

## MEMBERSHIP AND ACCOUNT AGREEMENT

This agreement is the contract of deposit which covers your and our rights and responsibilities concerning membership and account(s) offered to you. In this agreement, the words you and yours mean those who sign the Membership Application and/or Account Card or Account Change Card (Account Card or any other account opening document). The words we, us, and our mean Allegacy Federal Credit Union (credit union). The word account means any one or more share, checking, or certificate accounts you have with the credit union.

The classification and form of ownership of your account(s) is designated on your Membership Application and/or Account Card. By signing the Membership Application and/or Account Card that is a part of the agreement, each of you, jointly and severally, agree to the terms and conditions in this agreement and Account Card, including the Funds Availability Policy Disclosure, Electronic Funds Transfer Agreement and Disclosure, Privacy Notice Disclosure, and the Truth-in-Savings Disclosure accompanying this agreement, any account deposit receipt, the credit union's bylaws and policies, and any amendments which collectively govern your membership and accounts. You agree that additional accounts and services you request in the future will be governed by this agreement, as amended from time to time.

The credit union may terminate this disclosure and agreement for any reason deemed in the credit union's best interests including but not limited to (a) re-evaluation of your creditworthiness; (b) upon your default under the terms or any other agreement with us; and (c) at our option for good cause. The credit union reserves the right to amend, modify, revoke, or cancel the terms of this disclosure and agreement or any transaction services contemplated herein. If notification is required by law, notice will be mailed to you at the address shown on the credit union's records. Any revised, amended, or modified conditions, rules, or regulations shall be effective at the earliest date allowed by law.

**MEMBERSHIP ELIGIBILITY** - To be eligible for membership in the credit union you must be an individual qualifying within the credit union's field of membership and must meet the membership qualifications including purchase and maintenance of the minimum required share(s) ("membership share") as required by the credit union's bylaws. You authorize us to check your account, credit, and employment history, and obtain a credit report from third parties, including credit reporting agencies, to verify your eligibility for the accounts and services you request.

**Important Information About Opening a New Account.** To help our government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person when opening a new account. **What does this mean for you?** When you open a new account, we will ask your name, address, date of birth, and other information that will help us to identify you. We may also ask to see some type of positive identification.

**INDIVIDUAL ACCOUNTS** - An individual account is an account owned by one member (individual, corporation, partnership, trust or other organization) qualified for credit union membership. If the account owner dies, the interest passes, subject to applicable law, to the account owner's estate or beneficiary, subject to other provisions of this agreement governing our protection for honoring transfer and withdrawal requests of an owner or owner's agent prior to notice of an owner's death and to any security interest or pledge granted by the account owner and subject to our statutory lien rights.

**JOINT ACCOUNTS** - A joint account is an account owned by two or more persons. Unless otherwise provided on the Membership Application and/or Account Card, each joint account will be controlled by the provisions of N.C.G.S. 54-109.58.

a. **Rights of Survivorship.** For a joint account with rights of survivorship, upon the death of one of the owners, the money remaining in the account will belong to the surviving owner(s). For a joint account without rights of survivorship, the account owner's interest passes to his or her estate. A surviving owner's interest is subject to the credit union's statutory lien for the deceased owner's obligations, and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not consent to it.

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

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

Member and Joint Account Holder acknowledge and agree that Allegacy Federal Credit Union (credit union) may issue to each of them an automated teller machine (ATM) card, and shall assign to them a single personal identification number (PIN). They further acknowledge and agree that possession of the ATM card or account number, and personal identification number (PIN) or password will permit access to individual accounts, by means of automated teller machine or by telephone or by on-line access, including but not limited to the share account, of the Member by the Joint Account Holder. They further acknowledge and agree that such access may result in sums being withdrawn or transferred from such individual accounts without the knowledge or consent of the Member by the Joint Account Holder. The credit union hereby disclaims any responsibility to the member for any and all sums withdrawn or transferred from an individual account maintained by the Member by means of the Joint Account Holder's use of the ATM card or personal identification number (PIN).

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Member and Joint Account Holder shall indemnify and hold the credit union harmless of and from any and all losses, claims, actions, causes of action, suits, or demands, or whatsoever kind or description arising out of Joint Account Holder's access to, withdrawal from or transfer from Member's individual accounts by means of the ATM card or account number, and personal identification number (PIN) or password, and do hereby remise, release, and forever discharge the credit union of and from any and all liability for the same.

**INFORMAL AND FORMAL TRUST ACCOUNTS** - Any trust beneficiary designation shall not apply to IRA accounts which shall be governed by a separate beneficiary designation. The credit union shall at no time have any obligation to notify any beneficiary of the existence of any account or the vesting of the beneficiary(ies) interest in any account except as otherwise provided by law.

a. **Formal Trust Account.** A formal trust account designation is an instruction to the credit union to establish an account in response to a written trust agreement, generally as drafted by an attorney. Such an account will be established upon the proper completion of the applicable Formal Trust Account Enrollment Form (Enrollment Form) which will designate all parties to the trust and bind all such parties to the terms of the membership and account agreement.

Credit union regulations with respect to share insurance of member share accounts are affected by the terms of the Trust Agreement, the nature of the Trust (revocable or irrevocable), and, in some cases, the family relationship of the beneficiary(ies). Please consult your attorney/legal advisor with respect to these issues. By opening the account, you are deemed to acknowledge the application of these regulations.

**THE CREDIT UNION HAS NO RESPONSIBILITY TO INQUIRE AS TO THE ACTUAL TERMS OF THE TRUST AND SHALL BE HELD HARMLESS FOR ANY ACTIONS TAKEN IN RELIANCE OF THE INFORMATION AS PROVIDED ON THE ENROLLMENT FORM.**

**THE CREDIT UNION IS NOT REQUIRED TO KNOW, UNDERSTAND, INTERPRET OR ENFORCE THE TERMS OF THE TRUST AGREEMENT BUT HAS THE RIGHT TO REQUEST THE NECESSARY LEGAL DOCUMENTS BEFORE RELEASING FUNDS FROM THE ACCOUNT(S). TRUST ACCOUNT FUNDS MAY BE RETAINED OR PROVIDED TO THE PROPER AUTHORITIES IN AN INTERPLEADER ACTION UNTIL SUCH DOCUMENTS ARE DELIVERED TO THE CREDIT UNION OR THE ISSUE IS RESOLVED AS A MATTER OF LAW.**

The credit union cannot and is under no obligation to act as a trustee or to inquire as to the powers or duties of the Trustee(s). Grantor(s) and Trustee(s) agree to notify the credit union in writing if a change of Trustee(s) occurs. The credit union may withhold payment of funds to any party until proper evidence of authority is provided. Funds may be released to any one Trustee acting alone or with a co-Trustee. The credit union may rely upon the direction of any one Trustee until a written notice of revocation of the Enrollment Form is received. The Grantor(s), Trust, Trustee(s), and Beneficiary(ies) agree to fully indemnify and hold the credit union harmless of any claim, damage or loss arising as a result of unauthorized acts of any Trustee or former Trustee. The Enrollment Form shall be binding on the Grantor(s), Trustee(s), Trust, successor Trustee(s), and the Beneficiary(ies).

You, the individual(s) signed on the Enrollment Form and or Membership Application as Grantor(s) and Trustee(s), request Allegacy Federal Credit Union ("Credit Union") to establish one or more accounts as indicated, for the Trust and agree that the account(s) shall be subject to the bylaws, regulations, policies and other rules and practices of the Credit Union now in effect or as amended, and agree that the Trustee(s) and the account(s) shall be subject to all fees and charges that may be assessed from time to time for use of the account(s).

The Trust funds to be deposited in the credit union are part of the Trust specified on the applicable Enrollment Form(s) executed by the Grantor(s) and executed by the Trustee(s) as indicated on the same form(s). The credit union is authorized to release the funds in the account(s) established pursuant to the Enrollment Form(s) with the credit union upon the signature of any one of the Trustees signing this Enrollment Form and any payment to any one of the Trustees or to a successor Trustee(s) or at the direction of any one of the Trustees shall be valid and shall discharge the credit union from any liability for the sum(s) paid.

The Grantor(s) and Trustee(s) agree to provide a complete, accurate and true copy of the Enrollment Form to the credit union. The Grantor(s) and Trustee(s) represent that the Enrollment Form imposes no responsibility or obligation on the credit union other than as a depository for the Trust funds.

The Grantor(s) and Trustee(s) agree that the credit union shall be notified if there is any change in the Grantor(s), Trustee(s), Beneficiary(ies) or terms of the Trust and will provide evidence of the changes. It is the policy of the credit union that, upon the death of the Grantor(s), the account must be closed, unless, pursuant to credit union regulations, the account may continue with the credit union. Any change, which does not require closing the account, shall be effective as to the credit union only after it is received in writing by the credit union. The Trustee(s) agrees that the credit union shall be notified of any (a) change in address of any Trustee(s) disclosed in the Enrollment Form; and (b) changes to or amendments of the governing Trust instrument which would conflict with or otherwise affect the validity of any statement or representation contained in the Enrollment Form. Any such change or amendment shall be effective as to the credit union only after a new Enrollment Form has been completed and executed by the Grantor(s) and Trustee(s).

The credit union may require that any or all disbursements shall be made payable to any one or more of the Trustees or to the Trust.

Each Trustee whose signature appears on the Enrollment Form declares under penalty of perjury, that the Trustee(s) is qualified and has the power to act and is properly exercising the powers under the trust, pursuant to the Enrollment Form, and the Trustee(s) has the power to establish and transact on accounts on behalf of the Trust. The credit union shall not be held responsible for any changes of which it is not notified as set forth.

The Grantor(s) and/or the Trustee(s) and/or the Trust and/or the Beneficiary(ies) hereby agree to fully indemnify and hold the credit union harmless from any and all claims, suits, actions, awards, damages, judgments, costs, charges and expenses, including court costs and attorneys' fees and against any and all liability, loss and damage of any nature whatsoever that the credit union shall or may sustain resulting from the establishment, maintenance and transaction of any business related to the trust account(s) established pursuant to the Enrollment Form. The Trustee(s) agrees to pay any necessary expenses, attorneys' fees or costs incurred in the enforcement of this indemnification and hold the credit union harmless.

b. **Successor Trustee:** Before any successor Trustee(s) may transact any business on this account, the successor Trustee(s) shall (a) provide the credit union with either (i) a letter of resignation signed by the resigning Trustee(s) or (ii) a certified copy of the death certificate(s) for the Trustee(s); (b) provide a written statement declaring power to transact as Trustee(s) or Trustee's Affidavit; and (c) execute a new Enrollment Form. The items of the Enrollment Form shall supplement the terms of other account agreements entered into by the Trustee(s).

The Enrollment Form affects the legal rights of the Trustee(s). In providing the Enrollment Form for the establishment of this account, the credit union makes no representation as to any tax, probate avoidance or financial or estate planning advantage, benefit or result of any kind whatsoever. If the Grantor(s) or Trustee(s) desires assistance or advice concerning the Enrollment Form, the services of an attorney or other competent professional person should be sought.

**PAYABLE ON DEATH (POD)/TRUST ACCOUNT DESIGNATIONS - (G.S. 54-109.57)** A Payable on Death (POD) account is an account held in the name of one or more persons as owner or owners for one or more persons designated as beneficiaries. The account and any balance thereof is subject to the following: a) during your lifetime you may withdraw the money in the account; and b) by written direction to the credit union, you may change the beneficiary or beneficiaries; and c) upon your death the money remaining in the account will belong to the beneficiary or beneficiaries, and the money will not be inherited by your heirs or be controlled by your will. Any POD beneficiary designation shall not apply to Individual Retirement Accounts (IRAs). We are not obligated to notify any beneficiary of the existence of any account or the vesting of a beneficiary's interest in any account, except as otherwise provided by law.

**ACCOUNT FOR MINORS -** We may require any account established by a minor to be a multiple party account with an owner who has reached the age of majority under state law and who shall be jointly and severally liable to us for any returned item, overdraft, or unpaid charges or amounts on such account. We may pay funds directly to the minor without regard to his or her minority. Unless a guardian or parent is an account owner the guardian or parent shall not have any account access rights. We have no duty to inquire about the use or purpose of any transaction by the minor or joint owner. The minor account owner's tax identification number must be shown on the account application. We will not change the account status when the minor reaches the age of majority, unless authorized in writing by all account owners.

**UNIFORM TRANSFERS/GIFTS TO MINORS ACCOUNT -** A Uniform Transfers/Gifts to Minors Account (UTMA/UGMA) is an individual account created by a custodian who deposits funds as an irrevocable gift to a minor. The minor to whom the gift is made is the beneficiary of the custodial property in the account. The custodian has possession and control of the account for the exclusive right and benefit of the minor and barring a court order otherwise, is the only party entitled to make deposits, withdrawals, or close the account. We have no duty to inquire about the use or purpose of any transaction. If the custodian dies, we may suspend the account, until we receive instructions from any person authorized by law to withdraw funds or a court order authorizing withdrawal.

**PERSONAL AGENCY ACCOUNTS -** A member, as principal, may open a personal agency account naming an additional person as agent. The agent, who shall not be a minor, may act on behalf of the principal in regard to the account. The agent shall have the authority to (1) make, sign or execute checks drawn on the account or otherwise make withdrawals from the account; (2) endorse checks made payable to the principal for deposit only to the account; and (3) deposit cash or negotiable instruments, including instruments endorsed by the principal, into the account. Each such personal agency account will be controlled by the provisions of N.C.G.S. A7 54-109.63. A personal agency account creates no ownership right or interest in the agent. Upon the election of the principal, the authority of the agent to act on behalf of the principal with respect to the account will continue, notwithstanding any subsequent incapacity or mental incompetence of the principal.

**DEPOSIT REQUIREMENTS -** Funds may be deposited to any account in any manner approved by the credit union in accordance with the requirements set forth in the Truth-in-Savings Disclosure. Deposits made by mail, at night depositories or at unstaffed facilities are not our responsibility until we receive them. We reserve the right to refuse or to return any deposit. Any error in the listing of an item or in the amount of any deposit is subject to correction by the credit union. All accounts are nonassignable and nonnegotiable to third parties. Each certificate account is governed by the terms of this agreement and the terms and disclosures in the Truth-in-Savings Disclosure, which is incorporated herein by this reference.

a. **Endorsements.** You authorize the credit union, in its discretion, to accept transfers, checks, drafts, or other items for deposit into any of your accounts, whether or not they are endorsed by all payees. You authorize the credit union to supply missing endorsements if the credit union chooses to supply such endorsements. If a check, draft or item that is payable to two or more persons is ambiguous as to whether it is payable to either or both, we may process the check, draft or item as though it is payable to either person. The credit union reserves the right to verify all endorsements on third party checks or drafts presented for deposit either in person or by comparison with member signature files. If an insurance, government, or other check or draft requires an endorsement as set forth on the back of the check or draft, the credit union may require endorsement as set forth on the check or draft. Endorsements must be placed in the space on the back of the check or draft between the top edge and 1½ inches from the top edge. The credit union may accept drafts or checks with endorsements outside this space. However, if any endorsements or other markings you or any prior endorser make on the check or draft cause any delay or error in processing the item for payment, you will be responsible for any loss incurred by the credit union due to the delay or error.

b. **Substitute Checks or Drafts.** You agree not to deposit any substitute check or draft or similar item that you have created, or for which no financial institution has provided any substitute check or draft warranties and indemnity. If you do so, you agree to indemnify us for all losses we incur in connection with the substitute check, draft or item. You agree not to deposit any substitute check or draft without our consent.

c. **Collection of Items.** We act only as your agent and we are not responsible for handling items for deposit or collection beyond the exercise of ordinary care. We are not liable for the negligence of any correspondent or for loss in transit, and each correspondent will only be liable for its own negligence. We may send any item for collection. Items drawn on an institution located outside the United States are handled on a collection basis only. You waive any notice of nonpayment, dishonor, or protest regarding items we purchase or receive for credit or collection to your account. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor bank extra time beyond any midnight deadline limits.

d. **Restrictive Legends.** Some checks and drafts contain restrictive legends or similar limitations on the front of the item. Examples of restrictive legends include "two signatures required", "void after 60 days" or "not valid over \$500." We are not liable for payment of any check or draft contrary to a restrictive legend or other limitation contained in or on the item unless we have specifically agreed in writing to the restrictions or limitations.

e. **Final Payment.** All items or Automated Clearing House ("ACH") transfers credited to your account are provisional and subject to our receipt of final payment. If final payment is not received, we reserve the right to charge your account for the amount of those items or ACH transfers and impose a return charge on your account. After we have received final payment, we refer to these deposits as collected items. If the credit union incurs any fee to collect any item, the credit union may charge such fee to your account. The credit union reserves the right to refuse or to return all or any item or funds transfer. The credit union shall have the right to charge back against your account all previously deposited items or other items endorsed by you that are returned to the credit union unpaid, regardless of whether the amount of the item has been available for your use.

f. **Direct Deposits.** The credit union may offer direct deposit options allowing you to preauthorize deposits (i.e., payroll checks, Social Security or retirement checks, or other government checks) or preauthorize transfers from other accounts at the credit union. You must authorize any direct deposits to your accounts by a separate authorization form. If applicable, you must notify the credit union at least thirty days prior to any direct deposit or preauthorized transfer if you wish to cancel or change the direct deposit or direct transfer option. If your account is overdrawn, you authorize us to deduct the amount your account is overdrawn from any deposit, including deposits of government payments or benefits. Upon a filing of a bankruptcy, if you fail to cancel any direct deposit authorization, you instruct your employer and the credit union to make and apply direct deposits in accordance with your authorization on file with the credit union. If the credit union is required to reimburse the U.S. Government for any benefit payment directly deposited into your account for any reason, you agree the credit union may deduct the amount returned from any of your accounts, unless prohibited by law.

g. **Crediting of Deposits.** Deposits made on Saturdays, Sundays, credit union holidays, and most federal holidays will be credited to your account on the next business day. Ask for our current deposit cutoff time. Deposits received at unstaffed facilities such as night depositories will be credited on the day funds are removed and processed by the credit union. Items drawn on an institution located outside the United States will be handled on a collection basis only. Deposits will be credited to your account when we receive final payment. You waive any notice of nonpayment, dishonor, or protest regarding any items purchased or received by the credit union for credit to your account or for collection.

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

**ACCOUNT ACCESS -**

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

b. **Access Options.** You may make withdrawals or transfers from your account in any manner which is permitted by the credit union (i.e., check, automated teller machines (ATMs), debit card, in person, by mail, automatic transfer, telephone or on-line access). If the credit union accepts any draft that is not drawn on a form provided by the credit union, you will be responsible for any loss incurred by the credit union for handling the draft. The credit union may return as unpaid any check that is not drawn on a form provided or authorized by the credit union. We have the right to review and approve any form of power of attorney and may restrict account withdrawals or transfers. We are under no obligation to honor any power of attorney.

**ACH & WIRE TRANSFER -** Except as amended by this Agreement, electronic funds transfers we permit that are subject to Article 4A of the Uniform Commercial Code will be subject to such provisions of the Uniform Commercial Code as enacted by the state where the main office of the credit union is located. We may execute certain requests for electronic funds transfers by Fedwire. Fedwire transactions are subject to Federal Reserve Board Regulation J. You may order electronic funds transfers to or from your account. We will debit your account for the amount of an electronic funds transfer and will charge your account for any fees related to the transfer. Unless we agree otherwise in writing, we reserve the right to refuse to execute any order to transfer funds to or from your account. We are not obligated to execute any order to transfer funds out of your account if the amount of the requested transfer plus applicable fees exceeds the available funds in your account. We are not liable for errors, delays, interruptions or transmission failures caused by third parties or circumstances beyond our control including mechanical, electronic or equipment failure. We will not provide you with next day notice of ACH, wire transfers and other electronic payments credited to your account. You will receive notice of such credits on your account statements. You may contact us to determine whether a payment has been received. If we fail to properly execute a payment order, and such action results in a delay in payment to you, we will pay you dividends or interest for the period of delay as required by applicable law. The dividends or interest paid to you will be based on the lowest nominal dividend or interest rate we were paying on any account during the period. Payment orders we accept will be executed within a reasonable time of receipt but may not necessarily be executed on the date they are received. Cut-off times may apply to the receipt, execution and processing of funds transfers, payment orders, cancellations, and amendments and if received after a cut-off time, may be treated as having been received on the next following funds transfer business day. Information about any cut-off times is available upon request. When you initiate a wire transfer, you may identify the recipient and any financial institution by name and by account or identifying number. The credit union and any other financial institutions facilitating the transfer may rely strictly on the account or identifying number even if the number identifies a different person or financial institution. Any account owner may amend or cancel a payment order even if that person did not initiate the order. We may refuse requests to amend or cancel a payment order that we believe will expose the credit union to liability or loss. Any request to amend or cancel a payment order that we accept will be processed within a reasonable time after it is received. You agree to hold us harmless from and indemnify us for all losses and expenses resulting from any actual or attempted amendment or cancellation of a payment order. We may require you to follow a security procedure to execute a payment order or certain electronic funds transfer transactions. We will notify you of any such security procedures and you agree that our security procedures are commercially reasonable.

**ACCOUNT RATES AND FEES -** The credit union's payment of dividends on any account is subject to the account rates and fees, earnings, payment and balance requirements as set forth in the Truth-in-Savings Disclosure or Schedule of Fees and Charges, which are incorporated herein by this reference. You agree the credit union may impose fees and charges for the deposit account services provided by the credit union. A current Truth-in-Savings Disclosure or Schedule of Fees and Charges has been provided to you separately. You agree the credit union may change the Truth-in-Savings Disclosure from time to time and you may be notified of such changes only as required by law.

**TRANSACTION LIMITATIONS -**

a. **Withdrawal Restrictions.** We will pay checks or drafts, permit withdrawals and make transfers from available funds in your account. The availability of funds in your account may be delayed as described in our Funds Availability Policy Disclosure. We may also pay checks or drafts, permit withdrawals and make transfers from your account from insufficient available funds if you have established an overdraft protection plan or, if you do not have such a plan with us, according to our overdraft policy.

The credit union may also refuse to allow a withdrawal in other cases: for example, any dispute between the owners about the account (unless a court has ordered the credit union to allow the withdrawal); a legal garnishment or attachment is served; the

account secures an obligation to the credit union; any required documentation has not been presented; or you fail to repay a credit union loan on time. You will be advised of the reasons for refusal if such action is taken. The credit union reserves the right to require members to give notice in writing of any intended withdrawals from any account (except checking accounts) of not less than seven (7) days and up to sixty days, as required by law, before such withdrawal.

**b. Transfer Limitations.** For share and money market accounts, you may make up to six (6) preauthorized, automatic, telephonic or audio response service transfers to another account of yours during any statement period. No more than three (3) of the six (6) transfers may be made by check, draft, check card, or similar order to a third party. Transactions exceeding these limits will be honored but will be subject to a service charge as set forth in the Truth-in-Savings Disclosure. Continual excessive use of third party transfers will result in conversion of the account into a transaction account. There is no limit on the number of transactions you can make in the following manner (i) transfers to any loan account with the credit union; (ii) transfers to another credit union account or withdrawals (checks or drafts mailed directly to you) when such transfer or withdrawal is initiated in person, by mail or at an ATM. If a transfer request would exceed the transfer limitations set forth above in any statement period, the credit union may refuse or reverse the transfer, and your account will be subject to suspension or closure by the credit union, and the credit union may impose a charge. The fee for excessive in-person withdrawals, if any, is set forth in the Truth-in-Savings Disclosure.

**OVERDRAFTS -**

**a. Overdraft Liability.** If on any day, the available funds in your checking account are not sufficient to cover checks and other items posted to your account, those checks, drafts and items will be handled in accordance with our overdraft procedures or under any applicable overdraft protection plan you have with us. The credit union's determination of an insufficient account balance may be made at any time between presentation and the credit union's midnight deadline with only one review of the account required. The credit union has no duty to notify you of an insufficient funds check, draft, or ACH item. Your account will then be subject to a charge for the item whether paid or returned as set forth in the Truth-in-Savings Disclosure. Except as otherwise agreed in writing, the credit union, by covering one or any overdraft, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time. If the credit union pays a check or draft that would otherwise overdraw your account, you agree to pay the overdraft amount immediately. If your account is overdrawn, you agree to repay the overdrawn amount immediately, plus reasonable attorney's fees if suit is initiated against you for collection. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payer financial institution extra time beyond any midnight deadline limits.

NSF activity constitutes grounds for closing an account. The credit union will review your account and notify you if your account has been closed. We report accounts closed due to NSF activity, or if a loss is suffered by the credit union because of account misuse, to ChexSystems. This reporting may jeopardize an individual's ability to establish accounts with other financial institutions.

Additionally, if you cause the credit union to incur any loss as a result of any action or interaction on your part (including but not limited to insufficient funds activity or improper handling of your ATM account), credit union services and privileges may be suspended or denied to you.

**b. Order of Payments.** Checks, drafts, items and other transactions may not be processed in the order that you make them or in the order that we receive them. We may, at our discretion, pay a check, draft or item and execute other transactions on your account in any order we choose. The order in which we process checks, drafts and items and execute other transactions on your account may affect the total amount of overdraft fees that may be charged to your account. Please contact us if you have questions about how we pay checks and drafts and process transfers and withdrawals.

**c. Overdraft Protection Plan.** If we approve your request for overdraft protection for you, we will honor checks, drafts or ACH items drawn on insufficient funds in your account by transferring the necessary funds in one of four methods authorized by you: (1) transferring funds from a designated line-of-credit account; (2) transferring funds from another designated share account under this agreement (subject to transfer limitations); (3) transferring funds from a designated line-of-credit account first and then if funds are not available in the designated line-of-credit account transferring funds from another designated share account under this agreement (subject to transfer limitations); or (4) transferring funds from another designated share account under this agreement (subject to transfer limitations), and then if funds are not available or transfer limitations would be exceeded, transferring funds from a designated line-of-credit account. The fee for overdraft transfers, if any, is set forth in the Truth-in-Savings Disclosure. Transfers from an account will be governed by this agreement. Transfers from a loan account will be governed by the applicable loan agreement.

**POSTDATED AND STALEDATED ITEMS -** You agree not to issue any check or draft that is postdated. If you do issue a check or draft that is payable on a future date and we pay it before that date, you agree that we shall have no liability to you for such payment. You agree not to deposit checks, drafts, or other items before they are properly payable. We are not obligated to pay any check or draft drawn on your account that is presented more than six (6) months past its date.

**STOP PAYMENT ORDERS -**

**a. Stop Payment Request.** You may ask the credit union to stop payment on any check or draft drawn upon your checking account. You may request a stop payment by telephone, by mail, or in person. The stop payment will be effective if the credit union receives the order in time for the credit union to act upon the order and you state the number of the account, date and number of the check or draft and its exact amount. If you give the credit union incorrect or incomplete information, the credit union will not be responsible for failing to stop payment on the item. If the stop payment order is not received in time for the credit union to act upon the order, the credit union will not be liable to you or to any other party for payment of the item. If we recredit your account after paying a check or draft over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer all of your rights against the payee or other holders of the check or draft to the credit union, and to assist the credit union in legal action taken against the payee.

**b. Duration of Order.** You may make an oral stop payment order which will lapse within fourteen calendar days unless continued in writing within that time. A written stop payment order will be effective for six (6) months. A written stop payment order may be renewed in writing from time to time. The credit union is not obligated to notify you when a stop payment order expires.

**c. Liability.** The credit union may charge a fee for each stop payment order requested, as set forth in the Truth-in-Savings Disclosure or Schedule of Fees and Charges. You may not stop payment on any certified check or draft, cashier's check or teller's check, or any other check, draft, or payment guaranteed by the credit union. You should be aware that while payment of the item may be stopped, you may remain liable to any person, including the credit union, who is a holder of the item despite the stop

payment order. You agree to indemnify and hold the credit union harmless from all costs, including attorney fees, damages or claims related to the credit union's action in refusing payment of an item, including claims of any multiple party account owner, payee, or endorsee in failing to stop payment of an item as a result of incorrect information provided by you.

**LOST ITEMS** - The credit union, in receiving items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse any credit for any deposited item or to charge your account for any item lost in the collection process.

**REMOTELY CREATED CHECKS** - For purposes of this paragraph, "account" means a transaction account, credit account, and any other account on which checks (share drafts) may be drawn. A remotely created check is a check created by someone other than the person on whose account the check is drawn. A remotely created check is generally created by a third party payee as authorized by the owner of the account on which the check is drawn. Authorization is made over the telephone or through online communication. The owner of the account does not sign a remotely created check. In place of the owner's signature, the remotely created check usually bears a statement that the owner authorized the check or bears the owner's printed or typed name. If you authorize a third party to draw a remotely created check against your account, you may not later revoke your authorization. It is your responsibility to resolve any authorization issues directly with the third party. We are not required to credit your account, and may charge against your account any remotely created check for which the third party has proof of your authorization.

**CREDIT UNION'S LIABILITY FOR ERRORS** - If the credit union does not properly complete a transaction according to this agreement, its liability shall in no event exceed the amount of the transaction, except as otherwise provided by law. The credit union will not be liable if: (a) through no fault of the credit union, your account does not contain enough money to make the transaction; (b) circumstances beyond the credit union's control prevent the transaction; (c) your loss is caused by your negligence or the negligence of another financial institution; or (d) the money in your account is subject to legal process or other claim. The credit union will not be liable for consequential damages except liability for wrongful dishonor. The credit union's actions or inactions will constitute the exercise of ordinary care if such actions or inactions are consistent with applicable state law, Federal Reserve regulations and operating letters, clearing house rules, and general banking practices followed in your community. You grant the credit union the right, in making payments of deposited funds, to rely exclusively on the ownership of the account and the terms of this Account Agreement. Any conflict between oral representations by you or credit union employees and any written form will be resolved by reference to this agreement and any applicable written form.

**CHECKS PRESENTED FOR PAYMENT IN PERSON** - We may refuse to accept any check or draft drawn on your account that is presented for payment in person. Such refusal shall not constitute a wrongful dishonor of the check or draft and we shall have no liability for refusing payment.

**PLEDGE/STATUTORY LIEN** - Unless prohibited by law, you pledge and grant as security for all obligations you may have now or in the future, except obligations secured by your principal residence, all shares and dividends and all deposits and interest, if any, in all accounts you have with us now and in the future. If you pledge a specific dollar amount in your account for a loan, we will freeze the funds in your account(s) to the extent of the outstanding balance of the loan or, if greater, the amount of the pledge if the loan is a revolving loan. Otherwise, funds in your pledged account(s) may be withdrawn unless you are in default. Federal law gives us a lien on all shares and dividends and all deposits and interest, if any, in accounts you have with us now and in the future. Except as limited by state or federal law, the statutory lien gives us the right to apply the balance of all your accounts to any obligation on which you are in default. After you are in default, we may exercise our statutory lien rights without further notice to you.

Your pledge and our statutory lien rights will allow us to apply the funds in your account to what you owe when you are in default, except as limited by state or federal law. If we do not apply the funds in your account(s) to satisfy your obligation, we may place an administrative freeze on your account(s) in order to protect our statutory lien rights and may apply the funds in your account(s) to the amount you owe us at a later time. The statutory lien and your pledge does not apply to any Individual Retirement Account or any other account that would lose special tax treatment under state or federal law if given as security. By not enforcing our right to apply funds in your account to your obligations that are in default, we do not waive our right to enforce these rights at a later time.

**LEGAL PROCESS** - If any legal action, such as a levy, garnishment, or attachment, is brought against your account, the credit union may refuse to release funds to you from your account without court consent. If the credit union incurs any expenses or attorney fees in responding to legal process, such expenses may be charged against your account without prior notice to you, unless prohibited by law. Any legal process against your account is subject to the credit union's lien and security interest.

**ACCOUNT INFORMATION** - Upon your request, the credit union will inform you of the name and address of each credit reporting agency from which the credit union obtains a credit report in connection with your account. The credit union agrees not to disclose information to third parties about your account regarding any transaction or balances except when: (1) it is necessary to complete the transaction; (2) the third party seeks to verify the existence or condition of your account in accordance with the Fair Credit Reporting Act or other applicable laws and regulations; (3) such disclosure is authorized by law, government agency, or court order; or (4) you give us your written permission.

**NOTICES** -

a. **Name or Address Changes.** It is your responsibility to notify the credit union upon a change of address or change of name. The credit union is only required to attempt to communicate with you only at the most recent address you have provided to the credit union. The credit union will accept notices of a change in address and any other notice from you to the credit union only if provided in writing to the credit union. If the credit union attempts to locate you, the credit union may impose a service fee as set forth in the Truth-in-Savings Disclosure or Schedule of Fees and Charges.

b. **Notice of Amendments.** Except as otherwise prohibited by applicable law, the terms of this agreement are subject to change at any time. The credit union will notify you of any changes in account terms, rates, or fees as required by law. Changes in account ownership such as adding or removing a joint account owner, must be evidenced by a signed Membership Application and/or Account Card which, upon execution, will be incorporated herein by this reference. The credit union reserves the right to waive any term in this agreement. Any such waiver shall not affect the credit union's right to enforce any right or privilege in the future.

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

**TAXPAYER IDENTIFICATION NUMBERS (TIN) AND BACKUP WITHHOLDING** - If your account is or becomes subject to backup withholding, the credit union is required by law to withhold and pay to the Internal Revenue Service (IRS) a required percentage of payments of interest, dividends and certain other payments under certain conditions. Your failure to furnish a correct taxpayer identification number (TIN) or meet other applicable requirements may result in backup withholding as well as civil or criminal penalties. If you refuse to provide your TIN, the credit union may suspend the opening of your account.

**STATEMENTS -**

a. **Contents.** If the credit union provides a statement for your account, you will receive a periodic statement or notice of the availability of your statement, of all transactions and activity on your account during the statement period. If a periodic statement is provided you agree that only one statement is necessary for a multiple party account. If provided electronically, you will be sent a notice via e-mail that will direct you to a site we maintain or cause to be maintained where you may access, review, print and otherwise copy/download your periodic statements using procedures that we authorize. E-mails from us will be sent to the e-mail address provided by any owner with access to WebBanking.

For checking accounts, you understand that when paid, your original check or draft (or any substitute check or draft) becomes property of the credit union and may not be returned to you, but copies will be retained by credit union and made available upon your request. You understand and agree that statements are made available to you on the date they are sent to you. You also understand and agree that checks or drafts or copies thereof are made available to you on the date the statement is sent to you, even if the checks or drafts do not accompany the statement.

b. **Examination.** You are responsible for examining each account statement and reporting any irregularities to the credit union. The credit union will not be responsible for any forged, altered, or unauthorized item drawn on your account if (1) you fail to notify the credit union within thirty (30) days of the mailing date of the earliest statement reflecting such item containing any forgery, alteration, or unauthorized signature; or (2) any item is forged or altered in a manner not detectable by a reasonable person, including the unauthorized use of a facsimile signature machine.

c. **Notice to Credit Union.** You agree that the credit union's retention of checks or drafts does not alter or waive your responsibility to examine your statements and check or draft copies or the time limit for notifying the credit union of any errors. The statement will be considered correct for all purposes and the credit union will not be liable for any payment made or charge to your account unless you notify the credit union in writing within the above time limit after the statement and checks or drafts are made available to you. If you fail to receive a periodic statement, you agree to notify us within fourteen (14) days of the time you regularly receive a statement.

**INACTIVE AND ABANDONED ACCOUNTS** - If your account falls below the minimum applicable balance and you have not made a withdrawal from, deposit to, or transfer involving your account for more than one (1) year and the credit union has been unable to contact you by regular mail during that period, the credit union may classify your account as an inactive account and may charge an inactive account service fee as allowed by applicable law and set forth in the Truth-in-Savings Disclosure or Schedule of Fees and Charges. Thereafter, dividends will be paid on the account unless the balance falls below any minimum balance requirement. The credit union will notify you at your last known address prior to imposing any fee as required by law. Checking accounts will continue to incur the monthly maintenance fee until closed by the member. You authorize us to transfer funds from an available account of yours to cover the monthly maintenance fee, if necessary. If a deposit or withdrawal has not been made on the account and the credit union has had no other contact with you for five (5) years as required by the Uniform Unclaimed Property Act, the account will be presumed to be abandoned. Funds in abandoned accounts will be remitted in accordance with state law. Once funds have been turned over to the state, the credit union has no further liability to you for such funds and if you choose to reclaim such funds, you must apply to the appropriate state agency.

**DEATH OF ACCOUNT OWNER** - Upon the death of an account owner, the credit union may require the survivor or other claimant to the account to produce certain documents before releasing the funds in the account. The credit union may continue to honor all transfers, withdrawals, deposits and other transactions on the account until the credit union learns of an account owner's death. Once the credit union learns of an account owner's death, the credit union may pay checks or drafts or honor other payments or transfer orders authorized by the deceased owner for a period of ten (10) business days unless the credit union receives instructions from any person claiming an interest in the account to stop payment of such checks or other items. You agree that the credit union can require that anyone who claims funds in your account after your death to indemnify the credit union for any losses resulting from honoring that claim.

**TERMINATION OF ACCOUNT** - The credit union may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the funds in the account; (4) any account checks or drafts are lost or stolen; (5) if there are excessive returned unpaid items not covered by an overdraft protection plan; or (6) if there has been any misrepresentation or any other abuse of any of your accounts; or (7) we reasonably deem it necessary to prevent a loss to us. Any one account owner may terminate an account at any time by notifying the credit union in writing. After reasonable notice of termination, the credit union is not responsible for payment of any check, draft, withdrawal, or other item once your account is terminated; however, if the credit union pays a check or draft after termination, you agree to reimburse the credit union for any such payment.

**TERMINATION OF MEMBERSHIP** - You may terminate your membership at the credit union after giving written notice of your intent to withdraw from membership. You may be denied services for causing a loss to the credit union or you may be expelled for any reason as allowed by applicable law.

**SPECIAL ACCOUNT INSTRUCTIONS** - You may request the credit union to facilitate certain trust, will, or court-ordered account arrangements. However, because the credit union does not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust, will, or court order. If you ask the credit union to follow instructions that the credit union believes might expose it to claims, suits, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the credit union may refuse to follow your instructions or may require you to post a bond or indemnify the credit union. Any item presented with a full payment legend must be presented in person to a credit union officer; otherwise, payment is accepted with full reservation of rights. Account changes requested by you, or any account owner, such as adding or closing an account or service, must be evidenced by a signed Membership Application and/or Account Card and accepted by the credit union. The credit union will not recognize the authority of someone to whom you have given power of attorney unless the form and a copy of the Power of Attorney are accepted and on record at the credit union.

**SEVERABILITY** - In the event that any paragraph of this agreement or any portion thereof is held by a court to be invalid or unenforceable for any reason, the other paragraphs and portions of this agreement shall not be invalid or unenforceable and will continue in full force and effect.

**ENFORCEMENT** - Where there is no fault on the part of the credit union, you agree to be liable to the credit union for any liability, loss, or expense as provided in this agreement that the credit union incurs as a result of any dispute involving your accounts or services. You authorize the credit union to deduct any such liability, loss, or expense from your account without prior notice to you. In the event either party brings a legal action to enforce the agreement or collect any overdrawn funds on accounts accessed under this agreement, the prevailing party shall be entitled, subject to applicable law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable.

**GOVERNING LAW** - This agreement is governed by the bylaws of the credit union, federal laws and regulations, the laws including applicable principles of contract law, and regulations of the State of North Carolina and local clearinghouse rules, as amended from time to time. Any disputes regarding this agreement shall be subject to the jurisdiction of the court of the county in which the credit union is located.

**NEGATIVE INFORMATION NOTICE** - We may report information about your loan, share or deposit accounts to credit bureaus. Late payments, missed payments, or other defaults on your accounts may be reflected in your credit report.