

MEMBERSHIP AND ACCOUNTS 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, opens accounts online and electronically agree to the Membership Agreement, joint owners, or any authorized users. The words “we,” “us,” and “our” mean the Credit Union. The word “account” means any one or more deposit accounts you have with the Credit Union, including savings, checking, money market, and certificates, as applicable.

By signing the Membership and Account Card (“account 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 maintain at least one 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 you are expelled from membership, we are required to close all your accounts and services with the Credit Union. Member services may be terminated at any time without prior notice to you. 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 are 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. We are not obligated to notify any beneficiary/payee of the existence of any account nor the vesting of the beneficiary/payee's interest in any account, except as otherwise provided by law. This paragraph does not apply to an account held on behalf of or in the name of a trust.

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 in existence, 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. The 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. The 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 the 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. 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.

10. 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 certificates be made in specific amounts. All deposit accounts are non-assignable 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 check between the top edge and 1 1/2 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. 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 on the first business day after the day we receive your 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. Certificates. Certificate 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. Special Deposit Account Privileges

- (1) Generation You Checking. The Credit Union offers special checking account privileges for members with a Generation You Checking account. Account privileges include no Kitsap Credit Union imposed ATM fees and an exclusive design Visa Debit Card. Generation You Checking requires electronic account statements (e-statements) within 90 days of account opening. If this requirement is not met, the account will automatically be converted to a Gold Checking account.
- (2) Gold Checking. The Credit Union offers special checking account privileges for members with Gold Checking Accounts each qualification period they meet the qualifiers. The qualification period is from the 1st day of the month until the last day of the month. The qualifiers for Gold Checking are:
 - i. Have 12 or more in-person or online point of sale (POS) transactions or debit card purchases post and clear by close of business on the last day of the month (bill payments using debit card are excluded),
 - ii. Sign up to receive account statements electronically (e-statements) by the last day of the month, and
 - iii. Receive a direct deposit, conduct an outgoing ACH transaction, or perform one online bill payment transaction to post and clear by close of business on the last day of the month.

Qualifying accounts receive the tiered dividend rate on applicable balances set forth on the Rate and Fee Schedule and nationwide ATM fees refunded up to \$25 a month. Transactions must post and reflect on the monthly statement for the qualification period to be counted as a qualifier towards that month's Gold Checking benefits. If the account does not meet all of the qualifications during the qualification period, the account will still function as a free checking account, however the dividend rate will be the Base rate set forth on the Rate and Fee Schedule and the account will not receive ATM refunds for that time period. Gold Checking is available to personal accounts only and is limited to one per Taxpayer Identification Number (Social Security Number, Individual Taxpayer Identification Number).

- (3) Holiday Account. The Credit Union offers special savings account privileges for members establishing a Holiday savings account. A Holiday savings account may be established at any time and runs through October 31 of each year. The balance in your account, will be transferred to a designated checking account of yours on November 1 of each year. All other terms governing savings accounts will govern this 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. Accounts for minors under the age 13 require an adult co-owner or acceptable form of identification.
- (5) Varsity Savings. The Credit Union offers Youth Savings account privileges for members ages 13-18. When the minor owner reaches 18, the owner may remove the adult signer with authorization of the member.
- (6) 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 options, and no minimum balance requirement. With parent or guardian authorization, minor members may request a Visa Debit Card. When the minor owner reaches age 18, the owner may remove the adult signer who was previously required to sign on the account.

11. 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 or your electronic acceptance of our Membership & Account Agreement. 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, telephone, fax, or online/mobile banking). 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. We have the right to review and approve any form of power of attorney and may restrict account withdrawals or transfers. We are under no obligation to honor any power of attorney which we reasonably conclude is invalid or unreliable or has been revoked.
- c. ACH & Wire Transfers. You may receive credits or debits to your account via ACH ("Automated Clearing House") transfer. ACH transactions are governed by the rules of the National Automated Clearing House Association. When you initiate an ACH or wire, 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 Subpart B of Regulation J if the transfer is cleared through the Federal Reserve. Wire Transfers and ACH transactions may be subject to fees as disclosed on the Business Rate and Fee schedule.
 - (1) Provisional Payment. Credit given to you with respect to an automated clearing house (ACH) credit entry is provisional until we receive final settlement for such entry through a Federal Reserve Bank. If we do not receive such final settlement, you are hereby notified and agree that we are entitled to a refund of the amount credited to you in connection with such entry, and the party making payment to you via such entry (i.e., the originator of the entry) shall not be deemed to have paid you in the amount of such entry.

- (2) Notice Disclosure. Under the operating rules of the National Automated Clearing House Association, which are applicable to ACH transactions involving your account, we are not required to give next day notice to you of receipt of an ACH item and will not do so. However, we will continue to notify you of the receipt of payments in the periodic statements we provide to you.
- (3) Choice of Law Disclosure. We may accept on your behalf payment to your account which have been transmitted through one or more Automated Clearing Houses (ACH) and which are not subject to the Electronic Fund Transfer Act and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the State of Washington as provided by the operating rules of the National Automated Clearing House Association, which are applicable to ACH transaction involving your account.
- 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 credit 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 credited due to a prior stop payment order or if the item is otherwise ineligible for collection.

12. Account Transaction Limitations. 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 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 checking) of not less than 7 days and up to 60 days before such withdrawal.

13. Overdrafts. An overdraft balance could occur in several ways, such as:

- Payment of checks, ATM/debit card transactions, ACH/electronic funds transfers, or other withdrawal requests.
 - The imposition of bank service charges.
 - The deposit of items which, according to our Funds Availability Policy are treated as not yet available or finally paid.
- a. **Overdraft Liability.** If on any day, the available funds in your checking account are not sufficient to cover check and other debit transactions posted to your account, those check and debit transactions will be handled in accordance with our overdraft procedures, or the 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 insufficient funds. If an overdraft occurs, your account will then be subject to a non-sufficient funds (NSF) charge for the check or other debit transaction, whether paid or returned, as set forth in the Rate and Fee Schedule. We may charge an NSF fee each time a check or other debit transaction is presented for payment, therefore you may be assessed more than one fee as a result of resubmission of previously returned checks or other debit transactions. 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 check or debit transaction 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 the midnight deadline limits. If your account is overdrawn and we find that funds are available in another account owned by you, we may transfer the funds to resolve the negative balance amount and may charge you a fee as disclosed on the Rate and Fee Schedule.
- b. **Overdraft Determination.** Overdrafts will be determined based on the available balance in your account at the time of presentment. Your available balance may be lower than your actual balance due to funds held for debit card transactions you have authorized, and deposited checks held pursuant to our funds availability policy. To avoid an overdraft, you can view your available balance through Online Banking, Mobile Banking, and at ATMs. Transactions may not be presented in the order that you make them. KCU posts checks, items, and executes other transactions in the order in which they are received. The order in which checks or items are received and processed may affect if an overdraft occurs and the total amount of overdraft fees that may be charged to your account.

c. Overdraft Protection Coverage.

- (1) Eligibility. Every member is eligible for overdraft protection on checking accounts approved for overdraft protection. Transfers from Savings or Money Market accounts are eligible for use upon election. Transfers from a Visa Credit Card or Overdraft Line of Credit must be applied for and approved through the Credit Union's loan underwriting process.
- (2) Limitations. Your coverage is limited to the available balance of your Savings, Money Market, Visa Credit Card, or Overdraft Line of Credit.
- (3) Transfer Fees. You will not be charged a transfer fee if funds are automatically transferred from your linked Savings or Money Market account. Interest will accrue daily upon advance of funds from your Visa Credit Card or Overdraft Line of Credit and standard APR's will apply.

d. Courtesy Pay. Courtesy Pay is not available on Generation You Checking account. The Credit Union offers two Courtesy Pay options for your checking account:

- Courtesy Pay coverage for your Checks, ACH, and recurring Debit Transactions
- Courtesy Pay coverage for your Checks, ACH, recurring Debit transactions, ATM transactions, and Debit Card purchases.

If you opt-in to Courtesy Pay coverage for your Checks, ACH, and recurring Debit Transactions, you can elect to additionally opt-in to coverage for your one-time ATM transactions and Debit Card purchases. If you elect to opt-out of Courtesy Pay coverage for your Checks, ACH, and recurring Debit Card transactions, you will not have the option to opt-in to coverage for your one-time ATM transactions and Debit Card purchases. The following information applies to both options.

- (1) Fees. There is no additional cost to participate in Courtesy Pay. The only cost incurred will be Courtesy Pay fee for each item paid as reflected on the Rate and Fee Schedule. You will not be charged a Courtesy Pay fee if a transaction results in an overdraft and your available account balance goes negative \$5.00 or less at the time of the transaction. The maximum number of Courtesy Pay fees charged per day is six (6). Once the daily cap of 6 has been met, additional overdraft transactions will be allowed, up to the Courtesy Pay limit, but no additional Courtesy Pay fees will be charged for that day.
- (2) Eligibility Requirements. Courtesy Pay is available on consumer checking accounts, except Generation You Checking accounts, after they have been open at least 60 days, and have been maintained in good standing, defined as:
 - i. Making regular deposits sufficient to cover transactions,
 - ii. Bringing the account to a positive balance for a 24-hour period at least once every 30 days or less; and,
 - iii. There are no legal orders outstanding on your account.
- (3) Courtesy Pay Coverage Limits. The Credit Union will establish a set amount in excess of the member's account balance of which overdrafts may be paid. For each eligible account, this amount is \$500. This means the Credit Union may cover transactions for over-drafted items up to \$500, plus fees, beyond the account balance; however, due to the timing of pending and settling transactions, there may be times when an account goes negative beyond this amount. The limit will not be included in any "available" amount in the account balance. Over the counter transactions are ineligible. The Credit Union reserves the right to make changes to this program and will notify you of the changes as required.
- (4) Courtesy Pay Opt-In. At account opening members will elect which method of Courtesy Pay

coverage they wish to participate in. The Credit Union will provide a confirmation notice to you in writing which will include a statement informing you of your right to revoke your consent and the methods to do so.

- (5) Courtesy Pay Opt-out. Every checking account owner has the right to opt-out of any or all the options. They are clearly optional and may not be right for everyone. You are not required to use these features and you may opt-out at any time through any of the following ways:
 - In person at any of our branch locations.
 - Submit your request online through online chat or secure email at www.kitsapcu.org.
 - Call the Credit Union with your request at (800) 422-5852.
- (6) Credit Union Discretion. If you continue to meet the eligibility requirements, we may approve your reasonable overdrafts as a discretionary courtesy. The Credit Union may limit your transactions at our branch locations at any time when your account is past due or overdrawn. We are not obligated to pay any item presented for payment if your account does not contain sufficient funds, even though we may have previously paid overdrafts for you. We will not approve an overdraft in excess of the overdraft limit.
- (7) Exceeding Your Courtesy Pay Coverage Limit. Any item that causes a negative balance in excess of the established limit will result in items being returned. A non-sufficient funds (NSF) fee for each item returned will be charged to your account as outlined in the Credit Union's Rate and Fee Schedule.
- (8) Excessive Use. The Credit Union considers eleven (11) or more Courtesy Pay Fees in a statement period to be excessive use of the Courtesy Pay Program. Members with excessive use will be provided additional notifications, and if the excessive use does not cease, may have their Courtesy Pay privileges revoked.
- (9) Suspension or Revocation of Courtesy Pay. Your Courtesy Pay coverage may be suspended or revoked for the following reasons:
 - Failure to bring your account to a positive balance within 30 days (maintained for at least 24 hours),
 - Excessive use,
 - Account is involved in legal action such as bankruptcy, levies or garnishments,
 - Delinquency of a loan or VISA account,
 - Derogatory activity on any related account,
 - Illegal activity such as check kiting or fraudulent deposits,
 - Notification of derogatory activity at another financial institution, or
 - At the discretion of the Credit Union.
- e. Notification. The Credit Union will send you a notice when an overdraft occurs. You may also receive letters informing you of your overdrawn account and specifying the required date of payment. All overdrafts, transfers to cover overdrafts, and fees associated with overdrafts will show on your monthly statement. Additionally, the statement will include an aggregate of overdraft fees for the statement period and year to date.
- f. Payment Requirements. You must bring your account to a positive balance within thirty (30) days of the first overdraft. If your account is not brought to a positive balance within sixty (60) days, we will have no option but to close your account and take steps to recover the funds. On accounts with more than one owner, each owner shall be jointly and severally liable for drawing or presenting the item creating the overdraft and associated fees.

14. Postdated and Staledated Items. If your account has check writing privileges, 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. If you do issue a check that is postdated and we pay it before that date, you agree that we shall have no liability to you for such payment. 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.

15. 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 and may be subject to a Stop Payment fee as disclosed on the Rate and Fee schedule. You may request a stop payment by telephone, by mail or in person, and stop payment requests via online banking is only available for checks. 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 re-credit 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. Fraud or Lost Checks. If your account is compromised or if checks are lost, stolen, fraudulent, or forged, the Credit Union will require a new checking account be established.
- c. Duration of Order. Verbal stop payment orders remain in effect for fourteen (14) days. Written or online 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 online or in writing.
- d. Liability. 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. You agree to hold harmless and indemnify the Credit Union for all expenses, costs, and damages incurred by payment of the item(s) if such payment is the result of failure of the account holder to meet the time requirements noted above, or if such payment is the result of failure of the account holder to furnish any item of information requested above completely, accurately, and correctly.

16. 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.

17. 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.

18. 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:

- through no fault of the Credit Union, your account does not contain enough money to make the transaction,
- circumstances beyond the Credit Union's control prevents the transaction,
- your loss is caused by your negligence or the negligence of another financial institution, or
- 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.

19. 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. If we find that funds are available in an account owned by you, we may transfer the funds to resolve the payment(s) owed and charge you a fee as disclosed on the Rate and Fee schedule.

20. 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, including a Legal Processing fee as disclosed on the Rate and Fee schedule, unless prohibited by law. Any legal process against your account is subject to the Credit Union's lien and security interest.

21. 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:

- it is necessary to complete the transaction,
- 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,
- such disclosure is in compliance with the law, government agencies or court orders, or
- you give us your written permission.

22. 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 current address you have provided to the Credit Union. The Credit Union may require any notice of change in address to be made in person or in writing. Failure to maintain a current address may result in a Returned Mail Fee as disclosed on the Rate and Fee schedule.

- 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 verbal 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. We reserve the right to waive any terms of this Agreement. Any such waiver shall not affect our right to future enforcement.

23. 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). 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 while attempting to resolve the situation or may close your account. The Credit Union provided you with the required TIN and backup withholding certification and instructions at the time you established your account.

24. 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 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. If you fail to receive a periodic statement, you agree to notify us in a timely manner.

25. Cannabis-related businesses. With consideration of the regulatory requirements necessary to support cannabis-related business accounts; KCU will not knowingly open or maintain accounts for members and businesses for cannabis-related business activity. This includes accounts for cannabis producers, processors, and retailers. Any account which KCU identifies or suspects of having transaction activity directly related to a cannabis-related business will be closed following notification.

26. Termination of Account. The Credit Union may terminate your account and/or services at any time without notice to you, or may require you to close your account and apply for a new account if:

- there is a change in owners or authorized signers,
- there has been a forgery or fraud reported or committed involving your account,
- there is a dispute as to the ownership of the funds in the account,
- any account checks are lost or stolen,
- if there are excessive returned unpaid items not covered by an overdraft protection plan,
- if there has been any misrepresentation or any other abuse of any of your accounts, or
- we reasonably deem it necessary to prevent a loss to us.

You may terminate your account at any time by notifying the Credit Union in writing. We reserve the right to require the consent of all owners to terminate a joint account. The Credit Union is not responsible for payment of any check, withdrawal, or other item once your account is terminated.

27. Inactive/Dormant 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 12 months, the Credit Union may classify your account as an inactive/dormant 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/dormant 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 an inactive/dormant account 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 a deposit or withdrawal has not been made on the account and the Credit Union has had no other contact with you for more than 36 months 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.

28. Death of a Member. For single party individual accounts and multiple party 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 payment 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.

29. 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.

30. 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.

31. 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.

32. 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.

33. 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 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.

34. Governing Law. This Agreement will be governed, construed, and enforced in accordance with federal laws and regulations and law of the State of Washington. The parties agree that jurisdiction over the venue in any legal proceedings arising out of or relating to this Agreement will exclusively be in the state or federal courts located in Washington state.

35. General & Security Alerts. The Credit union may send you alerts following important account activities or when certain changes are made to your account, such as a change in your email or home address, telephone number, or irregular card activity. You do not need to activate these alerts, we automatically activate them for you. Additional Account Alerts are available and must be activated by you through your Online Banking Account or Mobile App.

Alerts are subject to the following:

- We may add new alerts from time to time or cancel old alerts. We are not obligated to notify you if these changes.

- Alerts will be sent to the email address you have provided as your primary email address. Additionally, alerts will be sent to the mobile phone number that is listed under the primary member. To receive alerts, your mobile device must accept text messages, or can receive our Mobile App Alerts through a push notification system. If your email address or your mobile device's number changes, you are responsible for informing us of that change. While the credit union does not charge for the delivery of the alerts, please be advised that text or data charges or rates may be imposed by your carrier.
- We do our best to provide alerts in a timely manner, but alerts may be delayed or prevented by a variety of factors beyond our control (such as system failures or misdirected delivery). The contents of an alert may be outdated by the time an alert is sent or received, due to other activity on your account or to delays in sending data among various systems. You agree that we are not liable for any delays, failure to deliver, or misdirected delivery of any alert; or for any actions taken or not taken by you or a third party as the result of an alert.

36. Disputes Not Covered by Arbitration. Both you and we have the right to pursue a Claim in state court instead of arbitration for claims related to our collection of any negative balance or amounts you owe us under our Membership and Account Agreement, including but not limited to: fraud, counterfeit items, and any unpaid account obligations. This exception applies if the Claim is in that court's jurisdiction and proceeds on an individual basis. Also, arbitration will not apply to Your Account as long as You are an active-duty Service Member. Otherwise, this Agreement to arbitrate will apply without limitation, regardless of whether 1) your account is closed; 2) you pay us in full any outstanding debt you owe; or 3) you file for bankruptcy.

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

Arbitration Procedures. The arbitration must be filed with the following neutral arbitration forum and must follow its rules and procedures for initiating and pursuing an arbitration:

JAMS

www.jamsadr.com

1 (800) 352-5267 (toll-free)

The arbitration shall take place in the federal district in which you reside, or in which you entered into this Agreement. The arbitration shall be decided by a single, neutral arbitrator selected in accordance with the rules of the arbitration forum. The arbitrator shall follow procedures and rules of the arbitration forum in effect on the date the arbitration is filed unless those rules and procedures are inconsistent with this arbitration provision, in which case this arbitration provision will prevail. You or we may choose to have a hearing and be represented by counsel. Judgment on the arbitration award may be entered by any court of competent jurisdiction. We will not reimburse any fees if the arbitrator determines that your claim or dispute was frivolous or baseless. Each party shall be responsible for its own attorney fees in any arbitration unless the arbitrator awards attorney fees under applicable law or agreement.

Right to Resort to Provisional Remedies Preserved. Nothing herein shall be deemed to limit or constrain our right to resort to self-help remedies, such as our federal statutory lien; our right of set-off; the right to restrain funds in an account; to interplead funds in the event of a dispute; to exercise any security interest

we may hold in property; to comply with legal process; or to obtain provisional remedies such as injunctive relief, attachment, or garnishment by a court having appropriate jurisdiction; provided, however, that you or we may elect to arbitrate any dispute related to such provisional remedies.

Right to Reject this Resolution of Disputes by Arbitration. You have the right to opt out of this agreement to arbitrate if you tell us within 30 days of your initial Account opening or the receipt of this notice, whichever is later. To opt out, send us written notice including the following information: (i) Your written notice must include: your name, as listed on your account, your account number, and a statement that you reject the Resolution of Disputes by Arbitration provision, and (ii) You must send Your written notice to Us at the following address: Kitsap Credit Union, PO Box 990, Bremerton, WA 98337-1434, Attn: Risk Management.

Acceptance of Arbitration and Class Action Waiver. By your receipt of our Notice and a copy of this Binding Arbitration and Class Action Waiver Agreement, your decision not to reject this Agreement and as confirmed by your continued use of your Account, you agree to be bound by the above Disputes Covered by Arbitration provision for all of your Accounts and effective immediately your Accounts will be bound by this Arbitration and Class Action Waiver Agreement.

II. Funds Availability Policy

1. General Policy. Our general policy is to make the funds you deposit available to you, when made in person to one of our employees and deposited to your personal checking (transaction) accounts, on the business day we receive the deposit. Electronic direct deposits will also be available on the business day we receive the deposit. Once available, you can withdraw the funds in cash, and we will use the funds to pay checks that you have written.

2. Kitsap Credit Union ATMs/Mobile Check Deposit. When you make a deposit using a Kitsap Credit Union ATM or a Mobile Check deposit using the mobile app, the first \$225 of the deposit will be immediately available. The remainder of the deposit will be available by the second business day after the business day of your deposit. All ATMs that we own or operate are identified as our machines.

3. Deposits at Nonproprietary ATMs. When you deposit funds at ATMs we do not own or operate, the first \$225 will be immediately available. The remainder of the deposit will be available by the fifth business day after the business day of your deposit.

4. Business Days. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and Federal Holidays. Deposits that are not made in person to one of our employees, or made after business hours, or on a Saturday, Sunday, or Federal Holiday, we will consider to have been made on the next business day.

5. Reservation of Right to Hold. For deposits made in person, if we are not going to make all of the funds from your deposit available on the business day of the deposit, we will notify you at the time you make the deposit. The first \$225 of the deposit will be made immediately available and we will provide a notice indicating the amount of held funds and the date on which they will be available to you. If we decide to take this action after you have left the premises, we will mail you the notice the next business day.

6. Special Rules for New Accounts. If you are a new member, the following special rules will apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,525.00 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state, and local government checks will be available on the first business day after the business day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525.00 will be available no later than the ninth business

day after the business day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525.00 will not be available until the second business day after the business day of your deposit. Funds from all other check deposits will be available no later than the ninth business day after the business day of your deposit.

7. Longer Delays May Apply. We may delay your ability to withdraw funds deposited to your personal or business checking account an additional number of days under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- You deposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of communications or computer equipment.

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

8. Holds on other Funds. We reserve the right to hold funds of a corresponding amount on any account you hold with the Credit Union in the event that we cash or accept for deposit a check(s) drawn on another financial institution but choose to make the funds from the transaction immediately available to you. In any event the funds held in your other account will be available following the same schedule that would have been applied had the hold been placed on the actual item(s).

9. Share Account Holds. We may delay your ability to withdraw funds deposited by check into your share (savings) account until we verify the funds have been paid.

II. Electronic Funds Transfers

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 Debit Card (“Card”) transactions, automated teller machines (“ATMs”), Cash Line Audio System, electronic check transaction and online banking access system involving your deposit accounts at the Credit Union.

1. Available EFT Services.

- a. ATM Machine.** You may use your Card and Personal Identification Number (PIN) in ATMs within the participating ATM networks shown on your Card and 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 Debit Card.** If we provide you with a Visa Debit Card, you may use your Card to purchase goods and services any place your Card is honored by participating merchants. Funds to cover your Card purchases will be deducted from your checking account.

The Credit Union enables non-Visa debit transaction processing and does not require that all such transactions to be authenticated by a PIN. Provisions of the cardholder agreement relating only to Visa transactions are not applicable to non-Visa transactions.

- c. Phone Banking System. You may use the phone banking system, your telephone and phone banking PIN to access all 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, and
 - Such other transactions as offered and permitted in the future.

- d. Online Banking Transactions. You may access your accounts online. You must use your online banking login credentials 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 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 secure E-mail or online Chat.

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.

- e. Direct Deposit. For single party individual accounts and multiple party 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.
- f. 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. The Credit Union reserves the right to refuse any transaction that would draw upon insufficient funds or require us to increase our required reserve on the account unless you have an approved overdraft protection account or loan with available funds. The Credit Union may set other limits on the amount of any transaction, and you will be notified of those limits.

- a. 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.

- b. Deposits. Deposits made at ATMs will be credited to your account the day we receive the funds. Deposits are subject to verification by the Credit Union. You should review the Credit Union's Funds Availability Policy to determine the availability of funds deposited at ATMs.
- c. Withdrawals. You may withdraw funds from your accounts at ATMs as often as you like. However, a daily withdrawal limit may apply.
- d. Transfers. You may make funds transfers to your other accounts as often as you like. 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.
- e. Purchases. There is no limit on the number of Card or POS purchase transaction you may make during a statement period. A daily maximum dollar limit may be applied, or up to the available balance in your account, whichever is lower.
- f. 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.
- g. Online Banking Service Limitations. Subject to the transaction limitations set forth above, the following limitations on online banking transactions may apply:
 - (1) 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.
 - (2) 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 loan 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. **Illegal Use of Internet Gambling.** You agree that all transactions that you initiate by use of your 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 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 Card.
- c. **Security of PIN.** The PIN that you select is for your security purposes and you are responsible for safekeeping your PIN. The PIN is confidential and should not be disclosed to third parties or recorded on or with the Card. 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 or Card, or access code, you understand that person may use those to review your account information and make account transactions. You are responsible for any transactions they authorize or conduct on any of your accounts until you specifically revoke such authority by notifying the Credit Union that transactions and access by that person are no longer authorized and change your PIN or access code.

Tell us at once if you believe anyone has used your account, 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 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 fraudulent in handling your Card and 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 Card, PIN, 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 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. Notice to Credit Union.** If you believe your Card or PIN, 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 to:

Kitsap Credit Union

PO Box 990

Bremerton, WA 98337

After hours Visa Debit card holders can call (800) 316-5996.

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. At this present time we do not impose any specific fees for use of your Card. We may impose fees in the future and we will notify you of any fee changes as required by law.

- a. Online Banking.** Online banking 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 fee by Kitsap Credit Union. The ATM surcharge will be debited from your account if you elect to complete the transaction.
- c. Replacement Cards.** A fee may be assessed to replace a Card prior to its expiration as disclosed on our Rate and Fee Schedule.
- d. 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 or made with merchants located in foreign countries, even if the transaction is initiated within the U.S. as disclosed on the Rate and Fee schedule.

7. Right to Receive Documentation of Transfers.

- a. Periodic Statements.** Deposits, purchases, transfers, and withdrawals transacted through an ATM or POS terminal or merchant will be recorded on your periodic statement. You will receive a statement monthly unless there are no transfers in a particular month. In any case you will receive the statement at least quarterly.

- b. **Terminal Receipt.** You may obtain 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 verbally 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:
- As necessary to complete transfers;
 - 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;
 - To comply with a government agency or court orders; or
 - 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 in which we will not be liable, for instance:
- If, through no fault of ours, you do not have enough money in your account to make the transfer or the transfer would go over the credit limit on your line of credit.
 - If you used the wrong PIN or used a PIN, or Card, or the phone banking system or online banking personal computer access system in an incorrect manner
 - If the ATM where you are making the transfer does not have enough cash.
 - If the ATM was not working properly and you knew about the problem when you started the transaction.
 - If circumstances beyond our control (such as fire, flood, or power failure) prevent the transaction.
 - If the money in your account is subject to legal process or other claim.
 - If your account is frozen because of a delinquent loan
 - If the error was caused by an ATM or payment network or any other participating network.
 - If there are other exceptions as established by the Credit Union.
 - 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, have caused us a loss, or if we have reason to believe that there has been an unauthorized use of your PIN, 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:

a. **Billing Errors.** The following are considered billing errors:

- 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.

b. **Notification.** In cases of errors or questions about your electronic transfers and Card transactions, 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.

(1) Tell us your name and account number (if any).

(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 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 apply a provisional credit to your account within ten (10) business days 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 provide provisional credit 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. Safety Notices. The following information is a list of safety precautions regarding the use of Automated Teller Machine (ATM) and Night Deposit Facilities.

- Be aware of your surroundings, particularly at night.
- Consider having someone accompany you when the ATM or night deposit facility is used after dark.
- 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.
- 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.
- 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.
- If you are followed after making a transaction, go to the nearest public area where people are located.
- Do not write your personal identification number or code on your Card.
- Report all crimes to law enforcement officials immediately.

15. ATM One-Time Debit Charge Overdraft Coverage. If you wish the 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. Courtesy Pay is not available on Generation You Checking accounts.