

# Membership and Account Agreement



## Funds Availability Policy



## Electronic Funds Transfer Policy



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# Part I. MEMBERSHIP AND ACCOUNT AGREEMENT

This Agreement covers your and our rights and responsibilities concerning Account(s) offered to you by Home Town Federal Credit Union ("Credit Union"). In this Agreement, the words "you" and "yours" mean anyone who signs an Account Card, Resolution of Authority or Membership Application. The words "we", "us" and "our" mean the Credit Union. The word "account" means any one or more share or other accounts you have with the Credit Union.

The classification and form of ownership of your accounts is set forth on your Account Card and/or Membership Application. By signing an Account Card, Resolution of Authority or Membership Application, each of you, jointly and severally, agree to the terms and conditions in this Agreement, Account Card, Membership Application, Funds Availability Policy Disclosure, the Truth-in-Savings Rate and Fee Schedule (Rate and Fee Schedule), if applicable, and any Account Receipt accompanying this Agreement, and the Credit Union's Bylaws and policies, and any amendments of these documents from time to time which collectively govern your Membership and Accounts.

**1. Membership Eligibility.** To be eligible for membership in the Credit Union, you must be an individual or entity qualifying within the Credit Union's field of membership and must purchase and maintain at least one share (the "membership share") as required by the Credit Unions Bylaws. You authorize us to check your account, credit, and employment history, and obtain a credit report from third parties, including credit reporting agencies, to verify your eligibility for the accounts and services you request.

**2. Single Party Accounts.** A single party account is an account owned by one member including any individual, corporation, partnership, trust, or other organization qualified for credit union membership. If the account is a single party account the interest of a deceased individual owner will pass, subject to applicable law, to the decedent's estate or Payable on Death (POD) beneficiary, subject to other provisions of this Agreement governing our protection for honoring transfer and withdrawal requests of an owner's or owner's agents prior to notice of an owner's death.

**3. Multiple Party Accounts.** An account owned by two or more persons is a multiple party account.

a. Rights of Survivorship. All multiple party accounts are with rights of survivorship. Upon the death of one of the owners, that person's interest will pass to the surviving owners.

b. Control of Multiple Party Account Owners. Any multiple party account owner is authorized and deemed to act for the other owner(s) and the Credit Union may accept orders and instructions regarding the account, requests for future services and any transaction from any other account owner. Each multiple party account owner guarantees the signature of the other owners. Any account owner may withdraw all funds in the account, terminate the account, stop payment on items drawn on the account, transfer, or pledge to the Credit Union all or any part of the shares of any account without the consent of the other account owner(s) and the Credit Union shall have no duty in such event to notify any other account owner(s). The Credit Union reserves the right at any time to require written consent of all account owners for a change of ownership or termination of a multiple party account. If the Credit Union receives written notice of a dispute between account 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 account owners agree in writing to any transaction concerning the account.

c. Multiple Party Account Owner Liability. If any item deposited in a multiple party account is returned unpaid, an account is overdrawn, or if we do not receive final payment on any transaction, each of the multiple party account owners is jointly and severally liable to the Credit Union for the amount of the returned item, overdraft, or unpaid amount and any charges, regardless of who created the overdraft, deposited, or cashed the item or benefited from the transaction. If any account owner is indebted to the Credit Union, the Credit Union may enforce its rights against any or all funds owned by that account owner.

**4. POD Accounts.** A Payable on Death (POD) beneficiary account designation is an instruction to the Credit Union that an account so designated is payable to the owner or owners during their lifetimes, and upon the death of the last account owner, payable to any named and surviving POD designated on your Account Card or Membership Application. Accounts payable to more than one surviving beneficiary are owned jointly by such beneficiaries without rights of survivorship. Therefore, the interest of a deceased beneficiary will pass to the decedent's estate. Any POD or beneficiary designation shall not apply to Individual Retirement Accounts (IRAs), which shall be governed by a separate beneficiary designation. The Credit Union shall at no time have any obligation whatsoever to notify any beneficiary of the existence of any account or the vesting of the beneficiary's interest in any account, except as otherwise provided by law.

**5. Accounts for a Trust.** You acknowledge the following:

- a) the Credit Union is only the holder of the deposit and will have no responsibility as a trustee;
- b) the Credit Union has no duty to inquire into the validity or propriety of any draft drawn by the trustee on the account and will not be liable for any misapplication of such withdrawals;
- c) the Credit Union has no duty to inquire as to the powers and duties of the trustee and shall have no notice of any breach of fiduciary duties by the trustee unless it receives actual notice thereof,
- d) the Credit Union must receive written notification of any revocation of the trustee's authority and any assumption of power by a successor trustee and a statement that the notice shall not affect any items in process at the time notice is given and that the Credit Union may withhold payment of funds to any party until proper evidence of authority is provided;
- e) a withdrawal may be made on the request of any one trustee acting alone;

f) the trustee(s) hereby indemnify and hold the Credit Union harmless from any claim or liability as a result of unauthorized acts of a trustee or former trustee including damages paid or determined to be owing from the Credit Union to other claimants on the trust account funds and attorney's fees and costs incurred by the Credit Union in resolving any action regarding the disbursement of funds from the trust's account.

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**6. Accounts for Minors.** For any account established by a minor, the Credit Union reserves the right to require the minor account to be a multiple party account with an owner who has reached the age of majority under state law who shall be jointly and severally liable to the Credit Union for any returned item, overdraft, or unpaid charges or amounts on such account. The Credit Union may make payments of funds directly to the minor without regard to his or her minority. Unless a guardian or parent is an account owner, the guardian or parent 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 any account owner. The Credit Union shall not change the account status when the minor reaches the age of majority, unless authorized in writing by all account owners.

**7. Uniform Transfers to Minors Account.** A Uniform Transfers to Minors Account (UTMA) is an individual account established by a member as a custodian by depositing funds as an irrevocable gift to a minor. The minor to whom the gift is made is the owner and beneficiary of the funds. The custodian has possession and control 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 Credit Union has no duty to inquire of the use or purpose of any transaction by the custodian. In the event of the custodian's death, the Credit Union may place an administrative hold on the account until it receives instructions from any person authorized by law to withdraw funds or a court order authorizing such withdrawal. The account will terminate and be distributed in accordance with applicable law.

**8. Agency Designation.** An agency designation is an instruction to the Credit Union that the account owner has authorized another person to make transactions as agent for the account owner regarding the accounts designated. For an agency account, you appoint the agent listed on the Account Card or Membership Application as your attorney-in-fact to deposit or withdraw funds held in the designated account(s). An agent has no ownership interest in the account or Credit Union voting rights. The Credit Union has no duty to inquire of the use or purpose of any transaction by agent.

**9. Deposit of Funds Requirements.** Funds may be deposited to any account, in any manner approved by the Credit Union in accordance with the requirements set forth on the Rate and Fee Schedule.

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 payees. You authorize the Credit Union to supply missing endorsements of any owners if the Credit Union chooses to supply such endorsements. If an insurance, government, or other check or draft requires an endorsement as set forth on the check or draft, the Credit Union may require endorsement. Endorsements must be placed in the space on the back of the draft or 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 or any other markings you or any prior endorser has made on the draft or check cause any delay or error in processing the item for payment, you will be responsible for any loss incurred by the Credit Union due to the delay or error.

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 the 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 items or ACH (Automated Clearing House) transfers credited 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 such items or ACH transfers or both and impose a return item charge on your account. If the Credit Union incurs any fee to collect any item, the Credit Union may charge such fee to your account. The Credit Union reserves the right to refuse or to return all or any item or funds transfer. The Credit Union shall have the right to charge back against your account all previously deposited items or other items endorsed by you that are returned to the Credit Union unpaid, regardless of whether the amount of the item has been available for your use.

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. Upon a filing of a 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. You agree that, if applicable, the Credit Union will apply deposits to cover overdrafts and overdraft fees.

e. Crediting of Deposits. Deposits made on Credit Union holidays and on days that are not business days of the Credit Union will be credited to your account on the next business day. Deposits received at unstaffed facilities such as night depositories will be credited on the day funds are removed and processed by the Credit Union. Items drawn on an institution located outside the United States are handled on a collection basis only. We reserve the right to charge a fee for foreign items you put in for collection. Amounts will be credited to your account when we receive final payment. You waive any notice of nonpayment, dishonor, or protest regarding any items purchased or received by the Credit Union for credit to your account or for collection.

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## 10. 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, Membership Application or Resolution of Authority. 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 draft 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 that is permitted by the Credit Union (i.e., draft, automated teller machines (ATMs), in person, by mail, voice response, internet access, online bill payment or telephone, as applicable). If the Credit Union accepts any draft that is not drawn on a form provided by the Credit Union, you will be responsible for any loss incurred by the Credit Union for handling the draft. The Credit Union may return as unpaid any draft that is not drawn on the form provided by the Credit Union. The Credit Union has the right to review and approve any form of power of attorney and may restrict any withdrawals or transfers on your accounts.

c. ACH & Wire Transfers. If provided by the Credit Union, you may initiate or receive credits or debits to your account via wire transfer or ACH transfer. You agree that if you receive funds by a wire or ACH transfer, the Credit Union is not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement. The Credit Union may provisionally credit your account for an ACH transfer before it receives final settlement for the transfer. You agree that if the Credit Union does not receive final settlement for an ACH transfer, we may reverse the provisional credit to your account, or you will refund the amount to the Credit Union. When you initiate a wire transfer, you must identify the recipient and any financial institution involved by name and by account or identifying number. The Credit Union (and other institutions) may rely on the account or other identifying number as the proper identification, even if it identifies a different party or institution. Wire transfers are governed by Federal Reserve Regulation J if the transfer is cleared through the Federal Reserve. ACH transactions are governed by the rules of the National Automated Clearing House Association. The fee for a wire transfer is set forth on the Credit Union's Rate and Fee Schedule.

d. Credit Union Examination. The Credit Union may disregard information on any draft or check other than the signature of the drawer, 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.

**11. Account Rates and Fees.** The Credit Union's payment of earnings on your account is subject to the account rates and fees, payment and balance requirements as set forth in the Rate and Fee Schedule. The Credit Union may charge you fees for accounts and services provided by the Credit Union. The fees and charges that may be assessed against your account are set forth on the Rate and Fee Schedule. You agree the Credit Union may change the Rate and Fee Schedule at any time, and you will be notified of such changes as required by law.

## 12. Transaction Limitations.

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

The Credit Union may also refuse to allow a withdrawal in other cases; for example: a legal garnishment or attachment is served; the account secures any obligations to the Credit Union; any required documentation has not been presented; you fail to repay a Credit Union loan on time; or any reason allowed by applicable law. 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 of not less than seven (7) days and up to sixty (60) days in accordance with applicable law before such withdrawal.

b. Transfer Limitations. For share savings and money market accounts, if applicable, you may make up to six (6) preauthorized, automatic, telephonic, voice response or online transfers to another account of yours or to a third party during the calendar month. A preauthorized transfer includes any agreement with the Credit Union to pay a third party from the member's account upon oral or written orders including orders received through the Automated Clearing House (ACH). There is no limit on the number of transactions you may make in the following manner: (i) transfers to any loan account with the Credit Union; or (ii) transfers to another Credit Union account or withdrawals (checks mailed directly to you) when such transfer or withdrawal is initiated in person, by mail or at an ATM. If a transfer request would exceed the transfer limitations set forth above in any statement period, the Credit Union may refuse or reverse the transfer, and your account will be subject to suspension or closure by the Credit Union, and the Credit Union may impose a charge.

**13. Time Accounts.** Any time deposit, term share, share certificate, or certificate of deposit account allowed by state law (Time Account), whichever is offered by the Credit Union, is subject to the terms of this Agreement and the specific terms and disclosures set forth on the Rate and Fee Schedule and Account Deposit Receipt for each account which is incorporated herein by reference.

## 14. Overdrafts.

a. Overdraft Liability. If on any day, the available funds in your share draft account are not sufficient to cover drafts, fees or other items posted to your account, those amounts will be handled in accordance with our overdraft procedures, or an overdraft protection plan you have with us. The Credit

Union's determination of an insufficient account balance is based upon the available balance at the time of the transaction and may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. The Credit Union has no duty to notify you of an insufficient funds item. Your account will then be subject to a charge for the item whether paid or returned as set forth in the Rate and Fee Schedule. Except as otherwise agreed in writing, the Credit Union, by covering one or any overdraft, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time without notice. If the Credit Union pays a draft or imposes a fee that would otherwise overdraw your account, you agree to pay the overdrawn amount immediately. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor bank extra time beyond any midnight deadline limits.

b. Overdraft Protection Plan. If we have approved an overdraft protection plan for you, we will honor drafts drawn on insufficient funds in your account by transferring the necessary funds from another account under this Agreement or a loan account, as you have directed, or as disclosed under the Credit Union's checking account plan. The fee for overdraft transfers, if any, is set forth in the Rate and Fee Schedule. Transfers from an account will be governed by this Agreement. Transfers from a loan account will be governed by the applicable loan agreement.

**15. Postdated and Staledated Drafts.** You authorize us to accept and pay any draft without regard to the date of the draft even if the draft is presented for payment before its date unless you notify the Credit Union of the postdating in writing. Your notice will be effective only if the Credit Union receives the notice in time for the Credit Union to notify its employees and reasonably act upon the notice and you accurately describe the draft, including the number, date, and amount. You understand that the exact information is necessary for the Credit Union's computer to identify the draft. If you give the Credit Union an incorrect, incomplete, or untimely notice, the Credit Union will not be responsible for paying the draft before the date stated and the Credit Union may charge your account as of the date the Credit Union pays the draft. You may make an oral notice which will lapse within fourteen (14) calendar days unless confirmed in writing within that time. A written notice will be effective for six (6) months. A written notice may be renewed in writing. 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 (6) months after its date.

**16. Stop Payment Orders.**

a. Stop Payment Request. You may ask the Credit Union to stop payment on any item you or any account owner draw upon your account. You may request a stop payment by telephone, by mail, by fax, by voice response, by internet access or in person. 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 account number, payee, draft number (if applicable) and its exact amount. You understand that the exact information is necessary for the Credit Union's computer to identify the item. If you give the Credit Union incorrect or incomplete information or if the draft clears as an ACH item, the Credit Union will not be responsible for failing to stop payment on the item. If the stop payment order is not received in time for the Credit Union to act upon the order, the Credit Union will not be liable to you or to any other party for payment of the item. If we recredit your account after paying an item over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer all your rights against the payee or other holders of the draft to the Credit Union, and to assist the Credit Union in legal action taken against the person.

b. Duration of Order. You may make an oral stop payment order which will lapse within fourteen (14) calendar days unless confirmed in writing within that time. A written stop payment order for consumer and non-consumer members will be effective for six (6) months. A written stop payment order may be renewed in writing. The Credit Union is not obligated to notify you when a stop payment expires.

c. Liability. The Credit Union may charge a fee for each draft for which a stop payment order is requested, as set forth in the Rate and Fee Schedule. You may not stop payment on any certified check, cashier's check, teller's check, official check or any other check, draft or payment guaranteed by the Credit Union. However, if any of these checks have been lost, stolen, or destroyed, they may be replaced 90 days after the initial issuance when a declaration of loss has been submitted. You should be aware that while payment of an 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 indemnify and hold the Credit Union harmless from all costs, including attorney's fees, damages or claims related to the Credit Union's action in refusing payment of an item, including claims of any multiple party account owner, payee, or endorsee in failing to stop payment of an item as a result of incorrect information provided by you.

**17. E-mail.** You may e-mail the Credit Union at any time. The Credit Union may not immediately receive e-mail communications that you send and will not take action based upon e-mail requests until we actually receive your message and have a reasonable opportunity to act. If you need to contact us immediately, you may call us at the telephone number disclosed in this agreement.

**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, except as otherwise provided by law. The Credit Union will not be liable if: (a) through no fault of the Credit Union, your account does not contain enough money to make the transaction; (b) circumstances beyond the Credit Union's control prevent the transaction; (c) your loss is caused by your negligence or the negligence of another financial institution; (d) the money in your account is subject to legal process or other claim. The Credit Union will not be liable for consequential damages, except liability for wrongful dishonor. The Credit Union's actions will constitute the exercise of ordinary care if such actions or nonactions are consistent with applicable rules, and general banking practices followed in the area served by the Credit Union. 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.** To the extent you owe the Credit Union money as a borrower, guarantor, endorser or otherwise, the Credit Union has a lien on any or all the funds in any account in which you have an ownership interest, regardless of the source of the funds, unless prohibited by law. The Credit Union may apply these funds in any order to pay off your indebtedness. 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. In addition, you grant the Credit Union a consensual security interest in your

accounts and agree the Credit Union may use the funds from your accounts to pay any debt or amount now or hereafter owed the Credit Union unless prohibited by applicable law. All accounts are nonassignable and nontransferable to third parties.

**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, 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 does not and will not sell or provide any member information to list services, telemarketing firms, or outside companies for independent use. The Credit Union does disclose information we collect, as permitted by law, to credit union service providers with whom we have joint marketing agreements, other affiliates to help us administer our business or provide product information to members, and other third parties, but only to administer products and services obtained from the Credit Union, to conduct our business, when legally required or when you give us written permission. We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit reports. The Credit Union provides each member with a notice of its privacy practices both at the time the membership is established as well as on an annual basis.

## **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 attempt to communicate with you at the most recent address you have provided to the Credit Union. The Credit Union may accept oral notices of a change in address and may require any other notice from you to the Credit Union be provided in writing. If the Credit Union attempts to locate you, the Credit Union may impose a service fee as set forth in the Rate and Fee Schedule.

b. Notice of Amendments. Except as otherwise prohibited by applicable law, the terms of this Agreement are subject to change at any time. The Credit Union will notify you of any changes in terms, rates, or fees as required by law. The Credit Union reserves the right to waive any term in this Agreement. Any such waiver shall not affect the Credit Union's right to enforce any right in the future.

c. Effect of Notice. Any written notice you give the Credit Union is effective when it is actually received by the Credit Union. Any written notice the Credit Union gives to you is effective when it is deposited in the U.S. Mail, postage prepaid and addressed to you at your statement mailing address. Notice to any one account owner is considered notice to all owners of the account.

**23. Taxpayer Identification Number (TIN) and Backup Withholding.** If your account is or becomes subject to back-up withholding, the Credit Union is required by law to withhold and pay to the Internal Revenue Service (IRS) a required percentage of payments of dividends, interest, and certain other payments under certain conditions. Your failure to furnish a correct taxpayer identification number or meet other applicable requirements may result in backup withholding. If you fail to provide your TIN, the Credit Union may suspend the opening of your account until a TIN is provided.

## **24. Statements.**

a. Content. If the Credit Union provides a periodic statement for your account, you will receive a periodic statement of transactions and activity on your account during the statement period as required by applicable law. If a periodic statement is provided, you agree that only one statement is necessary for a multiple party account. For share drafts or checking accounts, you understand and agree that your original draft, when paid, becomes property of the Credit Union, and will not be returned to you. Copies may be retained by Credit Union or payable through financial institution and made available upon your request. You understand and agree that statements are made available to you on the date they are mailed to you. You also understand and agree that drafts or copies thereof are made available to you on the date the statement is mailed to you, even if the drafts do not accompany the statement.

b. eStatements. You may elect to have your statement delivered to you electronically instead of by postal mail. The Credit Union must receive your consent before changing your statement delivery method. All eStatements are available for up to eighteen months and can only be accessed by means of a secure site that uses a combination of password entry plus data encryption. To obtain your eStatements, you can use any computer that has access to the Internet. Certain software requirements may exist and will be listed on the eStatement Internet site. The Credit Union will notify you via e-mail when you have a statement that is ready for viewing. To ensure you have access to your statements, you must provide us with your current e-mail address. By informing the Credit Union in writing, you may at any time elect to discontinue your eStatement and return to receiving your statement via postal mail.

c. Examination. You are responsible for examining each statement and reporting any irregularities to the Credit Union. The Credit Union will not be responsible for any forged, altered or unauthorized items drawn on your account if (i) you fail to notify the Credit Union within thirty-three (33) days of the mailing date of the earliest statement regarding any forgery, alteration or unauthorized signature on any item described in the statement; if (ii) any items are forged or altered in a manner not detectable by a reasonable person, including unauthorized use of facsimile signature machine. For all other types of errors on your statement, we must hear from you no later than 60 days after we sent you the first statement on which the error or problem appeared.

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 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 charge to your account unless you notify the Credit Union in writing within the above time limit for notifying the Credit Union of any errors.

**25. Dormant and Abandoned Accounts.** If your account falls below the minimum applicable balance or you have not made a withdrawal from, deposit to, or transfer involving your account for more than the period specified in the Rate and Fee Schedule, the Credit Union may classify your account as a dormant account. Unless prohibited by applicable law, the Credit Union may charge a service fee for continuing to process your dormant account as set forth in the Rate and Fee Schedule. You authorize us to transfer funds from another account of yours to cover any service fees, if applicable. To the extent allowed by law, the Credit Union reserves the right to transfer the account funds to an account payable and to suspend any further account statements. If a deposit or withdrawal has not been made on the account and the Credit Union has had no other sufficient contact with you within the period specified by state law, the account will be presumed to be abandoned. Unless prohibited by applicable law, the Credit Union may charge a service fee for continuing to process your abandoned account as set forth in the Rate and Fee Schedule. Funds in abandoned accounts will be reported and 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.

**26. Special Account Instructions.** You may request the Credit Union to facilitate certain trust, will, or court-ordered account arrangements. 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. 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. Account changes requested by you, or any account owner, such as adding or closing an account or service, must be evidenced by a signed Account Change or Membership Application form, and accepted by the Credit Union.

**27. Termination of Account.** The Credit Union may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if: (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the funds in the account; (4) any share drafts are lost or stolen; (5) if there are excessive returned unpaid items not covered by an overdraft protection plan; (6) if there has been any misrepresentation or any other abuse of any of your accounts; or (7) if the Credit Union reasonably deems it necessary to prevent a loss to the Credit Union. You may terminate any single party account at any time by notifying the Credit Union in writing. The Credit Union reserves the right to require the consent of all multiple party account owners for termination of a multiple party account. The Credit Union is not responsible for payment of any draft, withdrawal, or other item after your account is terminated. However, if the Credit Union pays an item after termination, you agree to reimburse the Credit Union for the payment.

**28. Termination of Membership.** You may terminate your membership at the Credit Union after giving notice of your intent to withdraw from membership. You may be denied services or expelled from membership for any reason allowed by applicable law, including causing a loss to the Credit Union.

**29. Death of Account Owner.** The Credit Union may continue to honor all transfers, withdrawals, deposits, and other transactions on the account until the Credit Union is notified of the member's death. Once the Credit Union is notified of a member's death, the Credit Union may pay drafts or honor other payments, or transfer orders authorized by the deceased member for a period of ten (10) days unless the Credit Union receives instruction from any person claiming an interest in the account to stop payment on the drafts or other items. You agree the Credit Union can require that anyone who claims funds in your account after your death indemnify the Credit Union for any losses resulting from honoring that claim. This Agreement will be binding upon any heirs or legal representations of any account owner.

**30. Severability.** In the event that any portion of this Agreement is held by a court to be invalid or unenforceable for any reason, the remainder of this Agreement shall not be invalid or unenforceable and will continue in full force and effect. All headings are intended for reference only and are not to be construed as part of the Agreement.

**31. Enforcement.** You agree to be liable to the Credit Union for any loss, cost, or expense that the Credit Union incurs because 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 the Credit Union brings a legal action to enforce the Agreement or collect any amount due under this Agreement, the Credit Union shall be entitled, subject to applicable law, to payment of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions.

**32. Governing Law.** This Agreement is governed by the Bylaws of the Credit Union, federal laws and regulations, the laws, including applicable principles of contract law, and regulations of the state in which the Credit Union's main office is located, and local clearing house rules, as amended from time to time. To the extent permitted by applicable law, you agree that any legal action regarding this Agreement shall be brought in the county in which the Credit Union is located.

## **Part II. FUNDS AVAILABILITY POLICY**

This Funds Availability Policy applies to transaction accounts. A transaction account is defined as an account from which an account holder may make transfers or withdrawals by negotiable or transferable instrument, payment order or withdrawal, telephone transfer, or other similar device for the purpose of making payments or transfers to third persons or others. It also includes an account from which a depositor may make third party payments at an automated teller machine (ATM) or remote service unit, or another electronic device, including by debit card. This policy does not apply to savings accounts, which have limited withdrawals as specified in Regulation D.

**1. General Policy.** Our policy is to make funds from your deposits available to you on the same business day that we receive your deposit. Electronic direct deposits will be made available on the day that we receive the deposit. Mobile deposits received on or after 3:00 pm may be processed the next business day. Deposit limits may apply. Once they are available, you can withdraw the funds in cash, and we will use the funds to pay checks that you



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

**2. Reservation of Right to Hold.** Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$225.00 of your deposit will be available on the first business day after the day of your deposit. If we are not going to make all the funds from your deposit available on the same business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the next business day after we receive your deposit. If you will need the funds from a deposit right away, you should ask us when the funds will be available.

**3. Holds on Other Funds.** If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this policy for the type of check that you deposited.

**4. Longer Delays May Apply.** Funds you deposit by check may be delayed up to seven (7) business days under the following circumstances:

- a. We believe a check you deposited will not be paid.
- b. You deposit a check(s) totaling more than \$5,525.00 on any one day.
- c. You deposit a check that has been returned unpaid.
- d. You have overdrawn your account repeatedly in the last six months.
- e. There is an emergency, such as a 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.

**5. Special Rules for New Accounts.** For a new account, the following special rules will apply during the first thirty (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 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 next business days after the day of your deposit if the deposit meets certain conditions. For example, the checks must be made payable to you. The excess over \$5,525 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit. Funds from all other check deposits will be available based on the collectability of the funds.

**6. Foreign Checks.** Checks drawn on financial institutions located outside the U.S. (foreign checks) cannot be processed the same as checks drawn on U.S. financial institutions. Foreign checks are exempt from the policies outlined in this disclosure. Generally, the availability of funds for deposits of foreign checks will be delayed for the time it takes us to collect the funds from the financial institutions upon which it is drawn.

## Part III. ELECTRONIC FUNDS TRANSFER AGREEMENT AND DISCLOSURE

This Electronic Funds Transfer Agreement is the contract that covers your and our rights and responsibilities concerning the electronic funds transfer ("EFT") services offered to you by Home Town Federal Credit Union ("Credit Union"). In this Agreement, the words "you" and "yours" mean those who sign the application as applicants, 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. Electronic funds transfers are electronically initiated transfers of money from your account through the electronic funds transfer services described below. By signing an application for EFT services, signing your Card, or using any service, each of you, jointly and severally, agree to the terms and conditions in this Agreement and any amendments for the EFT services offered.

If any of your accounts accessed under this Agreement are joint accounts, all joint owners, including any authorized users, shall be bound by this Agreement and, alone and together, shall be responsible for all EFT transactions to or from any deposit or loan account as provided in this Agreement. Each joint owner, without the consent of any other account owner, may, and hereby is authorized by every other joint owner to make any transaction permitted under this Agreement. Each joint account owner is authorized to act for the other account owners, and the Credit Union may accept orders and instructions regarding any EFT transaction or any account from any joint account owner.

**1. EFT Services.** If approved, you may conduct any one or more of the EFT services offered by the Credit Union.

a. ATM Card/ Debit MASTERCARD. You may use your card and PIN (Personal Identification Number) in automated teller machines (ATMs) or facilities as the Credit Union may designate. At the present time, you may use your card and PIN to a) withdraw cash from your savings and checking accounts; b) transfer funds from your savings and checking accounts; c) obtain balance information for your savings and checking accounts.

The following limitations on the frequency and amount of ATM transactions apply a) You may make three (3) cash withdrawals in any one day; b) You may withdraw up to a maximum of \$400.00 in any one day if there are sufficient funds in your account. When you use an ATM not owned by us, you may be charged a fee by the ATM operator, and you may be charged a fee for a balance inquiry even if you do not complete the transfer.

Customarily, withdrawals and transfers of funds made at ATMs are posted to your account immediately.

Use of the Debit MASTERCARD, the account number on the card, the PIN, or any combination of the three may be used for payment, purchases or to obtain cash advances with merchants, financial institutions or others who honor the card. Use of the Debit MASTERCARD, account number on the card, or PIN is subject to the terms of the Debit MASTERCARD Agreement & Disclosure.

If the Credit Union has a reasonable belief at the time of an authorization request that a member does not have sufficient funds available to cover an ATM or one-time debit card transaction the item will be declined unless you have agreed in writing to our opt-in program. We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined.

i. Ownership of Cards. Any Card or other device which we supply to you is our property and must be returned to us, or to any 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.

ii. Honoring the Card. Neither we nor merchants authorized to honor the Card will be responsible for the failure or refusal to honor the Card or any other device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your account in lieu of a cash refund.

b. Direct Deposit. 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, to your savings or checking account. If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, the person or company making the deposit will tell you every time they send us money. You can call us at 507-451-3798 to find out whether the deposit has been made.

c. Electronic Debit. If you authorize a company to make periodic charges to your account for loan or bill payments, the Credit Union can charge your account for the amount of the electronic charges the Credit Union receives from the company. The following terms will apply.

i. Your authorization. No one can charge your account unless you authorize them to do so. If you authorize a company to make periodic charges to your account, the company must give you a copy of your written authorization to keep. If you have authorized a company to charge your account periodically, and the charge for a particular period is greater than the previous charge, the company will send you a notice of the difference at least 10 (ten) days before the charge is scheduled to be made. The company will also send you notice if a particular period is shorter or longer than usual.

ii. Limitations. Each charge must be for an amount you owe a company for money borrowed or goods or services purchased. There are no other limitations on the account or frequency of charges to your checking account. For share savings and money market accounts, if applicable, you may make up to six (6) preauthorized, automatic, telephonic, voice response or online transfers to another account of yours or to a third party during the calendar month.

iii. Stop Payment. If you ask the Credit Union to stop payment of any electronic loan or bill payment at least three (3) days before the transaction is scheduled, the Credit Union must honor your stop payment. If you cannot get your stop payment request to the Credit Union that soon, the Credit Union will still do its best to honor your request. Your stop payment will not be effective for more than one specific transaction. See Credit Union address and phone number information on page 12.

iv. Canceling your authorization. If you have authorized recurring charges to your account by a particular company and wish to cancel that authorization, you must notify the company in writing that you are canceling the authorization. If after you canceled your authorization in writing to the company and your account is still charged, you must request an Affidavit of Unauthorized Entry form within 15 days of receipt of your statement. Upon receipt of the Affidavit of Unauthorized Entry form, the Credit Union will return the item and credit your account the amount of the charge. You must complete the Affidavit of Unauthorized Entry, and have it returned to the Credit Union no later than 60 days after the day the unauthorized charge was made to your account. If you wait longer than 60 days, the Credit Union cannot credit your account and you must contact the company for credit.

d. Bill Pay Online Bill Payment Service. Bill Pay allows you to use your Credit Union checking account to pay almost all your bills through the Internet. Enrollment is done all online via the Credit Union's website at [www.hometownncu.coop](http://www.hometownncu.coop) and logging into Home Banking. Before finalizing enrollment, each member will be asked to read and accept the terms and conditions of the service. The terms and conditions can be viewed at any time by accessing Bill Pay.

e. Home Banking Online Account Access. Via the Credit Union's website at [www.hometownncu.coop](http://www.hometownncu.coop) you may access Home Banking. Through Home Banking you can view account balances, make transfers, and view account history.

f. Telephone Banking. Telephone Banking is a toll-free automated telephone service that you can use to access your Credit Union accounts. By using Telephone Banking, you can make balance inquiries, transfers, verify deposits and withdrawals.

g. Online VISA Credit Card Account Access. Online Access allows you to access your Credit Union VISA credit card account through the Internet to review account information and make payments online. Online Access can be accessed through the Credit Union's website at [www.hometownncu.coop](http://www.hometownncu.coop) and clicking on your credit card account. The terms and conditions of the service can be viewed at any time by accessing Online Access.

**2. Security of Access Code(s)**. For certain EFT services you will need access codes (PINs/Security Codes). To enroll in Home Banking and Telephone Banking, you will need a PIN. You will choose your security code the first time you use the service. When you are issued an ATM Card or a Debit MASTERCARD you will be issued a PIN (personal identification number). All these codes are confidential and should not be disclosed to third parties

or recorded on or with a Card. You are responsible for safekeeping your access codes. You agree not to disclose or otherwise make your access codes available to anyone not authorized to sign on your accounts. If you authorize anyone to use your access codes that authority shall continue until you specifically revoke such authority by notifying the Credit Union. You understand that any joint owner you authorize to use an access code may withdraw or transfer funds from any of your accounts. If you fail to maintain the security of these access codes and the Credit Union suffers a loss, we may terminate your EFT services immediately.

**3. ACH Check Conversions.** You may authorize a merchant or other payee to use information from your check to make a one-time electronic payment from your checking account to pay for bills or purchases. You may also authorize a merchant to collect a fee electronically from your account if your payment is returned unpaid. If you authorize a merchant to convert a check into an electronic debit, the transaction is subject to all the terms and conditions of this EFT disclosure.

**4. Fees and Charges.** There are certain charges for electronic funds transfer services. From time to time, the charges may be changed. We will notify you of any changes as required by law. For a list of fees, please refer to the Credit Union's most recent Rate and Fee Schedule.

**5. Liability for Unauthorized Transactions.** Tell us at once if you believe your Card or any access code has been lost or stolen or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within two (2) business days, you cannot lose more than fifty dollars (\$50.00) if someone accesses your accounts 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 access code, 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 available by law.

Also, if your statement shows 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 not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as long trip or hospital stay) kept you from telling us, we may extend the time periods. If you believe that your Card has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call:

(507) 451-3798 or (888) 451-3798 or write to:

Home Town Federal Credit Union  
2400 West Bridge Street  
Owatonna, MN 55060

\*Note. If the unauthorized transfer is a result of a POS transaction through a MASTERCARD Debit Card, your rights are described in the Debit MASTERCARD Agreement and Disclosure.

**6. Right to Receive Documentation.**

a. Periodic Statements. You will get a monthly statement specifying types, dates and amounts affecting your account unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

b. Terminal Receipts. You will get a receipt at the time you make any transaction (except inquiries) involving your account using an ATM or Debit MASTERCARD.

**7. Electronic Transfer Errors.** You will need to contact the Credit Union at once if you think your statement or receipt is wrong. You will also notify the Credit Union if you need more information about a transfer listed on your statement or receipt. The Credit Union will not be responsible for any forged, altered or unauthorized items drawn on your account if (1) you fail to notify the Credit Union within thirty-three (33) days of the mailing date of the earliest statement regarding any forgery, alteration or unauthorized signature on any item described in the statement; or (2) any items are forged or altered in a manner not detectable by a reasonable person, including unauthorized use of facsimile signature machine. For all other types of errors on your statement, we must hear from you no later than sixty (60) days after we sent you the first statement on which the error or problem appeared.

The Credit Union needs to know: (a) your name, member number, and the dollar amount of the suspected error; (b) if it is a terminal transaction, the sequence number, the terminal number, and the date of the transaction from the terminal receipt; and (c) a description of the error or the transfer. You will explain why you believe there is an error or what additional information you need about the transfer.

If you notify the Credit Union orally, the Credit Union may ask that you send the Credit Union your complaint or question in writing within ten (10) business days. The Credit Union will usually tell you of its finding within ten (10) business days (5 business days for POS transactions) of your notifying the Credit Union and correct any error promptly. If the Credit Union needs more time, however, the Credit Union may take up to 45 days (90 days for POS transactions or if the transaction is initiated outside the United States) to investigate your complaint or questions. If we decide to do this, we will credit your account within ten (10) business days (5 business days for POS transactions) for the amount you think is in error. You will have the use of the money while the Credit Union completes its investigation. If we ask you to send us your complaint or question in writing and the Credit Union does not receive it within ten (10) business days, the Credit Union need not re-credit your account.

If we find there was no error, we will send you a written explanation within three (3) business days after we have completed our investigation. If we credited your account, we will reverse this entry by charging your account. You may ask for copies of the documents that we used in our investigation.

If your account is new, the Credit Union can credit the disputed amount within 20 business days and then complete the investigation within 90 days.

**8. Account Information Disclosure.** The Credit Union does not and will not sell or provide any member information to list services, telemarketing firms, or outside companies for independent use. The Credit Union does disclose information we collect, as permitted by law, to credit union service providers with whom we have joint marketing agreements, other affiliates to help us administer our business or provide product information to members, and other third parties, but only to administer products and services obtained from the Credit Union, to conduct our business, or when legally required.

**9. Business Days.** Our business days for processing EFT transactions are Monday through Friday excluding federal holidays.

**10. Credit Union Liability for Failure to Make or Stop Certain Transfers.** If you ask the Credit Union to stop payment of a preauthorized transfer at least three business days before the transfer is scheduled, the Credit Union will be liable for your losses or damages if the Credit Union fails to stop the transfer. If the Credit Union does not complete a transfer to or from your account on time or in the correct amount, the Credit Union will be liable for your losses or damages. However, there are some exceptions. The Credit Union will not be liable if:

- (a) through no fault of the Credit Union's, you do not have enough money in your account to make the transfer; or
- (b) the transfer would go over the limit on your credit line; or
- (c) the terminal where you made the transfer did not have enough cash; or
- (d) it was clear that the terminal or service was not working properly when you began the transaction; or
- (e) circumstances beyond the Credit Union's control (such as fire, flood, or power failure) prevented the transfer, despite the Credit Union's reasonable precautions; or
- (f) there are other exceptions stated in the disclosure or in the Credit Union's agreement

**11. Termination of EFT Services.** All your electronic fund transfer privileges will end if you close your membership with the Credit Union. The Credit Union or you may also terminate specific electronic fund transfer services without closing your account(s). You may terminate a service by calling or writing the Credit Union. The Credit Union may terminate your right to receive electronic fund transfers and your card privileges at any time by giving you notice. If the Credit Union terminates your card privileges, you must return your card(s) to the Credit Union right away.

**12. Other Terms and Conditions that Apply to your Account.** Terms and conditions in this EFT disclosure relate specifically to any electronic fund transfers you authorize. Your account is also governed by the bylaws of the Credit Union and by the terms and conditions the Credit Union has given you. If those terms and conditions are inconsistent with this disclosure, this disclosure will control.