

Online Banking & Bill Payment Service Electronic Disclosure Agreement

This Agreement is the contract, which covers your and our rights and responsibilities concerning Online Banking and Bill Payment services offered to you. In this Agreement, the words "you" and "yours" mean those who sign the Membership Account Card (Account Card) as members or any Online Banking authorization form, joint owners or any authorized users. The words "we," "us," and "our" mean Kitsap Credit Union (Credit Union). The word "account" means any one or more deposit accounts you have with the Credit Union.

By signing the Account Card, providing an electronic signature and consent to any online account card or application, or completing and transmitting an account authorization form on the Online Banking service, you agree to the following terms governing your and our rights and responsibilities concerning the Online Banking electronic funds transfer services. Electronic funds transfers ("EFTs") are electronically initiated transfers of money involving your deposit accounts at the Credit Union through your personal computer (Online Banking).

1. Online Banking Services. Upon approval, you may use your personal computer to access your accounts. You must use your online banking 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.

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. Transfers. You may make funds transfers to your other accounts as often as you like. However, transfers from your savings accounts will be limited to a total of six (6) in any one month. You may transfer or withdraw up to the available balance in your account or up to the available credit limit on a line of credit at the time of the transfer, except as limited under this Agreement or your

deposit or loan agreements. If you do not use the Online Banking Service for two consecutive statement cycles we reserve the right to terminate your service.

- c. 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 mortgage payments). When you transmit a bill payment instruction to us, you authorize us to transfer funds to make the bill payment transaction from your checking account. We will process bill payment transfer requests only for such creditors as you authorize. The Credit Union will not process any bill payment transfer if we know the required transaction information is incomplete. In any event, the Credit Union will not be liable for any transaction that contains incorrect information that the Credit Union was not responsible for entering or knowing.

If there are insufficient funds in your account to make the bill payment request, your account will incur a Non-Sufficient Funds (NSF) charge. Subsequent payment requests may not be processed until funds are collected for all previous payments. The Credit Union's bill payment processor may attempt to clear the payment(s) from your account up to three (3) times. After six (6) NSF occurrences, your Bill Payment account may be closed.

The Credit Union reserves the right to refuse to process payment instructions that reasonably appears to the Credit Union to be fraudulent or erroneous. The Credit Union will withdraw the designated funds from your account for the bill payment transfer within five (5) business days after your payment request has been processed. The Credit Union will process your bill payment transfer within three (3) business days of the date you schedule for payment.

It is your responsibility to schedule your bill payments in such a manner that your obligations will be paid on time. You should enter and transmit your bill payment instructions at least ten (10) days before a bill is due. You are responsible for any late payments or finance charges that may be imposed as a result of your failure to transmit a timely bill payment authorization. You may cancel or stop payment on variable or fixed bill payments instructions under certain circumstances.

If you discover an error in or want to change a payment instruction (i.e., payment date or payment amount) for a bill payment that you have already scheduled for transmission through the Online Banking bill payment service, you may electronically edit or cancel your payment request through the bill payment service. 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 payment that have been sent electronically.

3. Security of Password. The Cashline personal identification number (PIN) and Online Banking password ("password") that you select is for your security purposes and you are responsible for safekeeping your password/PIN. The password/PIN is confidential and should not be disclosed to third parties or recorded. You agree not to disclose or otherwise make your password/PIN available to anyone not authorized to sign on your accounts. If you authorize anyone to use your password/PIN, that authority shall continue until you specifically revoke such authority by notifying the Credit Union. If you fail to maintain the security of your password/PIN and the Credit Union suffers a loss, we may terminate your electronic funds transfer and account services immediately.

4. Member Liability.

- a. Single & Multiple Party Accounts. You are responsible for all transfers you authorize using the Online Banking services under this Agreement. If you permit other persons to use your password/PIN, 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 password/PIN.

Tell us at once if you believe anyone has used your password/PIN and accessed your accounts without your authority or if you believe that an electronic funds transfer has been made without your permission. Telephoning is the best way of keeping your possible losses down.

For 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 your 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, 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 full amount of the loss if we can prove that we could have stopped someone from making the unauthorized EFT transactions. If a good reason (such as a hospital stay) kept you from telling us, we may extend the time periods.

- b. Notice to Credit Union. If you believe your password/PIN 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

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. We may impose fees in the future and will notify you of any fee changes as required by law.

- a. Online Banking and bill payment service is free.

7. Right to Receive Statements. Transfers and withdrawals transacted through Online Banking 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 a statement at least quarterly.

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

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

9. 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:

- a. If, through no fault of ours, you do not have enough money in your account to make the transfer or the transfer would go over the credit limit on your line of credit.
- b. If you used the wrong password/PIN or you have not properly followed any applicable computer, or Credit Union user instructions for making transfer and bill payment transactions.
- c. If your computer fails or malfunctions or the Online Banking service was not properly working and you knew about the problem when you started the transaction.
- d. If circumstances beyond our control (such as fire, flood or power failure) prevent the transaction.
- e. If the money in your account is subject to legal process or other claim.
- f. If your account is frozen because of a delinquent loan.
- g. If you have not given the Credit Union complete, correct and current instructions so the Credit Union can process a transfer.
- h. If, through no fault of ours, a bill payment or funds transfer transaction does not reach a particular creditor and a fee, penalty, or interest is assessed against you.
- i. If the error was caused by a payment network or any other participating network.
- j. If there are other exceptions as established by the Credit Union.

10. 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 Online Banking services or password/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 Accounts or password/PIN. 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 to 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.

11. 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.

12. Billing Errors. In case of errors or questions about your EFT transactions, telephone us at the phone numbers or write us at the address set forth in Section 4 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.

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

If you tell us orally, we may require that you send us your complaint or question in writing within ten (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 (45) calendar days to investigate your complaint or question, ninety (90) calendar days for 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 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 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 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.

13. Enforcement. You agree to be liable to the Credit Union for any liability, loss, or expense as provided in this Agreement that the Credit Union incurs as a result of any dispute involving your accounts or services. You authorize the Credit Union to deduct any such liability, loss, or expense from your account without prior notice to you. This Agreement shall be governed by and construed under the laws of the state of Washington as applied to contracts entered into solely between residents of, and to be performed entirely in, such state. In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled, subject to Washington law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgement collection actions, if applicable. Should any one or more provisions of this Agreement be determined illegal or unenforceable in any relevant jurisdiction, then such provision be modified by the proper court, if possible, but only to the extent necessary to make the provision enforceable and such modification shall not affect any other provision of this Agreement.