

**Mocse Federal Credit Union  
MEMBER HANDBOOK  
AND ACCOUNT AGREEMENT**

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Thank you for joining and opening one or more accounts with Mocse Federal Credit Union (“we,” “us,” “our,” “Credit Union,” or “Mocse”).

**I. INTRODUCTION**

This Member Handbook and Account Agreement (“Handbook”) is a master agreement governing your membership in the Credit Union and accounts you open and maintain with us for consumer, family or household purposes. The Membership and Account Application you complete and the current versions of our Truth in Savings Disclosures and Fee Schedule also govern your membership and Credit Union accounts. Your Regular Savings Account is your core Credit Union membership account. You can establish additional sub-accounts under your core account, such as checking, money market and certificate accounts. Any time you open an account under your membership, you will receive a Truth in Savings Disclosure showing its terms. Not all of the terms in this Agreement apply to every account. Please refer to the general sections and the sections that apply to specific accounts that you have.

Keep this Handbook and your Truth in Savings Disclosures and Fee Schedule with your permanent records. We will send you periodic statements that will let you know the status of your accounts.

**II. MEMBERSHIP REQUIREMENTS AND SERVICE ELIGIBILITY**

If you are within our field of membership, have no significant derogatory financial institution history and satisfy our customer identification requirements, you can join Mocse by completing the Membership and Account Application and depositing the required par minimum balance shown on the current Truth in Savings Disclosure to a Regular Savings Account. Your membership makes you a shareholder-owner of the Credit Union and entitles you to apply for all of our account and loan services.

We will not provide Credit Union services to any person who does not provide us with a valid U.S. taxpayer identification number or an IRS exemption determination. Minors in our field of membership must have a responsible adult joint owner to open Credit Union accounts and responsible joint obligor to obtain Credit Union loans.

The Board may from time to time establish additional means of joining the Credit Union consistent with applicable law and regulation.

Membership is open to individuals who live, work, worship, or attend school in, and businesses and other legal entities located within, Stanislaus, Mariposa, Merced or Tuolumne counties, California; employees of all public school districts in Stanislaus or Tuolumne Counties; employees eligible for membership in California State Employees Association; employees of Modesto Irrigation District; employees and members of Stanislaus County Hispanic Chamber of Commerce; employees and members of the Modesto, Turlock, Oakdale and Riverbank Chambers of Commerce; members of the alumni association of California State University, Stanislaus. Many other employee groups and member groups are also eligible for membership. Membership is open to spouses of persons who died while within our field of membership; employees and former employees retired as pensioners or annuitants from the above employment; volunteers; members of their immediate families or households; and organizations of such persons. An "immediate family member" is a spouse, parent, child or sibling of a person in our field of membership, whether the relationship is by blood, marriage or adoption.

Please call us at (209) 572-3600 if you have questions about your eligibility for membership.

### **III. CREDIT UNION GOVERNANCE**

Unlike other financial institutions, credit unions are not-for-profit corporations formed to serve their members by offering highly competitive returns on savings and affordable interest rates on loans. The Credit Union is governed by a volunteer Board of Directors elected by our members from among our members. Members may seek nomination for election to the Board of Directors by submitting their names to the nominating committee or by petition. If you are interested in serving on the Board, you may submit a letter of interest to the Board of Directors at the Credit Union's Main Office. Credit Union newsletters or separate mailings notify members about upcoming elections.

Each individual or entity member has one vote in Credit Union elections, regardless of the number of membership numbers associated with accounts maintained by the member and regardless of the dollar amount of shares owned by the member.

### **IV. TERMINOLOGY**

The definitions here will help you understand this Handbook and transactions on your Credit Union accounts and loans. "Member" refers to a person who completes a Membership Application, satisfies membership requirements and is approved for membership. "Joint owner" refers to a person, if any, who completes a Membership Application in that capacity. "Agent" refers to a person authorized to manage the Credit Union accounts and loans of a member or joint owner by virtue of a power of attorney, conservatorship order, trust agreement or similar document, or by court order. "Owner" refers to any owner of an account, whether the member or a joint owner. "Obligor" refers to any person obligated to pay a Credit Union loan or other obligation owed to the Credit Union, such as a negative account balance, whether they are designated as a member, joint owner, borrower or non-borrowing co-signer. "You" may, as the context indicates, refer to any member, joint owner, agent, or obligor. "Authorized person" means any owner, agent, obligor or other person authorized by legally sufficient documentation to transact on your accounts or loans. "Board" refers to our Board of Directors. "Bylaws" refers to our current Bylaws. "Debit" refers to a transaction that withdraws funds from a Credit Union account. "Credit" refers to a transaction that deposits funds to a Credit Union account or posts a payment to a Credit Union loan. "New account" refers to accounts of a person who has been a member of the Credit Union for fewer than 30 days. "EFT" refers to electronic fund transfers governed by the federal Electronic Funds Transfer Act and Consumer Financial Protection Bureau Regulation E. "ACH" means Automated Clearinghouse and refers to both the national ACH system for

processing electronic payments and an EFT processed through the ACH system.

We may refer to our share accounts as “savings accounts,” to our share draft accounts as “checking accounts,” to our money market share accounts as “money market accounts,” and to our term share certificate accounts as “certificates” in this Handbook and other Credit Union documents that you may receive.

## **V. GENERAL AGREEMENTS OF MEMBERS**

### **A. Consent to Terms of Membership and Services**

By signing a Membership Application and depositing the required minimum balance to a Regular Savings Account and/or meeting any other membership requirement that may be established by the Board from time to time, you acknowledge that you have received, read, understood and consented to the terms of this Handbook, the current Truth in Savings Disclosure applicable to any account(s) you have opened, and our current Fee Schedule. You will consent to the specific terms of Credit Union loan products by signing applications for or credit agreements governing those products. The singular implies the plural if more than one person signs the Membership Application. Any person who becomes an agent on a Credit Union account or loan agrees to comply with the terms of the agreement that governs the account or loan.

### **B. Member Numbers**

Each individual or entity joining the Credit Union is assigned a unique member number. If a membership application includes one or more joint owners, all sub-accounts established under the assigned member number will have the same ownership combination, except for accounts that enjoy special tax treatment such as Individual Retirement Accounts (IRAs) and Health Savings Accounts (HSAs). A suffix is added to the member number to identify each different sub-account type you maintain.

If, after establishing sub-accounts under a member number, the ownership of any sub-account open under that number is changed in accordance with a procedure authorized by this Handbook or otherwise allowed by the Credit Union, the ownership of all accounts under that member number (except for accounts with special tax treatment) will also change to the new ownership. Examples: If the sole owner of a regular savings account and a checking account maintained under the same member number adds a joint owner to the regular savings account, the joint owner will also be added to the checking account tied to that member number. If the joint owners of regular savings, checking and certificate accounts maintained under the same member number ask that the certificate account be retitled under the name of a revocable trust they have established, title to the regular savings and checking accounts under that member number will also be placed under the trust.

An IRA or HSA can only have one owner, who must be the member associated with the member number.

Fiduciary accounts cannot have joint owners, but agents for fiduciaries (the persons entrusted with management of the funds) may be named on accounts with legally sufficient supporting documentation.

Credit Union loans are also tied to the core member number. The member number used for any Credit Union loan will be the member number of the first person listed on the credit application. A suffix is added to the member number to identify the loan type. Obligors on Credit Union loans will be determined by who signs the credit application or credit agreement.

On joint accounts, all funds in the account will be subject to the Credit Union's Right of Offset whenever any owner of the account fails to meet a payment obligation to us, even if not all owners of the account are parties to the loan or account transaction that resulted in the debt. For example, if A and B own an account jointly, and B fails to pay an obligation incurred to the Credit Union solely by B, the funds in the account owned jointly by A and B are liable for the debt.

If you want accounts with different ownership combinations, you should establish a separate member number for each ownership combination. For example, if you want a savings account with your spouse but a checking account in your own name, open the savings account under one member number and the checking account under a different member number. A regular savings account is needed for each member number.

We may allow you to have different obligors on loans associated with a single member number; however, periodic loan statements will be addressed to the owner(s) of the regular savings account maintained under the member number. If you want loan statements addressed to an individual or combination of individuals different from the owners of the regular savings account linked to the member number, open a different membership to be associated with that loan.

Even if you have more than one member number, you will only be permitted one vote in Credit Union elections.

#### C. Member Conduct Policy

For the safety and comfort of our staff, volunteers and members and so that we may provide proper attention to each member, the Board has adopted a Member Conduct Policy. You must abide by the Member Conduct Policy.

You are entitled to courteous, accurate and prompt service from us.

The Member Conduct Policy requires you to conduct your business with the Credit Union in a civil and businesslike way. We will not tolerate verbal or physical harassment or abuse, disruptive behavior, or violence or threats of violence. Visibly intoxicated persons or persons carrying weapons are not permitted on Credit Union premises at any time.

Breach of the Member Conduct Policy may result in the breaching individual being denied access to branches or other services. In addition, we may take any other action deemed necessary under the circumstances that is not expressly precluded by laws and regulations to which the Credit Union is subject, including but not limited to the Federal Credit Union Act and the Regulations of the National Credit Union Administration. In addition, we may seek a judicial restraining order if we reasonably deem it necessary for the protection of any employee or volunteer. If we obtain such an order against you, you agree to pay our reasonable attorney's fees and costs, which will bear interest at the legal rate.

#### D. Minimum Balance Requirements for Membership

To remain a member in good standing and be eligible to receive other Credit Union services, you must maintain any minimum Regular Savings Account balance specified by the Board in the current Truth in Savings Disclosure. If for any reason your Regular Savings Account balance falls below the required minimum, your membership will change to inactive status, and if you have no other accounts or loans and fail to vote in Credit Union elections, you may be subject to expulsion. If you are not otherwise in default, you can restore your membership to active status by depositing sufficient funds to restore the minimum Regular Savings Account balance. If the Board establishes alternate means of joining and maintaining membership in the Credit Union, your continued membership will depend on your meeting any requirements specified by the Board.

#### E. Governing Provisions; Changes in Terms

Your membership and Credit Union services are governed by this Handbook, federal laws and regulations, applicable California law, and the current versions of our Fee Schedule and Bylaws. The Bylaws may be reviewed upon request at the Credit Union's main office. Each Credit Union account is also governed by the current Truth in Savings Disclosure. Credit Union loans are also governed by the applicable credit agreements and Truth in Lending Disclosures. To the extent any Bylaw, Truth in Savings Disclosure, Fee Schedule, or credit agreement, Truth in Lending Disclosure or change-in-terms notice with a more recent effective date than this Handbook is inconsistent with this Handbook, the more recent document shall control.

Subject to applicable law, our agreements with you may be changed if (a) we send you a written change in terms notice that complies with applicable law, (b) we send you a revised version of this Handbook, a Truth in Savings Disclosure applicable to an account you have, or the Fee Schedule, (c) you and our authorized representative agree to the change in terms in writing, or (d) a court to whose jurisdiction we are subject orders the change. No other change in terms of your agreements with us will be valid. No employee or official or other actual or apparent agent of the Credit Union is authorized to change terms of your agreements orally. We are not subject to court orders in actions to which we are not a party, such as divorce decrees.

Documents such as sales receipts that you receive from third parties when you initiate transactions using Credit Union-issued devices (normally checks, credit cards, debit cards or ATM cards) may have terms printed on them. Those printed terms will not affect your agreements with us.

We are not bound by notations on payment instruments or similar documents submitted to us, such as a "payment in full" notation on a loan payment check, unless the notation is accurate or our authorized representative agrees in writing to be bound by the notation.

A "change in terms" may include a change to an existing term, the addition of a new term, or the deletion of an old term. If you object to any change in terms, you can avoid its application by terminating the related Credit Union service.

Change in term notices may appear in the Credit Union newsletter, your periodic statements, or on separate notices we send you as long as the timing and format comply with applicable law.

If any provision of any agreement between you and us is found by a court of competent jurisdiction to be unenforceable, it will be reformed as necessary to give effect to the intention. If reformation is not possible, the offending provision will be deemed omitted and the remaining provisions of the agreement will continue in effect.

#### F. Notices

You can send us any written notices regarding your accounts or loans by writing to our main office, Mocse Federal Credit Union, 3600 Coffee Road, Modesto, CA 95355. You can also fax written notices at (209) 572-1714. If we change our contact information for delivery of notices, we will notify you. We are not required to honor notices from you that are inconsistent with your agreements with us or that appear to be inauthentic. Certain types of notices, such as change of address notices, may be subject to verification for security or other business reasons. Your communications with us should include your name, address, a phone number where you can be reached during business hours, and your member number.

We can send you periodic statements and other communications by mailing them to your last address in our records or by sending them to you electronically, if you have agreed to receive statements and other communications from us electronically. Notices that we send to you will be binding upon mailing or electronic delivery or after the passage or any time required by applicable law or regulation, whichever is later. Notices and statements mailed to you by first-class U.S. mail are presumed to be received five business days after mailing if you live in California, or ten business days after mailing if you live outside California. Unless we receive a delivery failure notice, any notice we send you by e-mail that statements or other communications are available for pick-up on our secure website will be presumed to have been received by you upon transmission.

Statements for Credit Union services are generally mailed to the member whose address is associated with the membership account of that member's Regular Savings Account. Unless otherwise required by law, our sending a statement or other communication by us to any owner of an account or obligor on a loan will constitute delivery of the statement or other communication to all owners, agents or obligors.

If any mailed statements or other documents are returned to us by the U.S. Postal service as undeliverable, we are authorized to destroy them. We will retain the capacity to provide copies of statements and other communications to you for any maximum time prescribed by law.

G. Our Responsibility for Following Your Instructions

We reserve the right to verify your identity by any reasonable means prior to acting upon instructions.

On accounts or loans with more than one authorized person, we can follow the instructions of any one authorized person. If a court order or agreement to which you are a party indicates that an account or loan requires multiple signatures, we reserve the right to close the affected account or loan due to our technical inability to honor such requirements. If we continue to make the account or loan available to you, you agree that you have sole responsibility to meet dual or multiple signature requirements and to defend and indemnify us from any liability or claims arising out of your failure to comply with multiple signature or similar requirements for joint authorization of transactions. We operate in an automated processing environment and cannot monitor compliance with multiple signature requirements.

We will follow your instructions on your accounts and loans. Instructions may be provided orally or in writing. Oral instructions will be honored only after we have confirmed the identity of the person giving the instructions. Instructions received via secure electronic transmission, such as PIN-initiated ATM keypad, Internet Banking or Mobile Banking app. instructions, are treated as written instructions.

We honor all valid court orders, legal process and powers of attorney that govern your accounts or loans. Valid court orders and legal process (such as valid subpoenas) will prevail over conflicting instructions from authorized persons.

We reserve the right to refuse to follow your instructions if (a) they are ambiguous, (b) we reasonably believe the instructions do not comply with applicable state or federal law, (c) an authorized person asks us not to allow transactions on an account or loan, (d) we receive conflicting instructions on accounts or loans with more than one authorized person, (e) we are unable to verify your identity, (f) we reasonably believe that following the instructions will cause the Credit Union a loss, or (g) any other lawful reason.

Once we have followed the instructions of an authorized person, we are relieved from liability to any owner of the related account or obligor on the related loan unless our following the instructions violates a court order to which we are subject or we have agreed in writing to freeze the account or loan. Any disputes regarding actions taken on the account or loan must be resolved between or among the parties to the account or loan.

You agree to defend, indemnify and hold us harmless from any claims, damages, losses, liability or expenses to which we become subject as a result of your violating court orders or agreements to which you are subject. For example, if a family court order directs you not to withdraw funds from a Credit Union account and you withdraw the funds contrary to the order, you will be responsible for any claims related to the withdrawal and you agree to defend and indemnify the Credit Union from any related claims.

We are not required to honor restrictive legends on items you write or endorse unless we have expressly agreed in writing to do so. For example, our negotiating a loan payment check on which you have written "payment in full" will not discharge your loan obligation unless either (a) we have agreed in writing that the payment will discharge your obligation or (b) the check actually pays your loan balance in full, including accrued interest and other charges.

You agree, at your sole expense, to defend, indemnify and hold us harmless from any claims, damages, losses, liability or expenses to which we become subject as a result of our following the instructions (including electronic instructions) of any authorized person.

#### H. Our Right to Freeze or Block Accounts and Loans and Refuse to Follow Instructions

In case of conflicting instructions, we reserve the right but do not undertake the duty to freeze funds in any account or refuse to make loan advances until we receive consistent written instructions from all authorized persons or a valid order from a court of competent jurisdiction.

We may block accounts or decline transactions consistent with requirements imposed by applicable laws, regulations or government agency directives.

#### I. Your Responsibility for Providing Current Contact Information

You agree to keep us informed of your current physical and mailing addresses and a telephone number where you can be reached during business hours. You agree to promptly notify us in writing of any change of address or telephone number. If you choose to receive communications from us via e-mail, and our e-mail messages to you are returned as undeliverable, we will attempt to reach you at any alternate e-mail or postal address we have for you in our records. If paper or electronic correspondence is returned to us as undeliverable at the addresses we have for you, we are not required to continue to attempt to send paper or electronic mail to bad addresses. If you fail to notify us of a change in your physical or mailing address, we may charge a Bad Address fee (locater fee) shown on our current Fee Schedule.

#### J. Telephone Consent

By providing any telephone number to us, whether the number is for a landline or mobile phone, you give us and any agent acting on our behalf your express permission to call that number by live representative or automated dialing system, and to deliver personal or pre-recorded messages at that number, as long as the communication relates to services you have with us and is not for marketing purposes. Neither we nor third parties acting on our behalf will use automated dialing (robocalling) or leave pre-recorded voice mails for marketing purposes.

#### K. Prohibition on Illegal Activity

You agree not to use any Credit Union products, devices or services to conduct illegal transactions such as illegal online gambling. We have the right to refuse to conduct transactions initiated on your accounts if we reasonably believe them to be illegal but we have no obligation to determine the legality of transactions initiated by authorized persons. You cannot use the actual or alleged illegality of authorized transactions as a defense to your obligation to pay amounts you become indebted to us as a result of those transactions.

#### L. Privacy and Information Disclosure

Identification: We reserve the right to verify your identity by any reasonable means before providing information to you.

**Parties to Your Accounts and Loans:** Owners are entitled to information about accounts on which they are owners. Obligors are entitled to information about loans or other debts (such as negative account balances) they are obligated to pay. A person who has pledged real or personal property as collateral for a loan but is not obligated to pay is entitled to know whether the loan is current or goes into default and the steps required to cure the default. A person whom you have identified to us as an authorized signer (but not an owner) of your account or an authorized user (but not a borrower) on a credit line has the right to information about the account or credit line. Any person entitled to information can authorize release of information to third parties. If we have the written permission of such a person, we will release information consistent with that person's written instructions, even if we would otherwise be prohibited from doing so by law or our announced policy.

**Bundled Statements:** There may be situations in which some sub-accounts under a member number do not have identical owners or obligors. For example, a member might have a savings and checking account with a joint owner but an IRA under the member's name only and loan with the member and a co-obligor different from the joint owner on the savings and checking. We "bundle" periodic statements for most of our services, meaning that a single statement covers multiple accounts and loans maintained under the core member number. Bundled statements are addressed to the owners of the Regular Savings Account required to maintain membership or to the member who has met any other membership requirement established by

the Board. The member and all other owners of accounts maintained under the member number and all other obligors on loans maintained under the member number consent to the delivery of bundled statements, even though this may result in release of information about an account or loan to which the addressee is not a party.

**Pay on Death Beneficiaries:** Information about accounts is not released to Pay on Death beneficiaries until the death of all Owners entitles the Pay on Death beneficiaries to the funds in the account.

**Former Owners and Obligor:** A former owner or obligor can obtain information about activity on the account she or he owned or the loan on which he or she was obligated that took place while he or she was an Obligor or Owner. If a former owner or obligor requests information about activity that occurred outside the time he or she was an owner or obligor, he or she will need written permission from a current owner or obligor or valid legal process such as a subpoena or court order.

**Third Parties:** Consistent with legal and regulatory requirements and our consumer information privacy policy, we generally do not disclose information to third parties about you or your accounts or loans. However, there are some exceptions, for example (a) when necessary to respond to valid legal process, (b) when necessary to carry out transactions you request, (c) when necessary to enforce obligations to us, (d) when necessary to comply with the law or valid government agency information requests, (e) when necessary to investigate claims of unauthorized use of your accounts or loans, or (f) to credit bureaus and merchants confirming the existence and status of your accounts and loans. This is not an exhaustive list of situations in which we may release information about you or your Credit Union accounts or loans to third parties. Please refer to our separate Privacy Policy for more information on our privacy policy and practices.

**Tax Reporting:** We comply with tax reporting requirements, including but not limited to reports to the Internal Revenue Service of earnings on your accounts, interest collected from you on real-estate secured loans, and discharged debt. We do not provide tax advice.

#### M. Record Retention

We are not required to retain or provide to you or third parties any records on any account, loan or other activity you have with us beyond any time limit imposed by applicable law or regulation.

We suggest that you retain agreements and disclosures governing the services you obtain from us, including any change-in-terms notices you receive, until you no longer have the related service.

#### N. Your Responsibility for Reviewing Statements and Other Communications and Reporting Unauthorized Activity and Other Errors

Keep track of all deposit and withdrawal transactions on your accounts and all advances and payments on your loans. We will send you periodic statements covering all transactions on accounts and credit lines you maintain with us. Periodic statements covering your accounts and loans will be sent as required by law, depending on the accounts and loans you have and whether transactions occur during a statement cycle. You agree that delivery of a periodic statement to the member on an account or loan constitutes delivery of the statement to all owners of the account and all obligors on the loan.

Promptly review and reconcile statements and other communications you receive from us and contact us if you have questions or concerns. Account activity can be monitored 24 hours a day via our secure Internet Banking, which includes eAlerts for customizable notifications.

If you enroll in e-statements (electronic statements), we will notify you by e-mail when statements and other communications are available for retrieval on our Internet Banking site and you are responsible for collecting them. If you enroll in e-statements but elect to opt out of receiving e-mail from us notifying you that statements are available, you will have responsibility for collecting your statements from our Internet Banking site and we will be deemed to have delivered them as soon as they become available. We will have no liability or responsibility for communications that you do not retrieve or that are lost, damaged or mis-delivered by the U.S. Postal service or other third party delivery service.

If you do not receive an expected statement, contact us promptly to request a copy and to ensure that we are sending statements to the correct address. E-statements can be retrieved on Internet Banking going back several months. The Internet Banking system will tell you the exact number of months. If you have difficulty receiving e-statements, contact us so that we can take the steps necessary to get your statements to you.

If you have a checking account or a credit line that allows you to write special checks to obtain loan advances, we do not send canceled checks with your periodic statement. However, we retain electronic copies of all checks you write for the period required by law and will provide check copies to you upon request. Refer to the Fee Schedule for document copy fees.

***Unauthorized Signature or Alterations on Checks:*** Keep track of all transactions you initiate on your accounts and credit lines. If you suspect that a check drawn on your account or credit line was altered (such as by changing the payee name or the dollar amount of the check) or forged, notify us, in writing, within 30 days of the mailing or electronic delivery date of the statement on which the item first appeared. Tell us all the information requested under WHAT TO TELL US IN CASE OF ERROR OR INQUIRY at the end of this Handbook. If you do not tell us within 30 days (60 days in the case of a check written for an advance on a line of credit), we will not be responsible for the forged or altered item. We operate in an automated check-processing environment and it is not feasible for us to physically examine checks that clear. For this reason, we are, as allowed by law, altering the provisions of the Commercial Code regarding the amount of time you have to report forged or altered checks.

***Other Errors or Inquiries (Excluding Credit Lines and EFTs):*** Notify us in writing within 30 days after we send you the first statement on which the error, unauthorized transaction or other problem appeared. Tell us all the information requested under WHAT TO TELL US IN CASE OF ERROR OR INQUIRY at the end of this Handbook.

***Credit Lines and EFTs:*** For loans and lines of credit, please refer to the governing credit agreement or billing statement for specific rules regarding unauthorized use and billing error claims. Your periodic statements will also summarize error resolution procedures for loans and EFTs. Further EFT error resolution information is located in Section X.F. of this handbook.

Your failure to notify us within the stated time frames may result in your sharing any loss with us or bearing the entire loss, depending on the circumstances.

We will investigate all claims and other inquiries. You agree to provide reasonable cooperation we lawfully request in connection with our investigation, including completing affidavits under penalty of perjury confirming your claim or filing a crime report with a law enforcement agency, if your claim relates to a forged, altered or otherwise unauthorized transaction.

If we correct any error or accept any responsibility for a transaction, our crediting your account will result in an automatic assignment to us of the right to collect the transaction amount from anyone else who is responsible. In consideration for our crediting your account, you agree to provide reasonable assistance that we or any subrogee of ours requests in pursuing a claim against the responsible party.

Our liability for any errors or unauthorized transactions will be limited to the actual damages, which is the amount of the error or unauthorized transaction. We will not be liable for consequential damages such as alleged harm to your credit standing, unrealized profits, emotional distress, or punitive damages.

#### **O. Meeting Your Obligations**

We strive to offer our member-owners high returns on savings and the lowest possible rates on loans, taking market conditions, safety and soundness concerns, and business needs into account. To make this possible, you must meet your obligations to us in a timely manner.

You agree to comply with the terms of agreements governing the Credit Union services you receive. You agree to be honest with us about your financial circumstances. You agree not to omit any material information from applications for Credit Union services. You agree not to request or use credit if you have reason to believe you will be unable to make the required payments.

You will not allow your accounts to fall below a zero balance. If you do inadvertently overdraw any Credit Union account or otherwise incur a negative balance and you do not have an Overdraft Protection Plan in effect, you agree to restore any negative balance immediately upon our demand. You will be responsible for all items deposited to your accounts. If a deposited item is returned unpaid, the amount of the item plus the Returned Deposit fee(s) shown on the Fee Schedule will be deducted from the account of deposit, and you will be responsible to immediately restore any resulting negative balance.

Your failure to handle your checking account properly may result in our reporting you to consumer reporting agencies that monitor checking account abuse, and this report could impair your ability to obtain checking services.

Your failure to meet loan obligations may be reported to consumer reporting agencies, and this report could adversely affect your credit standing.

You agree that our Right of Offset (Section V.P) applies to any amount you owe us that you do not pay according to your agreements with us. If we cannot recover your indebtedness by exercising our Right of Offset, you agree that our right to recover Collection Costs (Section V.Q) applies.

#### **P. Our Right of Offset**

If you owe us money, whether on a loan, because an item you deposited was returned unpaid causing a negative account balance, or for any other reason, and you fail to pay what you owe us consistent with your agreement with us or upon our lawful written demand, you agree that we can take any Credit Union shares in which you have an ownership interest (unless prohibited by law or the share agreement) to recover all or part of what you owe us without further notice to you. On joint accounts, our right of offset applies to all funds in the account if any owner of the account is in default on a payment obligation to us. We are not subject to agreements between or among joint owners regarding ownership of funds in joint accounts. If we exercise our rights under this provision, you agree that we are not electing a remedy or waiving our rights to take other lawful action to collect any amount you still owe us. This consent is in addition to any equitable right of offset or right we have to impress a lien on shares under the Federal Credit Union Act or other applicable law.

#### **Q. Collection Costs**

If you do not pay your obligations to us as agreed or upon our lawful written demand, you agree to pay reasonable costs we incur in attempting to collect what you owe before we take legal action, such as repossession costs. If we have to take legal action to collect money you owe us or damages we are entitled to under the law (such as statutory damages imposed for writing bad checks), you agree to pay our reasonable attorney's fees and costs of the legal action in addition to what you owe us. You will pay our attorney's fees whether the legal action we take is a collection lawsuit, a proceeding to protect our interests if you become a bankruptcy debtor, an appeal, a judicial or non-judicial foreclosure, or another type of legal action. Collection costs will bear interest at the contract rate (in the case of costs incurred to collect loans you have obtained from the Credit Union) or the legal rate (in the case of costs incurred to collect other money you owe the Credit Union).

#### **R. Discontinuation of Services**

We can close accounts for any lawful business reason by sending you at least ten days' advance written notice at your last known address. Any closing of your accounts will not affect our handling of regular transactions prior to the notice, provided that sufficient funds are available to handle them. If you have had no account or loan activity with the Credit Union for 90 days and your combined Credit Union account balance is under \$100.00 we may terminate all Credit Union services you have at our option. If your Credit Union services are terminated solely due to inactivity, you may reinstate your membership to

active status by meeting minimum balance and activity requirements.

We can terminate borrowing privileges on credit lines consistent with applicable law by providing any notice required by law. Refer to your credit agreements for further details.

Reasons we can discontinue services, with or without notice, include but are not limited to (a) your failure to provide funds sufficient to cover your debit transactions, (b) your failure to keep loan payments current, (c) misuse of your accounts for check kiting, deposit of invalid items, or other unlawful purposes, (d) filing of a bankruptcy petition by or against you, (e) your failure to observe the conditions of any other agreement with us, (f) your failure to provide a valid U.S. taxpayer identification number or certificate of exemption, (g) our receipt of a notice from the Internal Revenue Service that the taxpayer identification number you have given us is not valid or that you are subject to backup withholding, or (h) any reason listed under "Grounds for Expulsion from the Credit Union or Denial of Services" (Section V.S).

If we receive notice that the sole owner of an account is deceased, we will cease to honor transactions initiated on that account. We may, however, depending on the circumstances, honor disbursement instructions from any named Pay on Death beneficiary (ies), any person(s) appointed by a court as executor(s) or administrator(s) of the deceased owner's estate, or any person(s) claiming to be successor(s) of the deceased owner under laws governing administration of small estates.

If we receive notice that the sole owner of an account has been declared legally incompetent, we will cease to honor transactions initiated on that account, unless initiated by a person holding a power of attorney on the account that survives the legal incompetence of the owner or a court-appointed conservator or guardian for the owner.

If we receive competing instructions from persons claiming an interest in the account of a deceased or incompetent owner, we may freeze the account until we receive consistent written instructions from all claimants or a court order directing disbursement of the account.

You may terminate your Credit Union services at any time by notifying us in writing. In some cases we may allow termination of services upon our receipt of authenticated oral instructions.

Termination of Credit Union services by you or by us will not relieve you of any obligations incurred prior to termination. We may require you to maintain your Regular Savings Account with a minimum balance while you are paying off your outstanding obligations to us.

S. Grounds for Expulsion from the Credit Union or Denial of Services

Members can be expelled from the Credit Union by two-thirds vote of the majority of members of the Credit Union at a special meeting called for that purpose, if you have been given notice of the meeting and an opportunity to be heard. In addition, the Board can vote to expel members for failure to participate in the affairs of the Credit Union. Failure to maintain your minimum share balance, obtain a Credit Union loan or vote in elections may be deemed failure to participate in the affairs of the Credit Union.

We can deny your Credit Union privileges except the right to maintain a Regular Savings Account and vote if (a) you fail to meet your obligations to us, (b) you cause us a loss in any way (including but not limited to un-restored negative account balances, discharge of Credit Union debts in bankruptcy or loan charge-off), (c) you fail to comply with our Member Conduct Policy, (d) you are convicted of a crime of moral turpitude involving your business with us, or (e) we learn after establishing your membership that we relied on false information in determining your eligibility.

T. Fees and Recovery of Costs

Our current Fee Schedule details our fees for general and account-related services and is incorporated into this Handbook by reference. To the extent fees related to default of your agreements with us exceed our actual costs,

they are considered damages.

Credit Union loans are also subject to fees and charges. Loan-related fees and charges are disclosed in the applicable credit agreement.

If we receive valid legal process requiring us to provide records about your accounts or loans and the party requesting the information is not required by law to pay for our costs of providing the information, we will recover our costs of complying with the legal process by deducting them from any account in which you have available funds. The Fee Schedule includes our current legal process charges.

Fees may be added or changed by legally required notice to you.

#### U. Avoiding “Phishing” and Other Account Security Compromises

In handling your service requests and inquiries, we may, in your exchange of telephone calls or e-mails with our staff, ask you to provide limited personal information so that we may confirm your identity for security purposes. For example, if you call us with a question, we will need your name and account number to assist you, and we may ask for your mother’s maiden name or the last four digits of your social security number to confirm your identity.

However, we will never send you unsolicited e-mail or telephone you asking you for confidential personal information such as your social security number, account number, or confidential PIN. We already have this information and will not need it when contacting you. **If you receive a telephone call, e-mail or other request that appears to be from us asking for this type of information, do not provide the information requested.** We also ask that you notify the Credit Union immediately at the telephone number at the end of this Handbook so we can investigate the matter. Remember that by voluntarily providing account access information to third parties, you authorize them to conduct business on your accounts and may be liable for transactions they initiate.

## VI. YOUR CREDIT UNION ACCOUNTS

### A. Your Earnings and Payment of Dividends

Credit Union accounts are share accounts and, as such, they represent an ownership interest in the Credit Union. In contrast, bank deposits are loans to the bank on which the bank pays interest. The earnings on your Credit Union accounts are called “dividends.” Our competitive dividend rates are set by the Board, taking into consideration our cost of funds, market conditions and other factors. See the current Truth in Savings Disclosure for dividend rates and annual percentage yields (APY) on our accounts.

Not all Credit Union accounts earn dividends; refer to the current Truth in Savings Disclosure. On dividend-bearing accounts, dividends are paid out of current income and available earnings after required transfers to reserves at the end of the dividend period; they cannot be guaranteed. Except for fixed-rate certificate accounts, dividend rates and corresponding annual percentage yields (APYs) are not set in advance and can be changed by the Board at any time. The Board may also change dividend cycles at any time.

The current Truth in Savings Disclosure includes dividend rates and APYs, dividend cycles, dividend calculation methods and other information about earnings and costs associated with your Credit Union accounts. Your periodic account statements will also disclose the dividend rate, APYE (annual percentage yield earned), and fees for each dividend-bearing account you maintain.

### B. Ownership of Accounts, Joint Account Ownership, and Pay on Death Beneficiaries

A member owns all accounts established under his or her member number(s).

An account on which only the member is an owner is called an individual account.

Accounts may, unless prohibited for the account type, have more than one owner. Such accounts are called joint accounts. At least one owner of each Credit Union account must be a member. On any joint account, each owner owns all funds in the account, including paid dividends, with right of survivorship. "Right of survivorship" means that when one owner dies, the funds are automatically owned by any surviving owner(s) of the account. We do not allow other forms of account ownership, such as community property or tenancy in common. We are not subject to agreements between or among account owners of joint accounts as to entitlement to the funds. Any dispute among owners of joint accounts regarding entitlement to funds must be resolved among the owners without our involvement.

Each owner of a Credit Union account will be subject to review of his or her financial institution history and must satisfy our Customer Identification Program requirements.

Any owner may deposit or withdraw any amount in any account of which he or she is an owner. Once any owner withdraws funds from an account, the right of all other owners to withdrawn funds terminates.

Once funds are deposited to a joint account, they become subject to joint ownership with right of survivorship.

Any owner may pledge funds in his or her account as security for a loan, unless the account is prohibited from being pledged. For example, checking accounts and IRAs may not be pledged as security for loans.

If any owner becomes indebted to us and does not meet his or her payment obligation, funds in any account of which he or she is an owner will be subject to our Right of Offset (Section V.P).

Owners may designate Pay on Death beneficiaries ("POD beneficiaries") on most Credit Union accounts, although they are not permitted on fiduciary or entity accounts.

Under the laws of some states, a married person may open an account with joint owners or POD beneficiaries other than his or her spouse without the consent of his or her spouse. The person opening the account is responsible for complying with state laws regarding spousal consent and the Credit Union will have no duty to investigate. At the death of a married person, a non-owner surviving spouse may assert claims against funds in the account that will affect surviving owners' or POD beneficiaries' claims to the funds.

If the member on a joint account dies and the surviving owner is not a member, the surviving owner must close the account. If the surviving owner is a member or is a joint owner of accounts with another Credit Union member, the surviving owner may transfer the funds to another Credit Union account on which he or she is the member or a joint owner. If the surviving owner is eligible for membership, he or she may apply for a new membership account and if approved, transfer any balances to that new account.

If a non-member owner of a joint account dies, the surviving member may keep the account open.

If an account names no POD beneficiaries, funds pass at the owner's death to that person's estate.

On an individual account with a POD beneficiary, at the death of the member, funds in the account pass, outside of any probate, will or trust of the member, to the POD beneficiaries, in equal shares unless the Membership Application specifies a different percentage. On joint accounts with POD beneficiaries where the last surviving owner is the member, funds will pass at the death of the member to the designated POD beneficiaries in equal shares unless the Membership Application specifies a different percentage. On joint accounts with POD beneficiaries where the member dies prior to the other owner(s), the preceding paragraph requiring transfer of the funds to another account of the joint owner or closing of the account will apply and the right of the POD beneficiaries to the funds will terminate.

Until the death of all owners, POD beneficiaries have no right to or interest in the funds in accounts, on which they are designated, no ability to control disposition of the funds, and no right to information about the accounts. Funds will not be disbursed to any POD beneficiary until the POD beneficiary has been identified and subject to screening required by law, such as screening against lists maintained by the federal Office of Foreign Assets Control.

POD beneficiaries are not allowed on fiduciary or entity accounts. POD beneficiary designations on IRA accounts or other accounts subject to special tax treatment may have tax implications; consult your personal tax advisor.

To add new owners of your accounts, all current owners must complete an updated Membership Application, which must be signed by you and the new owner(s). The new owner(s) must satisfy our financial review and Customer Identification Program requirements.

To remove owners of your accounts, either all current owners must consent in writing to the change, or the account must be closed and reopened under a new member number. Joint owners cannot close and then reopen Credit Union accounts under a new member number unless they are eligible, apply and are approved for membership.

POD beneficiaries may be added, changed or removed at any time an account is open. To add, change or remove POD beneficiaries, all owners must sign an updated Membership Application. Alternatively, any one owner who is a member may close and reopen the account under a new member number and designate new POD beneficiaries.

The most recent Membership Application on file with us will govern ownership and POD beneficiaries on your account(s) under that member number. For example, if your original membership application designated a POD beneficiary but your most recent updated membership application does not name a POD beneficiary, we will assume that you want funds to pass to your estate at your death.

You can ask us about ownership and POD beneficiary status of your accounts at any time.

Although funds transfer at death to any designated POD beneficiaries, a representative of a deceased owner's estate will be entitled to information about transactions on the account prior to the owner's death, including the account balance at the time of death and the identity of POD beneficiaries.

Any disputes among owners, POD beneficiaries or third parties regarding rights to funds in your accounts must be resolved among the claimants without our involvement. Upon request by any owner or agent on an account, we will freeze funds in the account until we receive consistent written instructions from all owners and agents regarding disposition of funds in the account.

### C. Fiduciary Accounts

#### 1. General Information and Provisions of Fiduciary Accounts

We may offer fiduciary accounts for trusts, conservatorships, guardianships, estates, Coogan Trusts, Uniform Transfers to Minors and social security representative payees. These accounts require separate applications and may be subject to additional documentation requirements. For more information about fiduciary accounts, please ask a Credit Union representative.

In general the following fiduciary accounts may be established:

- a. A revocable trust account where the member retains the power to revoke the trust or where the member is the beneficiary.
- b. A conservatorship account where the member is the conservatee (incapacitated adult).
- c. A guardianship account or Coogan Trust where the member is the ward (child).
- d. A Uniform Transfers to Minors Act account where the member is the minor beneficiary.

- e. A social security representative payee account where the member is the beneficiary.

You should request separate member numbers if you wish to hold some accounts in a fiduciary capacity and others in a non-fiduciary capacity. For example, some individuals with revocable trusts prefer to maintain their checking accounts outside their trusts.

If an owner appoints an attorney-in-fact using a valid power of attorney ("POA"), that attorney-in-fact will, upon request to us and if consistent with the POA terms, be added to the owner's account(s) with the designation "POA." The attorney-in-fact will be able to conduct all transactions on the account that the owner can conduct except that attorneys-in-fact are generally not permitted to change ownership or POD beneficiary designations on accounts. Appointment of an attorney-in-fact will not make the attorney-in-fact an owner of the account or otherwise affect ownership of the account. Appointment of an attorney-in-fact will not relinquish the owner's control of the account, unless both (a) the power of attorney document states on its face that it will continue after or has come into effect as a result of the owner's legal incapacity and (b) we receive documentation specified in the power of attorney confirming the owner's legal incapacity.

If we permit an irrevocable trust account, a separate membership must be established for the trust. Estate accounts require a separate membership.

If a fiduciary wishes to establish an account for a beneficiary who is in our field of membership but not a member, either (a) the beneficiary must apply for membership or (b) if the beneficiary lacks legal capacity, the fiduciary must apply for membership on the beneficiary's behalf. The assigned member number will be that of the beneficiary, not the fiduciary. Minors and persons declared incompetent by a court are examples of persons who lack legal capacity.

A fiduciary who is already a member may establish a fiduciary account where he or she is also the beneficiary of the fiduciary relationship (common with revocable trusts) without reapplying for membership, although a new member number associated with the fiduciary account may be assigned.

All fiduciary accounts are subject to Customer Identification Policy requirements.

Other than accounts with POAs, on which both the owner(s) and the fiduciary retain control unless otherwise stated in the POA documents, fiduciary accounts will be subject to the control of the persons named as current fiduciaries under the governing trust agreement or court order. In general, more than one person can act as fiduciary at the same time, though this is prohibited on Uniform Transfer to Minors accounts.

We cannot and do not monitor compliance with express or implied multiple signature requirements in trust agreements, powers of attorney, court orders or similar documents. Any fiduciary(ies) are responsible for complying with multiple signature requirements and expressly agree to defend, indemnify and hold us harmless from any claims, damages, losses, liability or expenses resulting from non-compliance with multiple signature requirements.

We reserve the right to refuse to open fiduciary accounts if we have reason to believe we will be unable to comply with requirements imposed by court orders or other documents establishing the fiduciary relationship.

Fiduciaries agree to comply with all terms of all Credit Union agreements governing services provided to the beneficiaries of their fiduciary relationships.

Fiduciaries agree to defend, indemnify and hold us harmless from any claims, damages, losses, liability or expenses resulting from the manner

in which they handle the proceeds of fiduciary accounts, unless we fail to comply accurately with instructions provided by fiduciaries. If we do fail to comply accurately with instructions of fiduciaries, our liability will be limited to actual damages not to exceed the amount of the transaction. We do not act as a fiduciary or monitor fiduciaries' compliance with their legal duties to the beneficiaries of fiduciary relationships.

Overdraft Protection Plans are available on fiduciary accounts. Standard Overdraft Practices are not available on fiduciary accounts.

## 2. Terms Specific to Uniform Transfer to Minors Accounts

To open a California Uniform Transfers to Minor Act (UTMA) Account, a special UTMA Account Card and Agreement ("UTMA Agreement") must be completed. The person making the gift to the minor is called "Transferor." In some cases (such as when a court awards money to a minor) a UTMA may be established without a Transferor. The application must designate a First Custodian to handle the funds for the minor's benefit. The First Custodian may be the Transferor or another adult. A Successor Custodian is permitted but not required to be named on the UTMA Agreement. The First Custodian named on the UTMA Agreement and (if any) Successor Custodian agree that the California Uniform Transfers to Minors Act (UTMA – California Probate Code Sec. 3900 et seq.) account will be subject to the following terms and conditions in addition to other provisions in this Handbook that apply to the type(s) of account(s) opened. The term "Current Custodian" refers to the Custodian who is acting as Custodian at any time the UTMA account is open. The term "UTMA Beneficiary" refers to the minor to whom the gift is made.

- a. The Current Custodian will hold all of the proceeds in the UTMA account, including dividends and subsequent additions to the account, in accordance to the California UTMA for the UTMA Beneficiary. Any funds placed in the account shall be an immediate irrevocable gift to the UTMA Beneficiary.
- b. Only one custodian (the Current Custodian) is permitted on the account and, even then, only until the UTMA Beneficiary reaches the termination age specified on the UTMA Agreement. The Current Custodian shall be (i) the first custodian signing the UTMA Agreement (the "Custodian") or, if the Custodian resigns, dies, or becomes incapacitated before the UTMA Beneficiary reaches the termination age specified in the account, (ii) (aa) the Successor Custodian designated by the Transferor, or, if the Transferor named no Successor Custodian (bb) the Successor Custodian designated by the First Custodian, or (cc) if no Successor Custodian has been designated by the First Custodian, the Successor Custodian designated according to the UTMA. The UTMA allows appointment of Successor Custodians in the absence of a designation by the Transferor or the Current Custodian, as follows: If the UTMA Beneficiary is at least 14 years old, the UTMA Beneficiary may name a parent, a family member, a court-appointed guardian, or a trust company as Successor Custodian. If the UTMA Beneficiary is under 14 or fails to designate a Successor Custodian within 60 days of the death, resignation or incapacity of the last designated Custodian, the UTMA Beneficiary's parent or court-appointed guardian will generally become custodian. If the UTMA Beneficiary has no parent or court-appointed guardian, an interested party (such as the Transferor or an adult relative of the UTMA Beneficiary) may petition the court to appoint a new Custodian.
- c. Only the Current Custodian can withdraw funds from the account and, even then, solely for the benefit of the UTMA Beneficiary. If the account is established by court order indicating that no withdrawals shall be made until the UTMA Beneficiary reaches a specific age unless the court later orders otherwise, a copy of the court's order must be provided later to the Credit Union, and the Current Custodian agrees to comply with the terms of the court order. The Current Custodian agrees to defend, indemnify and hold the Credit Union harmless from any claim or liability to any person as a result of any alleged or actual improper withdrawal from the account or other failure to comply with the order of a court regarding the account.
- d. Unless prohibited by a court order establishing the UTMA account, the Current Custodian may at any time change the designation of

- Successor Custodian by notifying the Credit Union and completing any documentation required by the Credit Union.
- e. The Current Custodian agrees to expend for the exclusive benefit of the UTMA Beneficiary as much of the funds in the account as the Current Custodian, in his or her sole discretion, finds advisable for the support, maintenance, education and benefit of the UTMA Beneficiary, without regard to the duty or ability of anyone to support the UTMA Beneficiary and without regard to any resources which might be available for such support.
  - f. When the minor reaches the age of termination specified at the time the UTMA account is opened, the Custodian's access to the account terminates. The age of termination specified when the account is opened is irrevocable and governed by the UTMA. When the minor reaches the age of termination, (i) the Custodian agrees to execute any document(s) required by the Credit Union to release the funds to the UTMA Beneficiary, and (ii) the UTMA Beneficiary must direct the Credit Union in writing as to the disposition of the funds.
  - g. The age specified for termination of the account must be either eighteen (18) or twenty-one (21), unless the account arose because of a transfer of funds by a will, trust or exercise of a power of appointment. If the account arose because of a transfer of funds by a will, trust or exercise of a power of appointment, then prior to or upon signing the UTMA Agreement, the Custodian must provide the Credit Union with a copy of the document specifying the age of the UTMA Beneficiary at which the account will terminate, and the Custodian must indicate the termination age on the UTMA Agreement. In no event will a UTMA account continue beyond the UTMA Beneficiary's reaching any age specified by the UTMA.
  - h. If the UTMA Beneficiary dies before reaching the age specified in the UTMA Agreement, the funds shall be a part of the estate of the UTMA Beneficiary and distributed in conformity with the law. The Current Custodian agrees not to withdraw funds from the account following the death of the UTMA Beneficiary unless court approval for distribution of the account to the UTMA Beneficiary's estate has been obtained and a copy of the court's approval provided to the Credit Union.
  - i. The Current Custodian waives the right to compensation for serving as custodian of the account.
  - j. All transactions respecting the account shall be governed by the Credit Union bylaws and procedures as well as the UTMA and other applicable laws.
  - k. The Current Custodian agrees to defend, indemnify and save the Credit Union harmless from any suits or liability directly or indirectly resulting from the Credit Union's handling of the account consistent with written instructions of the Current Custodian.
  - l. The Credit Union has the right to refuse to honor the Current Custodian's instructions if they are uncertain, the signature appears not to be authentic, or the Credit Union has other reason to believe that complying with the instructions may cause the Credit Union a loss. In such event, the Credit Union shall notify the Current Custodian of that fact in writing.

#### D. Escheat/Unclaimed Property

In general, if for three years (or the period called for by your state law if the address we have for you in our records is outside California), you initiate no communication with us, you do not log into Internet Banking, and there is no activity on a Credit Union membership account of yours other than posting of dividends and deduction of fees, any account balances you have will be deemed abandoned and subject to forfeiture to the State of California (or your state of residence in our records). We will mail you a notice required by applicable law that your funds will be subject to escheat if you do not contact us.

#### E. Deposits and Withdrawals

##### 1. Making Deposits

Deposits may be made to accounts (1) by ACH credit entry (such as direct

deposit of net pay), (2) in person at Credit Union branches (3) by mail, (4) by incoming wire transfer, (5) at ATMs owned and operated by Mocse or ATMs on networks we designate from time to time, or (6) by remote deposit capture.

## 2. Payroll Deduction

Payroll deduction refers either to a deduction from your pay via the ACH system to pay your Credit Union loans, or to a deduction from your pay deposited via ACH to your accounts with the Credit Union. You can request payroll deduction loan payments when you apply for a loan or any time thereafter by contacting the Credit Union. Payroll deduction loan payments are credited immediately to make your loan payment; they never become available to you for withdrawal. Payroll deduction deposits become available to you for withdrawal when we receive them.

## 3. Remote Deposit Capture

Remote Deposit Capture (RDC) allows you to make check deposits to your Credit Union savings and/or checking (share draft) accounts from remote locations by scanning both sides of checks and delivering the check images and associated deposit information to the Credit Union. You can use our Mobile Banking app. with your Android or iPhone. The following terms and conditions apply to RDC.

- a. We reserve the right to require application before making RDC services available.
- b. We will not be responsible for any technical difficulties you experience attempting to use RDC. You are responsible for the devices and Internet connection you use. Once a deposit is successfully transmitted through RDC, you will receive a notice of deposit status by an "In Application" message. Some deposits may require additional review once accepted.
- c. You agree that once you have received confirmation that we have successfully processed your RDC deposit, you will clearly mark "void" or shred or otherwise properly destroy the original item within 90 days after the deposit is accepted, to avoid the item being deposited or presented again. You agree to defend, indemnify and hold the Credit Union harmless from any claims, damages, losses, liability or expenses to which we may become subject as a result of an item you deposited via RDC being presented for duplicate payment.
- d. Only the following items may be deposited by RDC: checks drawn on U.S. financial institutions in U.S. dollars, or checks drawn on the U.S. Treasury or U.S. state or local governments. Checks must be payable to you and endorsed by you for deposit to an account of which you are an owner. You agree not to attempt to use RDC to deposit checks with any of the following characteristics:
  - i. The check is not payable to you.
  - ii. There is any apparent alteration to the front of the check
  - iii. You know or have reason to believe that the check is fraudulent or otherwise not authorized by the owner of the account on which the check is drawn.
  - iv. The check is payable in currency other than U.S. dollars.
  - v. The check has previously been converted to a substitute check
  - vi. The check is remotely created.
  - vii. The issue date is more than six months prior to the attempted deposit date or beyond the valid date printed on the check.
  - viii. The check is post-dated
  - ix. You have reason to believe the check will not be paid by the institution on which it is drawn.
  - x. Money orders.
  - xi. Savings bonds.

The check image transmitted via RDC must be legible and compliant with requirements established from time to time by ANSI, the Board of Governors of the Federal Reserve or any other agency or clearinghouse.

- e. We may discontinue RDC or change the terms of RDC at any time, including but not limited to the categories of checks we will accept for deposit via RDC or endorsement requirements, with or without notice to you.

f. We may at our sole discretion refuse to accept any item presented for deposit via RDC. We will notify you if we do this. We will have no liability to you for declining to accept items presented for deposit via RDC.

g. Funds from any check deposited via RDC will be available to you after final collection from the institution on which it is drawn. We make funds available sooner depending on factors we at our sole discretion deem relevant, including but not limited to your account history with the Credit Union, your collected account balances, and your creditworthiness. Our making funds available is not a guarantee that a remotely deposited check will be paid. If a remotely deposited check is lawfully returned, the amount of the check plus the Returned Deposit Item on the Fee Schedule will be deducted from your account. If the deduction results in a negative balance, you are responsible for restoring the negative balance upon our request. If you do not, our Right of Offset and right to recover Collection Costs will apply.

h. You agree to notify us of any errors with respect to any RDC deposits within 30 days after we send you the first periodic statement on which they appear. We will review your claim and correct any error on our part. We will not, however, be responsible for errors asserted more than 30 days after we send you the periodic statement on which they appear.

i. You agree not to copy, reproduce, distribute or create derivative works from the content of the RDC service or to reverse engineer or reverse compile any technology used to provide the RDC service. The Credit Union and our third party providers of RDC Services retain all ownership and proprietary rights in the Services, associated content, technology and websites.

j. **DISCLAIMER OF WARRANTIES. YOU AGREE THAT YOUR USE OF THE RDC SERVICES AND ALL INFORMATION AND CONTENT (INCLUDING THAT OF THIRD PARTIES) IS AT YOUR RISK AND IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. WE DISCLAIM ALL WARRANTIES OF ANY KIND AS TO THE USE OF THE SERVICES, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT. WE MAKE NO WARRANTY THAT THE SERVICES WILL MEET YOUR REQUIREMENTS, THAT THE SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE OR ERROR-FREE, THAT THE RESULTS THAT MAY BE OBTAINED FROM THE SERVICES WILL BE ACCURATE OR RELIABLE, OR THAT ERRORS IN THE SERVICES OR TECHNOLOGY WILL BE CORRECTED.**

k. **LIMITATION OF LIABILITY. YOU AGREE THAT WE WILL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING BUT NOT LIMITED TO DAMAGES FOR LOST PROFITS, GOOD WILL, USE, DATA OR OTHER LOSSES RESULTING FROM THE SERVICES, INABILITY TO USE THE SERVICES, OR TERMINATION OF THE SERVICES, INCURRED BY YOU OR ANY THIRD PARTY, REGARDLESS OF THE FORM OF ACTION OR CLAIM (WHETHER CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE), EVEN IF WE HAVE BEEN INFORMED OF THE POSSIBILITY THEREOF.**

l. You agree and warrant that (1) you will use RDC only to transmit eligible checks, (2) check images will meet quality standards, (3) you will not use RDC to transmit duplicate items, (4) you will not deposit or re-present the original item once it has been submitted for deposit via RDC, (5) all information you provide to us is accurate and correct, and (6) you will comply with these terms and conditions, all agreements you have with the Credit Union, and applicable laws, rules and regulations.

#### 4. Making Withdrawals

Withdrawals can be made (a) in person at Credit Union branches (b) by writing checks on a checking account, (c) by authenticated telephone or written request or Internet Banking request to mail a check payable to you at your address in the Credit Union's records, (d) by Internet Banking Bill Payment, (e) by preauthorized one-time or recurring ACH debit transfer, (f) by authenticated wire transfer request, (g) at designated network ATMs, (h) by using your VISA® Debit Card at designated point-of-sale terminals and participating VISA® merchants, or (i) by giving your VISA® Debit Card number and expiration date to a payee such as a health club

or utility company and authorizing them to deduct recurring payments.

5. Transferring Funds Among Accounts

Funds may be transferred among accounts you maintain at the Credit Union in person, by authenticated telephone request, at ATMs, Internet Banking or Mobile Banking. EFT transfers between accounts may be limited, or may not be available on all account types.

6. Opening New Accounts

If you already are an established member, you can open most types of Credit Union subaccounts by authenticated telephone request or by visiting one of our branches to open the account and transfer the funds. Some new account types (IRA and fiduciary) require special applications.

7. Deposit Restrictions

We impose no limit on the number or dollar amount of deposits you may make on any type of account except Certificate Accounts (refer to the Truth in Savings Disclosure). Federal tax laws limit amounts that may be deposited to IRAs and similar special purpose accounts that enjoy favored federal tax treatment. We do not give advice about potential tax implications or penalties that could result from your deposits to tax-favored accounts.

We may refuse to accept for deposit checks or other items that are stale-dated (more than six months old), lack proper endorsements, appear to have been altered, or are not made payable to you. However, we have no obligation to refuse items presented for deposit to your accounts and will not be liable to you for accepting items presented for deposit to your accounts.

8. Endorsements on Non-Cash Deposit Items; Right to Supply Missing Endorsements

In general, we have the right to supply missing endorsements on non-cash items as long as the items are deposited to accounts of persons to whom they are payable. We also have the right, but not the obligation, to refuse to accept for deposit items that are not properly endorsed.

Items Payable to You Alone: We can accept these items for deposit to any account of which you are an owner in our records, whether or not you have endorsed the item, and whether the account to which it is deposited is shown on our records as a joint account or a single owner account.

Items Payable to You or One or More Other Persons: We can accept these items for deposit to any account of which one of the payees is an owner in our records, regardless of whether any of the payees has endorsed the item and whether the account to which the item is deposited is shown in our records as a joint owner or single owner account. Items with more than one payee on which it is ambiguous as to whether the item is payable in the alternative or only to all payees together (and) are considered payable in the alternative.

Items Payable to You and One or More Other Persons: We can accept these items for deposit to any account on which you and all the other payees are joint owners in our records, regardless of whether any of the payees has endorsed the item. If all payees have endorsed the item for deposit to an account that any payee has with us, we can accept the item for deposit to that account even though all payees are not owners of the designated deposit account.

Items Not Payable to You: If an item is not payable to you but has been endorsed over to you by the payee on the face of the item, we can refuse the right to accept the item for deposit to your account or require that the payee's financial institution provide an endorsement guarantee.

9. Your Responsibility for Deposited Item

You agree to defend, indemnify and hold us harmless from any claims, losses, liability, damages, or expenses we incur as a result of accepting an item for deposit to your account, unless we fail to exercise ordinary

care under the circumstances in accepting the item. We operate in an automated processing environment and do not physically examine items deposited to your accounts unless you deposit them in person to a Credit Union teller. You agree to examine items you wish to deposit and bring to our attention any evident irregularities, such as obvious alterations, missing drawer signatures, or missing or suspected forged endorsements. You will be responsible for and hold us harmless from any losses or costs we incur as a result of the deposit of items that are irregular on their face into an automated deposit processing environment such as an ATM.

***Our making funds available to you from a non-cash deposit is not a guarantee or representation by us that the item deposited to your account will be paid.*** All credits to your accounts, including credits for ACH entries and wire transfers, are provisional until we receive final payment from the paying institution.

If you are concerned about the validity of an item you want to deposit, you should contact the financial institution on which the item is drawn. No Credit Union employee has the expertise or authorization to give you an oral or written opinion or guarantee that an item you deposit will be paid. Should any Credit Union employee state orally or in writing that they believe an item you deposited will be paid, this should be interpreted only as that employee's guess and not as a guarantee by that individual or by us. If the paying financial institution lawfully returns an item you deposit, we will deduct the amount of the item from your account, even if you have already withdrawn the funds and even if the deduction results in a negative balance.

You must, upon our demand, immediately restore any negative balance that results from our deducting erroneous or uncollected deposits from your accounts. You also agree to pay upon demand any cost or loss we incur as a result of accepting items for deposit to your accounts. If you do not do so, you agree that our Right of Offset (section V.P) applies. If we cannot restore the negative balance by exercising our Right of Offset, you agree that our right to recover Collection Costs (section V.Q) applies. We urge you to exercise caution in entering into transactions with or depositing items from unfamiliar sources as they may be fraudulent. If an item is deposited to your account from an unfamiliar source or in an amount you did not expect, delay withdrawing the funds even if we make the funds available to you. For the convenience of our members, our general policy is to make deposits available to established members promptly (see Funds Availability, section IX). You will be responsible to us for any loss we incur, such as a negative balance in your account, if you withdraw funds from a deposited item that is later returned unpaid, even if you had no knowledge that the deposited item was fraudulent.

#### 10. Deposit Errors and Returned Items

If we receive an erroneous deposit, such as a duplicate direct deposit of net pay or a direct deposit of social security benefits after the payee's death, we can return the erroneous deposit to the payer and deduct the amount of the erroneous deposit from your account.

If you deposit an item that is returned unpaid, we will deduct any amount for which you have received provisional credit from your account.

We reserve the right to automatically redeposit NSF checks and other NSF items without notice to the parties.

You waive protest and notice of dishonor for deposited items that are returned unpaid.

Deductions for erroneous deposits or deposited items return unpaid may be made without prior notice, though we will notify you as soon as is reasonably practicable.

Returned deposit items may be subject to fees; refer to the Fee Schedule.

11. Backup Withholding

We have the right to withhold from withdrawals any amounts required by federal tax laws, if we receive notice that you are subject to backup withholding or you fail to give us your correct taxpayer identification or social security number. You may be subject to tax penalties if you fail to give us your correct taxpayer ID number.

12. Other Withdrawal Restrictions

In addition to backup withholding, the following limits apply to withdrawals.

You may write as many checks and make as many transfers or withdrawals out of checking accounts as you wish, provided you have sufficient funds or overdraft protection available from an Overdraft Protection Plan (see section VI.J.7).

Consistent with Federal Reserve Regulation D, transfers and withdrawals out of Regular Savings Account, Share Money Market or Youth Savings Accounts are limited. You may make as many withdrawals and transfers out of these accounts as you wish using these means: (1) in person; (2) by mail, (3) at an ATM, (4) by authenticated telephone request with a member service representative to mail a check payable to you at your address in our records. We call these "personal withdrawals." All other withdrawals or transfers out of these accounts (which we call "non-personal withdrawals") are limited to six per month. Examples of non-personal withdrawals include preauthorized automatic payments, such as for utility bills, transfer or Mobile Banking, or Internet Banking or Bill Payment, and Overdraft Plan transfers.

Certificates: If funds other than credited dividends are withdrawn from a certificate account prior to maturity, an early withdrawal penalty may be assessed; refer to the Truth in Savings Disclosure

Our Bylaws allow us to delay withdrawal of funds from non-checking accounts for up to 60 days.

You may not withdraw funds pledged as security for Credit Union loans without our written consent. If you do so, your loan will be considered in default, and at our option, we may either increase the interest rate to the rate we are charging at the time for comparable signature loans or call the loan due and payable in full.

We may prohibit withdrawals if you have delinquent obligations with us.

F. Non-Transferability of Accounts

Except for checking accounts and Share Money Market accounts with checking privileges, all Credit Union accounts are non-transferable other than on the books of the Credit Union. This means that if you want to change ownership of funds, you must withdraw them or change the ownership using a form acceptable to us.

G. Secure Funds: Federal Account Insurance

Your accounts at Mocse Federal Credit Union are federally insured up to \$250,000 by the National Credit Union Administration. Please refer to [www.ncu.gov](http://www.ncu.gov) for more information about federal account insurance.

H. Truth in Savings Disclosure and Fee Schedule

The separate Truth in Savings Disclosure and Fee Schedule (which may be combined in a single document or printed separately) will be given to you whenever you open a new sub-account and provide current terms, including required balances, dividend rates and transaction limits. The effective date of each Truth in Savings Disclosure and Fee Schedule is printed on it. Your periodic statements will provide required information on established accounts, such as dividend rates, dividends earned, and fees assessed. You will receive notice required by law of any changes to rates, terms or fees on your accounts. In most cases, rate changes are reflected on your periodic statements only.

## I. Summary of Products Offered

The Credit Union offers a wide range of checking and savings accounts. They include our Regular Savings Account, which is required for Mocse Credit Union membership, special savings accounts for teens and younger children, Checking Accounts, Money Market Accounts, club accounts that facilitate saving for holiday and similar expenses, and Certificate Accounts that pay our highest yields. The current Truth in Savings shows available accounts and features. Regular Savings and Certificate Accounts are available as traditional, Roth and Education IRAs, which are subject to special applications and disclosures as well as the terms of this Handbook, the Truth in Savings Disclosure, and the Fee Schedule.

## J. Checking Accounts

The Truth in Savings Disclosure and Fee Schedule provide information about minimum balances, dividends and fees that apply to different Checking Accounts we may offer from time to time. The following additional terms apply to Checking Accounts.

### 1. Grounds for Closing Checking Accounts

We can close your checking account if, in our reasonable judgment, you have misused your checking privileges. Misuse of a checking account includes but is not limited to (a) failure to have funds or an Overdraft Plan available to cover debit transactions that would otherwise cause a negative balance, (b) kiting, (c) deposit of invalid items; (d) bankruptcy or other insolvency proceedings, or (e) your failure to observe terms of other agreements you have with us.

### 2. Transactions

We will make payments on current checks drawn on available funds in your checking account when signed by any person authorized on your Membership and Account Application. You can also make deposits and withdrawals as explained in the Deposits and Withdrawals section of this Handbook (VI.E). Debit Card purchases and cash advances, whether PIN- or signature-based, are withdrawn directly from your checking account.

### 3. Check-Writing

Use only checks ordered from us and printed by our authorized check printer or from a printer of your choice who will print checks in a form approved by us. Inspect all checks you receive for accuracy before using them. To reduce the risk of fraud, we suggest that when you write checks, use indelible ink and completely fill in the lines for the payee and the written dollar amount, drawing a line through any unused space. Date and sign checks you write. Destroy any spoiled checks. We reserve the right but do not undertake a duty to refuse to pay any check that is missing the payee's endorsement.

### 4. Stale-Dated Checks

We are not obligated to pay any check on which the date is more than six months old, but we will have no liability of any kind to you if we do pay it.

### 5. Post-Dated Checks

We will not be liable for paying post-dated checks unless you have provided a timely and valid stop-payment order and paid the required stop-payment fee (see the Fee Schedule). Requirements for stop-payment requests are given below. If we pay a post-dated check over a timely and valid stop-payment request, we will be liable only for your actual damages not exceeding the amount of the paid check.

### 6. Stopping Payment

To stop payment on a check, you must notify us before we pay the check and pay the stop payment fee. We can instruct you to follow up any oral notice in writing and if you fail to do so within 14 days, the stop-payment request may lapse at our option. A stop payment request submitted by Internet Banking is treated as a written request. A written stop-payment request is valid for six months, after which it will lapse unless you renew it while it remains in effect. We will process stop-payment requests promptly but will not be liable to you for failing to stop a check presented

within 24 hours after we receive your request.

Check stop-payment requests **must include your name, your account number, the check number, and the EXACT dollar amount of the check**. We operate in an automated processing environment and without this information we may not be able to locate the check to stop payment on it. You must also tell us the date of the check and the name of the person to whom the check was payable. We are not responsible for failure to stop payment if the information you give us does not describe the check accurately enough for us to find it and stop it.

If we do not carry out a timely stop-payment, we are not required to reimburse you if the check discharged your valid obligation. If we do reimburse you, you assign to us all claims for the funds against the person who obtained the funds and you agree to cooperate with our efforts to recover the funds.

### **Other Transactions**

You can also stop payment on certain types of EFTs, such as ACH payments and Online Bill Payments, if you notify us in time. Refer to the EFT section of this Handbook for details.

## **7. Overdrafts**

If your available checking account balance is insufficient to cover debit transactions presented to us for payment, an overdraft will be created. "Available funds" may be less than the amount on deposit in your checking account due to holds placed on deposited items (refer to Funds Availability, Section IX in this Handbook).

To minimize overdraft-related fees, keep track of your balance, including scheduled automated payments and checks you have written but that have not been cashed. You can verify your current balance and whether outstanding items have cleared at any time by using Internet Banking or Mobile Banking.

In general, we post debit transactions in the order they are presented to us for payment. If processing is delayed so that we post multiple debit transactions at the same time, our data processing system posts the transactions in no specific order.

Overdraft Services, if available, cover checking accounts only. If, for example, you have set up automatic payments out of your Regular Savings and you do not have sufficient available funds on the scheduled payment date, the payment will not be made.

### **Overdraft Services by Agreement (Overdraft Protection)**

Checking Account holders are permitted and encouraged to establish Overdraft Protection by signing up for overdraft protection advances from a Credit Union open-end credit plan or by authorizing overdraft protection transfers from your Regular Savings or Money Market Account. As long as you have sufficient available credit or funds in your designated Overdraft Protection source(s) and are not in default on any of your obligations to us, the overdraft will be paid. If you establish more than one Overdraft Protection source, we will access sources in the order indicated on your Membership and Account Application. You can change your Overdraft Protection sources at any time by notifying us.

Members who anticipate overdrafts can realize significant cost savings by establishing Overdraft Protection from an open-end credit plan or via account transfer.

Overdraft Protection sources cover most checking account debit transactions that would otherwise cause negative balances if paid, including checks, PIN-based merchant purchases, recurring Debit Card payments, everyday Debit Card merchant purchases, Internet Banking Bill Pay, and recurring or one-time ACH debits. Overdraft Protection sources can be used to cover in-person or ATM cash withdrawals. Overdraft Protection sources cannot be used to cover automated transfers between

Credit Union accounts, or transfers to pay Credit Union loans.

**Overdraft Protection Credit Advances:**

Overdraft Protection credit advances require that you apply for, be approved for, and open a Mocse open-end credit plan credit card or personal line of credit and designate the open-end credit plan as an Overdraft Protection source. You can designate the open-end credit plan as an Overdraft Protection source when you apply for the open-end credit plan or at any time by notifying us that you want the open-end credit plan to be an Overdraft Protection source. Any Overdraft Protection credit advance will begin to accrue finance charges as soon as it posts, and may be subject to an overdraft advance fee. Refer to the current Fee Schedule and the current version of the applicable credit plan agreement for details. Overdraft Protection credit advances will be made in \$200 increments until an amount sufficient to cover the overdraft has been advanced and will not be available if making the advance would cause you to exceed the credit limit on the credit plan or you are in default on any material obligations to us.

**Overdraft Protection Account Transfers:**

Overdraft Protection transfers from Regular Savings will be available only if you authorize them in writing on your Membership and Account Application or another written document provided to us. No more than six Overdraft Protection transfers from your Regular Savings or Share Money Market Account are permitted in any calendar month. Overdraft Protection transfers count toward the six-per month limit on non-personal transfers out of savings accounts and money market accounts (see Section VI.E.12 above.) Overdraft Protection account transfers may be subject to a transfer fee; refer to the current Fee Schedule. Overdraft Protection account transfers will be made in \$200 increments until an amount sufficient to cover the overdraft has been transferred, but will not be available if the transfer would cause you to fall below any required minimum balance on the source account or would cause you to exceed applicable monthly transfer limits.

**Standard Overdraft Practices (Overdraft Privilege)**

Under Standard Overdraft Practices (which we call Overdraft Privilege), we may, at our sole option, pay a check, ACH payment, Internet Banking Bill Payment or recurring payment linked to your debit card number that you do not have available funds or an Overdraft Protection Source in place to cover. Solely if you opt in, Overdraft Privilege may also, again at our sole option, cover ATM cash withdrawals or everyday debit card merchant purchases that you do not have available funds or an Overdraft Protection source to cover. The payment of the item will create an overdraft (negative balance) in your checking account. Overdraft Privilege will never be available in the following situations: (a) you are in default by more than 30 days on any obligation to Mocse Credit Union, (b) in our judgment, you have had excessive overdrafts, (c) payment of the item would cause your negative balance to exceed any maximum negative balance we have set by policy, (d) any legal or administrative orders are pending against any of your Mocse accounts, or (e) the member on the account is under age 18. Overdraft Privilege is not available to cover wire transfers, or in-person or electronic requests to transfer funds among your accounts or mail you a check at the address in our records. Whether we pay the item or make an NSF return, a fee will be assessed (refer to the current Fee Schedule). Payment of items under Overdraft Privilege is never guaranteed. Unless you have an Overdraft Protection source with available funds or credit, we can return unpaid any debit item that would cause a checking overdraft.

You can change your Overdraft Service elections at any time by notifying us. If you prefer that we make an NSF return for any items that would create an overdraft, you can opt out of payment of all items under Overdraft Privilege during the membership opening process or by notifying us in writing. Even if you do not opt out, we still reserve the right to return NSF items on debits you do not have sufficient available funds or an available Overdraft Protection Source Plan to cover.

In making your decision whether to opt out of Overdraft Privilege, you should be aware that some merchants and other payees of checks may charge fees in addition to any NSF return fee imposed by us. If you have set up automatic bill payments, your payees may charge late or other fees if your payments are returned NSF.

If we do pay rather than return an NSF item, you must deposit an amount sufficient to restore your account to a positive balance.

8. **Check 21**  
Many checks you write will be processed electronically, with the result that checks written on your account can clear in a matter of minutes or hours, rather than days. This makes it more important than ever that you do not write checks against deposits that have not yet become available (see the Funds Availability Policy) unless you intend to rely on available Overdraft Plans.
9. **Prohibition on Pledging Funds**  
Funds in checking accounts cannot be pledged as security for loans. However, if you become indebted to us and do not pay what you owe us according to your agreements with us, you agree that funds in your checking account are subject to our Right of Offset (section V.P).
10. **ACH Re-presentation of Returned Checks (RCK Entries)**  
Checks you write on insufficient funds may be re-presented by the payee for payment through the ACH (automated clearinghouse) system if the payee notifies you of this possibility when you write the check. Checks on which the signature is forged, altered checks, checks for over \$2,500, checks returned for reasons other than insufficient funds, or checks re-presented for more than 180 days after their original date or checks that do not contain an original signature, are not eligible for ACH re-presentation.
11. **Lost or Stolen Checks**  
If your checks are lost or stolen, please call us immediately at the phone number listed at the end of this Handbook. Because of the risk that someone who obtains your account and routing number can order checks outside the sequence of numbers on which you stop payment, we recommend that you close your checking account and re-open it under a new number. If you elect to keep your account open under the same number after checks have been lost or stolen, we will not be responsible for unauthorized checks paid on your account unless they fall within a sequence of numbers on which we have received your written order to stop payment.
12. **Preauthorized Drafts**  
A preauthorized draft is created when you give someone (such as a telemarketer or a creditor to whom you owe money) your checking account number along with your routing and transit number and authorize them to use the information to debit your checking account for the amount of money you have agreed to pay them. Any preauthorized draft presented to us after you have voluntarily given your checking account number to the payee is considered authorized by you, even though you have not signed a check. Exercise caution before you give your checking account information to a third party enabling them to create a preauthorized draft and notify us promptly if you believe any preauthorized draft shown on your periodic statement is unauthorized.
13. **Account Monitoring and Statement Review**  
Checking accounts typically experience the highest transaction volume and the most transmission of account data to third parties, such as via Debit Card use at merchants and checks written to pay bills. You can reduce your risk of loss and the risk of loss to your member-owned Credit Union by keeping careful track of your account activity. Record deposits and withdrawals (including card transactions), frequently review your account activity using our free, secure Internet Banking and Mobile Banking, which includes eAlerts for customizable notifications and promptly report any suspicious transactions you observe. See the

section entitled "Your Responsibility for Reviewing Statements and Other Communications and Reporting Unauthorized Activity and Other Errors" above (section V.N) for details about your potential responsibility for unauthorized activity on your accounts.

## **VII. CREDIT UNION CASHIER'S CHECKS**

We may allow you to withdraw funds from your account or take a loan advance in the form of a cashier's check. A cashier's check is drawn on us and we are, under normal circumstances, guaranteeing payment of the check.

Cashier's checks should be handled with great care as they are functional cash equivalents and payment cannot be stopped.

We will accept a request for a refund or replacement of a cashier's check only if you give us a written declaration under penalty of perjury stating that the cashier's check was lost, stolen or destroyed before you negotiated it or delivered it to the payee. If the cashier's check was lost, stolen or destroyed after delivery or attempted delivery to the payee, the payee must also sign a written declaration under penalty of perjury that the check was lost, stolen or destroyed before the payee negotiated it. If we receive the request after we have paid the cashier's check, we will have no responsibility for the loss.

We are not obligated to issue a replacement cashier's check until 90 days after its date. We reserve the right to require you to post and pay for a lost instrument bond before we will issue a refund or replacement.

We are discharged from further liability if we refund a cashier's check by crediting the account or credit line from which you obtained the funds to purchase the cashier's check, or if we replace the cashier's check by issuing a new one. If a holder in due course presents the original cashier's check for payment after we have refunded or replaced it, you must pay the amount of the original cashier's check to the holder or to us if we are required to pay the holder. If you do not pay upon our reasonable demand, you agree that our Right of Offset (section V.P) applies. If we cannot recover the amount by exercising our Right of Offset, you agree that our right to recover Collection Costs (section V.Q.) applies.

## **VIII. WIRE TRANSFERS**

We can process wire transfers from your account and will carry out your written instructions. We will also receive wire transfers for you. Wire transfers are subject to applicable law and regulation, including the terms of Federal Reserve Regulation J, Article 4A of the Uniform Commercial Code, the Remittance Transfer Rules of Consumer Financial Protection Bureau Regulation E. California law governs Mocse Federal Credit Union wire transfers.

Wires sent and received will be reflected on your monthly account statement. You agree to report any errors or unauthorized activity within 14 days. If you do not report an error or unauthorized wire within 30 days after we mail you the statement on which it appeared, we will not be responsible for any resulting loss.

Wire transfer instruction errors may delay the sending or receipt of your wires.

We can refuse to carry out wire instructions if we have reason to believe that following the instructions will cause us a loss or if the wire is subject to a blocking order by the Office of Foreign Assets control or other governmental body with jurisdiction.

### **A. Wire Transfers We Receive**

We will carry out the terms specifically as transmitted by the sending financial institution. We have no obligation to correct erroneous spelling or account numbers. We will follow account numbers, not names, in posting incoming wires, unless we have actual knowledge that the name and account number do not match. If we have actual knowledge that the name and account number do not match, we may at our option post the wire according to the account number or return the wire to the sending institution.

We will not be responsible for any claims, damages, losses or liability that you allege occurred due to a failure to post a wire to your account if the failure was due to an error in the name or routing number provided by the sender, or an inconsistency between the name and account number provided by the sender. We are responsible only for our failure to accurately comply with the instructions provided by the sender, and our liability is limited to the amount of the wire. We will not be liable for any alleged consequential damages resulting from our error, such as lost business opportunities or harm to your credit standing.

Unless a specific account is indicated, we will post wired funds to your Checking Account if you have one, or to your Regular Savings Account, if you do not have a Checking Account.

If we receive an erroneous wire to your account, the sending party can reverse the transaction and the amount of the wire will be deducted from your account. We will notify you if this happens, and you agree to immediately restore any resulting negative balance upon our demand. If you do not do so, you agree that our Right of Offset (Section V.P) applies. If we cannot recover the negative balance by exercising our Right of Offset, you agree that our right to recover Collection Costs (Section V.Q) applies.

You agree that we are not required to provide notice to you if we receive a wire transfer on your behalf. It is your responsibility to confirm that funds you expect to receive via wire transfer are posted to the appropriate account. You may telephone us, visit any branch, Internet Banking or Mobile Banking to check deposits to your accounts.

#### **B. Wire Transfers We Send**

We can process wire transfers from your accounts and will carry out your written instructions upon receipt of your request. Wire transfer requests must be made in person at one of our branches. Unless we notify you otherwise, the wire transfer request cutoff time is 1:00 p.m. on a business day. Requests received after the cutoff time will be processed on the next business day. A wire transfer form is required for each request. We can select any conventional means for processing your wire transfer. Wire transfer orders do not apply to funds transfers taking place through the Automated Clearing House System.

We can rely on any information furnished on the wire transfer form with respect to the recipient, the receiving financial institution and any correspondent bank. We have no obligation to correct erroneous spellings of names or erroneous account numbers in sending or receiving wire transfers. You understand and agree that if you provide a bank name and identifying number that do not match, or a recipient name and account number that do not match, we and any other entity involved in processing your wire are entitled to rely on the number only and will have no obligation to you or any third party to confirm that the name and number match.

We reserve the right not to complete a wire transfer requests when in receipt of an incomplete wire transfer request form. We may, on occasion, be in receipt of additional documentation provided by you with information related to the recipients wire instructions. We may use this information to validate your instructions but we cannot be held liable if the information does not match your instructions on the wire transfer form. You agree to defend, indemnify and hold us harmless from any costs we incur as a result of carrying out your wire transfer instructions, including unanticipated costs we incur. Any such costs may be deducted from any Mocse Federal Credit Union account in which you have an interest.

We may, as an accommodation to you, attempt to assist you in identifying routing numbers, correspondent or intermediary bank numbers for your wire transfer recipients. However, any such assistance is provided as an accommodation to you only. We will not be responsible for any errors.

Once a wire has been sent, it generally cannot be amended or canceled. Any person to whom you have given actual, implied or apparent authority to initiate wire transfers out of your account or who gains access with or without

your permission to the information necessary to initiate wire transfers out of your account is deemed to have been authorized to initiate the wire and you will be liable for the amount of the wire.

### C. Security Procedures

The Credit Union may establish security procedures to verify the authenticity of any funds transfer. By submitting a wire transfer, you confirm your agreement that these security procedures are reasonable. You will be notified of the security procedure, if any, to be used to verify funds transfers authorized by you or for which your account will be liable.

Your wire transfers may be delayed if you give us erroneous information or if you have not kept current your contact information that we maintain in our records. They may be further delayed if we are unable to perform our security procedures due to no fault of our own.

## **IX. FUNDS AVAILABILITY POLICY**

When you deposit an item (such as a check) drawn on another financial institution, there is always a time delay before the item reaches the institution on which it was drawn and we receive payment. The following summary is given to you to meet federal notice requirements of our Check Hold Policy and a specific understanding of the circumstances that might cause a delay in availability. Please read it and keep it for future reference.

All credits for deposits are provisional until we receive final payment from the institution on which the item is drawn. Even if we make funds available to you for a deposited item, if the paying institution lawfully returns the item unpaid or lawfully reverses an electronic direct deposit or wire transfer, we can deduct the amount of the deposit from your account balance and you will be liable for any resulting negative balance and related fees (refer to the Fee Schedule).

### A. General Availability Policy

Our policy is to make funds from non-cash items you deposit in person at our offices available for withdrawal on the business day of deposit. Electronic deposits are also available the business day we receive them. You will be able to withdraw such funds in cash and they will be available to cover checks you write and electronic transactions that clear your account. Business days are Monday through Friday excluding federal holidays. If you make a deposit in person after 6:00 p.m. or after 3:00 p.m. at an ATM, we will treat your deposit as made on the next business day we are open. Items mailed to the Credit Union are considered deposited on the day we receive them.

### B. Exception Holds

In some circumstances, funds you deposit by check may not be available on the day of your deposit. These circumstances include the following:

1. We believe a check you deposit will not be paid.
2. You deposit checks totaling more than \$5,000.00 on any one day.
3. You redeposit a check that has been returned unpaid.
4. You have overdrawn your account repeatedly in the last six months.
5. There is an emergency, such as failure of computer or communications equipment.

We will notify you if we will delay availability of funds for any of these reasons and tell you when the funds will be available. If you do not make your deposit in person or if we decide to delay availability after you have left our office, we will mail the notice to you. The first \$200 of your deposits will generally be available immediately. The balance of the funds deposited will generally be available no later than the ninth business day after the day of your deposit.

### C. New Members

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

1. Electronic direct deposits (other than accounts opened On-line, see below), and wire transfers will be available the day of your deposit.
2. Cash, wire transfers, and the first \$5,000 of a day's total of cashier's, certified, teller's, traveler's and federal, state and local government checks will be available immediately if the deposit meets certain

conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury Check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

3. Funds from all other checks will be available on the ninth business day after the day of your deposit.
4. If you open a new account online and make the opening deposit with a debit card or credit card draft or ACH payment from another financial institution, funds will be available on the business day after we receive payment, generally the third or fourth day after you authorize the payment.

If you need funds immediately, please ask us when the deposit will be available.

D. Non-Credit Union ATMs

If you make a deposit of cash or checks at an ATM that Mocse does not own or operate, funds will not be available until the second business day after the day of your deposit. (Our ATMs are identified as our machines.)

E. Location of Check Endorsements

Federal law requires all check endorsements to be in the first 1-1/2 inches of the trailing edge on the back of the check. The trailing edge is opposite the left side of the face of the check, the side of the check just behind the address of the financial institution and the account holder. You will be responsible for any costs incurred by the Credit Union due to delays in returning checks deposited into your account that do not comply with the endorsement standards.

F. Remote Deposit Capture

Funds from checks deposited by remote deposit capture (RDC) will be available when we receive final payment from the institution on which the check is drawn. The availability schedule set forth in this Section IX does not apply to RDC deposits. Any earlier availability of funds from RDC deposits will be provided solely as an accommodation based on the individual's account history with Mocse.

**X. ELECTRONIC FUNDS TRANSFER AGREEMENT AND DISCLOSURE**

A. Introduction/Scope of Services

1. Electronic Funds Transfers (EFTs) are payments to or withdrawals from your accounts that are started electronically. This agreement applies to transactions initiated by (1) VISA® Debit Cards, ATM Cards at our proprietary ATMs and ATMs displaying logos of ATM networks that we designate from time to time, (2) Internet Banking including Bill Payment and Mobile Banking accessible through cellular phones or tablets with internet access (3) ATM Cards and VISA® Debit Cards at Point-of-Sale (POS) terminals on networks that we designate from time to time, (4) third party transfers through your account via Automated Clearing House, including electronically converted checks, (5) automatic transfers out of your account to third parties or (6) use of a VISA® Debit Card at participating VISA merchants. In some cases the terms "EFTs" or "EFT devices" refer to all transactions and methods of making transactions under this part of the Agreement. This agreement does not apply to wire transfers. By applying for, retaining and using any type of EFT access device offered by the Credit Union, you consent to the terms of this Agreement. An access device is a Card, a PIN, Code or combination of devices.

B. Eligibility

1. To qualify for EFT services, you must be a member of the Credit Union in good standing (including the deposit and maintenance of \$5 in a Regular

Savings Account and meeting your loan obligations), and your checking account history with the Credit Union and other institutions must be satisfactory. To qualify for a VISA® Debit Card, you must have a Credit Union Checking Account.

### C. Personal Identification Numbers (PIN) and Passwords

#### 1. Use

You cannot use a VISA® Debit Card or ATM Card at an ATM or POS terminal without keying your Personal Identification Number (PIN) into the ATM or terminal. Your randomly selected PIN will be given to you when you request a Card. After you have received your Card, you can choose your own PIN at one of our branches. You cannot use Internet Banking or Bill Payment including Mobile Banking without a confidential password that you select.

#### 2. Security

Keeping your access code, PIN and password (“codes”) secret will help keep any unauthorized person from taking money out of your Credit Union accounts. To keep your codes secret, please follow these simple rules. Memorize them, just as you learn frequently called telephone numbers. Do not write your codes on your Cards or keep them near your Cards. Do not keep your codes near your home or office telephone or computer. If you must write your codes down, write them in a way that won’t make it easy for someone to recognize what they are and use them. Don’t let anyone use your Cards or codes or watch you key in your codes.

#### 3. Authorized Users and Your PIN, Code or Card

If you ask us to issue a duplicate Card, Code or PIN, or if you give anyone else your Card, Code and/or PIN, that person can make any transaction on your accounts that you could make yourself. Any transaction made by someone to whom you have voluntarily given your Card, Code and/or PIN is considered authorized, regardless of any limits you may have set on that person’s permission to access your accounts. You are responsible for any transactions that person makes. For example, if you give your friend your Card and PIN and tell her to buy groceries in April, and in October she uses your Card to obtain cash from an ATM, the October transaction is considered authorized even though you may not have given her permission to make it. The Credit Union is not subject to agreements between you and other people. The only way you can stop a person to whom you have given your Card, Code and/or PIN from accessing your accounts is to ask us to cancel the Card, Code or PIN.

### D. Services

1. Internet Banking including Bill Payment Service and Mobile Banking – On Line Access to Your Accounts Using your home computer with Internet access or a cellular telephone or tablet with internet access, you can access your accounts through the Credit Union’s secure web site. Once you create a User ID and password, you can start conducting transactions. To access the system for future transactions you will need your User ID and password.

#### a. Services

- i. Obtain account balances
- ii. Obtain loan balances, available credit, and payment information
- iii. Obtain and download deposit and transaction history on accounts
- iv. Transfer funds between your accounts to another (except Certificate, IRA and Club Accounts)
- v. Transfer funds to make Credit Union loan payments
- vi. Obtain a loan advance in the form of a deposit to one of your accounts
- vii. Transfer funds to another member’s account (if you have activated this feature)
- viii. Transfer funds to/from another account outside of Mocse

- ix. Bill Payment
- x. Enroll for account alerts
- xi. Enroll and access electronic statements and notices
- xii. Enroll for text banking

With Internet Banking Bill Payment, you can pay bills automatically without writing a check. You can either (i) automatically pay a set amount to a creditor on a specific day each month, or (ii) set up a payment account for a creditor but manually set the date and amount of each payment.

With Mobile Banking and your cellular telephone or tablet with internet access, you can (i) transfer funds between your checking, savings and loans, (ii) find out if checks have cleared, (iii) verify account balances (iv) access Bill Payment, and (v) deposit checks.

b. **Limitations on Internet Banking, Mobile Banking and Bill Payment Use**

Internet Banking, Mobile Banking and Bill Payment are available for your convenience 24 hours a day, 365 days a year, with minor interruptions for in-house maintenance.

Federal regulations limit Internet Banking (including Mobile Banking and Bill Payment) transfers and payments out of your non-transaction accounts to six per month. (Section VI.E.)

All Internet Banking, Mobile Banking and Bill Payment transactions are limited to funds available in the accounts you access. Bill Payment payments may be made only out of your Checking Account. Bill Payment payments are subject to any overdraft protection arrangements you have with the Credit Union.

When you use Internet Banking Bill Payment and Mobile Banking Bill Payment, follow the instructions provided when you log into the program. Be sure you input accurate information about your payees and accounts. It may take five to eight working days after the date you schedule your payment for it to reach the payee. Have sufficient funds available on the date your payment is scheduled. Allow adequate time for your payment to reach the payee. We are not responsible for late payment fees unless your late payment is solely the result of our failure to follow your timely and accurate instructions. Please refer to Bill Payment Service Terms and Conditions for further details.

c. **Documentation of Internet Banking (including Mobile Banking and Bill Payment) Transactions**

Internet Banking, Mobile Banking and Bill Payment transactions will appear on your account statements, and of course you can review your transactions using Internet Banking and Mobile Banking.

d. **Unauthorized Internet Banking, Mobile Banking and Bill Payment Transactions**

Notify the Credit Union immediately if you believe an unauthorized person has gained access to your Internet Banking, Mobile Banking and Bill Payment password or access code. You should also change your password and access code immediately. See Section X.E.1. for information on how to contact the Credit Union and other information on your potential liability for unauthorized transactions.

e. **Additional Terms Applicable to Internet Banking, Mobile Banking and Bill Payment**

Other provisions of this Electronic Funds Transfer Agreement and Disclosure Statement apply to the use of Internet Banking, Mobile Banking and Bill Payment unless by their terms they only apply to the use of one or more other EFT services. Please read the section below entitled "Terms Applicable to

All EFTs” carefully. These terms apply to Internet Banking, Mobile Banking and Bill Payment.

f. Fees

Internet Banking, Bill Payment and Mobile Banking are free of charge. Bill Payment services and transactions that would be subject to a fee (such as a check or ACH returned for insufficient funds) will be subject to the same fees. Special handling services, such as stop payments, expedited payments, and returned payments for insufficient funds, will be subject to fees. Please refer to the Schedule of Fees and Charges and the Internet Banking and Bill Payment Agreement and Disclosure.

2. VISA® Debit Cards and ATM Cards

a. Services

A VISA® Debit Card bears the VISA® logo, but it's not a credit card. It allows you and anyone you authorize to use the VISA® Debit Card to order the Credit Union to make payments from your Credit Union checking account without writing a check. It is clearly labeled “Debit Card” to distinguish it from our VISA® Credit Card. A VISA® Credit Card offers cash advances at ATMs. The Credit Card features are described in the separate Cardholder Agreement and Truth in Lending Disclosure that will be provided to you if you apply and are approved for a Mocse Federal Credit Union VISA Credit Card.

With an ATM Card, you can perform most transactions you can perform with a VISA® Debit Card, but you cannot use it for VISA® merchant signature transactions or signature cash advances.

You can use the VISA® Debit Card or ATM Card to:

- i. Pay participating merchants for goods or services through point of sale terminals on networks that we designate from time to time.
- ii. Make deposits to your Credit Union Checking or Regular Savings Accounts at the Credit Union's ATMs or network ATMs that we designate from time to time.
- iii. Withdraw funds from your Credit Union Checking or Regular Savings Account, or transfer funds between your Checking and Regular Savings Accounts at our ATMs or ATMs on networks that we designate from time to time.
- iv. Inquire about Credit Union Checking and Regular Savings Account balances.

In addition to the above, with the VISA® Debit Card, you can make purchases on signature transactions from participating VISA® plan merchants. If you use the VISA® Debit Card, the purchase amount will be deducted from your Credit Union Checking Account.

You will need your VISA® Debit Card and your PIN for POS and ATM transactions.

Although it has a VISA® logo, your use of a VISA® Debit Card for signature transactions authorizes the Credit Union to deduct immediately the full amount of the transaction plus any applicable fees from your checking account as soon as the transaction posts to your account. There is no deferred payment as there is with a credit card. All Card withdrawals and POS purchases are deducted from the account you access.

You should be aware that there may be a time lag between the time a merchant obtains an authorization on your VISA® Debit Card and the time the transaction posts

to your account. An authorization will result in a hold on your funds for the amount of the transaction for a limited time, generally not in excess of three business days. If the transaction fails to post before the hold expires, the hold will be released and the transaction amount will be available to pay other items presented on your account. You are responsible for ensuring that you have sufficient available funds on deposit to cover all of your transactions regardless of when they post.

b. Your Account Terms Also Apply

Use of the VISA® Debit Card will be treated as though it were a check and will also be governed by the Master Membership Account Handbook terms that apply to your Credit Union Checking Account including "GENERAL TERMS," "DEPOSITS AND WITHDRAWALS," and "Checking Account Terms" and the terms of any overdraft protection agreement you have with the Credit Union, except that:

- i. We may charge withdrawals to the Checking Account in any order we determine consistent with the law. If funds are not sufficient to cover all withdrawals, we may pay VISA® Debit Card withdrawals and dishonor regular checks.
- ii. We cannot honor stop payment requests on VISA® Debit Card transactions.

c. Fees

- i. If a merchant, ATM or POS terminal that honors your Card imposes a fee for the use of the Card; we will pass that fee along to you. If you use ATMs that we do not own or operate, the ATM operator may impose fees for your transaction or inquiry.
- ii. If you make a deposit at a non-proprietary ATM, and you make an error, such as entering the wrong amount on the keypad, lack of endorsement, or another error, the third party institution will assess a charge for processing and reconciliation. Deposits that are returned for insufficient funds or other reason will be charged a return check fee. These charges will be passed on to you.
- iii. Initial and renewal cards will be issued for up to two joint account holders free of charge. Replacement cards and cards in excess of two, regardless of to who issued, will incur a fee (See the Fee Schedule).
- iv. An NSF fee will be charged any time an ATM, POS or merchant transaction draws your account into a negative balance (See the Fee Schedule).
- v. For additional fees, please see the Fee Schedule.

d. Limitations

If you have available funds, the daily cash withdrawal limit for an ATM-only card is \$300; the daily cash withdrawal limit is \$500 for a VISA® Debit Card. PIN-based POS transactions on VISA® Debit Cards, ATM Cards and signature transactions on VISA® Debit Cards are limited to the available balance in your Checking Account not to exceed \$2,500 per day. The daily limit on all VISA® Debit Card transactions combined (ATM, POS and signature) is \$3,000. Individual merchants, ATMs or POS terminals may impose their own transaction limits. The Credit Union reserves the right to adjust these limits.

All transactions are subject to verification and availability of funds within the designated account.

Although you have sufficient funds in your checking account to cover a requested withdrawal, it may be possible that an ATM, merchant, financial institution or other entity that honors your Card will not be able to determine your actual balance. Therefore, the Credit Union will not be liable for the failure or refusal of any ATM, merchant or other entity to implement your Card transaction request, or for their

retention of your Card.

e. Transaction Dispute Rights Applicable Only to VISA® Debit Cards

VISA® Debit Cards fall under Consumer Financial Protection Bureau Regulation E, not Consumer Financial Protection Bureau Regulation Z, because they are debit cards, not credit cards. Unlike Regulation Z, Regulation E does not give you any special rights if you have a dispute with a merchant regarding the goods or services you purchased with a debit card.

However, VISA® operating rules give you certain rights to dispute merchant transactions using your VISA® Debit Card. You must first make a good faith effort to resolve the dispute directly with the merchant. If you are unable to resolve the dispute directly with the merchant, notify the Credit Union at once. You must tell us within 60 days of the date on which we sent you the FIRST statement on which the disputed transaction appeared. Include copies of any documents that reflect your effort to resolve the dispute with the merchant.

The Credit Union will arrange to have the dispute investigated to determine whether you have the right to have your account credited for the amount in dispute. The Credit Union will, at a minimum, provisionally credit your account for the amount of your dispute so that you will have use of the funds within 10 business days (5 business days for claims of unauthorized use on accounts at least 30 days old; 20 business days if your account has been open with the Credit Union for less than 30 days). It may take up to 45 days (90 days for a point-of-sale, foreign transaction or new accounts) to make a determination.

If you do not submit your dispute in writing within 10 business days after we ask you to do so, we are not required to credit your account during the investigation. If it is determined that you are entitled to a credit to your account, the Credit Union will post the credit (or change a provisional credit to a permanent credit) within 1 business day of the determination.

If Visa operating rules do not allow a credit to your account, any amount for which your account was provisionally credited will be deducted from your account. We will notify you if this happens, and will pay any items that overdraw your account for five business days after we send you this notice without imposing an overdraft fee, but only to the extent the overdrafts are equal to or less than the amount of the provisional credit we deducted from your account. If any item overdraws your account by more than the amount of the provisional credit, you will be charged an overdraft fee. You agree to immediately restore to the Credit Union the amount of any overdraft on your accounts.

Your rights to dispute VISA® Debit Card merchant transactions through the Credit Union are limited to those provided by VISA®'s operating rules.

ATM Cards are not subject to merchant dispute rights

For transaction dispute rights on VISA® Credit Card use for purchases, please refer to the VISA® Cardholder Agreement and Truth in Lending Disclosure.

f. Other Terms

Although other documents you may receive when you initiate transactions with a VISA® Debit Card or ATM Card,

such as sales receipts, may have contract terms printed on them, your agreement with the Credit Union is limited to the terms in this agreement plus the Master Membership Account Handbook terms that apply to the accounts you have accessed and any overdraft protection agreement applicable to your Credit Union Checking Account.

For transactions initiated in foreign currencies, the exchange rate between the transaction currency and the debiting currency (U.S. dollars) will be (a) a rate selected by VISA® from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA® itself receives, or (b) the government-mandated rate in effect for the applicable central processing date. For transactions initiated outside the United States, there is a 2% International service fee.

Merchants and others who honor the VISA® Debit Card may give credit for returns or adjustments. When the Credit Union receives the credit from the merchant or other entity, the Credit Union will credit your checking account for that amount.

See the VISA® Credit Card Cardholder Agreement and Truth in Lending Disclosure for information about foreign purchases and cash advances and merchant credits on Credit Cards.

You understand and agree that if you or anyone you authorize to use a Card gives conflicting instructions on an ATM keypad and on a deposit slip or other written instruction, the Credit Union will follow the instructions given on the keypad.

g. Documentation of Transactions

When you use your VISA® Debit Card or ATM Card at an ATM, for a POS transaction or in the case of the VISA® Debit Card for a signature transaction, you will generally receive an acknowledgment receipt describing the transaction. (An ATM may tell you that receipts are temporarily unavailable. Some ATMs let you choose not to get a receipt. An ATM or POS terminal may not give a receipt for transactions of \$25 or less.) Keep these receipts to update your records and verify your monthly statements.

h. Liability for Unauthorized Card Use

You agree to notify us at once of the loss, theft or other actual or possible unauthorized use of your VISA® Debit Card or ATM Card. You will generally have no liability for unauthorized use of your Debit Card or PIN unless otherwise provided by this Electronic Funds Transfer Agreement & Disclosure.

Visa Operating Rules. Visa Operating Rules currently exempt certain PIN-based transactions, certain regional network ATM transactions, and certain situations in which you have been grossly negligent in handling your Card from the “no liability” rule. For exempt transactions on VISA® Debit Cards or the ATM Card, your liability for unauthorized use is that set out in the “Unauthorized Transactions” part of the “Terms Applicable to All EFTs” portion (X.E.1) of this EFT disclosure. For exempt transactions that access the credit feature of a VISA® Credit Card, consult your Cardholder Agreement and Truth in Lending Disclosure. It benefits all members if the losses that the Credit Union absorbs on unauthorized Card use claims are kept to a minimum.

i. Additional Terms Applicable to Cards

Other provisions of this Electronic Funds Transfer Agreement and Disclosure Statement apply to the use of Cards unless stated otherwise. Please read the section below entitled “Terms Applicable to All EFTs” carefully. These terms apply to VISA® Debit Cards and ATM Cards.

#### 4. Pre-authorized Electronic Transfers

##### a. In General

You can preauthorize the Credit Union to make transfers electronically. These include preauthorized deposits of salary or government payments (you must originate direct deposit with the payment source) and preauthorized payments such as insurance premiums (you give your written authorization to a payee to debit your account). Preauthorized transfer authorizations must be in writing. The entity originating the authorization must give you a copy. If you set up a preauthorized transfer using Bill Payment, you may print a copy of the authorization from your computer.

Preauthorized electronic transfers may be made through the Automated Clearing House (ACH). Transfers made through ACH are subject to national and local ACH Rules, Article 4A of the Uniform Commercial Code, Federal Reserve Bank Operating Circulars, and Federal Regulations.

##### b. Deposits in to your account

Credits (deposits) to your account received via ACH are provisional until we receive final settlement through the Federal Reserve. If we do not receive final settlement, we will deduct the amount of the credit from your account balance, and the payor will not be considered to have paid the amount to you. We reserve the right to reverse erroneous deposits to your accounts without advance notice to you, although we will notify you after the fact. If a reversal of an erroneous deposit or a deduction of a credit on which we do not receive final settlement results in a negative balance in your account, you will be indebted to us, and our Right of Offset (V.P) and right to recover Collection Costs (V.Q) will apply.

Although you can call the Credit Union (see "HOW TO CONTACT US" at the end of this Agreement) for information about the transfer, your only documentation of the transfer will be an entry on your periodic statement.

##### c. Transfers out of your account

If preauthorized transfers **out of** your account will vary in amount, the payee is required to give you at least 10 days' advance notice; unless you agree that you will receive notice only if payments vary by more than a specified amount. If you use Bill Payment to make transfers out of your account, you will be able to review and print your account history at any time. Otherwise, you will not receive notice of preauthorized transfers other than that which appears on your monthly statement.

There is a maximum of six, and usually only three, such ACH transfers per month **out of** non-transaction accounts.

##### d. Procedure of Right to Stop payment

If you have regular pre-authorized charges to your account, you can stop any of these payments or cancel all future payments. You must immediately contact us (see the "HOW TO CONTACT US" section at the end of this Agreement). If you call, we may require you to put your request in writing and submit it to us within fourteen (14) days after you call. There is a fee for each stop payment and cancellation request. (Please see the Fee Schedule.) To prevent any future transfers, you should also notify your initiator in writing to stop or cancel the charges (permanently revoke their authority to debit your account) and send us a copy.

##### e. Liability for Failure to Place Stop Payment or Cancel Pre-Authorized Transfers

We must receive notice three business days before the payment date. If you order us to stop one of these payments

three business days in advance of the scheduled transfer, and we fail to stop the payment, we will be liable for your direct losses or damages.

5. **Electronic Check Conversion**  
Payees of your checks, such as merchants, may convert your checks to electronic payments. The payee is required to notify you if they will do this. Payees may also re-present dishonored checks through the ACH system if they notify you in advance that dishonored checks will be re-presented electronically. Tell us AT ONCE if you believe an EFT has been made using information from your check without your permission.

E. Terms Applicable to All EFTs

1. **Unauthorized Transactions – All EFTs**

Your Liability for Unauthorized Use

Tell us AT ONCE if you believe that your Card, PIN, or Internet Banking, Mobile Banking and Bill Payment password or access code has been lost or stolen or may be subject to unauthorized use, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Please refer to the “HOW TO CONTACT US” section at the end of this Agreement for how to provide this notification. Telephoning is the best way to keep losses down. You could lose all the money in your account plus your maximum overdraft line of credit if you fail to promptly report unauthorized use of an ATM Card, Internet Banking, Mobile Banking and Bill Payment, or certain unauthorized use of a VISA® Debit Card.

If you believe your Card or code has been lost or stolen or otherwise made available to an unauthorized person, and you tell us within two (2) business days after you learn of the loss of theft, you can lose no more than \$50 if someone used your card or PIN without your permission. However, if you DO NOT tell us within two (2) business days after you learn of the loss, theft, or other unauthorized use of your Card or code, and we can prove that we could have stopped someone from using your Card or code without your permission, you could lose as much as \$500. (Under California law, this paragraph does not apply to the VISA® Debit Card even if the unauthorized use is exempt from the VISA® zero liability rule.)

Also, if your statement shows unauthorized transactions, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, we are not obligated to refund any money you lost after the sixty (60) days, if we can prove that we could have stopped someone from taking the money if you had told us in time. That means you could lose all the money in your account plus your maximum overdraft line of credit.

If a good reason (such as a long trip or a hospital stay) kept you from informing us, we may extend the time periods.

If unauthorized use of your VISA® Debit Card is not exempt from the “no liability” rule under VISA® USA operating rules, your liability is limited to that indicated in the separate VISA® Debit Card section above.

2. **Your Responsibility for EFTs**

If you authorize us to issue a duplicate Card to someone or give your code to someone, you are authorizing that person to withdraw funds and perform transactions on your accounts covered by this agreement regardless of whether that person is otherwise authorized. You continue to be bound for all

transactions resulting from the use of your EFT devices until you give us written notice to terminate the EFT service and return all issued devices to us. Any person who applies for an EFT device, or signs a Card, is equally obligated (jointly and severally) with any other such person to meet the terms of this Agreement. You are also obligated to repay any charges resulting from the use of your EFT devices by another person with your express or implied permission, whether or not the person stays within the limits of use you have set for them. Any persons who use EFT devices are also obligated to repay the Credit Union for all charges incurred because of their use of the devices. You remain bound to pay for charges resulting from EFT device use even though another person has been directed to pay the debt by agreement or court order such as a divorce decree. You agree that if you or anyone acting with you uses your EFT device with fraudulent intent, we consider that transaction to have been authorized by you.

### 3. Documentation of Transactions

All EFTs will be described on your periodic statement for the account used. You will receive a monthly statement if you have a checking account or in any month in which EFT activity occurred. All members receive a statement at least quarterly. Please refer to Section (D.4.) Preauthorized Electronic Transfers for further information on preauthorized EFTs. Although they are not legally considered electronic fund transfers, for your information, automatic transfers between Credit Union accounts or to pay loans at the Credit Union will appear on your monthly statement.

See the ATM and VISA® Debit Card section for information on transaction receipts.

### 4. Credit Union Liability – All EFTs

If we do not properly complete a transaction according to our agreement with you, we will be liable for your direct losses or damages. However, there are some exceptions.

- a. We will not be liable if:
  - i. Through no fault of ours, your account does not have enough money, or you don't have available credit to make the transaction.
  - ii. The ATM where you are making the transaction does not have enough cash.
  - iii. The ATM or other EFT system was not working properly and you knew about the breakdown when you started the transaction.
  - iv. The money in your account is subject to legal process or other claim.
  - v. Your Card or code has been reported missing and we have blocked its use.
  - vi. Circumstances beyond our control such as fire, flood, electrical failure, or malfunction of the central data processing facility prevent the completion of the transaction despite our reasonable precautions.
  - vii. We establish other lawful exceptions and give you proper advance notice of them.
- b. In no event will we be liable for consequential, indirect, or punitive costs or damages.
- c. We will carry out instructions given to the ATM or other EFT processing system, or to us in writing. We will not incur liability for doing so in a reasonable manner. You agree to indemnify and save us harmless from all costs, claims, damages or liability that we sustain as a result of carrying out in a reasonable manner instructions received through an ATM, POS terminal, Internet Banking, Mobile Banking and Bill Payment, ACH, or any other access device from you or any authorized user.
- d. We may arrange for the availability of ATMs at various locations with access during non-business hours for the conve-

nience of our members. However, ATM sites are not subject to our control. You assume the risk of using them. We do not in any way warrant the safety or security of any ATM location. We are not responsible for wrongful acts committed by anyone who is not our authorized agent regarding your use of ATMs.

5. ATM Safety

Avoid using ATM machines alone at night or at sites that appear to have the potential for assault or robbery. Consider having someone accompany you when you are using the ATM after dark. Put your money away and leave the site as soon as you have completed your transaction. Count cash later in the safety of your vehicle or home. If you notice anyone suspicious approaching the ATM while you are using it, cancel your transaction and put the Card away immediately. Immediately report all crimes to the ATM operator and local law enforcement officials. DO NOT leave your receipts or card at the ATM.

6. Privacy – All EFTs

With respect to EFTs, in the ordinary course of business, we will disclose information to third parties about your accounts or the transfers you make (a) when necessary to complete a transfer, (b) to verify the existence and condition of your account for a third party such as a credit bureau or merchant, (c) to comply with government agency or court orders, or (d) if you give us your written permission. Please refer to our Privacy Policy for more information about privacy of your Credit Union accounts.

7. EFTs against Insufficient Funds

The Credit Union offers overdraft protection by agreement on checking accounts. You can authorize the Credit Union to transfer funds from your Mocse regular savings account or advance funds from your approved Mocse line of credit to cover checks or EFT debit (payment) entries that would otherwise cause your Mocse checking account to fall into a negative balance. Overdraft protection by agreement is available to cover checks and all EFT payments available under this EFT Agreement.

The Credit Union also offers overdraft privilege on checking accounts. Overdraft privilege is an entirely discretionary service under which the Credit Union may, at its sole discretion, pay rather than return checks and EFT debit (payment) entries that you do not have sufficient available funds to cover. Overdraft privilege payments may be made on Internet Online Bill Payments and ACH payments. Overdraft privilege may be extended to cover everyday VISA® Debit Card merchant purchases and ATM cash withdrawals only if you opt in to the service.

Please refer to Standard Overdraft Practices (E.J.7.) for detailed information about the Credit Union's overdraft protection services.

8. Changes in Terms – Cancellation – All EFTs

- a. The Credit Union may change the terms of this agreement by mailing or delivering a written notice or amended agreement to you at your last known address in our records for the account. When we change this agreement, we will give you any legally required advance notice. You agree that we may immediately terminate this agreement and your use of EFT services without prior notice if any of the following occur:
  - (i) you (or any authorized user of your EFT devices) breach this or any other agreement between us (including loan agreements);
  - (ii) we have reason to believe that there has been or may be an unauthorized use of your Card or PIN;
  - (iii) there are conflicting claims to the funds in your accounts;
  - (iv) you or any authorized signer on your account asks us to do so;
  - (v) you complete EFTs when funds are not available in

your Credit Union accounts accessed under this program and you do not have an active and valid Credit Union checking overdraft protection agreement.

- b. Your Card is the property of the Credit Union and you agree to return it to us upon our request.

9. Delayed Deposits – All EFTs

Availability of funds deposited at ATMs may be delayed. Please refer to the FUNDS AVAILABILITY POLICY section (IX.) for details.

10. Additional Terms – All EFTs

- a. Generally, EFTs may be accessed seven days a week, 24 hours a day. Individual machines or systems are sometimes closed temporarily for servicing.
- b. Electronic funds transfer transactions may involve other Credit Union agreements, such as checking or loan agreements. Wherever applicable, the terms of these agreements will apply as well.
- c. This agreement is governed by applicable federal and California law. If any provision of this agreement is found to be unenforceable, the rest of the agreement will remain in effect.
- d. When you use a Credit Union EFT access device, you acknowledge receipt of a copy of this agreement and disclosure and you agree to its terms.
- e. Business days are Monday through Friday. The Credit Union may be open to provide limited services on other days, but we do not consider those “business days” as that term is used in this disclosure.

11. Prohibition of Illegal Transactions -- All EFTs

You must not use your EFT devices, including but not limited to your VISA® Debit Card, for illegal transactions such as illegal Internet gambling. We can refuse to authorize any transaction if we reasonably believe it to be illegal. However, responsibility for determining the legality of authorized transactions ultimately rests with you, not the Credit Union. You cannot use the actual or alleged illegality of a transaction for which authorized use of your EFT device was made as a defense to your obligation to pay it.

F. In Case of Errors or Questions About Your Electronic Funds Transfers

If you think that an electronic transfer shown on your statement is incorrect, or if you need more information about a transfer, contact us at the telephone number listed under the HOW TO CONTACT US section at the end of this Agreement. Please provide us with all of the information requested under the section entitled WHAT TO TELL US IN CASE OF AN ERROR OR INQUIRY at the end of this Agreement.

We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared. If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days. We will tell you the results of our investigation within 10 business days (20 business days for accounts open with us less than 30 days) and will correct any error promptly.

If we need more time, however, we may take up to 45 days (90 days for POS transactions, transactions involving foreign countries, and transactions on accounts open with us less than 30 days) to investigate your complaint or question. If we decide to do this, we will re-credit your account within 10 business days (20 days if your account has been open with us less than 30 days, 5 days if your question involves unauthorized use of your VISA® Debit Card and your account has been open at least 30 days) for the amount that you think is in error so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing, and we do not receive it within 10 business days, we are not required to provisionally credit your account. Whether or not we decide there was an error, we will send you a written explanation within 3 business days after we

finish our investigation. You may ask us for copies of the documents that we used in our investigation.

If we decide there was an error, we will convert any provisional credit we have given you to a permanent credit or credit your account within 1 business day. If we decide there was no error, we will reverse any provisional credit. If we reverse a provisional credit, we will pay any items that overdraw your account for five days after we send you the notice that we have reversed a provisional credit at no charge to you, but only to the extent the overdrafts do not exceed the amount of the reversed provisional credit.

## HOW TO CONTACT US

If you believe your Card, PIN or Code has been lost or stolen or may be put to unauthorized use, call us at the phone number listed below or write to us at the address listed below. You should also call us or write to the address listed below if you believe a transfer has been made using information from your check without your permission.

### **Write to us or visit us at**

Mocse Federal Credit Union  
3600 Coffee Road  
Modesto, CA 95355

### **Telephone us at**

(209)572-3600  
(800)44-Mocse

### **Fax us at**

(209)572-1714

## WHAT TO TELL US IN CASE OF AN ERROR OR INQUIRY

- Your Name
- Your Account Number
- The date of the questioned transaction
- The dollar amount of the suspected error
- A description of the error or transaction you are not sure about.
- Your explanation, if you can provide one, of why
- you believe there is an error
- If you need more information about a transaction, ask us for clarification.

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