can waive or delay enforcing any of our rights under this Agreement without losing them. If any provision of this Agreement shall be declared invalid, unenforceable, illegal, that provision will not affect the validity, enforceability, or legality of any other provision.

**44. Withdrawal of Services.** In the event that any Credit Union member causes us a loss or makes known his or her intention to cause us a loss, whether by way of loan default, Account overdraft, or otherwise, or in the event that any Credit Union member has been abusive in the conduct of his or her affairs with the Credit Union, it is our policy to withdraw member services otherwise extended to that member, including but not limited to, the right to maintain Accounts (except a primary Savings Account), and the availability of electronic fund transfer services, including pre-authorized transfers, telephone and computer access services, and ATM and debit card services. Unless expelled from membership, members have a right to maintain a Primary Savings Account and to vote in annual and special meetings. Under certain circumstances, services may be reinstated if any loss caused to the Credit Union is subsequently cured.

## What You Need to Know About Overdraft Protection

An overdraft occurs when your account's Available Balance is less than the amount of a transaction and we pay the transaction anyway.

We pay all checks and debits on your checking account in order of arrival sequence throughout the day.

### What are the Standard Overdraft Practices that come with my account?

If an overdraft occurs on your account, we offer standard overdraft protection to help manage your account, including:

- **Transfer from Savings, Checking or Club accounts that you have access to** – We may transfer available funds automatically from your savings, checking or club account. You must designate these account(s) as an overdraft protection option. Note: If you have another account with us, you may choose to use that account to transfer funds. A Christmas club account is not eligible as an overdraft option. You may utilize more than one account type for overdraft protection.
- **Line of Credit (LOC)** – Members may apply for an LOC to be used as an overdraft protection option. If funds are not available in your 1CFCU checking account, your LOC may be used to cover the deficiency up to your loan limit. You must designate your LOC as an overdraft option. You may designate an LOC and a savings, checking or eligible club account.
- **Courtesy Pay** – Courtesy Pay is included on your account for Checks, ACH transactions, recurring Debit Card transactions, and Automatic Bill payments in the event you do not have adequate funds in your checking account's **Available Balance** to cover a transaction. You also have the option to include coverage for one-time Debit Card and ATM transactions, which will prevent declined transactions and the inconvenience of being unable to pay at the register. You are expected to make a deposit immediately to cover the overdrawn amount. A fee will be charged for each Courtesy Pay use and there is no daily limit on how many times Courtesy Pay may be used. Courtesy Pay is a discretionary service, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay for an overdraft, your transaction will be declined. You may "opt out" of this service at any time. Second Chance Checking is not eligible for Courtesy Pay.

Since we charge a fee for paying one-time debit card and ATM transactions, Federal Regulations require we receive an affirmative "opt in" to pay these items.

### You have a choice in how Courtesy Pay is administered on your account. Your options include:

- Courtesy Pay available for ALL eligible transactions including Checks, Automatic Bill payments, ACH, recurring debit card transactions, one-time Debit Card transactions and ATM transactions made using your checking account number.
- Courtesy Pay available ONLY for Checks, Automatic Bill payments, ACH and recurring debit card transactions made using your checking account number.
- No Courtesy Pay on your account.
- An "opt in" or "opt out" decision by the member or any joint owner will be treated as binding for all members and joint owners on an account.

Note: Your ability to "Opt In" may be limited or restricted and may be revoked at the credit union's discretion.

### What fees will I be charged if 1CFCU pays my overdrafts?

No fees are associated with transfers from a LOC or Checking account. The first 6 Regulation D transfers from a Savings or Club account are free. Subsequent transfers from a Savings or Club are subject to Regulation D limitations and will be charged a fee in accordance with our TIS Fee Schedule. For each Courtesy Pay transaction, there is a fee charged per transaction. See the TIS Account Disclosures & Rate schedule and the TIS Fee Schedule.

### What if I want 1CFCU to authorize and pay overdrafts on everyday debit card and ATM transactions?

If you would like us to authorize and pay one-time Debit Card and ATM transactions, you may update your preferences in online banking, visit a branch or contact us at one of the phone numbers listed below:

- Toll-Free: 800/749-1465 or 325/653-1465

## Overdraft Protection FAQs

**What is an overdraft?** An overdraft occurs when we receive a Debit Card, Check, ACH, or Automatic Bill Pay transaction that is greater than the amount of the Available Balance in your account and we pay it anyway. Second Chance Checking is not eligible for our overdraft protection program, Courtesy Pay.

**What is the difference between Available Balance and current balance?** Your **Available Balance** is your current balance minus any charges you have made that have not cleared your account or funds on hold. The **Available Balance** is what is available to you to spend. Your **Available Balance** will change as you make transactions during the day.

**How does 1CFCU pay items clearing my account?** 1CFCU pays all items on your checking account in arrival sequence throughout the day.

**What happens if I do not have an available overdraft option selected below?** In the event you do not have adequate funds in your **Available Balance**, the item will be returned unpaid and an NSF fee per item will be charged.

**Will you pay my authorized or preauthorized debit card transactions, if the transaction exceeds my Available Balance when it clears?** All authorized or preauthorized Debit Card transactions will be paid and an NSF or Courtesy Pay fee per item will be charged if the item exceeds your **Available Balance** when the item is presented for payment.

**DO NOT RELY ON COURTESY PAY TO PAY YOUR ITEMS – IT IS INTENDED ONLY AS A COURTESY IN THE EVENT YOU ACCIDENTALLY OVERDRAW YOUR ACCOUNT.**

Available Overdraft Options			
Overdraft Option	Fee	Restrictions	What do I need to do?
From a Savings, Checking or Club account (except Christmas) - Overdraft Protection Option	No Fee for the first 6 Regulation D transfers from a Savings or Club account. Subsequent Regulation D transfers will be charged \$1. No limit or fee for transfers from a 1CFCU Checking account.	Up to available funds	Select Savings, Checking or a club account as an overdraft option by sending us a secure message through Online Banking or by visiting any of our branch offices
From Line of Credit (LOC) – Overdraft Protection Option	No Fee	Unlimited transfers up to available balance/credit limit	Apply for and receive an LOC or use an existing LOC. Contact us to add your LOC as an overdraft option
Courtesy Pay for Checks, recurring Debit Card transactions, ACH and Automatic Bill Payments	\$30 Per Item	Limitations may apply	This option is automatically added to your checking account as a Standard Overdraft Practice. You may “opt out” of this service. Second Chance Checking is not eligible for this service
To include Courtesy Pay for One-time Debit Card and ATM Transactions	\$30 Per Item	Limitations may apply	Since we charge a fee, Federal Regulation requires you to “Opt In” for this service.

**What is Courtesy Pay on One-time Debit and ATM Transactions?** Courtesy Pay for one-time Debit Card and ATM Transactions means we pay a transaction even if you do not have funds available. Items will be approved up to your personal Courtesy Pay limit. A fee is charged per item approved using Courtesy Pay. **Important: Federal Regulations require you to “Opt In” for this option because we charge a fee for this service.**

**How do I select Savings, Checking, Club (other than Christmas club) and/or LOC as an overdraft protection option?** You may select multiple overdraft protection options. Contact us by phone, send a secure message through Online Banking or visit any of our branch offices.

## ELECTRONIC FUND TRANSFERS AGREEMENT AND DISCLOSURES

### AGREEMENT

**1. Issuance of Card or Personal Identification Number.** In this Agreement and Disclosures ("Agreement"), the words "you," "your," and "Party" mean any person to whom a 1<sup>st</sup> Community Federal Credit Union (1CFCU) ATM/Debit Card ("Card" or "Check Card") is issued, any person to whom a Personal Identification Number ("PIN") is issued in connection with any such Card or any other electronic fund transfer service, any person authorized to use or given access to use to any such Card or PIN, and any Owner on any Credit Union Account which may be accessed by the Card or the PIN. The words "we," "us," "our," and "Credit Union" mean 1CFCU. Capitalized terms used in this Agreement but not defined herein shall have the same meaning as in the Membership and Account Agreement. You agree that any use of a Card or PIN by you shall be governed by the terms and conditions set forth in this Agreement, as well as the terms of the Membership and Account Agreement, which is incorporated into this Agreement by reference.

**2. Overdrafts.** You agree that you will not use your Card or PIN to withdraw or transfer funds from your Account in amounts exceeding the available balance in your Account at the time of any such transfer. Unless we have agreed otherwise in a separate agreement, you agree that we will be under no obligation to make a withdrawal or transfer if there are insufficient available funds in your Account. If you have not opted out of our Courtesy Pay service and wish to have Courtesy Pay consideration extended to your ATM and one-time Debit Card transactions, you must complete a separate opt-in authorization. We will not consider paying ATM and one-time Debit Card transactions using the Courtesy Pay service unless you have separately opted-in. Please contact the Credit Union to receive an opt-in authorization form.

**3. Card and PIN Security.** You agree to keep your Card and PIN in a place of safekeeping, to refrain from disclosing your PIN to any third party, to refrain from writing your PIN on your Card, and to refrain from recording or displaying your PIN in such a manner that it will be accessible by third parties. You agree that the use of the Card or PIN by (i) you, (ii) any other applicant, (iii) any party to any of your Accounts that may be accessed by the Card, (iv) anyone you permit or authorize to use your Card or PIN, and (v) anyone to whom you disclose your PIN or give access to your Card or PIN shall be deemed an authorized use for which you shall be liable. You are responsible for reporting the loss or theft of your Card or PIN to us as soon as possible after the loss or theft.

**4. Surrender, Cancellation, and Amendment.** You agree to surrender your Card to us upon demand. You agree, further, that the Card shall at all times remain our property and that we may terminate any one or more electronic fund transfer services or cancel this Agreement at any time, subject to such notification as may be required by applicable law. You also agree that we may amend, supplement, or add to this Agreement and Disclosures from time to time, subject to such notification as may be required by applicable law.

**5. Preauthorization Holds.** When you use your Debit Card at certain merchants such as pay-at-the-pump gas stations, restaurants, hotels, airlines, and rental car companies, the merchant may request a preauthorization hold to cover the amount of the transaction. The preauthorization hold may be greater than the actual purchase amount. We will place up to a three (3) day hold on your Account for the amount of a preauthorization hold. This hold may remain on your Account until the transaction clears that matches the hold. There may be some transactions that do not match the hold when they clear and the hold will continue until the third day even after the transaction has been paid. Preauthorization holds affect the availability of funds in your Account to pay for checks and other withdrawal orders presented on your Account. You acknowledge and agree that we may place merchant preauthorization holds on your Account in connection with Card transactions you request, and we are not liable for any damages or fees you may incur for dishonor of items or otherwise because of such holds.

**6. Confidentiality.** Certain services such as the Audio Response and the Online, Text and Mobile Banking services may allow any user to obtain certain information about the Member/Owner and the Member/Owner's Credit Union accounts, including all of the Member/Owner's deposit and loan account information, even if the user is not an owner or otherwise authorized on the accounts. You acknowledge and agree that any user authorized to use your PIN to access the Audio Response or Online or Mobile Banking, and any additional services we may specify in the future will have full access to the Member/Owner's Account information available through those services, and we are not responsible for access to your information by such persons.

### DISCLOSURES

**Note to Business, Club and Organization Account Holders.** The following disclosures are provided for the benefit of consumers pursuant to the Electronic Fund Transfer Act and Federal Reserve Board Regulation E. The Act and Regulation do not apply to business, organization, or other non-consumer Accounts. If you are a business, organization or non-consumer Account holder, the disclosures below relating to member liability, credit union liability, and billing errors do not apply to you. The remainder of the disclosures are provided for informational purposes only and are not intended to expand the scope or coverage of the Electronic Fund Transfers Act or Regulation E to business, organization, and other non-consumer Accounts.

1. **Transfer Types.** The following electronic fund transfer services are available:

a. **Debit Card** -- You may use your Debit Card and PIN to:

- Withdraw cash from your Checking and Savings Accounts

- Transfer funds between your Checking and Savings Accounts
- Obtain an advance from your Line of Credit account
- Check the balance in your Checking and Savings Accounts
- Pay for purchases from your Checking Account at places that have agreed to accept the Card
- Additional services may also be available

Signature-based transactions do not require a PIN but may require positive identification.

*Some of these services may not be available at all terminals or for all Accounts.*

**Transfer Limitations** – You generally may transfer or withdraw funds up to the available balance in your Account. Certain transfer limitations may be imposed from time to time when fund transfer systems are unavailable. Merchants and fund transfer systems also may impose transfer limits.

See Section 2 below for additional transfer limitations that apply to ATM/Debit Card transactions.

**b. Audio Response System** - You may use your Audio Response PIN to:

- Transfer funds between your Checking, Savings, Club, and Money Market Accounts
- Request a withdrawal from your Checking or Savings Accounts by way of a check mailed to your address on file
- Obtain recent Account history and balance information
- Make payments on your loan accounts with us
- Other services may also be available

*Some of these services may not be available for all Accounts.*

**Transfer Limitations** – Transfers and withdrawals generally may be made up to the available balance in your Account. See Section 2 below for transfer limitations that apply to Audio Response transactions.

**c. Online, Text & Mobile Banking, Account to Account (A2A), ACH, or any Bill Payment Service** - You may use your Online & Mobile Banking PIN to:

- Transfer funds between your Checking, Savings, Club, and Money Market Accounts
- Obtain recent Account history and balance information
- Make payments on your loan accounts with us using ACH, Debit Card, or Credit Card
- Make bill payments to merchants and other approved parties from your Checking Account
- Transfer from your account to another account outside the credit union via ACH

*Some of these services may not be available for all Accounts.*

Your contractual arrangement for the Online, Text and Mobile Banking and Bill Payment Service may provide for additional terms, conditions, disclosures, and limitations.

**Transfer Limitations** – Any single bill payment may not exceed \$9,999.99. See Section 2 below for additional transfer limitations that apply to Online, Text and Mobile Banking transactions.

**d. Direct Deposit and Preauthorized Withdrawal Transfers** - You may make arrangements for certain direct deposits to be accepted into your Checking, Savings, and Money Market Accounts or to pay certain recurring bills from your Checking, Savings, or Money Market Accounts.

*Some of these services may not be available for all Accounts.*

**Transfer Limitations** – See Section 2 below for transfer limitations that apply to Direct Deposit and Preauthorized Withdrawal transfers.

- 2. Electronic Check Conversion** - If you pay for something by check and the merchant or payee permits, you may authorize the merchant or payee to make a one-time electronic payment from your Checking Account using information from your check to pay for the purchase or to pay a bill. You may also authorize a merchant or payee to electronically debit your Checking Account for returned check fees. You are deemed to have authorized these transfers if you sign an authorization or if you engage in the transaction after receiving notice that the transfer will be treated as an electronic fund transfer.
- 3. Transfer Limitations for Savings, Money Market and Club Accounts. Should we add Savings and Club Accounts (except Christmas Clubs)** Under government regulations that apply to your Share/Savings, Money Market Accounts (including Mega Money Market Accounts) and Club Accounts, you may not make more than six transfers and withdrawals, or a combination of such transfers and withdrawals from a Savings, Money Market, or Club Account, per calendar month, to another Account of yours at the Credit Union or to a third party by means of a pre-authorized or automatic transfer, telephonic agreement, order, or instruction (including transfers by personal computer or other data transmission), or by way of a check, draft, Check Card, or similar payment order made payable to a



third party. Withdrawals by mail, messenger, ATM, or in person, and transfers to make payments on your loans with us are not included in this limitation. However, automatic or preauthorized transfers from a Savings, Money Market or Club Account to make payments on loans that your family members or others have with us are counted against this transaction limitation. If you exceed the number of transfers permitted, your Account will be charged a fee or closed. A Christmas Club does not allow for the transfer of funds.

4. **Fees.** Please refer to our TIS Fee Schedule for disclosures of fees and charges that apply in connection with your use of electronic fund transfers services. In addition to the fees disclosed on our Truth and Savings Fee Schedule, when you use an ATM not owned by us, you may be charged an additional fee by the ATM operator or any network used. And you may be charged an additional fee for a balance inquiry even if you do not complete a fund transfer.
5. **Business Days.** Our business days are Monday through Friday, excluding federal holidays.
6. **Documentation.**
  - a. **Terminal Transfers.** You can get a receipt at the time you make any transfer of \$15 or more to or from your Account using an ATM or a point-of-sale terminal.
  - b. **Periodic Statements.** You will receive a monthly Account statement from us for your Checking and Savings Accounts if there is electronic fund transfer activity on the Account during the month. In any event, you will receive a statement for your Accounts at least quarterly.
  - c. **Direct Deposits.** If you have arranged to have direct deposits made to your Account at least once every 60 days from the same person or company, you can call us at (325) 653-1465 or (800) 749-1465 to find out whether or not the deposit has been made.
7. **Preauthorized Payments.**
  - a. **Right to Stop Payment of Preauthorized Transfers and Procedure for Doing So.** If you have arranged in advance to make regular payments from your Account, you can stop any of these payments. Here's how:

Call us or write to us at the telephone number or address listed in these disclosures in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call. We will charge a fee as set forth in our TIS Fee Schedule for each stop payment order you give.
  - b. **Notice of Varying Amounts.** If these regular payments may vary in amount, the person or company you are going to pay may tell you before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.
  - c. **Liability for Failure to Stop Payment of Preauthorized Transfer.** If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we do not do so, we may be liable for your losses or damages.
8. **Contact in Event of Unauthorized Transfer.** If you believe your Card or PIN has been lost or stolen or that someone has transferred or may transfer money from your Account without your permission, call us immediately at:

325/653-1465 or 800/749-1465

or write to:

1<sup>st</sup> Community Federal Credit Union

Attn: Fraud Department

3505 Wildewood Dr.

San Angelo, TX 76904-6433

You should also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission. Calling us immediately is the best way to keep your possible losses to a minimum.

You may report a lost or stolen Debit Card 24 hours a day/ 7 days a week by calling our Debit Card Services Department at Lost/Stolen/Fraud 866/664-9364 or 800/749-1465 extension 3640

9. **Confidentiality.** We will disclose information to third parties about your Account or transfers you make:
  - a. Where it is necessary for completing transfers, or
  - b. In order to verify the existence and condition of your Account for a third party, such as a credit bureau or merchant, or
  - c. In order to comply with government agency or court orders, or
  - d. If you give us your written permission.
10. **Your Liability for Unauthorized Transfers and Advisability of Prompt Reporting.** Tell us AT ONCE if you believe your Card or PIN has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from

your check. Telephoning is the best way of keeping your possible losses to a minimum. You could lose all the money in your Account (plus your maximum overdraft line of credit, if any).

**a. For Signature-based, Point-of-Sale Transactions Using Your Debit Card.** If you believe your Card or PIN has been lost or stolen, you will not be liable once you notify us that someone may use or has used your Card or PIN without your permission. The foregoing liability limitation does not apply unless (a) you have exercised reasonable care in safeguarding the Card from risk of loss or theft, (b) you have not reported two or more incidents of unauthorized use on your Account within the preceding 12 months, and (c) your Account is in good standing. If you do not meet these conditions, your liability for unauthorized use will not exceed \$50.

**b. For All Other Transactions.** If you tell us within two business days, you can lose no more than \$50 if someone used your Card or PIN without your permission.

If you do NOT tell us within two business days after you learn of the loss or theft of your Card or PIN, and we can prove we could have stopped someone from using your Card or PIN without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by Card, PIN, or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

We will extend the time period based on extenuating circumstances.

11. **Credit Union's Liability.** If we do not complete a transfer to or from your Account on time or in the correct amount according to our agreement with you, we may be liable for your losses or damages. However, there are some exceptions. We will NOT be liable, for instance:

- If, through no fault of ours, you do not have enough money in your Account to make the transfer.
- If the terminal or system where you are making the transfer does not have enough cash.
- If the ATM or system was not working properly and you knew about the breakdown when you started the transfer.
- If the funds in your Account are subject to an administrative hold, legal process, or other claim.
- If the failure to properly complete the transaction is caused by erroneous information supplied by you or your agent.
- If you have closed the Account from which you have preauthorized electronic fund transfers.
- There may be other exceptions stated in our agreement with you.

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

- Tell us your name and Account number.
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

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

We will determine whether an error occurred within ten business days after we hear from you and 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 do this, we will provisionally credit your Account within ten business days for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten business days, we may not credit your Account. We may take up to 20 business days to provisionally credit your account if the first deposit to the account occurred within the prior 30 calendar days. We may take up to 90 days to complete our investigation if the transaction was either 1) not initiated in a state (i.e. foreign transaction); 2) a point of sale transaction using a debit card (including both PIN or signature as well as online and telephone transactions); or 3) occurred within 30 calendar days after the first deposit in the account.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

13. **ATM / Debit Card International Transactions.** If you effect an international transaction with your Debit Card, we will convert the charge into a U.S. dollar amount. We will use its currency conversion procedure, which is disclosed to institutions that issue Debit Cards. Currently, the currency conversion rate used by us to determine the transaction amount in U.S. dollars for such transactions is generally either a government-mandated rate or a wholesale rate determined by us for the processing cycle in which the transaction is processed. The currency conversion rate used by us on the processing date may differ from the rate that would have been used on the purchase date or cardholder statement posting date. We will charge an International Currency Conversion Fee and/or a Cross Border Fee of up to 1% on all international purchase, cash advance, and account credit transaction amounts. The Cross-Border Fee may apply to international transactions even if there is no currency conversion.

14. **Illegal Transactions.** You agree that you will not cause or allow your Card or PIN to be used in any manner or for any transaction that we believe poses an undue risk of illegality, and we may refuse to authorize any such use or transaction. If you use your Card or PIN for a transaction that is determined to be illegal, you will be liable for the transaction. You also waive any right to take legal action against the Credit Union for your illegal use of your Card or PIN and agree to indemnify and hold harmless the Credit Union and MasterCard International, Inc. from and against any lawsuits, other legal action, or liability that results directly or indirectly from such illegal use.
15. **ATM Safety Precautions.** Exercise discretion when using an ATM or night deposit facility. Observe basic safety precautions. Prepare for any ATM transactions prior to approaching the ATM or night deposit facility. Retain your receipts, and do not leave them at the ATM or night deposit facility. Do not lend your Card to anyone, and do not leave your Card or any other documents at the ATM or any night deposit facility. Keep your PIN secret and memorize it. Do not give anyone information regarding your Card or PIN over the telephone. When using an ATM, place your body in a position so that you will prevent others from observing your PIN when entered. Never enter your PIN in any terminal that does not look genuine, has been modified, has a suspicious device attached, or is operating in a suspicious manner. At any ATM or night deposit facility, keep a lookout for any suspicious activity near the facility and assure yourself that the facility and all approaches to the facility are well lighted. Conceal cash received from an ATM to the best of your ability and count it after you have left the ATM. If anyone offers assistance while you are operating an ATM, do not accept it. If you have begun a transaction, consider canceling the transaction and leaving the ATM location. Finally, compare your receipts against the statements you receive and notify us immediately if you suspect that an error or unauthorized transaction has occurred.

## FUNDS AVAILABILITY POLICY

*This policy describes your ability to withdraw funds deposited into “transaction Accounts.” Generally, transaction Accounts are Accounts that do not limit the number or types of withdrawals or transfers that may be made from the Account and includes our Checking accounts. We reserve the right to delay the availability of funds deposited to a non-transaction Accounts for periods longer than disclosed in this policy. Please ask us if you have a question about which Accounts are covered by this policy.*

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

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Availability of electronic deposits originating from an international location may be delayed if such action is necessary to comply with the requirements from the Office of Foreign Assets Control (OFAC). Once they are available, you can withdraw the funds in cash and we will use the funds to pay items presented for payment against your account.

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

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

### **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 \$200 of your deposits to your checking or savings account will be available (in most cases) on the first business day.

If we are not going to make all of 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 employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the 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:

- You have a savings and or a checking account with us and no loans, and your account does not have regular account activity (regular deposits and withdrawals from the account) and you deposit a check, we will doubt its collectability and we will place the corresponding hold on the deposited item.
- Cashiers, certified or teller checks where we cannot verify the authenticity of the item with the issuing financial institution.
- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,000 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available.

### **Holds on Other Funds**

If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your Account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another Account with us. The funds in the other Account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

### **Mobile Deposit Holds**

Checks deposited by mobile deposit are subject to check holds as we deem necessary. In no event will a check hold exceed 11 business days.

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

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

Funds from wire transfers to your Account will be available on the day we receive the deposit. Funds from deposits of cash, electronic deposits, and the first \$5,000 of most other next-day items including cashier's, certified, teller's and federal, state and local government checks will also be available on the day we receive the deposit, if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit. We reserve the right to place a hold on any cashiers, certified or teller check if we cannot verify the authenticity of the item with the issuing financial institution. Funds from all other check deposits will be available on the ninth business day after the day of your deposit.

## **Substitute Checks and Your Rights**

### **Important Information about the Check 21 Act and Your Credit Union Share Accounts**

#### ***Substitute Checks and Your Rights***

##### **What Is a Substitute Check?**

To make check processing faster, a federal law called the Check 21 Act permits financial institutions to replace original checks with substitute checks. These checks are similar in size to original checks with a slightly reduced image of the front and back of the original 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 us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your Account. However, you have rights under other law with respect to those transactions.

##### **What Are Your 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 we withdrew the wrong amount from your Account or that we 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, bounced 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 a dividend-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 dividends) within 10 business days after we received your claim and the remainder of your refund (plus interest if your Account earns dividends) not later than 45 calendar days after we received your claim.

We 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 us in writing at 1<sup>st</sup> Community Federal Credit Union, Attn: Member Services 3505 Wildewood Dr. San Angelo, TX 76904. You must contact us within 60 calendar days of the date that we mailed (or otherwise delivered by a 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. We 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 or the following information to help us identify the substitute check: Check number, the name of the person to whom you wrote the check, and the amount of the check.

## **MEMBER IN GOOD STANDING POLICY**

**Purpose:** This Member in Good Standing Policy ("Policy") outlines your responsibilities as a member of 1<sup>st</sup> Community Federal Credit Union ("1CFCU") and our rights to restrict accounts, products or services when you fail to meet your responsibilities. Specific agreements and disclosures also govern your membership, accounts, loans and services and are not amended or limited by this Policy. We encourage you to refer to the specific agreements and disclosures for additional details. We will provide copies of those agreements and disclosures upon your request.

**Member Responsibilities:** As a member-owned cooperative, all members of 1CFCU have obligations to 1CFCU and to other members. In addition to complying with the requirements of any agreements, you are also responsible for fulfilling all promises you have made to 1CFCU. Additionally, you have an obligation to notify 1CFCU if your contact information changes or if there are other changes that impact your account(s), loan(s), products, services or membership ("accounts or services"). You are responsible for promptly reporting any loss or theft of a card, PIN, or password, as well as any unauthorized transactions or other suspicious or fraudulent activity on any of your accounts. **It is your obligation to carefully and promptly review each periodic statement to verify that each transaction is authorized and accurate.** You have a duty to cooperate with 1CFCU and any law enforcement or government agent or agency with regard to any claim of fraud, forgery, unauthorized access or any other adverse claim.

**Fundamental Rights:** As a member, you have two fundamental rights: (1) to maintain a share/ savings account and earn dividends on those shares; and (2) to vote in annual and special meetings.

**Bylaws:** If your membership account balance falls below the required par value (\$25.00) for membership, your membership may be terminated in accordance with 1CFCU Bylaws. **Under the Bylaws, you must restore your account balance to the required par value within one hundred and eighty (180) days or you will cease to be a member of 1CFCU.** The Bylaws also outline the process, including a vote of the members, by which you could be expelled from membership. If you cease to be a member or are expelled, you will remain liable for the amount of any outstanding obligation(s).

**Restrictions of Accounts or Services:** As a general policy, accounts and services are available to members in good standing. However, 1CFCU retains the ability to restrict accounts or services when it determines, in its sole discretion, the restriction is necessary or appropriate to protect itself, its interests, other members, or its employees. For example, the following actions could lead to a restriction of accounts or services:

- Delinquency or default on a loan or other obligation to 1CFCU;
- Excessive overdrafts, returned unpaid items, or returned payments or deposits;
- Causing a loss to 1CFCU, regardless of whether through a loan, account, product or service;
- Abusive conduct\* toward 1CFCU employees, officials, third-party agents or other members;
- Attempts to conduct illegal or fraudulent transactions or attempts to circumvent 1CFCU policies or procedures;
- Your negligence in protecting your checks, cards, PIN, password, passcode, or other account authorization information; or
- Other actions or inactions that 1CFCU deems suspicious or inappropriate and for which a restriction is appropriate to prevent actual harm or loss to 1CFCU and its members.

\*Abusive conduct includes, but is not limited to, the following behaviors: any type of harassment; use of profane, demeaning, intimidating or threatening language; actual or implied threats of bodily harm or property damage; vandalism or unauthorized removal of 1CFCU property or signage; or actual or attempted coercion or interference with 1CFCU employees or officials in the performance of their duties at any time.

**Possible Account or Service Restrictions:** 1CFCU reserves the right to restrict accounts or services, including but not limited to, the following ways:

- Denying your ability to access 1CFCU premises or utilize 1CFCU property;
- Restrict or prevent services which involve direct contact with 1CFCU employees, either in person, via telephone, or through electronic means;
- Restricting or preventing your use of optional services, including but not limited to: Courtesy Pay; Skip-a-Pay; Mobile Deposit; cashback or other reward programs;
- Restricting or preventing your use of online or mobile banking systems;
- Freezing your account, limiting account access or closing your account;
- Restricting your ability to use your debit card or other access device;
- Reducing your credit limit or closing a line of credit (including credit cards);
- Restricting your ability to cash checks drawn on another 1CFCU member's account or requiring such checks be deposited into your account;
- Preventing you from being a joint owner on another member's accounts or acting as an agent for another member; or
- Otherwise restrict accounts or services, except we will never restrict your Fundamental Rights.

**Notice of Restriction:** Unless required by law, we are not obligated to provide you advance notice of our restriction of your accounts or services. We may provide reasonable notice depending on the circumstances and we encourage you to closely review the communications we provide to you regarding your accounts or services.

**Reporting Information to Credit Reporting Agencies:** 1CFCU may report information about your account(s) or loan(s) to credit reporting agencies. Late payments, missed payments, returned payments, overdrafts, defaults, or other negative information on your account(s) or loan(s) may be reported. You have the right to dispute the information that we have provided to credit reporting agencies if you believe it is inaccurate or incomplete.

**Statutory Lien:** We have a statutory lien, granted by the Federal Credit Union Act, which is a right in or claim to your shares and dividends equal to the amount of your outstanding financial obligation to 1CFCU. When you established membership, you agreed to our statutory lien and we provided you notice of our rights in our Membership Agreement and our loan disclosures. **We may enforce our statutory lien by debiting funds in any or all of your accounts and applying those funds to your financial obligations when you are in default.** We may enforce our rights without further notice to you.

**Pledge of Shares and Right of Offset:** In addition to our statutory lien, you gave us a contractual pledge of shares when you established membership and you confirmed that pledge when you obtained your loans or opened new accounts. Your pledge of shares gives 1CFCU a security interest in all present and future shares and deposits in any accounts at 1CFCU in which you have an interest. **Your pledge of shares secures all obligations to 1CFCU including any loan, fees, costs, expenses or negative account balance.** Your pledge of shares authorizes 1CFCU to take money from any non-exempt account and apply it to what you owe if you are in default. For example, if you have a delinquent loan or a negative account balance, you agreed we may use funds in your account(s) to pay any or all of the unpaid or negative balance.

**Cross-Collateralization Provisions:** When you obtained a loan, you may have pledged collateral to secure the loan. For example, if you obtained an auto loan you pledged the vehicle as collateral for the loan. To protect 1CFCU and other members, you granted a security interest to 1CFCU for repayment of your loan and to secure repayment of all amounts you owed 1CFCU at that time or in the future. **This cross-collateralization means the collateral securing your loan may serve as collateral for additional loans with 1CFCU.** Additionally, 1CFCU may hold the collateral from another loan until all obligations are paid off. For example, 1CFCU may hold the title to your vehicle as

collateral for another loan even if your auto loan has been paid in full. Obligations secured by your primary residence are not subject to our cross-collateral rights.

**No Modification of Amendment:** This Policy does not modify, amend or otherwise limit any of your responsibilities or 1CFCU's rights under any agreement, disclosure or policy. Rather, this Policy is intended to further inform you about your responsibilities and rights as well as 1CFCU's ability to restrict accounts or services if you are not meeting your responsibilities or fail to act as a member in good standing of 1CFCU.