



# Owners Manual



Elliot Gregg  
President/CEO





# Welcome

Welcome! I want to personally thank you for opening your new account with Kitsap Credit Union. You have now joined something unique - a not-for-profit financial cooperative that is owned by and operated only for members, like you! As a Kitsap Credit Union member-owner, you have access to a wide array of financial products and services with an organization that has been safe, sound, and secure since 1934.

We are dedicated to providing you with a quality relationship and valuable financial assistance that we hope will empower you to achieve more. We are lead by a passionate desire to make a positive difference for you by “walking the talk” of our Mission, Vision, Core Purpose and values, and by giving back to our community. I invite you to read more about these on the following pages.

Thanks again for choosing Kitsap Credit Union.  
I appreciate your membership.



**Elliot Gregg**  
President/CEO



## Our Mission

Members joining together building a stronger community.

## Our Vision

As a strong, growing, financial cooperative, we will be the premier provider of financial services in our Greater Puget Sound communities.

## Our Core Purpose

To build quality relationships, provide valuable financial assistance, and empower people to achieve more.

## Our Core Values

### Service

We are deeply dedicated to providing our diverse membership, community, and organization with the utmost in service.

### Passion

A deep, persistent drive to advance our organization and make a lasting impact by enriching the lives of others.

### Contribution

Our people dedicate themselves to active participation and adding value to the organization and our communities.

### Opportunity

Empower employees in every opportunity to make a positive, lasting difference.

### Ethics

We act with unwavering integrity, honesty and respect.

## Credit Union Differences

### Credit Unions Are Not-For-Profit Financial Cooperatives

Credit unions are owned by the people they serve called “members.” They exist only to serve their members. Earnings are returned to the members in the form of higher rates on savings, lower rates on loans and more services that members need or want.

### One Member – One Vote

Every credit union member has an equal vote in board of directors’ elections regardless of how much he or she has on deposit. Credit Union directors are non-paid volunteers.

### Credit Unions Are Dedicated To Community Service

Credit unions demonstrate their “*People Helping People*” philosophy by supporting various social and community activities to improve the quality of life for everyone.

### Credit Unions Are Family

Credit union members share something in common; they may work at the same place, attend the same church, belong to the same professional group or live in the same community.

### Commitment To Service

Credit unions have, for over 100 years, been committed to providing low-cost loans and a fair return on savings to their members.

### Credit Unions Are Internationally Cooperative

Credit unions have improved the economic well-being of their members not only in this country, but also in over 70 countries throughout the world.

### Credit Unions Offer Leadership

Credit unions offer local, state, national and even international opportunities to their members.

## History

In 1934, President Roosevelt signed the Federal Credit Union Act, allowing for the structure and existence of credit unions as member-owned, not-for-profit financial cooperatives. Shortly after this important legislation was passed, seven members of the Bremerton Metal Trades Council established this credit union to serve employees at the Puget Sound Naval Shipyard. Originally named Navy Yard Metal Trades Credit Union, initial deposits totaled just over \$34.

Today, Kitsap Credit Union members enjoy a full range of financial products and services, including online and personal relationships through 17 local branches in Kitsap, North Mason, and Northwestern Pierce Counties. Our membership eligibility is open to all those who live and work in Washington State. We pledge to our members that as we continue to grow and provide the services members want – including better access to their money in more places – we will always provide the same friendly service our members appreciate.



# Account Access

24-hour CashLine Telephone Service, Online Banking, Online Account Statements, Online Loan Applications Via Kitsap Fast App, Bill Pay Service, ATM Access



## Account Access

- 24-hour CashLine Telephone Service
- Online Banking
- Online Account Statements
- Online Loan Applications Via Kitsap Fast App
- Bill Pay Service
- ATM Access

### Account Access Allows You To

- Check Your Account Balances
- Transfer Funds Between Accounts
- Transfer Funds To And From Your Accounts At Other Institutions
- Make Loan Payments
- Apply For A Loan
- Obtain Line Of Credit Advances
- Review Your Account History
- Request A Withdrawal By Check
- Export Transactions To MS Money Or Quicken
- View Rates And Dividends Earned
- Access Your Account From Anywhere In The World Via Phone, ATM, Or Internet
- View Copies Of The Checks You Write
- View Your Monthly Statement Online
- Pay Bills To Almost Anyone
- Online Chat

### Online Banking

Online banking is available free to all members at [kitsapcu.org](http://kitsapcu.org). Signing up is easy. You may sign-up on-line by clicking the sign-up button or in person at one of our conveniently located branches. (Once you receive confirmation, your CashLine PIN acts as your temporary password to access [cu@home](mailto:cu@home).) If you do not have a CashLine PIN or can't remember it, please call (360) 662-2000 or (800) 422-5852.

### CashLine Telephone Access

Kitsap Credit Union's 24-Hour CashLine is a free touch-tone telephone service allowing you access to your Credit Union accounts anytime.

To use CashLine, call (360) 662-CASH (2274) or toll free nationwide at (800) 422-5852. If you do not have a CashLine PIN or can't remember it, please call (360) 662-2000 or (800) 422-5852.

### Online Account Opening

Open a savings, checking, or even certificate account safely and securely in as few as ten minutes.

### Online Loan Applications

Kitsap Credit Union has the ability to process loan applications online, usually responding with a decision in minutes.

### Online Check Re-order

Members are able to re-order checks online and check the status of a current order. Orders may take up to five business days to process.

## Online Statements

Does your mail seem to pile up faster than you can open it? Try Online Statements. It's free and easy. Online statements remain accessible for one year from anywhere with internet access. Online statements look just like the printed ones, without the paper. Go to our web site at kitsapcu.org and sign up today.

## Bill Pay Service

Online banking also offers an on-line Bill Pay service that allows you an easy way to make payments without writing a check. No more licking stamps or stuffing and addressing envelopes. You can pay your bills as you wish and even establish automatic monthly payments. Just enter the payee information and schedule payments on easy to use screens. The funds are automatically deducted from your Kitsap Credit Union checking account.

Bill Pay service is free and signing up is easy. Simply log into CU@Home and click on the "Bill Pay" icon, read and acknowledge the brief disclosure and click on the "Sign-Up" button. You may begin using the Bill Pay service within five business days after signing up.

# CashLine Options (360) 662-2274



Quick Tips
* repeat
* use for decimal point
# return to the previous menu
0 speak to a Financial Service Representative

### Worldwide ATM Access

You have instant access to cash throughout the country and across the globe at participating networks, and at all Kitsap Credit Union 24-Hour ATMs. You may also perform many other transactions at these ATMs, including deposits at selected locations. A fee may be charged at non Kitsap Credit Union ATM's.

### Inter-Institutional Funds Transfers

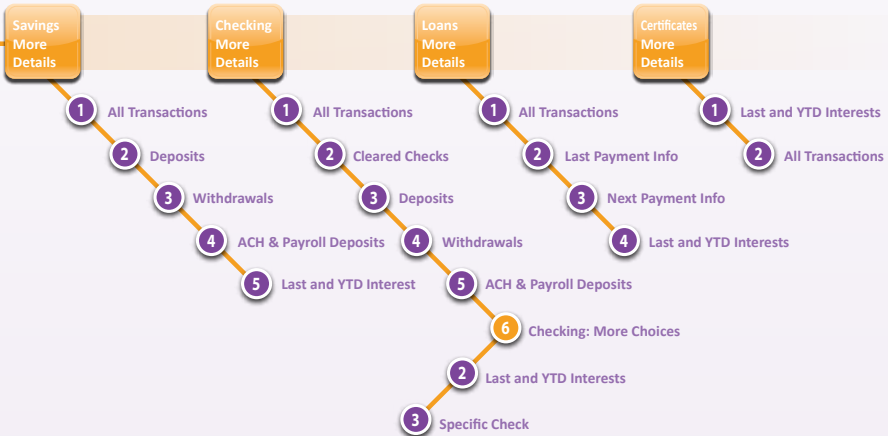
This low cost Online money movement service allows you to transfer funds between your Kitsap Credit Union accounts and other financial institutions or brokerage houses via online banking.

### Pay People

Members are able to send and receive personal payments by using KCU's Pay People online e-mail service. This benefit is similar to the well known Pay Pal service. Call or stop by any of our branches for more information and pricing.

**Using the Main Menu**

You'll only hear a list of options that make sense for you, based on the type of account you have with the credit union – allowing you to finish transactions faster. To access account information, always have your account number(s) and CashLine PIN handy.





# Member Privacy Information

At Kitsap Credit Union, we respect the privacy of our members. We recognize the importance of maintaining the confidentiality of your personal financial information. This notice describes the privacy policy and practices followed by Kitsap Credit Union. This notice explains what types of member information we collect and under what circumstances we may share it.



## Facts

### What Does Kitsap Credit Union Do With Your Personal Information?

#### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.

#### What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account transactions
- Account balances and payment history
- Credit history and credit score

#### How?

All financial companies need to share members’ personal information to run their everyday business. In the section below, we list the reasons financial companies can share their members’ personal information; the reasons Kitsap Credit Union choose to share, and whether you can limit this sharing.

### Reasons We Can Share Your Personal Information

	Does Kitsap Credit Union share?	Can you limit this sharing?
<b>For our everyday business purpose -</b> such as to process your transaction, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes -</b> to offer our products and services to you	Yes	Yes
<b>For joint marketing with other financial companies</b>	No	We don’t share
<b>For our affiliates’ everyday business purposes -</b> information about your transactions and experiences	No	We don’t share
<b>For our affiliates’ everyday business purposes -</b> information about your creditworthiness	No	We don’t share
<b>For our affiliates’ to market to you</b>	No	We don’t share
<b>For nonaffiliates to market to you</b>	No	We don’t share

### To limit our sharing

Call (360) 662-2000, (800) 422-5852 or visit [www.kitsapcu.org/privacypolicy](http://www.kitsapcu.org/privacypolicy) to download and print form.

Please note: If you are a *new* member, we can begin sharing your information 30 days from the date we send notice, When you are *no longer* our member, we continue to share your information described in this notice.

However you can contact us at any time to limit our sharing.

## What We Do

### **How does Kitsap Credit Union protect my personal information?**

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

We restrict access to nonpublic personal information about you to those who need to know the information to provide products or services to you.

### **How does Kitsap Credit Union collect my personal information?**

We collect your personal information, for example, when you:

- open an account or deposit money
- pay your bills or apply for a loan
- use your credit or debit card

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

### **Why can't I limit all sharing?**

Federal law gives you the right to limit only:

- sharing for affiliates' everyday business purpose - information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliations to market to you

State laws and individual companies may give you additional rights to limit sharing

### **What happens when I limit sharing for an account I hold jointly with someone else?**

Your choices will apply to everyone on your account.

## Definitions

### **Affiliates**

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- Kitsap Credit Union has no affiliates at the current time.

### **Nonaffiliates**

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- Kitsap Credit Union does not share with nonaffiliates so they can market to you.

### **Joint marketing**

A formal agreement between nonaffiliates financial companies that together market financial products or service to you.

- Our joint marketing partners include insurance companies at the current time.



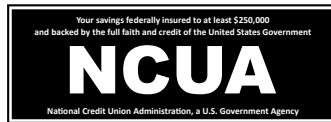


## Important Notice

The Helping Families Save Their Homes Act of 2009, signed into law on May 20, 2009, continued an increased level of insurance coverage on all accounts of up to \$250,000.

This booklet provides examples of insurance coverage under the National Credit Union Administration's (NCUA) rules. Because the scope of this booklet is limited, credit union members may wish to contact their credit unions or NCUA for further insurance coverage details about situations not addressed in this booklet. A listing of NCUA Regional Offices can be found at the end of this booklet. Members or their counsel may also wish to consult the NCUA Rules and Regulations relating to share insurance coverage published in the Code of Federal Regulations (12 C.F.R. Part 745). Also, you can find NCUA's insurance regulations at [www.ncua.gov](http://www.ncua.gov).

NCUA's rules on insurance coverage control how accounts will be insured. Members are advised that no persons may, by representations or interpretations, effect the extent of insurance coverage provided by the Federal Credit Union Act as amended and the rules and regulations for insurance of share accounts. Also, members are advised to review their accounts periodically and whenever they open new accounts or modify existing accounts to ensure that all of their funds continue to be insured.



## Foreword

The purpose of this booklet is to help you understand your share insurance protection. The NCUA is an independent agency of the United States Government. NCUA regulates, charters, and insures the nation's federal credit unions. In addition, NCUA insures state-chartered credit unions that desire and qualify for federal insurance. In some states, state-chartered credit unions are required by state law to be federally insured.

The shares in your credit union are insured by the National Credit Union Share Insurance Fund (NCUSIF), which is backed by the full faith and credit of the United States Government. Established by Congress in 1970 to insure member share accounts at federally insured credit unions, the NCUSIF is managed by NCUA under the direction of the three-person NCUA Board. Your share insurance is similar to the deposit insurance protection offered by the Federal Deposit Insurance Corporation (FDIC). This brochure gives a more detailed explanation of your insurance coverage.

Credit unions that are insured by the NCUSIF must display in their offices the official NCUA insurance sign which appears on the cover of this brochure. All federal credit unions must be insured by NCUA, and no credit union may terminate its federal insurance without first notifying its members.

Here are some important facts to remember about your share insurance:

Not one penny of insured savings has ever been lost by a member of a federally insured credit union. The federal insurance fund has several programs to help insured credit unions which may be experiencing problems. Liquidations or failures are a last resort. If a federally insured credit union does fail, however, the NCUSIF will make any necessary payouts to the credit union's members. These payouts are usually done within 3 days from the time the credit union closes its doors.

As a member of an insured credit union, you do not pay directly for your share insurance protection. Your credit union pays into the NCUSIF a deposit, and an insurance assessment, based on the total amount of insured shares and deposits in the credit union. Insured credit unions are required to deposit and maintain one percent of their insured shares and deposits in the NCUSIF.

## Increased Share Insurance

Most properly established share accounts in federally insured credit unions are insured up to the Standard Maximum Share Insurance Amount (SMSIA<sup>1</sup>), which is \$250,000 as of October 2008, but may be increased in the future. Recent legislation has increased the insurance coverage on certain retirement accounts, such as IRAs and Keoghs, up to \$250,000. Generally, if a credit union member has more than one account in the same credit union, those accounts are added together and insured in the aggregate. There are exceptions, though. You may obtain additional separate coverage on multiple accounts, but only if you have different ownership interests or rights in different types of accounts and you properly complete account forms and applications. For example, if you have a regular share account and an Individual Retirement Account (IRA) at the same credit union, the regular share account is insured up to \$250,000 and the IRA is separately insured up to \$250,000. However, if you have a regular share account, a share certificate, and a share draft account, all in your own name, you will not have additional coverage. Those accounts will be added together and insured up to \$250,000 as your individual account. Additionally, shares denominated in foreign currencies are insured as outlined in NCUA Rules and Regulations.

Coverdell Education Saving Accounts, formerly education IRAs, are insured as irrevocable trust accounts and will be added to a member's other irrevocable trust accounts and insured up to the SMSIA. See Question 15. Roth IRAs will be added together with traditional IRAs and insured up to \$250,000. See Question 20.

Additional coverage is available on revocable trust or payable on death accounts.

The rules on joint accounts have been simplified. A co-owner's interest in all joint accounts in the same credit union will be added together and insured up to the SMSIA.

<sup>1</sup>The Standard Maximum Share Insurance Amount means \$250,000, adjusted pursuant to paragraph (F) of section 11(a)(1) of the Federal Deposit Insurance Act (12 USC 1821(a)(1)(F)), but may be increased in the future for inflation.

## Questions Most Frequently Asked About The National Credit Union Share Insurance Fund

### 1. Which credit unions are insured by NCUSIF?

NCUSIF insures member shares in all federal credit unions (FCU) and those federally insured state-chartered credit unions (FISCU) that apply for and meet the insurance standards. Insured credit unions are required to indicate their insured status in their advertising and to display the official NCUSIF insurance sign at their offices. Some state credit unions are insured by private insurance or guaranty corporations which are separate and apart from NCUSIF.

### 2. How does NCUSIF share insurance protect credit union members against loss?

Each credit union approved for NCUSIF share insurance must meet high standards of safety

and soundness in its operation. Adherence to these standards is determined regularly through credit union examinations by federal and state examiners. If an insured credit union gets into financial difficulties and must be closed, the NCUSIF acts immediately to protect each member's share account.

### 3. Does NCUSIF share insurance protection apply only if a credit union is liquidated?

No. Liquidation is the only situation in which a member is directly provided share insurance protection by the payment of a check for his or her insured savings. However, indirect protection is provided when the NCUA Board, through the NCUSIF, authorizes financial assistance to a credit union to enable it to overcome a temporary financial setback. In a case where a credit union is unable to overcome its difficulty, financial assistance may be authorized to accomplish a merger that protects the continuing credit union

from loss and provides continued credit union service to the members of the merging credit union.

**4. How does NCUSIF pay members their shares when an insured credit union is liquidated?**

Checks for each member's shares (less any amounts due on outstanding loans) up to the insurance limit are mailed to the member's last known address as shown in the records of the credit union. These checks are usually mailed several days after the credit union is placed into liquidation. In situations where on-site payment is more convenient, the NCUA liquidation team will give checks directly to members.

**5. What happens to the member's share account when an insured credit union is merged into another insured credit union?**

Each member's share account is transferred to the continuing credit union. Accrued dividend credit is also transferred. On the effective date of the merger, each merging credit union member has full membership rights to all the financial services provided by the continuing credit union.

**6. Does NCUSIF share insurance protect the interest of creditors?**

No. NCUSIF share insurance protects only credit union members.

**Questions Most Frequently Asked About Share Insurance Coverage**

**7. What is the Standard Maximum Share Insurance Amount or SMSIA for NCUSIF share insurance coverage?**

The SMSIA for a credit union member is defined in NCUA's Rules and Regulations, as \$250,000 and may be increased from time to time. Share accounts maintained in different rights or capacities, or forms of ownership, may each be separately insured up to the \$250,000 SMSIA, or in the case of certain retirement accounts, up to \$250,000. Thus, a member may hold or have an interest in more than one separately insured share account in the same insured credit union.

**8. What types of accounts are insured?**

All types of member share accounts and deposits received by the credit union in its usual course of business, including regular shares,

share certificates, and share draft accounts are insured. Investment products offered by a credit union to its members, such as mutual funds, annuities, and other non deposit investments are not insured by the NCUSIF.

**9. Is NCUSIF share insurance coverage increased by placing funds in two or more of the same kind of share accounts in the same credit union?**

No. NCUSIF share insurance is not increased merely by dividing funds owned by the same person or persons into one or more of the different kinds of share accounts available. For example, a regular share account, a share draft account and a share certificate account owned by the same member are added together and insured up to the \$250,000 SMSIA. Insurance can be increased by opening a different type of account - one that is held in a different right and capacity. For example, insurance on a single ownership account is separate from insurance on a joint account.

**10. If a member has accounts in several different insured credit unions, will the accounts be added together for the purpose of insurance coverage?**

No. Share insurance is applied to share accounts in each insured credit union. A member who has share accounts in two or more different insured credit unions would have coverage up to the full insurable amount in each credit union. In the case of a credit union having one or more branches, the main office and all branch offices are considered as one credit union.

**NCUSIF Insurance Of Individual And Joint Accounts**

**11. If a member has more than one individual account in the same insured credit union, is each account insured to the SMSIA?**

No. Individual share accounts held by the same member are added together and are insured up to the \$250,000 SMSIA. An individual share account is an account solely owned by one individual without the right of withdrawal by another individual. IRA and Keogh accounts are insured separately.

**12. What types of joint accounts may be insured?**

NCUSIF share insurance covers joint accounts owned in any manner conforming with applicable state law such as joint tenants with a right of survivorship, tenants by the entirety, tenants in common, or an account owned by a husband and wife as community property in states recognizing this particular form of joint ownership.

**13. If two or more persons, such as husband and wife, have a joint account in the same credit union as well as their own individual accounts, is each account separately insured?**

Yes. A person's interests in joint accounts are insured separately from individual accounts up to the \$250,000 SMSIA, provided that each of the co-owners has personally signed an account signature card and has a right of withdrawal on the same basis as the other co-owners. (If state law limits a minor's right of withdrawal, the account will still be insured as a joint account. The signature of each co-owner is not required on a share certificate.) However, the insurance protection for a co-owner on joint accounts is not increased by rearranging the names of the owners, changing the style of names, or by establishing more than one joint account. The interests that a particular co-owner has in all joint accounts held in the same credit union will be added together and insured up to the \$250,000 SMSIA.

**14. Is the answer to question 13 the same if funds in the individual and joint accounts of husband and wife all consist of community property?**

Yes. In those jurisdictions recognizing community property, community funds may be maintained in accounts in the individual names of each spouse or a joint account in the names of both. The individual account of the husband and the individual account of the wife will each be insured up to the \$250,000 SMSIA. As co-owners, the interest of the husband and wife in the joint account will each be insured up to the \$250,000 SMSIA.

## NCUSIF Insurance Of Special Accounts

**15. What is the insurance coverage on a trust account held under the provisions of an irrevocable express trust?**

The trust interest of a beneficiary in a valid irrevocable trust, including Coverdell Education Savings Accounts, formerly Education IRAs, if capable of evaluation in accordance with published rules, is insured up to the \$250,000 SMSIA separately from the individual accounts of the settlor (grantor), trustee, or the beneficiary. Either the settlor or the beneficiary must be a member to obtain insurance benefits. All trust interests created by the same settlor (grantor) in the same credit union for the same beneficiary will be added together and insured in the aggregate to the \$250,000 SMSIA.

**16. What is the insurance coverage on a revocable trust account, a tentative or "Totten" trust account, a "payable-on-death" account, or a qualifying living trust account?**

These accounts, or any similar accounts which evidence an intention that the funds shall pass on the death of the owner to a named beneficiary, are considered revocable trust accounts and are insured as a form of individual account. The funds in such accounts are insured for the owner up to a total of the \$250,000 SMSIA for each beneficiary separately from any other individual accounts of the owner. If the beneficiary is not a natural person or charitable organization or other non-profit entity under the Internal Revenue Code of 1986, the funds in the account that are attributable to that beneficiary are treated as an individually owned account of the owner, aggregated with any other individual accounts of the owner, and insured to the \$250,000 SMSIA. In the case of a revocable trust account, the person who holds the power of revocation is deemed to be the owner of the funds in the account.

**17. What is the insurance coverage on a joint revocable trust account?**

A joint revocable trust account is a revocable trust account, as described above, that is established by more than one owner and held for the benefit of others, some or all of whom are natural persons or a charitable organization or other non-profit entity under the Internal Revenue Code of 1986. The respective interests of each co-owner held for the benefit of each beneficiary will be separately insured up to the \$250,000 SMSIA. The interest of each co-owner will be deemed equal unless otherwise stated in the share account records of the

federally-insured credit union. Interests held for beneficiaries other than those described above will be added to the individual accounts of the co-owners. Where a husband and a wife establish a revocable trust account naming themselves as the sole beneficiaries, the account will not be insured as a joint revocable trust account, but will instead be insured as an ordinary joint account.

**18. Is the interest in an employee benefit account insured any differently than a member's individual account?**

Yes. For insurance purposes, employee benefit accounts are insured separately. The ascertainable interest of each participant in such account is insured to the \$250,000 SMSIA separately from other accounts.

**19. May a person receive separate insurance on each of several employee benefit plans established by the member's employer with the same credit union?**

No. If two or more employee benefit plans are established by an employer for the same individual, the beneficiary's interest in the two accounts will be added together and insured up to the \$250,000 SMSIA.

**20. What insurance coverage is provided for traditional IRA, Roth IRA, and Keogh accounts?**

Traditional IRA, Roth IRA and Keogh accounts are insured separately to \$250,000 from other accounts that the member maintains in the same credit union. However, a member's Roth IRA will be added together with his or her traditional IRA and insured in the aggregate to the maximum of \$250,000. A Keogh account is separately insured from the IRA accounts to \$250,000.

**21. Are accounts held by a person as executor, administrator, guardian, custodian, or in some other similar fiduciary capacity insured separately from his individual account?**

Yes. If the records of the credit union indicate that the person is depositing the funds in a fiduciary capacity, such funds would be separately insured from the fiduciary's individually owned account. Funds in accounts held by guardians, conservators, or custodians (whether court-appointed or not) are also insured separately from other accounts of the ward.

**22. When an account is designated as held by a person as agent for the true owner of the funds, how is the account insured?**

The account is insured as an account of the principal or true owner. The funds in the account are added to any other individual account owned by the true owner and the total is insured up to the \$250,000 SMSIA.

**23. Is an account held by a corporation, partnership, or unincorporated association insured separately from the individual accounts of the stockholders, partners, or members?**

Yes. If the corporation, partnership, or unincorporated association has obtained membership in the credit union and is engaged in an independent activity, its account is separately insured to the \$250,000 SMSIA. The term "independent activity" means an activity other than one directed solely at increasing insurance coverage.

## Other Questions

**24. Can a federal credit union terminate its NCUSIF share insurance?**

No. A federal credit union cannot be chartered or retain its charter unless it is insured by the NCUSIF.

**25. Can a state credit union terminate its NCUSIF share insurance?**

Yes. A state-chartered credit union can terminate its NCUSIF share insurance in some states, but it must obtain the approval of its members and the NCUA Board. In other states, state-chartered credit unions are required to maintain NCUSIF share insurance. NCUSIF share insurance is the only share insurance backed by the full faith and credit of the United States Government. When a state credit union converts its NCUSIF share insurance to another licensed share insurance program, NCUSIF share insurance terminates upon conversion. If the state credit union does not provide for another share insurance program, NCUSIF share insurance remains in effect for one year following the effective date of termination, but coverage may be reduced depending upon account activity during the one year period.

## **26. What publications covering the operations of the NCUSIF are available?**

NCUA publishes an Annual Report which covers the operations of the NCUSIF. This report is sent to each insured credit union and is also available from each regional director. The report includes financial statements and an independent audit of the Fund's records.

## **27. What happens to insured funds that are not claimed by the member at a liquidation payout?**

At the end of the 18-month insurance period, unclaimed funds are no longer insured, and share account balances are paid based on liquidation and other recoveries. The funds are generally held by NCUA and are available as long as the records of the credit union are available or until the charter or insurance certificate is canceled. In some cases funds may be transferred to a state unclaimed property section for a period of time.

## **28. Where does a credit union member go for information about his credit union or specific questions about NCUSIF share insurance?**

The member should first contact the credit union for the needed information. Credit union personnel, however, cannot bind the NCUSIF to provide more protection than is allowed under the Federal Credit Union Act or NCUA Regulations. They will be able to obtain information for you from NCUA. If the credit union cannot provide the information or is no longer in operation, the member should contact the appropriate regional director directly. The address of each regional director and the states in which he/she has supervisory jurisdiction are listed in the back of this brochure.

## **29. What effect does the death of a member or the merger of insured credit unions have on share insurance coverage?**

The death of a member will not affect the member's share insurance coverage for a period of six months following death unless the member's share accounts are restructured in that time period. If the accounts are restructured during the six-month grace period or upon the expiration of the six months if not restructured, the share insurance coverage will be provided on the basis of actual ownership of the accounts in

accordance with the share insurance rules. The operation of this grace period, however, will not result in a reduction of coverage.

Whenever the liability to pay the member accounts of one or more insured credit unions is assumed by another insured credit union, whether by merger, consolidation, other statutory assumption or contract, the insured status of the credit unions whose member account liability has been assumed terminates on the date of receipt by NCUA of satisfactory evidence of the assumption. The separate insurance of member accounts assumed continues for six months from the date the assumption takes effect or, possibly longer in the case of share certificates.

## **Appendix**

Examples Of Insurance Coverage Afforded Accounts In Credit Unions Insured By The National Credit Union Share Insurance Fund

All Of The Following Examples Are Based On The \$250,000 Standard Maximum Share Insurance Amount (SMSIA) And The Retirement Account Coverage Of \$250,000 In Effect As Of October 2008.

Additionally, the following examples illustrate insurance coverage on accounts maintained in the same federally insured credit union. They are intended to cover various types of ownership interests and combinations of accounts which may occur in connection with funds invested in insured credit unions. The examples, as well as the rules which they interpret, are predicated upon the assumption that, (1) invested funds are actually owned in the manner indicated on the credit union's records and (2) the owner of funds in an account is a credit union member or otherwise eligible to maintain an insured account in a credit union. If available evidence shows that ownership is different from that on the institution's records, the Fund may pay claims for insured accounts on the basis of actual rather than ostensible ownership. Further, the examples and the rules which they interpret do not extend insurance coverage to persons otherwise not entitled to maintain an insured account or to account relationships that have not been approved by the NCUA Board as an insured account.

## A. Single Ownership Accounts

All funds owned by an individual member (or, in a community property state, by the husband-wife community of which the individual is a member) and invested by the member in one or more individual accounts are added together and insured to the \$250,000 SMSIA. This is true whether the accounts are maintained in the name of the individual member owning the funds, in the name of the member's agent or nominee, or in a custodial loan account on behalf of the member as a borrower. All such accounts are added together and insured as one individual account. Funds held in one or more accounts in the name of a guardian, custodian, or conservator for the benefit of a ward or minor are added together and insured up to the \$250,000 SMSIA. However, such an account or accounts will not be added to any other individual accounts of the guardian, custodian, conservator, ward, or minor for purposes of determining insurance coverage.

### Example 1

**Question:** Members A and B, husband and wife, each maintain an individual account containing \$250,000. In addition, they hold a qualifying joint account containing \$500,000. What is the insurance coverage?

**Answer:** Each individual account is insured up to \$250,000, and the interest of A and the interest of B in the joint account are each insured for \$250,000 separately from their individual accounts. The total coverage is \$1,000,000. The coverage would be the same whether the individual accounts contain funds owned as community property or as individual property of the spouses.

### Example 2

**Question:** Members H and W, husband and wife, reside in a community property state. H maintains a \$250,000 account consisting of his separately-owned funds and invests \$250,000 of community property funds in another account, both of which are in his name alone. What is the insurance coverage?

**Answer:** The two accounts are added together and insured to a total of \$250,000, leaving \$250,000 uninsured.

### Example 3

**Question:** Member A has \$242,500 invested in an individual account, and his agent, Member B invests \$25,000 of A's funds in a properly designated agency account. B also holds a \$250,000 individual account. What is the insurance coverage?

**Answer:** A's individual account and the agency account are added together and insured to \$250,000, leaving \$17,500 uninsured. The investment of funds through an agent does not result in additional insurance coverage for the principal. B's individual account is insured separately from the agency account. However, if the account records of the credit union do not show the agency relationship under which the funds in the \$25,000 account are held, the \$25,000 in B's name could, at the option of the NCUSIF, be added to his individual account and insured to \$250,000 in the aggregate, leaving \$25,000 uninsured.

### Example 4

**Question:** Member A holds a \$250,000 individual account. Member B holds two accounts in his own name, the first containing \$25,000 and the second containing \$242,500. In processing the claims for payment of insurance on these accounts, the NCUSIF discovers that the funds in the \$25,000 account actually belong to A and that B had invested these funds as agent for A, his undisclosed principal. What is the insurance coverage?

**Answer:** Since the available evidence shows that A is the actual owner of the funds in the \$25,000 account, those funds would be added to the \$250,000 individual account held by A (rather than to B's \$242,500 account) and insured to \$250,000, leaving \$25,000 uninsured. B's \$242,500 individual account would be separately insured.

### Example 5

**Question:** Member C, a minor, maintains an individual account of \$750. C's grandfather makes a gift to him of \$250,000, which is invested in another account by C's father, designated on the credit union's records as custodian under a Uniform Gifts to Minors Act. C's father, also a member, maintains an individual account of \$250,000. What is the insurance coverage?

**Answer:** C’s individual account and the custodian account held for him by his father are each separately insured: the \$250,000 maximum on the custodian account, and \$750 on the individual account. The individual account held by C’s father is also separately insured to the \$250,000 maximum.

#### Example 6

**Question:** Member G, a court appointed guardian, invests in a properly designated account \$250,000 of funds in his custody which belong to member W, his ward. W and G each maintain \$25,000 individual accounts. What is the insurance coverage?

**Answer:** W’s individual account and the guardianship account in G’s name are each separately insured to \$250,000 providing W with \$275,000 in insured funds. G’s individual account is also separately insured.

#### Example 7

**Question:** X Credit Union acts as a servicer of FHA, VA, and conventional mortgage loans made to its members, but sold to other parties. Each month X receives loan payments for remittance to the other parties from approximately 2,000 member mortgagors. The monies received each month total \$1,000,000 and are maintained in a custodial loan account. What is the insurance coverage?

**Answer:** X Credit Union acts as custodian for the 2,000 individual mortgagors. The interest of each mortgagor is separately insured as his individual account (but added to any other individual accounts which the mortgagor holds in the credit union).

## B. Revocable Trust Accounts

A revocable trust account is a share account owned by one or more people that indicates an intention that the funds will belong to one or more named beneficiaries upon the death of the owner(s). A revocable trust account can be revoked (or terminated) at the discretion of the owner. In this section, the term “owner” means the grantor, settlor, or trustor of the trust.

There are both informal and formal revocable trusts. Informal revocable trusts, often called “payable-on-death” (POD), “Totten trust,” or

“in trust for” (ITF) accounts, are created when the account owner signs an agreement—usually part of the credit union’s signature card—stating that the funds are payable to one or more beneficiaries upon the owner’s death.

Formal revocable trusts—known as “living” or “family” trusts—are written trusts created for estate planning purposes. The owner controls the funds and other assets in the trust during his or her lifetime. Upon the owner’s death, the trust generally becomes irrevocable.

All funds that an owner has in both informal and formal revocable trusts are added together for insurance purposes, and the insurance limit is applied to the combined total.

**Payable-on-Death (POD) Accounts** The owner of a POD account is insured up to \$250,000 for each beneficiary if all of the following requirements are met:

1. The account title or other account records of the credit union must include a commonly accepted term such as “payable-on-death,” “in trust for,” “as trustee for” or similar language to indicate the existence of a trust relationship. The term may be abbreviated (for example “POD,” “ITF” or “ATF”).
2. The beneficiaries must be identified by name in the account records of the insured credit union.
3. A beneficiary must be a person, charity or another non-profit organization (as recognized by the Internal Revenue Service). All other beneficiaries are not eligible for separate coverage as revocable trust funds.

#### Example 1 - POD account with one owner

##### Explanation:

The owner of this POD account, the father, is insured up to a maximum of \$500,000 since he has two beneficiaries on the revocable trust account. This example assumes that the beneficiaries have equal beneficiary interests in the revocable trust account and the owner has no other revocable trust accounts naming the same beneficiaries.

A common mistake that members make in calculating coverage for revocable trust accounts is assuming that every person named on a revocable trust account—both the owner(s)

and the beneficiaries – receives up to \$250,000 in insurance coverage. This is not correct. Each owner of a revocable trust may be entitled to insurance coverage up to \$250,000 for each beneficiary that the account owner designates in the revocable trust account.

If all of the beneficiaries are eligible and have equal interests, the insurance coverage for each owner is calculated by multiplying \$250,000 times the number of beneficiaries, not \$250,000 times the number of owners plus the number of beneficiaries.

If the beneficiaries are not all eligible, or have unequal interests, the above calculation should not be used. All funds attributable to non-eligible beneficiaries are aggregated and insured up to \$250,000 as the single account funds of the trust owner. In addition, if the trust account specifies different interests for the beneficiaries, the owner may be insured up to each beneficiary's actual interest in the trust.

Another misunderstanding is that the trust agreement itself is entitled to an additional \$250,000 of share insurance coverage. This is not correct.

If a POD account has more than one owner (e.g., husband and wife) or is held for multiple beneficiaries, the insured balance of the account can exceed \$250,000. The NCUA will assume that the owners' shares are equal unless the credit union's account records state otherwise. Similarly, if there are multiple beneficiaries, the NCUA will assume the beneficiaries' interests are equal unless otherwise stated in the account records.

### C. Accounts Held By Executors or Administrators

All funds belonging to a decedent and invested in one or more accounts, whether held in the name of the decedent or in the name of his executor or administrator, are added together and insured to the \$250,000 SMSIA. Such funds are insured separately from the individual accounts of any of the beneficiaries of the estate or of the executor or administrator.

#### Example 1

**Question:** Member A, administrator of Member D's estate, sells D's automobile and invests the

proceeds of \$12,500 in an account entitled "Administrator of the estate of D." A has an individual account in that same credit union containing \$250,000. Prior to his death, D had opened an individual account of \$250,000. What is the insurance coverage?

**Answer:** The \$12,500 is added to D's individual account and insured to \$250,000, leaving \$12,500 uninsured. A's individual account is separately insured for \$250,000.

### D. Accounts Held By A Corporation, Partnership or Unincorporated Association

All funds invested in an account or accounts by a corporation, a partnership, or an unincorporated association engaged in any independent activity are added together and insured to the \$250,000 SMSIA. The term "independent activity" means any activity other than one directed solely at increasing coverage. If the corporation, partnership, or unincorporated association is not engaged in an independent activity, any account held by the entity is insured as if owned by the persons owning or comprising the entity, and the imputed interest of each such person is added, for insurance purposes, to any individual account which he maintains.

#### Example 1

**Question:** Member X Corporation maintains a \$250,000 account. The stock of the corporation is owned by members A, B, C, and D in equal shares. Each of these stockholders also maintains an individual account of \$250,000 with the same credit union. What is the insurance coverage?

**Answer:** Each of the five accounts would be separately insured to \$250,000 if the corporation is engaged in an independent activity and has not been established merely for the purpose of increasing insurance coverage. The same would be true if the business were operated as a bona fide partnership instead of as a corporation. However, if X corporation was not engaged in an independent activity, then \$62,500 (1/4 interest) would be added to each account of A, B, C, and D. The accounts of A, B, C, and D would then each be insured to \$250,000, leaving \$62,500 in each account uninsured.

**Example 2**

**Question:** Member C College maintains three separate accounts with the same credit union under the titles: “General Operating Fund,” “Teachers Salaries,” and “Building Fund” What is the insurance coverage?

**Answer:** Since all of the funds are the property of the college, the three accounts are added together and insured only to \$250,000.

**Example 3**

**Question:** The men’s club of X Church carries on various social activities in addition to holding several fund-raising campaigns for the church each year. The club is supported by membership dues. Both the club and X Church maintain member accounts in the same credit union. What is the insurance coverage?

**Answer:** The men’s club is an unincorporated association engaged in an independent activity. If the club funds are, in fact, legally owned by the club itself and not the church, each account is separately insured to \$250,000.

**Example 4**

**Question:** The PQR Union, a member of the ABC Federal Credit Union, has three locals in a certain city. Each of the locals maintains an account containing funds belonging to the parent organization. All three accounts are in the same insured credit union. What is the insurance coverage?

**Answer:** The three accounts are added together and insured up to \$250,000.

## E. Accounts Held By Government Depositors

For insurance purposes, the official custodian of funds belonging to a public unit, rather than the public unit itself, is insured as the account holder. All funds belonging to a public unit and invested by the same custodian in a federally insured credit union are categorized as either share draft accounts or share certificate and regular share accounts. If these accounts are invested in a federally-insured credit union located in the jurisdiction from which the official custodian derives his authority, then the share draft accounts will be insured separately from the share certificate and regular share accounts.

Under this circumstance, all share draft accounts are added together and insured to the \$250,000 SMSIA and all share certificate and regular share accounts are also added together and separately insured up to the \$250,000 SMSIA. If, however, these accounts are invested in a federally-insured credit union located outside of the jurisdiction from which the official custodian derives his authority, then insurance coverage is limited to the \$250,000 SMSIA for all accounts regardless of whether they are share draft, share certificate or regular share accounts. If there is more than one official custodian for the same public unit, the funds invested by each custodian are separately insured. If the same person is custodian of funds for more than one public unit, he is separately insured with respect to the funds of each unit held by him in properly designated accounts.

For insurance purposes, a “political subdivision” is entitled to the same insurance coverage as any other public unit. “Political subdivision” includes any subdivision of a public unit or any principal department of such unit (1) the creation of which has been expressly authorized by state statute, (2) to which some functions of government have been allocated by state statute, and (3) to which funds have been allocated by statute or ordinance for its exclusive use and control.

**Example 1**

**Question:** As Comptroller of Y Consolidated School District, A maintains a \$275,000 account in the credit union containing school district funds. He also maintains his own \$250,000 member account in the same credit union. What is the insurance coverage?

**Answer:** The two accounts will be separately insured, assuming the credit union’s records indicate that the account containing the school district funds is held by A in a fiduciary capacity. Thus, \$250,000 of the school’s funds and the entire \$250,000 in A’s personal account will be insured.

**Example 2**

**Question:** A, as city treasurer, and B, as chief of the city police department, each have \$250,000 in city funds invested in custodial accounts. What is the insurance coverage?

**Answer:** Assuming that both A and B have official custody of the city funds, each account is separately insured to \$250,000.

**Example 3**

**Question:** A is Treasurer of X County and collects certain tax assessments, a portion of which must be paid to the state under statutory requirement. A maintains an account for general funds which belong to the state treasurer. The credit union’s records indicate that the separate account contains funds held for the state. What is the insurance coverage?

**Answer:** Since two public units own the funds held by A, the account would each be separately insured to \$250,000.

**Example 4**

**Question:** A city treasurer invests city funds in each of the following accounts: “General Operating Account,” “School Transportation Fund,” “Local Maintenance Fund,” and “Payroll Fund.” Each account is available to the custodian upon demand. By administrative direction, the city treasurer has allocated the funds for the use of and control by separate departments of the city. What is the insurance coverage?

**Answer:** All of the accounts are added together and insured in the aggregate to \$250,000. Because the allocation of the city’s funds is not by statute or ordinance for the specific use of and control by separate departments of the city, separate insurance coverage to \$250,000 is not afforded to each account.

**Example 5**

**Question:** A county treasurer establishes the following share draft accounts in an insured credit union each with \$250,000:

- “General Operating Fund”
- “County Roads Department Fund”
- “County Water District Fund”
- “County Public Improvement District Fund”
- “County Emergency Fund”

What is the insurance coverage?

**Answer:** The “County Roads Department”, “County Water District”, and “County Public Improvement District” accounts would each be separately insured to \$250,000 if the funds in each such account has been allocated by

law for the exclusive use of a separate county department or subdivision expressly authorized by state statute. Funds in the “General Operating” and “Emergency Fund” accounts would be added together and insured in the aggregate to \$250,000, if such funds are for countywide use and not for the exclusive use of any subdivision or principal department of the county, expressly authorized by state statute.

**Example 6**

**Question:** A, the custodian of Indian tribal funds, lawfully invests \$2,500,000 in an account in an insured credit union on behalf of 15 different tribes; the records of the credit union show that no tribe’s interest exceeds \$250,000. A, as official custodian, also invests \$1,000,000 in the same credit union on behalf of 100 individual Indians, who are not members; each Indian’s interest is \$10,000. What is the insurance coverage?

**Answer:** Because each tribe is considered a separate public unit, the custodian of each tribe, even though the same person, is entitled to separate insurance for each tribe. Since the credit union’s records indicate no tribe has more than \$250,000 in the account, the \$2,500,000 would be fully insured as 15 separate tribal accounts. If any one tribe had more than a \$250,000 interest in the funds, it would be insured only to \$250,000 and any excess would be uninsured.

However, the \$1,000,000 invested on behalf of the individual Indians would not be insured since the individual Indians are neither public units nor, in the example, members of the credit union. If A is the custodian of the funds in his capacity as an official of a governmental body that qualified as a public unit, then the account would be insured for \$250,000 leaving \$750,000 uninsured.

**Example 7**

**Question:** A, an official custodian of funds of a state of the United States, lawfully invests \$625,000 of state funds in a federally-insured credit union located in the state from which he derives his authority as an official custodian. What is the insurance coverage?

**Answer:** If A invested the entire \$625,000 in a share draft account, then \$250,000 would be

insured and \$375,000 would be uninsured. If A invested \$300,000 in share draft accounts and another \$325,000 in share certificate and regular share accounts, then A would be insured for \$250,000 for the share draft accounts and \$250,000 for the share certificate and regular share accounts leaving \$125,000 uninsured. If A had invested the \$625,000 in a federally-insured credit union located outside the state from which he derives his authority as an official custodian, then \$250,000 would be insured for all accounts regardless of whether they were share draft, share certificate or regular share accounts, leaving \$375,000 uninsured.

## F. Joint Accounts

The interest of a co-owner in all accounts held under any form of joint ownership valid under state law (whether as joint tenants with right of survivorship, tenants by the entireties, tenants in common, or by husband and wife as community property) is insured up to the \$250,000 SMSIA. This insurance is separate from that afforded by individual accounts held by any of the co-owners.

An account is insured as a joint account only if each of the co-owners has personally signed a membership card or an account signature card and possesses the same withdrawal rights as the other co-owners. (The signature requirement does not apply to share certificates, or to any accounts maintained by an agent, nominee, guardian, custodian or conservator on behalf of two or more persons. However, the records of the credit union must show that the account is being maintained for joint owners. There is also another exception in the case of a minor discussed below.) An account owned jointly which does not qualify as a joint account for insurance purposes is insured as if owned by the named persons as individuals. In that case, the actual ownership interest in the account of each person is added to any other accounts individually owned by such person and insured up to the \$250,000 SMSIA in the aggregate.

Any individual, including a minor, may be a co-owner of a joint account. Although, generally, each co-owner must have signed an account signature card and must have the same rights of withdrawal as other co-owners in order

for the account to qualify for separate joint account insurance, there is an exception for minors. If state law limits or restricts a minor's withdrawal rights — for example, a minimum age requirement to make a withdrawal — the account will still be insured as a joint account.

The interests of a co-owner in all joint accounts that qualify for separate insurance coverage are insured up to the \$250,000 SMSIA. For insurance purposes, the co-owners of any joint account are deemed to have equal interests in the account, except in the case of a tenancy in common. With a tenancy in common, equal interests are presumed unless otherwise stated on the records of the credit union.

### Example 1

**Question:** Members A and B maintain an account as joint tenants with right of survivorship and, in addition, each holds an individual account. Is each account separately insured?

**Answer:** If both A and B have signed the membership or signature card and possess equal withdrawal rights with respect to the joint funds, their interests in the joint account are separately insured from their interests in the individual accounts. If the joint account is represented by a share certificate, their individual signatures are not required for that account.

### Example 2

**Question:** Members H and W, husband and wife, reside in a community property state. Each holds an individual account and, in addition, they hold a qualifying joint account. The funds in all three accounts consist of community property. Is each account separately insured?

**Answer:** Yes. An account in the individual name of a spouse will be insured up to \$250,000 whether the funds consist of community property or separate property of the spouse. A joint account containing community property is separately insured. Thus, community property can be used for individual accounts in the name of each spouse and for a joint account in the name of both spouses. In this example, each individual account is insured up to \$250,000, and the interests of both the husband and wife in the joint account are each insured up to \$250,000.

**Example 3**

**Question:** Two accounts of \$250,000 each are held by a member husband and his wife under the following names:

John Doe and Mary Doe, husband and wife, as joint tenants with right of survivorship.  
Mrs. John Doe and John Q. Doe (community property). How much insurance do the husband and wife have?

**Answer:** They have \$500,000 of insurance.

Both the husband and wife are deemed to have a one half interest (\$125,000) in each account.

The husband's interest in both accounts would be added together and insured for \$250,000. The wife's insurance coverage would be determined the same way.

**Example 4**

**Question:** The following accounts are held by members A, B and C, each of whom has personally executed signature cards for the accounts in which he has an interest. Each co-owner of a joint account possesses the necessary withdrawals rights.

1. A, as an individual—\$250,000
2. B, as an individual—\$250,000
3. C, as an individual—\$250,000
4. A and B, as joint tenants w/r/o survivorship—\$240,000
5. A and C, as joint tenants w/r/o survivorship—\$240,000
6. B and C, as joint tenants w/r/o survivorship—\$240,000
7. A, B and C, as joint tenants w/r/o survivorship—\$240,000

What is the insurance coverage?

**Answer:** Accounts numbered 1, 2 and 3 are each separately insured for \$250,000 as individual accounts held by A, B and C, respectively. The interests of the co-owners of each joint account are deemed equal for insurance purposes. A's interest in accounts numbered 4, 5, and 7 are added together for insurance purposes. Thus, A has an interest of \$120,000 in account No. 4, \$120,000 in account No. 5 and \$80,000 in account No. 7, for a total joint account interest of \$320,000, of which \$250,000 is insured. The interest of B and C are similarly insured.

**Example 5**

**Question:** A, B and C hold accounts as set forth in Example 4. Members A and B are husband and wife; C, their minor child, has failed to sign the signature card for Account No. 7. In Account No. 5, according to the terms of the account, C cannot make a withdrawal without A's written consent. (This is not a limitation imposed under state law.) In Account No. 6, the signatures of both B and C are required for withdrawal. A has provided all of the funds for Accounts numbered 5 and 7 and under state law has the entire actual ownership interest in these two accounts. What is the insurance coverage?

**Answer:** If any of the co-owners of a joint account have failed to meet any of the joint account requirements, the account is not a qualifying joint account. Instead, the account is treated as if it consisted of commingled individual accounts of each of the co-owners in accordance with his or her actual ownership interest in the funds, as determined under applicable state law.

Account No. 5 is not a qualifying joint account because C does not have equal withdrawal rights with A. Based on the terms of the account, C can only make a withdrawal if he has A's written consent. Account No. 7 is not a qualifying joint account because C did not personally sign the signature card. Therefore, all of the funds in Accounts 5 and 7 are treated as individually owned by A and added to A's individual account, Account No. 1. For insurance purposes then, A has \$730,000 in one individual account that is insured for \$250,000, leaving \$480,000 uninsured.

Account 6 is a qualifying joint account for insurance purposes since each co-owner has the right to withdraw funds on the same basis. Account 4 is also a qualifying joint account. A's interest in Account 4 is insured for \$120,000. B's interest of \$120,000 in Account 4 is added to her interest of \$120,000 in Account 6 and insured for \$240,000. C's interest in Account 6 is insured for \$120,000.

**Example 5(a)**

**Question:** Assume the same accounts as Example 5 except that, on Account No. 5, C's right to make a withdrawal is limited by state law which precludes a minor from making a withdrawal without the co-owner's written consent. What is the insurance coverage?

**Answer:** In this situation, Accounts 4, 5, and 6 all qualify as joint accounts. A, B, and C will each have \$240,000 of insured funds based on: A's interest in Account 4 (\$120,000) and 5 (\$120,000), B's interest in Accounts 4 (\$120,000) and 6 (\$120,000), and C's interest in Accounts 5 (\$120,000) and 6 (\$120,000). As in Example 5, Account No. 7 does not qualify as a joint account and would be added to A's individual account for insurance purposes.

#### Example 6

**Question:** If a person has an interest in more than one joint account, what is the extent of the insurance coverage?

**Answer:** A person holding an interest in more than one joint account may receive \$250,000 on the total of his/her interests in all of those joint accounts. For example, assume that H and W own a joint account containing \$220,000 and H and C own a joint account containing

\$100,000. Since the interests of the co-owners of a joint account are deemed equal for insurance purposes (except in the case of a tenancy in common if unequal interests are shown on the account records of the credit union), H has an interest of \$110,000 in the account with W, and an interest of \$50,000 in the account with C. H would have insurance of \$160,000. W would have insurance of \$110,000 and C would have insurance of \$50,000. In this example, all of the funds held in the two joint accounts would be insured.

#### Example 7

The following illustrations show how typical families may use multiple ownership of accounts to increase the insurance coverage for their family funds. In all cases, the accounts illustrated must meet the share insurance coverage requirements as published in the code of Federal Regulations (12 C.F.R. Part 745).

#### Family of Two

Individual Accounts	Husband Individual	\$250,000
	Wife Individual	250,000
Joint Tenancy Accounts Testamentary	Husband & Wife (Joint)	500,000
Revocable Trust Accounts	Husband as Trustee for Wife	\$250,000
	Wife as Trustee for Husband	250,000
	<b>TOTAL</b>	<b>\$1,500,000</b>

#### Family of Three

Individual Accounts	Husband Individual	\$250,000
	Wife Individual	250,000
	Child Individual	250,000
Joint Tenancy Accounts	Husband & Wife (Joint)	250,000
	Husband & Child (Joint)	250,000
	Wife & Child (Joint)	250,000

The Husband is insured to \$250,000 on his two accounts with Wife and Child. The Wife is insured to \$250,000 on her two accounts with Husband and Child. The Child is insured to \$250,000 on his/her accounts with father and mother.

Testamentary Revocable Trust Accounts (for Spouse-Child-Grand child-parent-sibling)	Husband as Trustee for Wife	\$250,000
	Husband as Trustee for Child	250,000
	Wife as Trustee for Husband	250,000
	Wife as Trustee for Child	250,000
	<b>TOTAL</b>	<b>\$2,500,000</b>

**Family of Four**

Individual Accounts	Husband Individual	\$250,000
	Wife Individual	250,000
	Child #1 Individual	250,000
	Child #2 Individual	250,000
Joint Tenancy Accounts	Husband & Wife (Joint)	250,000
	Husband & Child #1 (Joint)	250,000
	Wife & Child #2 (Joint)	250,000
	Child #1 & Child #2 (Joint)	250,000

As in the previous illustration, none of the co-owners has an interest of more than \$250,000 in all of the joint accounts, so the total amount held by the each of the co-owners in all of the joint accounts is insured.

Testamentary Revocable Trust Account (for Spouse-Child-Grand-child-parent-sibling)	Husband as Trustee for Wife	\$250,000
	Wife as Trustee for Husband	250,000
	Husband as Trustee for Child #1	250,000
	Wife as Trustee for Child #1	250,000
	Husband as Trustee for Child #2	250,000
	Wife as Trustee for Child #2	250,000
<b>TOTAL</b>		<b>\$3,500,000</b>

**G. Trust Accounts And Retirement Accounts**

A trust estate is the interest of a beneficiary in an irrevocable express trust, whether created by trust instrument or statute that is valid under state law. Thus, funds invested in an account by a trustee under an irrevocable express trust are insured on the basis of the beneficial interest under such trust. The interest of each beneficiary in an account (or accounts) established under such a trust arrangement is insured to the \$250,000 SMSIA separately from other accounts held by the trustee, the settlor (grantor), or the beneficiary. However, in cases where a beneficiary has an interest in more than one trust arrangement created by the same settlor, the interests of the beneficiary in all accounts established under such trusts are added together for insurance purposes, and the beneficiary’s aggregate interest derived from the same settlor is separately insured to the \$250,000 SMSIA.

A beneficiary’s interest in an account established pursuant to an irrevocable express trust arrangement is insured separately from other beneficial interests (trust estates) invested in the same account if the value of the beneficiary’s interest (trust estate) can be determined (as of the date of a credit union’s insolvency) without

evaluation of contingencies except for those covered by the present worth tables and rules of calculation for their use set forth in Section 20.2031-10 of the Federal Estate Tax Regulations (26 C.F.R. 20-2031-10). If any trust estates in such an account cannot be so determined, the insurance with respect to all such trust estates together shall not exceed the \$250,000 SMSIA. In order for the insurance coverage of a trust account to be effective in accordance with the foregoing rules, certain record keeping requirements must be met. In connection with each trust account, the credit union’s records must indicate the name of both the settlor and the trustee of the trust and must contain an account signature card executed by the trustee indicating the fiduciary capacity of the trustee. In addition, the interests of the beneficiaries under the trust must be ascertainable from the records of either the credit union or the trustee, and the settlor or beneficiary must be a member of the credit union. If there are two or more settlors or beneficiaries, then either all the settlors or all the beneficiaries must be members of the credit union.

Although each ascertainable trust estate is separately insured, it should be noted that in short-term trusts the insurable interest or interests may be very small, since the interests are computed only for the duration of the trust.

Thus, if a trust is made irrevocable for a specified period of time, the beneficial interest will be calculated in terms of the length of time stated. A reversionary interest retained by the settlor is treated in the same manner as an individual account of the settlor.

As stated, the trust must be valid under local law. A trust which does not meet local requirements, such as one imposing no duties on the trustee or conveying no interest to the beneficiary, is of no effect for insurance purposes. An account in which such funds are invested is considered to be an individual account. An account established pursuant to a revocable trust arrangement is insured as a form of individual account and is treated under Section B, *supra*, dealing with Testamentary Accounts.

Traditional IRA and Roth IRA accounts are combined and insured up to \$250,000, separately from Keogh accounts which are also insured to \$250,000 as discussed in Question 20. Although credit unions may serve as trustees or custodians for self-directed traditional IRA, Roth IRA, and Keogh accounts, once the funds in those accounts are taken out of the credit union, they are no longer insured.

In the case of an employee retirement fund where only a portion of the fund is placed in a credit union account, the amount of insurance available to an individual participant on his interest in the account will be in proportion to his interest in the entire employee retirement fund. If, for example, the participant's interest represents ten percent of the entire plan funds, then he is presumed to have only a ten percent interest in the plan account. Said another way, if a participant has vested interest of \$10,000 in a municipal employees retirement plan and the trustee invested 25 percent of the total plan funds in a credit union, the participant would be insured for only \$2,500 on that credit union account. There is an exception, however. The participant would be insured for \$10,000 if the trustee can document, through records maintained in the ordinary course of business, that individual beneficiary's interest are segregated and the total vested interest of the participant was, in fact, invested in that account.

#### Example 1

**Question:** Member S invests \$90,000 in trust

for B, the beneficiary. S also has an individual account containing \$180,000 in the same credit union. What is the insurance coverage?

**Answer:** Both accounts are fully insured. The trust account is separately insured from the individual account of S.

#### Example 2

**Question:** S invests funds in trust for A, B, C, D, and E. A, B, and C are members of the credit union, D, E, and S are not. What is the insurance coverage?

**Answer:** This is an uninsurable account. Where there is more than one settlor or more than one beneficiary, all the settlors or all the beneficiaries must be members to establish this type of account. Since D, E and S are not members; this account cannot legally be established or insured.

#### Example 3 (a)

**Question:** Member T invests \$1,500,000 in trust for ABC Employees Retirement Fund. Some of the participants are members and some are not. What is the insurance coverage?

**Answer:** The account is insured as to the determinable interests of each participant to a maximum of \$250,000 per participant regardless of credit union member status. Participant interests not capable of evaluation shall be added together and insured to a maximum of \$250,000 in the aggregate.

#### Example 3 (b)

**Question:** T is trustee for the ABC Employees Retirement Fund containing \$2,000,000. Fund participant A has a determinable interest of \$180,000 in the Fund (9% of the total). T invests \$1,000,000 of the Fund in an insured credit union and the remaining \$1,000,000 elsewhere. Some of the participants of the Fund are members of the credit union and some are not. T does not segregate each participant's interest in the Fund. What is the insurance coverage?

**Answer:** The account is insured as to the determinable interest of each participant, adjusted in proportion to the Fund's investment in the credit union, regardless of the membership status of the participants. A's insured interest in the account is \$90,000, or 9% of \$1,000,000. This reflects the fact that only 50% of the Fund is in the account

and A's interest in the account is in the same proportion as his interest in the overall plan. All other participants would be similarly insured. Participants' interests not capable of evaluation are added together and insured to a maximum of \$250,000 in the aggregate.

**Example 4**

**Question:** Member A has an individual account of \$250,000 and establishes an IRA and accumulates \$250,000 in that account. Subsequently, A becomes self-employed and establishes a Keogh account in the same credit union and accumulates \$250,000 in that account. What is the insurance coverage?

**Answer:** Each of A's accounts would be separately insured as follows: the individual account for up to \$250,000; the IRA account for \$250,000, the maximum for that account type; and the Keogh account for \$250,000, the maximum for that account type. In the example, A would be fully insured for \$750,000.

**Example 5**

**Question:** Member A has a self-directed IRA account with \$70,000 in it. The FCU is the trustee of the account. Member transfers \$40,000 into a blue chip stock; \$30,000 remains in the FCU. What is the insurance coverage?

**Answer:** Originally, the full \$70,000 in A's IRA account is insured. The \$40,000 is no longer insured once it is moved from the FCU. The \$30,000 remaining in the FCU is insured.

## National Credit Union Administration Regional Offices

### Region I (Albany)

Regional Director  
National Credit Union Administration  
9 Washington Square  
Washington Avenue Extension  
Albany, NY 12205

Telephone: 518-862-7400  
Fax: 518-862-7420  
region1@ncua.gov

Connecticut	New Hampshire
Maine	New York
Massachusetts	Rhode Island
Michigan	Vermont

### Region II (Capital)

Regional Director  
National Credit Union Administration  
1775 Duke Street  
Suite 4206  
Alexandria, VA 22314-3437

Telephone: 703-519-4600  
Fax: 703-519-4620  
region2@ncua.gov

Delaware	New Jersey
District of Pennsylvania	
Columbia	Virginia
Maryland	West Virginia

### Region III (Atlanta)

Regional Director  
National Credit Union Administration  
7000 Central Parkway  
Suite 1600  
Atlanta, GA 30328

Telephone: (678) 443-3000  
Fax: 678-443-3020  
region3@ncua.gov

Alabama	North Carolina
Florida	Puerto Rico
Georgia	Ohio
Indiana	South Carolina
Kentucky	Tennessee
Mississippi	Virgin Islands

**Region IV (Austin)**

Regional Director  
 National Credit Union Administration  
 4807 Spicewood Springs Rd.  
 Suite 5200  
 Austin, Texas 78759  
 Telephone: 512-342-5600  
 Fax: 512-342-5620  
 region3@ncua.gov

Arkansas	Nebraska
Illinois	North Dakota
Iowa	Oklahoma
Kansas	South Dakota
Louisiana	Texas
Minnesota	Wisconsin
Missouri	

**Region V (Tempe)**

Regional Director  
 National Credit Union Administration  
 1230 West Washington Street,  
 Suite 301  
 Tempe, AZ 85281  
 Telephone: 602-302-6000  
 Fax: 602-302-6024  
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Alaska	Montana
Arizona	Nevada
California	New Mexico
Colorado	Oregon
Guam	Utah
Hawaii	Washington
Idaho	Wyoming



National Credit Union Administration  
 Alexandria, VA 22314-3428  
 NCUA 8046



# Membership And Account

Agreement And Disclosure



## Membership And Account Agreement

This Agreement is the contract of deposit which covers your and our rights and responsibilities concerning Membership and Account(s) offered to you by Kitsap Credit Union ("Credit Union"). In this Agreement, the words "you" and "yours" mean those who sign the Membership and Account Card as members, joint owners or any authorized users. The words "we," "us," and "our" mean the Kitsap Credit Union. The word "account" means any one or more deposit accounts you have with the Credit Union, including savings, checking, money market, and share certificates of deposit, as applicable. This Agreement applies to the membership and accounts of individual members and business members except for specific provisions applicable to business members as indicated within the Agreement.

By signing the Membership and Account Card ("Card") or providing an electronic signature and consent to any online account card or application that is a part of the Agreement, each of you, jointly and severally, agree to the terms and conditions in this Agreement, including the Funds Availability Policy, the Rate and Fee Schedule, and Truth-in-Savings disclosures accompanying this Agreement, which collectively govern your Membership and Accounts. You agree that additional accounts and services you request in the future will be governed by this Agreement, as amended from time to time. Unless you waive your rights, you understand that certain account designations, such as a joint ownership with right of survivorship or POD beneficiary designation may be invalidated upon the Credit Union's receipt of notice of marriage dissolution or a testamentary disposition, as required by applicable law.

### I. Membership And Accounts

Important Information about Procedures for Opening New Accounts. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open an account, we will ask you your

name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**1. Membership Eligibility.** To be eligible for membership in the Credit Union you must be an individual or entity qualifying within the Credit Union's field of membership and must purchase and maintain at least five shares at \$5.00 par value (the "membership share") as required by the Credit Union's Bylaws. You authorize us to check financial information data, and employment history about you by any means allowed by law, including obtaining a credit report or credit score from any consumer reporting agency to verify your eligibility for any accounts and services we offer or you request.

**2. Membership Termination or Expulsion.** If your membership is terminated or you are expelled from membership, we are required to close all of your accounts and services with the Credit Union. You may terminate your membership at the Credit Union after giving written notice of your intent to withdraw from membership. You may be expelled from membership for any reason allowed by applicable law, including causing a loss to the Credit Union, nonparticipation, threatening conduct or failure to comply with Credit Union agreements. The Credit Union will notify members of their expulsion including the reason for such expulsion. The Credit Union will promptly pay amounts in any deposit account to the expelled member as provided by state law and expelled members have the right to seek reinstatement. Expulsion will not relieve any member of any liabilities owed to the Credit Union and the Credit Union will not be liable for payment on any checking, withdrawal, or other item once your membership is terminated.

**3. Single Party Individual Accounts.** A single party account is an account owned by an individual person for a consumer purpose and not business purpose. The interest of a deceased individual owner will pass to the decedent's estate or POD beneficiary, if applicable, subject to other provisions of

this Agreement governing our protection for honoring transfer and withdrawal requests of an owner or owner's agent prior notice of an owner's death.

**4. Multiple Party Accounts.** An account owned by two or more individual persons for a consumer purpose and not a business purpose is a multiple party account.

a. Rights of Survivorship. If your account is a multiple party account, the account is owned as a joint account with rights of survivorship unless otherwise stated on the account card. If the account is a multiple party account without right of survivorship, the interest of a deceased owner will pass to the decedent's estate. If the account is a multiple party account with right of survivorship upon the death of one of the joint account owners, that person's interest will become the property of the surviving joint account owners. A surviving owner's interest is subject to the Credit Union's statutory lien for the deceased owner's obligations, and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not consent to it.

b. Rights of Multiple Party Account Owners. Any multiple party account owner (joint owner) is authorized to act for the other owner(s) and the Credit Union may accept orders and instructions regarding the account and requests for future services from any joint owner. Any joint account owner may terminate the account by withdrawing all funds in the account, stop payment on items drawn on an account, withdraw, or pledge all or any part of the shares of any account, including funds representing a membership share, without the consent of the other joint account owner(s) and the Credit Union shall have no duty to notify any other joint account owner(s). If the Credit Union receives written notice of a dispute between joint owners or receives inconsistent instructions from them, the Credit Union may suspend or terminate the account, require a Court order to act or require that all joint owners agree in writing to any transaction concerning the account.

c. Multiple Party Account Owner Liability. If any item deposited in a joint account is returned unpaid or an account is overdrawn,

each of the joint account owners is jointly and severally liable to the Credit Union for the amount of the returned item or overdraft and any charges, regardless of who created the overdraft, deposited or cashed the item or benefited from the transaction. If any joint owner is indebted to the Credit Union such that the Credit Union has a lien against an account of that joint owner, the Credit Union may enforce its rights against any or all funds in the joint account regardless of who contributed the funds to the joint account.

**5. P.O.D. Account Designation.** A Payable on Death (P.O.D.) account designation makes a single party or multiple party individual account payable to the owners during their lifetimes, and upon the death of the last joint owner, payable to the named P.O.D. beneficiary on your account card. If the P.O.D. account is held by more than one owner, each account holder will be subject to the rules pertaining to joint ownership as set forth above. Accounts payable to more than one P.O.D. beneficiary are owned jointly with right of survivorship. If there is no surviving P.O.D. beneficiary upon the death of the last owner, state law will determine ownership of the funds in the account. Any P.O.D. beneficiary shall not apply to IRA accounts, which shall be governed by a separate beneficiary designation. A P.O.D. beneficiary's interest is subject to the Credit Union's statutory lien for the deceased owner's obligations, and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not consent to it.

**6. Accounts for Minors.** The Credit Union may make payments of funds directly to the minor without regard to his or her minority unless the Credit Union has received written notice from the minor owner's custodial parent or guardian to withhold payment from the minor and the Credit Union has had a reasonable opportunity to act on the notice. Unless a guardian is an account owner, the guardian shall not have any right to access the account. The Credit Union has no duty to inquire of the use or purpose of any transaction by the minor or joint account owner.

**7. Uniform Transfers to Minors Account Designation.** A Uniform Transfers to Minors

Account (“UTTMA”) is an account designation for a single account established by a member as a custodian on behalf of a minor (a person under twenty-one (21) years of age). The custodian must open the account in his or her name and provide the minor’s SSN on the account card. The custodian is the owner of the account for the exclusive right and benefit of the minor, and barring a court order otherwise, is the only party entitled to make deposits to, withdrawals from, or close the account. The custodian is the only person authorized to sign on the account. In the event of the custodian’s death, resignation or incapacity, any successor custodian named on the account card may serve, otherwise, the Credit Union may place an administrative hold on the account, until it receives instructions from any person authorized to withdraw funds or a court order authorizing such withdrawal. The Credit Union has not provided you any tax advice on this account and you are advised to see a qualified tax advisor on the tax treatment of this account. When the minor attains age twenty-one, the account will be payable to the beneficiary upon notification and direction of the minor and custodian. If the minor dies, the account will be closed and funds paid to the minor’s Estate.

**8. Accounts for Living Trusts.** An account for a Living Trust is an account held by one or more trustees for the benefit of one or more beneficiaries pursuant to a revocable trust agreement. Upon request of the Credit Union, the trustee(s) will supply to the Credit Union a copy of the trust agreement evidencing trustee’s authority. Trustee warrants that a valid Living Trust has been created, is currently existing, and that trustor and beneficiary are members of the Credit Union. The Credit Union is under no obligation to act as a trustee or to inquire as to the powers or duties of the trustee(s). Trustee agrees to notify the Credit Union in writing if a change of trustee occurs. Credit Union may withhold payment of funds to any party until proper evidence of authority is provided. Funds may be released to any one trustee acting alone or with a co-trustee. Credit Union may rely upon the directions of any one trustee until a written notice of revocation of the living trust form is received. The trustee(s) agree to indemnify and hold Credit Union harmless of any claim, damage or loss arising

as a result of unauthorized acts of any trustee or former trustee unless a successor trustee notifies the Credit Union in writing prior to any unauthorized act. This Agreement shall be binding on the trust, successor trustee(s) and beneficiaries.

**9. Individual Business Accounts – Sole Proprietorship.** An individual business account is an account owned by one depositor, or married couple, including any individual, or sole proprietor qualified for Credit Union membership and the account is used for business purposes. If the account is an individual account, the interest of a deceased individual will pass, subject to applicable law to the decedent’s estate. You understand that unless you waive your rights, certain account designations may be invalidated on the Credit Union’s receipt of notice of marriage dissolution or a testamentary disposition, as required by applicable law. We may require any claimant to the account to produce certain documents before releasing the funds to the account. The Credit Union may continue to honor all transfers, withdrawals, deposits and other transactions on the account until the Credit Union learns of an account owner’s death. Once the Credit Union learns of an account owner’s death, the Credit Union may pay checks or honor payments or transfer orders authorized by the deceased member for a period of ten (10) days unless the Credit Union receives instructions from any person claiming an interest in the account to stop payment on the checks or other items. You agree that the Credit Union can require that anyone who claims funds in the account after your death to indemnify the Credit Union for any losses from honoring that claim.

**10. Accounts of Businesses and Organizations.** You must designate on the Account Card who is authorized to act on behalf of the Member/Account Owner as an Authorized Signer or Business Agent. You agree to notify the Credit Union of any change in authority. The Credit Union may rely on the written authorization until such time as the Credit Union is informed of changes in writing and has had a reasonable time to act upon such notice. The Credit Union may require

that third party checks payable to a club or association may not be cashed, but must be deposited in the account. The Credit Union shall have no notice of any breach of fiduciary duties arising from a transaction by any agent of the Account Owner, unless the Credit Union has actual notice of any wrongdoing.

### **11. Authorized Parties of Business and Organizational Accounts.**

a. Authorized Parties. The parties named on the Account Card as Authorized Signers are vested with full authority to open and close accounts on behalf of the Member, add or remove Business Agents on behalf of the Member and to transact any business of any nature on such accounts.

b. Business Agents. Business Agents are persons authorized to receive any account information from the Credit Union either orally or in writing. Those persons are not authorized to withdraw funds or issue checks/drafts against the account. Deposits may be accepted by Business Agents.

The Credit Union is directed to accept and pay without further inquiry any item, signed by an Authorized Signer, drawn against any of the Member's accounts. Unless otherwise indicated, any one Authorized Signer is expressly authorized to endorse all items payable to or owned by the Member for deposit with or collection by the Credit Union and to perform any other transaction permitted under the Agreement.

The authority given to the Authorized Parties named on the Account Card shall remain in full force until written notice of revocation or a Business Account Card supplement is delivered to and received by the Credit Union at each location where an account is maintained. Any such notice shall not affect any items in process at the time notice is given. The Authorized Signer shall notify the Credit Union of any change in the Member's composition, assumed business names, or any aspect of the entity affecting the deposit relationship between the Member and the Credit Union before any such change occurs. The Credit Union shall have no duty to inquire as to the powers and duties of any Authorized Party and shall have no notice of any breach of fiduciary

duties by any Authorized Party unless the Credit Union has actual notice of wrongdoing.

**12. Fiduciary Accounts.** A fiduciary account is an account opened by an executor, administrator, personal representative, guardian, conservator, or other fiduciary in such capacity authorized under a will, court order or trust instrument establishing the fiduciary relationship trustee or a Representative Payee authorized by the Social Security Administration ("fiduciary"). The account owner is the estate, guardianship, conservatorship, trust or Social Security Administration benefit recipient as the sole owner of this account. The fiduciary is authorized to act on behalf of the account owner but has no ownership interest in the account. The fiduciary is the only authorized party to transact on this account. The fiduciary is expressly authorized to endorse all items payable to or owned by the Account owner for deposit with or collection by the Credit Union and to execute such other agreements and to perform any other account transaction under the Agreement. The fiduciary is authorized to receive account information from the Credit Union, either orally or in writing, and any information related to the account. The authority given to the fiduciary shall remain in full force until a court order, termination of the account owner or written notice of revocation is received by the Credit Union either by a court appointed representative of the account owner or by the Social Security Administration, as applicable. Any such notice shall not affect any items in process at the time notice is given. The fiduciary will notify the Credit Union of any change in the account owner's status affecting the deposit relationship between the account owner and the Credit Union. The fiduciary warrants that all actions he or she takes regarding the account will be for the sole benefit of the account owner and that the fiduciary will not conduct any transaction on the account that will personally benefit the fiduciary or will not comply with the terms of the applicable laws, will, court order or instrument establishing the fiduciary relationship. The Credit Union may rely upon these representations and shall have no duty to examine such authorizing documents

for compliance or inquire as to the powers and duties of the fiduciary and shall have no notice of any breach of fiduciary duties by the fiduciary unless the Credit Union has actual notice of wrongdoing. The account owner agrees that the Credit Union shall not be liable for any losses due to the account owner's failure to notify the Credit Union of any unauthorized acts of the fiduciary or changes to the relationship between the fiduciary and account owner. The account owner and fiduciary agree to indemnify and hold Credit Union harmless of any claim or liability as a result of unauthorized acts of the fiduciary upon which Credit Union relies prior to any actual notice of any account change or change of account owner.

**13. Deposits.** Deposits may be made to Checking, Savings, IRA, and Money Market deposit accounts in any amount by cash, check, or other item for deposit at the main office, any branch, all KCU ATM's or shared branching ATM's. The Credit Union may require that additional deposits to share certificates be made in specific amounts. All deposit accounts are nonassignable and nontransferable to third parties. You agree not to deposit any substitute check or similar item that you have created, or for which no financial institution has provided any substitute check, warranties and indemnity. If you do so, you agree to indemnify the Credit Union for all losses the Credit Union incurs in connection with the substitute check or item. You agree not to deposit any substitute check without our consent.

a. Endorsements. You authorize the Credit Union, in its discretion, to accept transfers, checks, drafts, and other items for deposit into any of your accounts if they are made payable to, or to the order of, any one or more owners on the account, whether or not they are endorsed by all owners. You authorize the Credit Union to supply missing endorsements if the Credit Union chooses to supply such endorsements. When you deposit items to your account, you warrant that all prior endorsements are genuine. The Credit Union reserves the right to verify all endorsements on third party checks presented for deposit either in person or by comparison with member signature

files. Insurance, Government, and certain other checks or drafts must be endorsed in person exactly as they are made payable. Endorsements must be placed in the space on the back of the share checking or check between the top edge and 12 inches from the top edge. The Credit Union may accept drafts or checks with endorsements outside this space. However, if any such endorsement causes any delay in processing the item for payment, you will be responsible for any loss incurred by the Credit Union due to the delay. The Credit Union may disregard information on any check other than the signature of the drawer and MICR information. Any item presented with a full payment legend must be presented in person to a Credit Union officer; otherwise, payment is made with full reservation of rights.

b. Collection of Items. The Credit Union shall not be responsible for deposits made by mail or at an unstaffed facility until the Credit Union actually receives them. In handling items for deposit or collection, the Credit Union only acts as your agent and assumes no responsibility beyond the exercise of ordinary care. The Credit Union will not be liable for default or negligence of any correspondent or for loss in transit, and each correspondent will only be liable for its own negligence. The Credit Union reserves the right to send any item for collection.

c. Final Payment. All noncash deposits posted to your account are provisional and subject to our receipt of final payment. If final payment is not received, we reserve the right to charge your account for the amount of those deposits and impose a return deposit charge on your account. After we have received final payment, we refer to these deposits as collected items. If the Credit Union incurs any fee to collect your deposit item, the Credit Union may charge such fees to your account. The Credit Union reserves the right to refuse or to return all or a part of a deposit or to close your account.

d. Direct Deposits. The Credit Union may offer direct deposit options allowing you to preauthorize deposits (i.e., payroll checks, Social Security or retirement checks, or other government checks) or preauthorize transfers

from other accounts at the Credit Union. You must authorize any direct deposits to your accounts by a separate authorization form. If applicable, you must notify the Credit Union at least 30 days prior to any direct deposit or preauthorized transfer if you wish to cancel the direct deposit or direct transfer option. Upon a filing of bankruptcy, if you fail to cancel any direct deposit authorization, you instruct your employer and the Credit Union to make and apply direct deposits in accordance with your authorization on file with the Credit Union. If the Credit Union is required to reimburse the U.S. Government for any benefit payment directly deposited into your account for any reason, you agree the Credit Union may deduct the amount returned from any of your accounts, unless prohibited by law.

e. Crediting of Deposits. Unless otherwise stated in the Funds Availability Policy below, deposits received at our offices on business days before the deposit cutoff time will be credited to your account as of the day of the deposit. Deposits made on Saturdays, Sundays, and Credit Union holidays will be credited to your account on the next business day. Deposits received at unstaffed teller locations such as night depositories will be credited on the day funds are removed and processed by the Credit Union.

f. Share Certificates of Deposit. Share certificate of deposit accounts are governed by the terms of this Agreement and the terms and disclosures set forth on the certificate for each account, which is incorporated herein by this reference.

g. Business Check Deposits. For business members, we reserve the right to require any check deposits to be deposited to your account without any right to receive any cash back, except as required by law. We have the right to refuse to accept any check or other item for deposit for any reason.

h. Special Deposit Account Privileges.

(1) Premier Club. The Credit Union offers special account privileges for members age 50 and over. There is an annual membership fee for the Premier Club as set forth on the Rate and Fee Schedule.

The special account privileges apply to one account per qualified Premier Club membership. Special account privileges include: One box of Premier Club checks per year, fee-free travelers cheques for a single signer, travels cheques for dual signers at 50% discount, money orders (limited to 10 per Premier Club membership per month), free money wire (1 per month), photocopying services (up to 2 times per month, max. 30 pgs, letter size), free faxes (limit 2 per month, max. 30 pgs, letter size), 50% discount on a 3 X 5 Safe Deposit Box and a quarterly newsletter.

(2) Varsity Savings. The Credit Union offers special individual ownership Youth Savings share account privileges for members ages 13–18. Members may apply for an ATM card if a parent or guardian signs as a joint owner. When the minor owner reaches 18, the owner may remove the adult signer with authorization of the member. Youth Savings accounts require an initial deposit of \$5.00 and will earn dividends on accounts that maintain a minimum daily balance of \$5.00.

(3) Varsity Checking. The Credit Union offers checking account privileges for members ages 13–18. Account privileges for qualified members include: complimentary box of checks, no per check fees, no monthly fee, overdraft protection, and no minimum balance. With a parent or guardian as co-signer, minor members may request an ATM card at age 13, and a Debit card at age 16. When the minor owner reaches age 18, the owner may remove the adult signer who was previously required to sign on the account.

(4) Kids Club. The Credit Union offers a special account for members up to age 12. The Kids Club Account is a dividend bearing, fee free account. Share accounts for minors under the age 13 require an adult co-signer or acceptable form of identification.

(5) Holiday Account. The Credit Union offers special savings account privileges for members establishing a Holiday savings account. A Holiday share account may be established at any time and runs through October 31 of each year. The balance in your

account, in excess of the \$25.00 balance, will be transferred to a designated share or checking account of yours on October 31. All other terms governing share accounts will govern this account.

#### **14. Account Access.**

a. Authorized Signature. In order to access any account, the Credit Union must have an authorized signature of yours on an Account Card. The Credit Union is authorized to recognize your signature, but will not be liable for refusing to honor any item or instruction of yours if it believes in good faith that the signature on such item or instruction is not genuine. If you have authorized the use of a facsimile signature, the Credit Union may honor any check that appears to bear your facsimile signature even if it was made by an unauthorized person. If you give your account number to a third person, you authorize us to honor transactions initiated by the third person even if you did not specifically authorize a particular transaction.

b. Access Options. You may make withdrawals or transfers from your account in any manner which is permitted by the Credit Union (i.e., check, automated teller machines (ATMs), in person, by mail, automatic transfer, or telephone). If you make withdrawals by check, the check must be properly completed and signed by you or your representative whose authority is on file with us. The Credit Union may return as unpaid any check that is not in the form provided by the Credit Union. The Credit Union may restrict the withdrawals or transfers on your accounts.

c. ACH & Wire Transfers. You may initiate or receive credits or debits to your account via wire transfer or ACH ("Automated Clearing House") transfer. You must have a Wire Transfer Agreement on file before the credit union will execute a wire transfer request. You agree that if you receive funds by a wire or ACH transfer, the Credit Union is not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement. The Credit Union may provisionally credit your account for a wire or ACH transfer before

it receives final settlement for the transfer. You agree that if the Credit Union does not receive final settlement for a transfer or receives an authorized reversal transaction, we may reverse the provisional credit to your account. When you initiate a wire transfer, you may identify either the recipient or any financial institution by name and by account or identifying number. The Credit Union (and other institutions) may rely on the account or other identifying number you give, even if it does not match the party named in your instructions. Wire transfers are governed by Federal Reserve Regulation J if the transfer is cleared through the Federal Reserve. ACH transactions are governed by the rules of the National Automated Clearing House Association.

d. Transactions by Mail. Except as otherwise provided in this Agreement, the Credit Union may permit you to make deposits, transfers, and withdrawals by mail. Transfers and withdrawals by mail will require a signed written request by you. Such transactions will be posted to your account as of the day the transaction is processed at the Credit Union.

e. Credit Union Examination. The Credit Union may disregard information on any check other than the signature of the drawer and amount of the item and any magnetic encoded information. You agree the Credit Union does not fail to exercise ordinary care in paying an item solely because its procedures do not provide for sight examination of items.

#### f. Electronic Check Transactions.

(1) Electronic Checks. If you authorize a merchant to electronically debit your checking account using the routing, account and serial number of your check to initiate the transfer, whether the check is blank, partially or fully completed and signed, such authorization is an electronic check conversion. An electronic check conversion is an electronic funds transfer ("EFT") subject to the terms of the Electronic Funds Transfer Agreement. You authorize us to honor any electronic check conversion from your checking account just the same as a regular written check.

(2) Electronic Re-presented

Checks. If you write a check on a personal account that we return unpaid because of insufficient or uncollected funds, payee or any subsequent holder of the check may re-present the check to us, through an electronic instruction (“Electronic Re-presented Check”) to charge your account for the amount of the check. If we receive an electronic re-presented check, we will pay or return the electronic re-presented check as if the original paper check was presented to us. Any collection fee you authorize the merchant to debit from your account is an electronic funds transfer subject to the terms of the Electronic Funds Transfer Agreement. If you want to reverse an electronic re-presented check, you must give us an affidavit within 15 days after we send or make available to you the periodic statement that reflects payment of that electronic re-presented check. In your affidavit, you must declare and swear under oath that the electronic re-presented check was ineligible or unauthorized. If we receive a proper notice or affidavit from you within the 15 day period, we will recredit your account with the amount of the charge. If you wish to stop payment of any electronic re-presented check, you must follow the procedures contained in this Agreement for stopping payment of checks, not the procedures for stopping payment on electronic loan or bill payments. If you ask us to request the depositor’s bank to send us the original paper check or a copy of the paper check, and we provide it to you, you agree that you will not seek to have your account recredited due to a prior stop payment order or if the item is otherwise ineligible for collection.

g. Night Depository. For business members who have requested and we have arranged for night depository services, the following requirements apply. You agree to properly place deposit items securely in our night depository facility. You agree to assume full responsibility for placing your deposit items in the night depository. You agree to hold harmless the Credit Union if you or your agent fails to conform to all terms applicable to the night depository service.

**15. Account Transaction Limitations.**

a. Withdrawal Restrictions. The Credit Union is only required to permit a withdrawal if you have sufficient available funds in your account to cover the full amount of the withdrawal. Drafts or other transfer or payment orders which are drawn against insufficient available funds will be subject to a service charge, set forth in the Rate and Fee Schedule. If there are sufficient available funds to cover some but not all of your withdrawal orders, the Credit Union may allow those withdrawals for which there are sufficient available funds in any order at the Credit Union’s discretion.

The Credit Union can also refuse to allow a withdrawal in other cases; for example: any dispute between the owners about the account (unless a court has ordered the Credit Union to allow the withdrawal); a legal garnishment or attachment is served; the account has been pledged as collateral for a debt to the Credit Union; any required documentation has not been presented; or you fail to repay a Credit Union loan on time. Any garnishment is subject to the Credit Union’s lien or security interest in an account. You will be advised of the reasons for refusal if such action is taken. The Credit Union reserves the right to require members to give notice in writing of any intended withdrawals from any account (except share checking) of not less than 7 days and up to 60 days before such withdrawal.

b. Account Limitations. For share accounts, you and any joint account owner are restricted from making no more than six transfers or withdrawals during any statement period to another Credit Union account of yours or to a third party by means of a preauthorized or automatic transfer or telephonic order (audio response) or instruction. A preauthorized transfer includes any arrangement with the Credit Union to pay a third party from the member’s account upon oral or written orders including orders received through the automated clearing house (ACH). In addition to the transactions specified above, you may make unlimited withdrawals or transfers as follows: (i) transfers to any loan account with the Credit Union; or (ii) transfers or

withdrawals (payments directly to you) by mail, messenger, in person, ATM, if applicable, from a share account to another Credit Union account of yours. If you exceed these limitations, your accounts may be assessed fees, your items may be returned unpaid and/or your account may be closed.

#### **16. Overdrafts.**

a. Overdraft Liability. If on any day, the available funds in your checking account are not sufficient to cover checks and other debit transactions posted to your account, those checks and items will be handled in accordance with our overdraft procedures or an overdraft protection plan you have with us. The Credit Union's determination of an insufficient account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. The Credit Union has no duty to notify you of an insufficient funds check. Your account will then be subject to a charge for the item whether paid or returned as set forth in the Rate and Fee Schedule. Except as otherwise agreed in writing, the Credit Union, by covering one or any overdraft, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time. If the Credit Union pays a draft that would otherwise overdraw your account, you agree to pay the overdraft amount immediately. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor bank extra time beyond any midnight deadline limits.

b. Overdraft Protection Plan. If we have approved an overdraft protection plan for you, we will honor drafts drawn on insufficient funds in your checking account by initiating a transfer of the necessary funds from a loan account or another deposit account of yours to your checking account. We will transfer funds to your checking account from a loan or share account in the order you have directed. Transfers from a deposit account will be governed by this Agreement. Transfers from a line of credit account will be governed by your Loan Agreement.

**17. Postdated and Staledated Items.** You must not date a check later than the date

that you write it. If you do and the item is presented for payment before its date, the Credit Union may return it unpaid. You also agree not to deposit checks, drafts, or other items before they are properly payable. The Credit Union is under no obligation to you to pay a check or draft drawn on your account which is presented more than six months after its date, but may charge your account for payment unless the item is certified or you have placed an effective stop payment.

#### **18. Stop Payment Orders.**

a. Stop Payment Request. You may ask the Credit Union to stop payment on any check drawn upon or ACH debit scheduled from your checking account. You may request a stop payment by telephone, by mail or in person. For checks, the stop payment will be effective if the Credit Union receives the order in time for the Credit Union act upon the order. For ACH debits, the stop payment order must be received at least three (3) business days before the scheduled date of the transfer. You must state the number of the account, date and the exact amount of the check or ACH and the number of the check or originator of the ACH debit. The stop payment will be effective if the Credit Union receives the order in time for the Credit Union to act upon the order and you state the number of the account, date and number of the item, its exact amount, and to whom it was issued. If you give the Credit Union incorrect or incomplete information, the Credit Union will not be responsible for failing to stop payment on the item. If the stop payment order is not received in time for the Credit Union to act upon the order, the Credit Union will not be liable to you or to any other party for payment of the item. If we recredit your account after paying a check over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer all of your rights against the payee or other holders of the check to the Credit Union, and to assist the Credit Union in legal action taken against the person.

b. Duration of Order. Verbal stop payment orders remain in effect for fourteen (14) days. Written stop payment orders are effective for six (6) months. In order for any written stop

payment order to remain in effect after six (6) months, you must renew the order in writing.

c. **Liability.** You may request that we stop payment on a check, draft, or similar paper instrument drawn against your account. The Credit Union will charge a fee for each stop payment order requested, as set forth on the Rate and Fee Schedule. You may stop payment on any certified check or draft or any other check, draft, or payment guaranteed by you or the Credit Union at the Credit Union's sole discretion. You should be aware that while payment of the item may be stopped, you may remain liable to any person, including the Credit Union, who is a holder of the item despite the stop payment order.

**19. Fees and Charges.** The Credit Union may charge you fees for the services provided by the Credit Union. A current Rate and Fee Schedule has been provided to you separately. You agree that the Rate and Fee Schedule may change at any time and you will be notified of such changes as required by law.

**20. Lost Items.** The Credit Union, in receiving items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse the credit for any deposited items or to charge your account for the items should they become lost in the collection process.

**21. Credit Union Liability.** If the Credit Union does not properly complete a transaction according to this Agreement, the Credit Union will be liable for your losses or damages not to exceed the amount of the transaction. The Credit Union will not be liable if: (a) through no fault of the Credit Union, your account does not contain enough money to make the transaction; (b) circumstances beyond the Credit Union's control prevents the transaction; (c) your loss is caused by your negligence or the negligence of another financial institution; or (d) the money in your account is subject to legal process or other claim. In no event will the Credit Union be liable for consequential damages. You grant the Credit Union the right, in making payments of deposited funds, to rely exclusively on the form of the account and the terms of this Account Agreement. Any conflict between oral representations by you

or Credit Union employees and any written form will be resolved by reference to this Agreement and applicable written form.

**22. Credit Union Lien and Security Interest.** If you owe the Credit Union money as a borrower, guarantor, endorser or otherwise, the Credit Union will have a lien on any or all of the funds in any account in which you have an ownership interest at the Credit Union, regardless of the source of the funds. The Credit Union may apply these funds in which it has a lien to pay off your indebtedness, including any costs or attorney fees incurred by the Credit Union in enforcing its rights without further notice to you. If the Credit Union chooses not to enforce its lien, the Credit Union does not waive its right to enforce the lien at a later time. You grant the Credit Union a consensual security interest in your deposit accounts and agree the Credit Union may use the funds from your accounts to pay any debt or amount owed the Credit Union unless prohibited by applicable law.

**23. Legal Process.** If any legal action, such as a levy, garnishment, or attachment, is brought against your account, the Credit Union may refuse to pay out any money from your account until the dispute is resolved or may pay out funds according to the terms of the levy. If the Credit Union incurs any expenses or attorney fees in responding to legal process, such expenses may be charged against your account without prior notice to you, unless prohibited by law. Any legal process against your account is subject to the Credit Union's lien and security interest.

**24. Account Information.** Upon your request, the Credit Union will inform you of the name and address of each credit reporting agency from which the Credit Union obtains a credit report in connection with your account. The Credit Union agrees not to disclose information to third parties about your account regarding any transaction or balances except when: (1) it is necessary to complete the transaction; (2) the third party seeks to verify the existence or condition of your account in accordance with the Fair Credit Reporting Act or other applicable laws and regulations; (3) such disclosure is in compliance with the law, government

agencies or court orders; or (4) you give us your written permission.

## 25. Notices.

a. Name or Address Changes. It is your responsibility to notify the Credit Union upon a change of address or change of name. The Credit Union is only required to honor items drawn upon the name as listed on the account and to attempt to communicate with you only at the most recent address you have provided to the Credit Union. The Credit Union requires any notice of change in address to be made in person or in writing.

b. Notice of Amendments. Except as otherwise prohibited by applicable law, the terms of this Agreement and all fees and other agreements provided to you in connection with this account are subject to change at any time. If required by law, the Credit Union will notify you of any changes in terms, rates, or fees at such time as is required by law. To the extent permitted by law, amendments will be effective upon posting of the amendments in the branch office or upon delivery of notice to the last address which you have specified for this account. If notice is given by mail, you agree only one notice is necessary in the case of a joint account. You may terminate your account prior to the effective date of any changes. You agree that oral instructions are binding and agree to hold Credit Union harmless from any liability arising as a result of such instructions. Changes in account ownership such as adding or removing a joint owner, must be evidenced by a signed authorization of an account holder which upon execution will be binding on all parties and will be incorporated herein by this reference.

**26. Taxpayer Identification Numbers and Backup Withholding.** The Credit Union is required by law to withhold and pay to the Internal Revenue Service (IRS) twenty-eight percent (28%) of payments of interest, dividends and certain other payments under certain conditions. This is called backup withholding (Per IRS publication 1281 (rev. 8-2007) catalog No. 63327A). Your failure to furnish a correct TIN or meet other applicable requirements may result in

backup withholding as well as civil or criminal penalties. If you refuse to provide your TIN, the Credit Union may suspend your account privileges. The Credit Union provided you with the required TIN and backup withholding certification and instructions at the time you established your account.

## 27. Statements.

a. Contents. If the Credit Union provides a statement for your account, you will receive a periodic statement of all transactions and activity on your account during the statement period. The amount and date of any payment, deposit, withdrawal, transfer, payment of dividends or interest, and any fees imposed will appear on your statement. For share drafts and checking accounts, you understand that your original draft will not be returned to you, but copies will be retained by Credit Union and made available upon your request. You agree to keep a copy of your original check in order to verify its validity. If you request us to provide you with an original check or sufficient copy, you agree that we may provide an electronic image of the original check or sufficient copy.

b. Electronic Statements (E-Statements). If your statement is provided electronically, statements will be electronically mailed to you as an attachment, or you will be sent an electronic mail notice that will direct you to the website where you may access, review, print and otherwise copy/download your periodic statements using procedures we authorize. Electronic mails from us will be sent to the electronic mail address provided by the account owner.

c. Examination. You are responsible for examining each statement and your check copy and reporting any irregularities to the Credit Union. The Credit Union will not be responsible for any forged, altered, unauthorized, or unsigned item drawn or deposited to your account if you fail to notify the Credit Union within thirty (30) days of the mailing date of the earliest statement and availability of drafts containing any forgery, alteration, or unauthorized signature on the item. The Credit Union will not be liable for items forged or altered in a manner not detectable by a reasonable person including,

but not limited to, the unauthorized use of a facsimile signature machine.

d. **Notice to Credit Union.** You agree that the Credit Union's retention of drafts does not alter or waive your responsibility to examine your statements and check copies or the time limit for notifying the Credit union of any errors. The statement will be considered correct for all purposes and the Credit Union will not be liable for any payment made or charged to your account unless you notify the Credit Union in writing within the above time limit after the statement and drafts are made available to you.

**28. Termination of Account.** The Credit Union may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the funds in the account; (4) any account checks are lost or stolen; (5) if there are excessive returned unpaid items not covered by an overdraft protection plan; or (6) if there has been any misrepresentation or any other abuse of any of your accounts. You may terminate your account at any time by notifying the Credit Union in writing. The Credit Union is not responsible for payment of any check, withdrawal, or other item once your account is terminated.

**29. Inactive and Abandoned Accounts.** If you have an account that you have not made a withdrawal from, deposit to, or transfer involving your account for more than one (1) year and the Credit Union does not have a valid, current address, the Credit Union may classify your account as an inactive account and charge a monthly service fee as set forth on the Rate and Fee Schedule. Also, dividends and interest will not be paid on inactive accounts with balances that fall below any minimum balance requirement unless otherwise required by applicable law. The Credit Union will notify you at your last known address three (3) months prior to imposing any fee. The Credit Union may charge the account a locator fee for costs

incurred in obtaining a current address as set forth on the Rate and Fee Schedule.

You authorize us to transfer funds from an available savings or checking account to cover the monthly maintenance or locator fee, if necessary. If you have an account with a balance under \$75.00 that you have not made a transaction upon for a period of two (2) years, you will be charged a monthly service fee as set forth on the Rate and Fee Schedule. If a deposit or withdrawal has not been made on the account and the Credit Union has had no other contact with you for three (3) years as required by the Uniform Unclaimed Property Act, the account will be presumed to be abandoned. Funds in abandoned accounts will be remitted in accordance with state law. Once funds have been turned over to the state, the Credit Union has no further liability to you for such funds and if you choose to reclaim such funds, you must apply to the appropriate state agency.

**30. Death of a Member.** For single party individual accounts, multiple party accounts and individual business accounts, you irrevocably waive the right to make a testamentary disposition of any account with the Credit Union, now and in the future. You agree that upon your death, your account will be payable in accordance with any existing account designations and the terms of this Agreement. The Credit Union may require the survivor or other claimant to the account to produce certain documents before releasing the funds in the account. The Credit Union may continue to honor all transfers, withdrawals, deposits and other transactions on the account until the Credit Union learns of the member's death. Once the Credit Union learns of a member's death, the Credit Union may pay checks or honor other payments or transfer orders authorized by the deceased member for a period of ten (10) days unless the Credit Union receives instructions from an authorized person to stop payment on the checks or other items. You agree that the Credit Union can require that anyone who claims funds in your account after your death to indemnify the Credit Union for any losses resulting from honoring that claim.

**31. Special Account Instructions.** The Credit Union can facilitate certain trust, will, or court-ordered account arrangements you may request. However, because the Credit Union does not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust, will, or court order. You and any surviving owner or beneficiary agree(s) to indemnify and hold the Credit Union harmless from any claim or liability asserted against the Credit Union as a result of the disposition of funds in reliance on this Agreement and any account designations of yours. If you ask the Credit Union to follow any instructions that the Credit Union believes might expose it to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the Credit Union may refuse to follow your instructions or may require you to indemnify the Credit Union or post a bond or other protection. Any item presented with a full payment legend must be presented in person to a Credit Union officer; otherwise, payment is accepted with full reservation of rights. You understand that the Credit Union may choose to retain electronic or imaged copies of any original documents and you agree that an electronic or imaged copy is valid as an original document.

**32. Indemnity.** If you ask the Credit Union to follow instructions that the Credit Union believes might expose it to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the Credit Union may refuse to follow your instructions or may require a bond or other protection. An example of the kind of protection asked for would be your promise to defend the Credit Union against any claims and pay all legal fees and costs associated with the defense.

**33. Waiver.** Any waiver of any term or condition stated in this Agreement must be in writing and signed by an officer of the Credit Union and shall not be considered as a waiver of any future or other obligation or right.

**34. Severability.** In the event that any paragraph of this Agreement or any portion thereof is held by a court to be invalid or unenforceable for any reason, the other paragraphs and portions of this Agreement

shall not be invalid or unenforceable and will continue in full force and effect.

**35. Enforcement.** You agree to be liable to the Credit Union for any loss, cost, or expense as provided in this Agreement that the Credit Union incurs as a result of your failure to follow this Agreement. You authorize the Credit Union to deduct any such loss, costs, or expenses from your account without prior notice to you. In the event either party brings a legal action to enforce the Agreement or collect any amount due under this Agreement, the prevailing party shall be entitled, subject to applicable law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. If there is a lawsuit, you agree that it may be filed and heard in the county and state in which the Credit Union is located, if allowed by applicable law.

**36. Governing Law.** This Agreement is governed by the Bylaws of the Credit Union, federal laws and regulations, the laws, including applicable principles of contract law, and regulations of the State of Washington and local clearinghouse rules, as amended from time to time. To the extent permitted by applicable law, any legal action regarding this Agreement shall be brought in the court of the county in which the Credit Union is located.

## II. Funds Availability Policy

**1. General Policy.** Our policy is to make funds from your deposits to your checking (transaction) of individual and business member accounts available to you on the first business day after the day we receive your deposit. The first \$200.00 of your deposit will be available on the day of deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and Federal holidays. If you make a deposit before 5:00 p.m. 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 5:00 p.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

**2. Reservation of Right to Hold.** 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. 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. It will be printed on your receipt as to 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 the next business day.

**3. 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.

**4. Longer Delays May Apply.** We may delay your ability to withdraw funds deposited by check into your account an additional number of days for these reasons:

- a. We believe a check you deposit will not be paid.
- b. You deposit checks totaling more than \$5,000 on any one day.
- c. You deposit a check that has been returned unpaid.
- d. You have overdrawn your account repeatedly in the last six months.

e. There is an emergency, such as failure of communications or computer equipment.

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

**5. Deposits at Nonproprietary ATMs.** Funds from any check deposits made at automated teller machines (ATMs) we do not own or operate will not be available until the fifth business day after the date of your deposit. This rule does not apply at ATMs that we own or operate. All ATMs that we own or operate are identified as our machines.

**6. Share Account Holds.** We may delay your ability to withdraw funds deposited by check into your share (savings) account until we verify funds are paid.

### III. Electronic Funds Transfers

By signing the Account Card or providing an electronic signature and consent to the online account card or application, you agree to the following terms governing your and our rights and responsibilities concerning the electronic funds transfer services, as applicable. Electronic funds transfers (“EFTs”) are electronically initiated transfers of money through VISA Check Card transactions, automated teller machines (“ATMs”), Cash Line Audio System, and online banking personal computer access system involving your deposit accounts at the Credit Union.

#### 1. Available EFT Services.

a. **ATM Card.** You may use your ATM card or VISA Check Card and Personal Identification Number (PIN) in automated teller machines within the participating ATMs shown on your Card and such other machines and facilities that we may designate. At the present time, you may use your card to make the following transactions:

- Make deposits to your savings and checking accounts;
- Make withdrawals from your savings and checking accounts;

- Transfer funds between your savings and checking accounts; and
- Inquire about your savings and checking accounts.

b. VISA Check Card. If we approve your application, for a VISA Check Card, you may use your VISA Check Card to purchase goods and services any place your card is honored by participating merchants. Funds to cover your Check Card purchases will be deducted from your checking account. If the balance in your account is not sufficient to pay the transaction amount, the Credit Union may not pay the amount and may terminate all services under this Agreement, unless you have an approved overdraft protection account with available funds.

c. Point of Sale. If we approve your application for POS services, you may use your VISA Check Card and PIN to pay for purchases from participating merchants who have agreed to accept the card at POS terminals. POS transactions will be deducted from your checking account.

d. CashLine Audio System. You may use the CashLine Audio System, your telephone and PIN to access all of your accounts and make the following transactions.

- Obtain balance, dividend and rate information on savings, checking, certificate, and loan accounts at the Credit Union;
- Obtain information on the most recent deposit to your savings and checking account;
- Transfer funds among your savings, checking, and loan accounts, as permitted, including loan payments, except on VISA accounts; and
- Such other transactions as offered and permitted in the future.

e. Online Banking Transactions. Upon approval, you may use your personal computer to access your accounts. You must use your CU@Home PIN along with your password to access your accounts. The online banking service is accessible seven (7) days a week, 24 hours a day. You will need a personal computer and access to the Internet. You are responsible for the

installation, maintenance and operation of your computer. The Credit Union will not be responsible for any errors or failures involving any telephone service or your computer. At the present time, you may use the online banking service to:

- Transfer funds between your savings, checking, and loan accounts.
- Review account balance and transaction history for your savings, checking, and loan accounts.
- Review information on your loan account is including payoff amounts, due dates, finance charges, interest rate, and balance information.
- Make bill payments and preauthorized transfers from your checking account.
- Request that a withdrawal from any savings, checking, or loan account be mailed to you in check form.
- Transfer funds between linked accounts.
- Communicate with the Credit Union using the E-mail feature.

Transactions involving your deposit accounts will be subject to the terms of your Membership and Account Agreement and transactions involving a line of credit account will be subject to your Loan Agreement and Disclosures, as applicable.

f. Direct Deposit. For single party individual accounts, multiple party accounts and individual business accounts, upon instruction of (i) your employer or (ii) the Treasury Department or (iii) other financial institutions, the Credit Union will accept direct deposits of your paycheck or of federal recurring payments, such as Social Security, military retirement, or VA benefits. You must notify us at least 30 days in advance of such request and/or change.

g. Electronic Check Transactions. You authorize us to honor any electronic check conversion transaction and re-presented check fee debit transactions you authorize ("electronic check transactions"). You agree that your authorization for an electronic check transaction occurs when you initiate such a transaction after receiving any notice regarding the merchant's right to process the transaction. Notice may include a sign posted by the merchant at the time and

place of your transaction. All terms governing electronic funds transfer services will apply to electronic check transactions except the \$50 and \$500 limits of liability for unauthorized transactions in Section 4. Member Liability. You remain responsible for notifying us of any unauthorized electronic check transaction shown on your statement.

## 2. Service Limitations.

a. ATM Card/Visa Check Card. You may withdraw funds from your accounts at ATMs as often as you like. However, you are limited to \$200 per day of ATM Card withdrawals and \$400 per day of VISA Check Card withdrawals.

b. Cash Line Audio System. Subject to the transaction limitations set forth in the Membership and Account section above, you may access your accounts using the audio response system via touch-tone telephone only. This service may be interrupted for a short time each day for data processing.

c. Online Banking Service Limitations. The following limitations on online banking transactions may apply:

(1) Transfers. You may make funds transfers to your other accounts as often as you like. However, transfers from your savings accounts will be limited to a total of six (6) in any one month. You may transfer or withdraw up to the available balance in your account or up to the available credit limit on a line of credit at the time of the transfer, except as limited under this Agreement or your deposit or loan agreements. The Credit Union reserves the right to refuse any transaction that would draw upon insufficient or unavailable funds, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. If you do not use the online banking Service for two consecutive statement cycles we reserve the right to terminate your service.

(2) Account Information. The account balance and transaction history information may be limited to recent account information involving your accounts. Also, the availability of funds for transfer or withdrawal may be limited due to the processing time for any ATM deposit transactions and our Funds Availability Policy.

(3) E-Mail. The Credit Union may not immediately receive E-mail communications that you send and the Credit Union will not take action based on E-mail requests until the Credit Union actually receives your message and has a reasonable opportunity to act. If you need to contact the Credit Union immediately regarding an unauthorized transaction or stop payment request, you may call the Credit Union at (360) 662-2000 or (800) 422-5852.

(4) Bill Payments. You may authorize new payment instructions or edit previously authorized payment instructions for bill payments that are either variable (i.e. payments on merchant charge accounts that vary in amount) or fixed (i.e. fixed mortgage payments). When you transmit a bill payment instruction to us, you authorize us to transfer funds to make the bill payment transaction from your checking account. We will process bill payment transfer requests only for such creditors as you authorize. The Credit Union will not process any bill payment transfer if we know the required transaction information is incomplete. In any event, the Credit Union will not be liable for any transaction that contains incorrect information that the Credit Union was not responsible for entering or knowing. If there are insufficient funds in your account to make the bill payment request, your account will incur a Non-Sufficient Funds (NSF) charge. Subsequent payment requests may not be processed until funds are collected for all previous payments. The Credit Union's bill payment processor may attempt to clear the payment (s) from your account up to three (3) times. After six (6) NSF occurrences, your Bill Payment account may be closed. The Credit Union reserves the right to refuse to process payment instructions that reasonably appears to the Credit Union to be fraudulent or erroneous. The Credit Union will withdraw the designated funds from your account for the bill payment transfer within five (5) business days after your payment request has been processed. The Credit Union will process your bill payment transfer within three (3) business days of the date you schedule for payment.

It is your responsibility to schedule your bill payments in such a manner that your obligations will be paid on time. You should enter and transmit your bill payment instructions at least ten (10) days before a bill is due. You are responsible for any late payments or finance charges that may be imposed as a result of your failure to transmit a timely bill payment authorization. You may cancel or stop payment on variable or fixed bill payments instructions under certain circumstances. If you discover an error in or want to change a payment instruction (i.e., payment date or payment amount) for a bill payment that you have already scheduled for transmission through the bill payment service, you may electronically edit or cancel your payment request through bill payment. Your cancellation request must be entered and transmitted through the bill payment service before the date you have scheduled for payment. If your request is not timely entered, you will be responsible for the payment. Stop payments cannot be placed on payments that have been sent electronically.

**3. Conditions of EFT Use.** The use of your Account and EFT services are subject to the following conditions:

a. Ownership of Cards. Any card or other device which we supply to you is our property and must be returned to us, or any other person whom we authorize to act as our agent, or to any person who is authorized to honor the card, immediately according to instructions. The card may be repossessed at any time in our sole discretion without demand or notice. You cannot transfer your card or account to another person.

b. Honoring the Card. Neither we nor merchants authorized to honor card will be responsible for the failure or refusal to honor the card or any other device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your account in lieu of a cash refund. You may not use your card or account for any transaction that is unlawful or illegal. We may decline to authorize any transaction that we believe may be unlawful or illegal.

c. Illegal Use of Internet Gambling. You agree that all transactions that you initiate

by use of your VISA Check Card are legal in the jurisdiction where you live and/or where the transaction occurred. Internet gambling may be illegal in the jurisdiction in which you are located, including the United States. Your VISA Check Card may only be used for legal transactions. Display of a payment card logo by an online merchant does not mean that internet gambling transactions are lawful in all jurisdictions in which you may be located. We have restricted all online gambling transactions with the VISA Check Card.

d. Security of PIN. The PIN issued to you is for your security purposes. The numbers are confidential and should not be disclosed to third parties or recorded on or with the card. You are responsible for safekeeping your PIN. You agree not to disclose or otherwise make your PIN number available to anyone not authorized to sign on your accounts. If you authorize anyone to use your PIN, that authority shall continue until you specifically revoke such authority by notifying the Credit Union. If you fail to maintain the security of these access codes and the Credit Union suffers a loss, we may terminate your card services and account services immediately.

#### **4. Member Liability.**

a. Single & Multiple Party Accounts. The following member liability provisions apply only to single and multiple party accounts. You are responsible for all transfers you authorize using your EFT services under this Agreement. If you permit other persons to use an EFT service, ATM or Visa Check Card or access code you are responsible for any transactions they authorize or conduct on any of your accounts. Tell us at once if you believe anyone has used your Account, ATM or Visa Check Card or access code and accessed your accounts without your authority or if you believe that an electronic funds transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. For Visa Check Card purchase transactions, if you notify us of your lost or stolen card, you may not be liable for any losses provided you were not grossly negligent (for example keeping your PIN with your Visa Check Card is gross negligence) or fraudulent in handling your Visa

Check Card and you provide us with a written statement regarding your unauthorized Card claim, otherwise the following liability limits will apply. For all other EFT transactions except electronic check transactions, if you tell us of the unauthorized use of your account within two (2) business days, you can lose no more than \$50 if someone accessed your account without your permission. If you do not tell us within two (2) business days after you learn of the unauthorized use of your account or EFT service, and we can prove that we could have stopped someone from accessing our account without your permission if you had told us, you could lose as much as \$500. Also, if your statement shows EFT transfers that you did not make including made by ATM or Visa Check Card, access code or other means, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, you may be liable for the following amounts if we can prove that we could have stopped someone from making the transfers if you had told us in time: (i) for unauthorized Visa Check Card purchase transactions up to the limits set forth above and (ii) for all other unauthorized EFT transactions up to the full amount of the loss. If a good reason (such as a hospital stay) kept you from telling us, we will extend the time periods.

b. Business Member Accounts. The following member liability provisions apply only to business member accounts. You are fully responsible for all transfers you or any authorized party makes under this Agreement. If you permit other persons to use an EFT service, ATM or Visa Check Card or access code you are responsible for any transactions they authorize or conduct on any of your accounts. Tell us at once if you believe anyone has used your Account, ATM or Visa Check Card or access code and accessed your accounts without your authority or if you believe that an electronic funds transfer has been made without your permission using information from your check.

c. Notice to Credit Union. If you believe your ATM or Visa Check Card or access code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission call:

(360) 662-2000 or (800) 422-5852

or write:

Kitsap Credit Union  
PO Box 990  
Bremerton, WA 98337

**5. Business Days.** Our business days are Monday through Friday 9:00 a.m. – 5:00 p.m. Holidays are not included.

**6. Fees and Charges.** There are certain charges for electronic fund transfer services as set forth below. From time to time, the charges may be changed. We will notify you of any changes as required by law.

a. Online Banking. The CU@Home service is free.

b. ATM Fees. If you use an ATM that is not operated by us, you may be charged an ATM surcharge by the ATM operator or ATM network utilized for such a transaction as well as a foreign terminal usage fee by Kitsap Credit Union. The ATM surcharge will be debited from your account if you elect to complete the transaction.

c. Foreign Transactions. Purchases made in foreign countries will be billed to you in U.S. dollars. The currency conversion rate for international transactions as established by VISA International, Inc. is a rate selected by VISA from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA itself receives, or the government-mandated rate in effect for the applicable central processing date. In addition, you will be charged a Foreign Transaction Fee of a percentage of the transaction amount for any card transaction made in a foreign country.

**7. Right to Receive Documentation of Transfers.**

a. Periodic Statements. Deposits and transfers, and withdrawals, transacted through an ATM will be recorded on your periodic statement. You will receive a statement monthly.

b. Terminal Receipt. You get a receipt at the time you make a transaction using an ATM, POS terminal or with a participating Visa merchant, except some electronic terminals

will not provide receipts for transactions of \$15 or less.

c. **Preauthorized Credits.** If you have a direct deposit made to your account at least once every sixty (60) days from the same source and you do not receive a receipt (such as a pay stub), you can call us at (360) 662-2000 to find out whether or not the deposit has been made.

**8. Preauthorized EFT Stop Payment Rights.** If you have told us in advance to make regular payments (other than bill payments) out of your account, you may stop any of these payments by notifying us either orally or in writing. We must receive your request at least three (3) business days before the scheduled date of the payment. You will need to tell us your name, account number, the payment amount, the payment date, and the person or company who is to receive the payment. If you call, we will require written confirmation of the stop payment order within fourteen (14) calendar days. If we do not receive the written confirmation within the fourteen days specified, your oral stop payment order will cease to be binding. Your stop payment order is effective only for the preauthorized payment date which you give us. If the stop payment order is not received in time for us to act upon it, we will not be liable to you or to any party for payment of the item. If you order us to stop one of these payments three (3) business days or more before the transfer is scheduled and we do not do so, we may be liable.

**9. Account Information Disclosure.** We will disclose information to third parties about your account or the transfers you make:

- a. As necessary to complete transfers;
- b. To verify the existence of sufficient funds to cover specific transactions upon the request of a third party, such as a credit bureau or merchant;
- c. To comply with a government agency or court orders; or
- d. If you give us your express permission.

**10. Credit Union Liability for Failure to Make Transfers.** 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 will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

a. If, through no fault of ours, you do not have enough money in your account to make the transfer or the transfer would go over the credit limit on your line of credit.

b. If you used the wrong PIN or you used a PIN, ATM, or VISA Check Card, or the CashLine Audio System or online banking personal computer access system in an incorrect manner

c. If the automated teller machine (ATM) where you are making the transfer does not have enough cash.

d. If the ATM was not working properly and you knew about the problem when you started the transaction.

e. If circumstances beyond our control (such as fire, flood or power failure) prevent the transaction.

f. If the money in your account is subject to legal process or other claim.

g. If your account is frozen because of a delinquent loan.

h. If the error was caused by an ATM or payment network or any other participating network.

i. If there are other exceptions as established by the Credit Union.

j. The ATM terminal may retain your card in certain instances, in which event you may contact the Credit Union about its replacement.

**11. Termination of EFT Services.** You agree that we may terminate this Agreement and your use of your EFT services, if you, or any authorized user of your PIN, breach this or any other agreement with us, or if we have reason to believe that there has been an unauthorized use of your PIN, ATM, VISA Credit Card, or Visa Debit Card. We will notify you or any other party on your account if we have canceled or will cancel this Agreement.

You or any other party on your account can terminate this Agreement by notifying us in writing. Termination of service will be effective the first business day following

receipt of your written notice. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

**12. Notices.** The Credit Union reserves the right to change the terms and conditions upon which this service is offered. The Credit Union will mail notice to you at least twenty-one (21) days before the effective date of any change, as required by law. Use of this service is subject to existing regulations governing the Credit Union account and any future changes to those regulations.

**13. Billing Errors.** Billing errors include:

- Unauthorized electronic fund transfer (fraudulent transactions).
- Incorrect electronic fund transfer to or from the consumer's account.
- Omission of an electronic fund transfer from a periodic statement.
- Computational or bookkeeping error made by the financial institution relating to an electronic fund transfer.
- Consumer's request for documentation or for additional information or clarification concerning an electronic fund transfer, including a request the consumer makes to determine whether an error exists.

The following billing error provisions apply only to single and multiple party accounts and not to business member accounts. In cases of errors or questions about your electronic transfers, telephone us at the phone numbers or write us at the address set forth above as soon as you can. We must hear from you no later than sixty (60) days after we sent the first statement on which the problem appears.

- a. Tell us your name and account number (if any).
- b. 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.
- c. 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 (10) business days.

We will tell you the results of our investigation within ten (10) business days after we hear from you and will correct the error promptly. For errors related to transactions occurring within thirty (30) days after the first deposit to the account (new accounts), we will tell you the results of our investigation within twenty (20) business days. If we need more time, however, we may take up to forty-five days (45) calendar days to investigate your complaint or question ninety (90) calendar days for POS transaction errors, new account transaction errors, or errors involving transactions initiated outside the United States. If we decide to do this, we will re-credit your account within ten (10) business days (five (5) business days for VISA Check Card POS purchase transactions) for the amount you think is in error, so that you will have the use of the money during the same 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 (10) business days we may not recredit your account.

If we decide after our investigation that an error did not occur, we will deliver or mail to you an explanation of our findings within three (3) business days after the conclusion of our investigation. If you request, we will provide you copies of documents (to the extent possible without violating other members' rights to privacy) relied upon to conclude that the error did not occur. If we have provided provisional credit we will also notify you that the credit will be removed and that we will honor checks, drafts or similar instruments payable to third parties and preauthorized transfers from the consumer's account (without charge to the consumer as a result of an overdraft) for a period of five business days.

**14. ATM Safety Notices.** The following information is a list of safety precautions regarding the use of Automated Teller Machine (ATM) and Night Deposit Facilities.

a. Be aware of your surroundings, particularly at night.

b. Consider having someone accompany you when the ATM or night deposit facility is used after dark.

c. If another person is uncomfortably close to you at the time of your transaction, ask the person to step back before you complete your transaction.

d. Refrain from displaying your cash at the ATM or night deposit facility. As soon as your transaction is completed, place your money in your purse or wallet. Count the cash later in the safety of your car or home.

e. If you notice anything suspicious at the ATM or night deposit facility, consider using another ATM or night deposit facility or coming back later. If you are in the middle of a transaction and you notice something suspicious, cancel the transaction, take your ATM access device or deposit envelope, and leave.

f. If you are followed after making a transaction, go to the nearest public area where people are located.

g. Do not write your personal identification number or code on your Card.

h. Report all crimes to law enforcement officials immediately.

**15. ATM One-Time Debit Charge Overdraft Coverage.** If you wish Kitsap Credit Union to pay an ATM or one-time debit charge overdraft, you must opt-in in writing. You will be charged a courtesy pay fee as set forth on the Rate and Fee Schedule.

**16. Enforcement.** You agree to be liable to the Credit Union for any liability, loss, or expense as provided in this Agreement that the Credit Union incurs as a result of any dispute involving your accounts or services. You authorize the Credit Union to deduct any such liability, loss, or expense from your account without prior notice to you. This Agreement

shall be governed by and construed under the laws of the state of Washington as applied to contracts entered into solely between residents of, and to be performed entirely in, such state. In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled, subject to Washington law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. Should any one or more provisions of this Agreement be determined illegal or unenforceable in any relevant jurisdiction, then such provision be modified by the proper court, if possible, but only to the extent necessary to make the provision enforceable and such modification shall not affect any other provision of this Agreement.

#### IV. Member Privacy Policy

**1. Our Privacy Pledge.** At Kitsap Credit Union, we respect the privacy of our members. We recognize the importance of maintaining the Confidentiality of your personal financial information. This notice describes the privacy policy and practices followed by Kitsap Credit Union. This notice explains what types of member information we collect and under what circumstances we may share it.

**2. Protecting Children's Information Policy.** Our online financial services are not designed for or directed toward children. We do not knowingly solicit or collect data from children and we do not knowingly market to children online. We recognize that protecting children's identities and online privacy is important and that responsibility rests with us and with parents.

**3. Privacy Policy Inquiries.** We may amend this Privacy policy from time to time. If you have any questions about our privacy practices contact us by calling : (360) 662-2000 or (800) 422-5852.

## Glossary

### ATM

Automated Teller Machine. A cash machine for electronic transactions.

### Billing Error

An incorrect transaction on your statement.

### Dividends

Earnings on deposits.

### EFT

Electronic Funds Transfer. A non-paper transaction initiated electronically and accessing a deposit account.

### Joint Owner

A person with equal ownership and liability on an account. This person need not be a member or hold membership rights in the account.

### Liability

Responsibility for any activity on your account.

### Member

An eligible person who has set up an account in his/her name and maintains at least a minimum \$5 share balance.

### Member Number

The number assigned to the member's account. Joint account owners are not members unless the member number has been assigned to the owner.

### PIN

Personal Identification Number. An alphabetic and/or numeric code which may be used as a means of cardholder or electronic cardholder identification as a cardholder-activated terminal or ATM.

### Preauthorized

Your permission to allow processing of a recurring transaction.

### Returned or NSF Item

A check, check card transaction, or other EFT item that did not have enough funds to cover payment of the written amount.

### Suffix

The number identifying the account type associated with the account number.

### Wire

An electronic transfer of funds to or from another financial institution.

# Electronic Services

Agreement And Disclosure



This is your electronic services agreement and disclosure. It includes necessary federal statements as required by the electronic fund transfer act (15 U.S.C. Section 1693 et seq) and regulation e (12 CFR 205 et seq) and any special instructions regarding the use of our cashline audio response system, cu@home system, atm card, visa check card and your personal identification numbers (pin) and any checks you authorize to be processed electronically (e-check). Please be certain to read this brochure carefully and notify us at once if any parts are unclear.

## Electronic Services Agreement And Disclosure

In this Agreement, the reference to “We”, “Us”, “Our”, and “Credit Union” mean KITSAP Credit Union. The words “You” and “Your” mean each person applying for and/or using any of the electronic services described in this Agreement. The word “CashLine” means our 24-Hour CashLine Audio Response System. “ATM Card” and/or “VISA Check Card” ATM Access Devices are referred to herein as “Card” or “Cards”. Any reference in this Agreement to “cu@home” refers to our personal computer account access system and “E-Check” means any check which you authorize the payee to process electronically. If this is a joint account, read singular pronouns in the plural.

### Agreement

This Agreement applies to any electronic fund transfer made to or from your Share or Checking Accounts (“Account”) through the use of your ATM Card or VISA Check Card each with their corresponding Personal Identification Numbers (PIN), our CashLine Audio Response System, our cu@home personal computer access system and any check which you authorize the payee to process electronically. An electronic fund transfer is any transfer of funds which is performed through the use of an ATM, Computer, Automated Telephone Service, E-check or other electronic means. You understand that your ATM Card, VISA Check Card and any access codes are issued by us and are not transferable. The use of your ATM Card, VISA Check Card, CashLine and/or cu@home is subject to the following terms which you acknowledge and accept.

- (1) You agree to abide by our Rules and Regulations as amended related to the use of the cards.
- (2) We may follow all instructions given to machines.
- (3) You will be given separate PINs for use with our ATM Card, VISA Check Card, CashLine and cu@home programs in accordance with the instructions provided to you. PINs are for your use only. You assume responsibility for all transactions made through our CashLine and cu@home Systems. If you forget your PIN, we will furnish it to you only on written request. Any PIN which you have been given or that you select is personal and confidential. You agree to take all reasonable precautions that no one else learns your PIN(s). At no time will you reveal or make available, directly or indirectly, your PIN(s) to any other person.

The use of any PIN you have been given is subject to all agreements and regulations on Checking and Share Accounts. You agree not to withdraw funds in excess of the balance in your account.

- (4) With your ATM Card, you may withdraw funds from your account (including withdrawals from participating network cash machines) as often as you like, however, you are limited to not more than \$200 per day provided you have enough money in your account. With your VISA Check Card you may make cash withdrawals from designated accounts up to \$400 per day from ATM machines specifically designated to allow such transactions.
- (5) You agree not to use your card for illegal transactions including, but not limited to, advances made for the purpose of gambling and/or wagering where such practices are in violation of applicable state and/or federal law.

## Ownership

Your cards or any other account access device will remain our property and may be cancelled or their use restricted by us at any time without notice. You agree to surrender them and to discontinue their use immediately upon our request.

## Joint Accounts

If this is a Joint Account, you agree to be jointly and severally liable, under the terms of this Agreement. You understand that any account access device that is requested and approved will be mailed only to the primary accountholders at the address that we have on file for you. We may refuse to follow any instructions which run counter to this provision.

## ATM Funds Availability Notice

Subject to our Funds Availability Policy, deposits may not be posted to your account until they are received and verified by us. All deposited items are removed from machines each business day. We are not responsible for delays in deposit posting due to improper identification on the deposit envelope. See our Funds Availability Policy Disclosure in our Membership Agreement Section II.

## Types And Limitations Of Services

### ATM Card And Visa Check Card

You may use your Kitsap Credit Union ATM Card, VISA Check Card and their respective PINs in participating network cash machines. Both cards may be used in such other machines or facilities as we may designate. At the present time, you may use your cards for:

- a. Withdrawals of cash from your Checking and/or Savings Account;
- b. Deposits to your Share and/or Checking Accounts at ATMs authorized to accept Kitsap Credit Union deposits;
- c. Transfers of funds between your Share and Checking Accounts;
- d. Inquiries about your Share and Checking Accounts.

### Point Of Sale

You may also use your cards to purchase goods and services at any business establishment where the ATM Card and/or VISA Check Card are accepted. If you do use your ATM Card for such transactions, you authorize us to withdraw funds from the primary transaction account you designated on your ATM Card application, in the amount necessary to cover the transaction provided you have enough money in your account. If you use your VISA Check Card for such transactions, you authorize us to withdraw funds up to the total amount you have in your Checking Account and Share Account plus any unused portion of your Overdraft Line of Credit.

### Cashline Audio Response Transactions

You may use our CashLine System to make the following types of transactions on designated accounts: (a) telephone transfers of funds between your deposit accounts (other than for Certificates and/or IRAs) and/or loan accounts with us; (b) payments on your loan accounts (other than real-estate loans); (c) inquiries on account balances and loan data; (d) inquiries on dividends, loan rates and IRA contributions; (e) withdrawals from accounts; (f) transactions or inquiries on shares/deposits; (g) inquiries on Share Certificates that you may have with us; and (h) miscellaneous inquiries on Credit Union services that affect your account. CashLine operates 24 hours every day. If you call our CashLine System and are told that "the system is not available", please call back later when service is restored.

## Online Banking Transactions

At the present time, you may use our cu@home system via a personal computer for the following services:

- (a) Transfer funds between your savings, checking, and loan accounts;
- (b) Review account balance and transaction history for your Savings, Checking, and Loan Accounts;
- (c) Review information on your Loan Account including payoff amounts, due dates, finance charges, interest rate, and balance information;
- (d) Make bill payments and preauthorized transfers from your Checking Account;
- (e) Request that a withdrawal from any Savings, Checking, or Loan Account be mailed to you in check form;
- (f) Transfer funds between linked accounts; and
- (g) Communicate with the Credit Union using the electronic mail (e-mail) feature.

If you use our cu@home system to issue payments on your behalf, you authorize us to post any such payments requested by you to your account(s). Payments requested by you through the use of the cu@home system will be made by check and may take as long as 10 business days to be sent to the payee. The Credit Union can not guarantee the time any payment will reach any of your creditors and accepts no liability for any service fees or late charges against you.

## E-Check Transactions

You may authorize a merchant or other payee to make a onetime electronic payment from your checking Account using information from your check ("E-Check") to: (a) pay for purchases; or (b) pay bills.

## Withdrawals

Each withdrawal by you or by anyone else to whom you give your PIN(s) may be charged to your Checking Account and will be treated as though it were a share withdrawal. We may charge withdrawals to your Checking Account in any order we determine. All withdrawals are subject to the availability of funds in your account. If we chose to honor a withdrawal that exceeds the balance of funds in your account, you will be charged a non-sufficient funds or Courtesy Pay fee as set forth on the fee schedule that you receive at the time that your account is established.

## Foreign Transactions

For transactions initiated in foreign currencies, the exchange rate between the transaction currency and the billing currency (U.S. dollars) will be: (a) a rate selected by VISA from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA itself receives; or (b) the governmentmandated rate in effect for the applicable central processing date. In each instance, plus or minus any adjustment determined by the Credit Union.

## Funds Availability Notice

Subject to our Funds Availability Policy, deposits made to your account may not be posted until they are received and verified by us. For determining your deposit, everyday is a business day except Saturdays, Sundays and federal holidays. If you make a deposit before 5:00 p.m. on a business day, we will consider that day to be the day of your deposit. If you make a deposit after 5:00 p.m. or on a day We are not open, we will consider that the deposit was made on the next

business day. If we authorize the cashing of a check for you, you authorize us to hold the amount of the check in any account you have with us as specified in the policy disclosure for funds availability.

### Transaction Slips

You can get a receipt at the time you make any transaction to or from your account (except for telephonic, computerized or mail-in transactions, and certain small-value transactions). When an electronic transfer has been made during any given month, you will receive a monthly statement to reflect all electronic fund transfers to or from your account during that statement period. In any case, you will receive a statement at least quarterly.

### Notification Of Pre-Authorized Transfers

If you have arranged to have direct deposits made to your account at least once every 60 days (from your employer, the Federal Government or other payer), you can call us at (360) 662-2000 to find out whether or not the deposit has been made. If pre-authorized payments vary in amount, we or the person you are going to pay will tell you 10 days 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.

### Right To Stop Pre-Authorized Payments

If you want to stop any pre-authorized payments, call us at (360) 662-2000 in time for us to receive your stop payment 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. Such stop payment notice will apply only to that particular payment. To be sure that a third party does not bill you again for the "stopped" payment or to cancel the entire pre-authorized payment arrangement, contact the third party.

### Our Liability For Failure To Stop Payment

If you order us to stop one of your pre-authorized payments three business days or more before the transfer is scheduled and we do not do so, we will be liable for losses or damages to the extent provided by law.

### Fees

We may assess reasonable charges against your account for transactions performed at electronic terminals. If so, we will specify any charges for these or other types of electronic transactions, including automatic transfers, on a fee schedule. We will explain the charges to you when you open your account. You will be provided with a fee schedule after your account is established. Additional fee schedules are available at any of our office locations. When you use an ATM not owned by us, you may be charged a fee by the ATM operator, or any network used, and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer.

### Liability For Failure To Complete Transactions

If we do not properly complete a transaction to or from your account according to this agreement, we will be liable for your losses or damages. However, we will not be liable if: (a) your account does not contain enough money to make the transaction through no fault of ours; (b) the funds in your account are subject to collection or legal process, such as garnishment or attachment, or if the account is subject to a pledge or security agreement; (c) The ATM was not working properly and you knew about the breakdown when you started the transaction; (d) The ATM where you are making the transfer does not have enough cash; (e) circumstances beyond

our control prevent the transaction; (f) your ATM Card or VISA Check Card is retrieved or retained by an ATM; (g) your ATM Card, VISA Check Card or their respective PINs have been reported lost or stolen and we have blocked the account; or (h) other exceptions stated in our agreement with you.

### Liability For Unauthorized Use

Telephone us at (360) 662-2000 or write us at P.O. Box 990, Bremerton, WA 98337 at once if you believe your Personal Identification Number(s) have 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 down. You could lose all of the money in your account (plus your maximum overdraft line of credit, if applicable). If you tell us within two business days after you learn of the loss or theft of your card or PIN, you can lose no more than \$50 if someone uses your card or PIN without your permission. If you fail to tell us within two business days after you learn of the loss or theft of your card or PIN and we can prove that we could have stopped someone from using your card or PIN without your permission if you had told us, then you could lose as much as \$500. Additionally, if your periodic statement shows transfers that you did not make, including those made by card, PIN or other means, you will tell us at once. If you fail to tell us within 60 days after we mail you the first periodic statement on which the transfer appears, you could lose the entire account balance if we can prove we could have stopped someone from taking your money if you had given us notice in time. If a valid reason (such as a long trip or hospital stay) keeps you from giving us notice, we will extend the time periods. Exception: you will have no liability for unauthorized use for your VISA Check Card as long as you report the loss or theft of your VISA Check Card within two business days. If you report such loss or theft after two business days, or provide proper notification of other unauthorized VISA Check Card transactions, your liability for unauthorized use will not exceed \$50. These exceptions do not apply to transactions originating at an ATM or from your gross negligence and/or fraudulent use of your VISA Check Card.

### Attorneys' Fees/Venue

If you transfer funds into your account, and that transfer is later voided for any reason, resulting in a loss to us, or if funds are paid out to you from an account on which you are not authorized to withdraw funds, or if the funds are paid to you through mathematical or mechanical error, you will be notified after the loss or error is determined. If you do not correct the deficiency after being notified and we file a lawsuit to collect the amount due, you agree to pay the costs of collection, including reasonable attorneys' fees. You also agree that the venue of any action hereon may be laid in Kitsap County, Washington.

### Unauthorized Transfers

To report a lost or stolen ATM Card, VISA Check Card, or their respective PIN(s), you will call us at (360) 662-2000 or (800) 422-5852 between the hours of 8:00 a.m. and 6:00 p.m. on business days or write to us at P.O. Box 990, Bremerton, WA 98337. After hours ATM Card and VISA Check Card Cardholders can call (800) 316-5996. 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.

### Disclosure Of Account Information

We may disclose information to third parties about your account or transfers you make: (1) when it is necessary to complete an electronic transaction; (2) in order to verify the existence and conditions of your account for a third party such as a credit bureau or merchant; (3) in order to comply with a government agency or court order, or any legal process; or (4) if you give us written permission.

## Termination

We may terminate your right to use your cards or PIN(s) any time upon written notice. You may request termination of these services in writing.

## Change In Terms

We may change the terms and charges for the services shown in this agreement and may amend this agreement from time to time.

## Governing Law

This agreement is controlled and governed by the laws of the State of Washington except to the extent that such laws are inconsistent with controlling federal law.

## In Case Of Errors Or If You Have Questions About Electronic Transfers

Telephone us at (360) 662-2000 or write us at P.O. Box 990, Bremerton, WA 98337 as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transaction listed on the statement or receipt. We must hear from you no later than 60 days after we send you the first statement on which the problem or error appeared.

- (1) Tell us your name and account number.
- (2) 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.
- (3) 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 10 business days. We will determine whether an error occurred within 10 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 credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, We may not credit your 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. If we have credited your account with funds while investigating an error, we will charge your account for those funds if we conclude no error has occurred. In this provision, all references to 10 business days will be 20 business days if your notice of error involves an electronic fund transfer that occurred within 30 days after the first deposit to your account was made and all references to 45 business days will be 90 business days if your notice of error involves an electronic fund transfer that: (a) was not initiated within a state; (b) resulted from a pointof- sale debit card transaction; or (c) if your notice of error involves an electronic fund transfer that occurred within 30 days after the first deposit to your account was made.

**Kitsap Credit Union**

P.O. Box 990, Bremerton, WA 98337

(360) 662-2000 • (800) 422-5852

[kitsapcu.org](http://kitsapcu.org)

