

Membership & Account Agreement



Horizons North Credit Union Membership & Account Agreement

Membership and Account Agreement outlines the privileges and liabilities of both Horizons North Credit Union (HNCU) and our members regarding the accounts and services we offer. In this Agreement the words, “we”, “us” and “our” refer to HNCU. The words “you” and “yours” mean any member of HNCU.

Your account plan(s) and the characteristics of your ownership rights are specified on your Account Card. Your signature(s) on the Account Card guarantees your agreement, each jointly and severally, to the terms and conditions stated in this Membership and Account Agreement, the Account Card, the Truth-in-Savings Disclosure, the Fee Schedule, the Rate Schedule, any Account Receipt included with this Agreement, the HNCU Bylaws, Policies and Procedures and any changes made periodically to these terms and conditions, which collectively dictate your Membership and Accounts.

1. MEMBERSHIP ELIGIBILITY

To join the Credit Union, you must meet the membership requirements including purchase and maintenance of at least one share (the “membership share”) as set forth in the Credit Union’s Bylaws. To verify your eligibility for

any account(s), service(s), or loan products, now and in the future, you authorize us to make inquiry to determine your employment history and to obtain information concerning any accounts with other institutions and your credit history, including consumer credit reports. You agree that this authority applies to any account, account-related service, loans or other financial products you request or which we may offer or make available to you. Credit report information pulled in connection with any authorized request for any service or accounts with the Credit Union may be used to assess and/or offer other Credit Union services and/or products. In the event that the credit union at any time determines that you are not legally eligible for membership, or you fail to provide such information upon request as is necessary for the credit union to ascertain your eligibility for membership, the credit union reserves the right to close your credit union account(s) upon notice to you.

2. TAXPAYER IDENTIFICATION NUMBERS AND BACKUP WITHHOLDING

If you cannot furnish your taxpayer identification number (TIN) to us, we will not permit you to open an account until you can provide us with it. Incorrect TINs may cause backup withholding. Backup withholding on your account requires us to deduct a percentage of your dividends, interest and certain other payments and remit such amount to the Internal Revenue Service (IRS).

3. SINGLE PARTY ACCOUNTS.

An account with only one owner is defined as a Single Party Account. An owner may include an Individual, Corporation, Partnership, Trust or other organization that is eligible for membership. If the account owner dies, the ownership of the account passes to the decedent's estate, Payable on Death (POD) beneficiary/payee or trust beneficiary, subject to other terms of this Membership and Account Agreement, and applicable law relating to the processing of payments, transfers and withdrawal requests of an owner, or owner's agent, before we are notified of an owner's death.

4. MULTIPLE PARTY ACCOUNTS.

Two or more people or entities jointly owning an account is considered a multiple party account.

A. Control of Multiple Party Accounts.

Any single account owner acting alone is authorized and deemed to act for all other account owner(s) and any individual owner may instruct us regarding transactions and other account matters pertaining to any subaccount connected to the account, including loans connected to the account. Each owner guarantees the signature(s) of all other owner(s). Except as otherwise set forth herein, any single account owner may individually withdraw any or all funds, stop payment on items, request and utilize debit and ATM transaction card(s), order checks, contract for overdraft protection, sign-up for and engage in on-line or signatureless transactions, transfer or pledge to us all or any part of the savings on deposit, or engage in any other activity concerning the account without the consent of the other joint account owner(s). In each such case, the act of any single account owner is binding upon all of the other joint account owners. We have no duty to notify any other owner(s) about any transactions. We reserve the right to require written consent of any or all of the account owners, for any transaction(s) which we deem unusual, or for any change to, termination or closure of a joint account. If we receive written notice of a dispute between owners or inconsistent instructions from them, we may suspend all account activity or terminate the account and require a court order or written consent from all owners to act.

B. Multiple Party Account Liability. Each individual account owner individually guarantees absolutely and unconditionally the prompt payment when due and performance when required of all obligations of the other joint account owner(s) under this Membership and Account Agreement. If a deposited item in a joint account is returned unpaid, an account is overdrawn, if we do not receive final payment on a transaction, or if any loss is at any time sustained as a result of any of your account transactions, the owners, jointly and severally, are liable to us for the amount of the returned item, overdraft, loss, or unpaid amount and any account charges or fees, regardless of which owner initiated or benefited from the transaction. If any account owner is indebted to us, we may enforce our rights against any account of any joint owner or all funds in the joint account regardless of who contributed them. We may issue ATM or Debit/Check Cards or devices to any account owner who requests them. All account owners are jointly and

severally liable for all account activity related to such transaction devices regardless of which owner(s) holds the card(s) and regardless of which owner initiated or benefited from the card transaction(s).

C. Right of Survivorship. Any single account owner acting alone is authorized and deemed to act for all other account owner(s) and any individual owner may instruct us regarding transactions and other account matters pertaining to any subaccount connected to the account, including loans connected to the account. Each owner guarantees the signature(s) of all other owner(s). Except as otherwise set forth herein, any single account owner may individually withdraw any or all funds, stop payment on items, request and utilize debit and ATM transaction card(s), order checks, contract for overdraft protection, sign-up for and engage in on-line or signatureless transactions, transfer or pledge to us all or any part of the savings on deposit, or engage in any other activity concerning the account without the consent of the other joint account owner(s). In each such case, the act of any single account owner is binding upon all of the other joint account owners. We have no duty to notify any other owner(s) about any transactions. We reserve the right to require written consent of any or all of the account owners, for any transaction(s) which we deem unusual, or for any change to, termination or closure of a joint account. If we receive written notice of a dispute between owners or inconsistent instructions from them, we may suspend all account activity or terminate the account and require a court order or written consent from all owners to act.

D. Change of Ownership. If you wish to add a joint owner to your account, you must amend the Membership and Services Application to reflect the new owner. We also reserve the right to require any joint owner you wish to remove from the account ownership to sign appropriate relinquishment form(s).

5. ACCOUNTS FOR MINORS.

Any account opened with a minor designated as the primary owner, e.g. Polar Bear Kids' Club or Teen Vision Club, must have a co-owner who is of legal age as recognized by Colorado law. The joint owner shall be jointly and severally liable to us for any returned item, overdraft or unpaid transaction on the minor's account. Transactions may be handled

and dividends paid without approval from the co-owner of legal age. A parent or guardian is not permitted to access the minor's account unless he or she is the joint owner on the account. We are not obligated to question the use or purpose of any transaction. Accounts registered to minors, ages 0 through 12, shall be classified as Polar Bear Kid's Club Accounts. In the calendar month following the month any such minor reaches the age of 13, his or her account will advance to the Teen Vision Club Account. Accounts registered to minors, ages 13 through 18, shall be classified as Teen Vision Club Accounts. In the calendar month following the month any such minor reaches the age of 19, his or her account will be updated to a regular share account. Dividends and fees will be applied as stated in the Rate Schedule and Fee Schedule.

6. UNIFORM TRANSFERS/GIFTS TO MINORS ACCOUNT.

A Uniform Transfers/Gift to Minors Account (UTMA/UGMA) is set up by a member, who shall be recognized as the custodian of the account, who deposits funds into the account as a gift to a minor. The minor is the recipient of the custodial funds in the account. The custodian holds proprietary rights and control of the account for the sole privilege and advantage of the minor. The custodian is the only party authorized to contribute or withdraw funds or close the account, unless otherwise ordered by the court. We are not required to question the use or purpose of any transaction. We may delay any withdrawals from the account if the custodian dies until we have been instructed by any person permitted by law to withdraw funds, or a court orders us to make a withdrawal.

7. FIDUCIARY ACCOUNTS.

A. Payable on Death Designations. A Payable on Death (POD) is established in order to designate any surviving POD or Trust beneficiary/payee of a single or multiple party account, excluding IRA accounts. If more than one POD or Trust beneficiary/payee is named the ownership of account benefits passes jointly to all such beneficiaries/payees, without rights of survivorship. Designation of a beneficiary/payee for Individual Retirement Accounts (IRAs) is separate from and does not apply to POD or Trust Account designations. We are not required to inform the beneficiary/payee of the establishment of any such

account or his or her vesting interest in any account, unless required by law.

A. Trust Accounts. The following rules govern trust accounts:

(I). A lawfully created trust may establish an account at the Credit Union under certain criteria. A lawfully created trust is a trust which has been lawfully created in the United States pursuant to a written trust agreement executed by the Grantor/Settlor in which persons or entities have been designated to serve as Trustee(s) and administer the Trust by exercising the powers and authority described in the trust agreement. If the trust is designated as revocable, all of the Settlor(s)/ Grantor(s) of the trust must be current members of the Credit Union. If the trust is revocable and some of the Settlor(s)/ Grantor(s) are not members of the Credit Union, the trust cannot be established at the Credit Union. If the trust is designated as irrevocable, either all of the Settlor(s)/ Grantor(s) of the trust or all of the trust beneficiaries must be current members of the Credit Union. If the trust is irrevocable and either all of the Settlor(s)/Grantor(s) or all of the beneficiaries are not members of the Credit Union, the trust cannot be established at the Credit Union.

(II). The Credit Union does not have a trust department. Therefore, the Credit Union cannot act as a Trustee of any shares held in a trust account. The Credit Union reserves the right to close any trust account at any time by remitting the funds on deposit to the last known trustees.

(III). Any individual trustee may act for the trust and may instruct us regarding transactions and any other account matters. Each trustee guarantees the signature(s) of all other trustee(s). Any single trustee may individually withdraw any or all funds, stop payment on items, order checks, or engage in any other activity concerning the account without the consent of the other trustee(s). In each such case, the act of any single trustee is binding upon the trust and all of the other trustee(s). We have no duty to notify any other trustee(s) about any transactions. Cross-member account transfers may be made in person on trust accounts.

C. Estate Accounts. A lawfully created estate may establish an account at the Credit Union under certain criteria. A lawfully created estate

is an estate created by a court of competent jurisdiction for the benefit of a deceased member or a member under the protection of the court. Only the persons or entities who have been designated to serve as personal representative(s)/ conservator(s) may transact business on the account. Any individual personal representative/ conservator may act for the estate and may instruct us regarding transactions and any other account matters. If more than one personal representative/ conservator is required to authorize a transaction, the estate cannot maintain an account at the Credit Union. Each personal representative/conservator guarantees the signature(s) of all other personal representative(s)/ conservator(s). Any single personal representative/ conservator may individually withdraw any or all funds, stop payment on items, order checks, or engage in any other activity concerning the account without the consent of the other personal representative(s)/ conservator(s). In each such case, the act of any single personal representative/ conservator is binding upon the estate and all of the other personal representative(s)/ conservator(s). We have no duty to notify any other personal representative(s)/ conservator(s) about any transactions. Cross-member account transfers may be made in person on estate accounts.

8. DEPUTY DESIGNATION.

Deputy account designations are offered on certain types of credit union accounts. A deputy designation is an instruction to us that the owner authorizes another person to make transactions as deputy for the account owner regarding the accounts designated. A deputy has no ownership interest in the account(s) or Credit Union voting rights. We have no duty to inquire about the use or purpose of any transaction made by the deputy, unless required by law. The member must cancel the deputy designation by signing the appropriate form(s). The deputy designation is automatically revoked upon the death of any of the owners of the account.

9. REPRESENTATIVE PAYEE.

A representative payee is an individual designated by the Social Security Administration, the Veterans Administration or another governmental entity to receive funds or benefit, and transact business on behalf of a disabled or otherwise incapacitated member. A representative payee has no

ownership interest in the account(s) or Credit Union voting rights. We may unconditionally rely upon the instructions given to us by the representative payee concerning the account and the owner and the representative payee are jointly and severally liable for all transactions on the account. By opening or utilizing a representative payee account, both the owner and the representative payee expressly warrant that the account has been lawfully established and consented to by the governmental entity paying the funds or benefits. Additionally, both the owner and the representative payee agree to unconditionally indemnify and hold the credit union harmless against any loss, cost or damage stemming from the account and any transactions involving the account. We have no duty to inquire about the use or purpose of any transaction made by the representative payee or involving the account.

10. REQUIREMENTS FOR DEPOSITING FUNDS.

You may deposit funds into any account using Any approved method consistent with the conditions set forth by HNCU in the Truth-in-Savings Disclosure.

A. Endorsements. Transfers, checks, drafts and other items may be received for deposit into any of your accounts if they are payable to, or to the order of, one or more account owner(s), even if all payees fail to endorse them. If we choose, we may furnish missing endorsements of any owner. If a check, draft or item that is payable to two or more owners is unclear as to whether it is made out to either or both, we may process that check, draft or item as though it is payable to either person. If an insurance check, a government check or other check or draft specifies endorsement requirements on the back of the check or draft, we may require exact endorsement as stated on the item. We require that endorsements be made on the back of the share draft or check within 1½ inch from the upper edge, but we may choose to receive items that have been endorsed outside of that space. However, you are liable for any loss we incur from any delay or processing error due to an incorrect endorsement or other marks made by you or any previous endorser.

B. Collection of Items. So long as we exercised reasonable care, we are not accountable for handling items for deposit or collection, as

we serve only as your agent. We do not claim responsibility for a deposit made by mail or at an Automated Teller Machine (ATM) until the item is in our possession. We are not accountable for any mishandling of an item by another party or its loss in transit. Each separate party will only be accountable for its own negligence. We reserve the right to send any item for collection. Items drawn on an institution not located in the United States are exclusively processed on a collection basis. You forgo the right to any notice of nonpayment, presentment, protest or dishonor regarding the items we buy or acquire for credit or collection to your account.

c. Final Payment. Until we collect final payment, all items or Automated Clearing House (ACH) transfers posted to your account are provisional. We may charge your account the total amount of such items or ACH transfers and assess a return item fee to your account, as Stated in the Fee Schedule, if final payment is not received. Any collection charges we incur may be charged to your account. We reserve the right to reject or return any item or funds transfer.

D. Direct Deposits. We may accept direct deposits (e.g., payroll checks, Social Security or retirement checks or other government checks) or pre-approved transfers from other accounts. You must approve each direct deposit or automatic transfer beforehand by completing a form provided by us or the organization from which you receive the payment. A separate form must be completed for each direct deposit or automatic transfer. To cancel or modify a direct deposit or automatic transfer, you must notify the organization from which the payment is originated. If you file for bankruptcy, all direct deposits that you have authorized will remain unchanged unless you cancel them. If it becomes mandatory that we reimburse the U.S. Government for any payment made directly to your account, we may take the amount to be remunerated from any of your accounts, unless restricted by law.

E. Crediting of Deposits. Refer to our Funds Availability Policy listed in the HNCU Truth-in-Savings Disclosure for information regarding the crediting of deposits.

F. Large Currency Transactions. The Bank Secrecy Act (a Federal Law) requires the filing out and filing of a Currency Transaction Report

(CTR) for any large currency transaction. Specific information is required to fill out the CTR. The member must provide proper identification and the appropriate information or the transaction will not be completed.

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

H. Restrictive Legends. Some checks and drafts contain restrictive legends or similar limitations on the front or back of the item. Examples of restrictive legends include: “two signatures required”, “void after 90 days” and “not valid over \$100”. We are not liable for payment of any check or draft contrary to the terms of a restrictive legend or other limitation contained in or on the item unless we have specifically agreed in writing to the restrictions or limitations.

11. ACCOUNT ACCESS

A. Authorized Signature. Your original signature on the Membership and Services Application authorizes your account access. We will not be liable for refusing to honor any item or instruction if we do not have an original signature and/or we believe that the signature is not genuine. In the event that we elect to honor an item on one or more occasions without an original signature, that shall not obligate us to accept such items at other times. We may honor any check that appears to bear your facsimile signature even if it was made by an unauthorized person. We may also honor any checks without your original signature if you have previously issued similar instruments and/or we reasonably believe that the instrument was made by you. 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. If you elect to utilize a Bill Payer service, you expressly adopt the words “Signature on File” as your signature on any check issued on your behalf and drawn on your account. By using such service you expressly authorize us to honor all checks for payment of money drawn on your account bearing the

words “Signature on File.” If you sign up for our online banking service, you understand and agree that all persons listed as joint owners on your share account shall have unlimited access to all sub-accounts established under your membership number; including but not limited to any existing checking account, Visa Credit Card Account, Home Equity Line of Credit, etc. By signing up for online banking and/or utilizing the online banking service, you authorize all joint account owners, whether now existing or added in the future, to have unlimited access to all of your accounts, including the right to make advances under any available credit line.

B. Access Methods. You may withdraw or transfer funds from your account(s) by any method we offer, e.g., at an ATM, in person, by mail, with 12/24 Audio Response or on Horizons Online, as applicable. We may refuse to honor any draft drawn on a form we do not supply, and you are liable for any loss we incur handling such an item. We have the right to examine and authorize any form of power of attorney, and we may limit account withdrawals or transfers. We are not required to recognize any power of attorney. If any of your accounts become delinquent or overdrawn, your use of 12/24 Audio Response and Horizons Online will be restricted until such accounts are brought current.

C. ACH and Wire Transfers. If we provide the service, electronic funds transfers that we permit are subject to the Uniform Commercial Code of the state of Colorado. 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 statement. You may contact us to determine whether a payment has been received. We may provisionally credit your account, at our option, for an ACH transfer before we receive final settlement. We may reverse the provisional credit or you will refund us the amount if we do not receive final settlement. If we are required by law to pay you interest, we will pay you interest based on the lowest nominal dividend or interest rate we paid on any accounts during the period for which we owe you interest. Payment orders we accept will be executed within a reasonable time of receipt. A payment order may not necessarily be executed on the date it is 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.

D. HNCU Inspection. We may disregard information or conditions on any draft or check, except for the signature of the drawer, the amount of the item and any magnetic encoding. You acknowledge we do not fail to exercise reasonable care when honoring an item because our procedures do not include sight inspection of items.

E. Electronic Check Transactions.

(I). Electronic Checks. If you authorize a merchant to electronically debit your checking account using the routing, account and serial number of your check to initiate the transfer, whether the check is blank, partially or fully completed and signed, such authorization is an electronic check conversion. An electronic check conversion is an Electronic Funds Transfer ("EFT") subject to the terms of the Electronic Funds Transfer Agreement/Disclosures. You authorize us to honor any electronic check conversion from your checking account just the same as a regular written check.

(II). Electronic Check Authorization. When you or any person with authority authorize any Electronic Check you agree: (1) that we may pay the item as submitted to us; (2) that you shall be solely responsible for all information transmitted regarding such item(s) including but not limited to the payee(s) the amount(s) of the item(s) , and endorsements or the lack thereof; and (3) you agree to indemnify us for all losses we incur in connection with any Electronic Check you authorize.

(III). Electronic Re-presented Checks. If you write a check on a personal account that we return unpaid because of insufficient or uncollected funds, payee or any subsequent holder of the check may re-present the check to us, through an electronic instruction ("Electronic Re-Presented Check") to charge your account for the amount of the check. If we receive an electronic re-presented check, we will pay or return the electronic re-presented check as if the original paper check was presented to us. Any collection fee you authorize the merchant to debit from your account is an electronic funds transfer subject to the terms of the Electronic Funds Transfer Agreement/ Disclosures. If you want to reverse an electronic re-presented check, you must complete a Written Statement Under Penalty of Perjury form within 15 days after we send or make available to you the periodic statement that reflects payment of that electronic re-presented check. In your signed written statement, you must certify under penalty of perjury that the electronic re-presented check was ineligible or unauthorized. If we receive a proper written statement from you within the 15-day period, we will re-credit your account with the amount of the charge. If you wish to stop payment of any

electronic re-presented check, you must follow the procedures contained in the Agreement for stopping payment of checks, not the procedures for stopping payment on electronic loan or bill payments. If you ask us to request the depositor's bank to send us the original paper check or a copy of the paper check, and we provide it to you, you agree that you will not seek to have your account re-credited due to a prior stop payment order or if the item is otherwise ineligible for collection.

F. Powers of Attorney. The Credit Union may allow a third person acting as your attorney-in-fact to make transactions regarding your account(s), pursuant to a Power of Attorney, but has no obligation to do so. You agree that we have no obligation to verify the scope, authenticity, and validity of any Power of Attorney presented to us. If we accept the Power of Attorney, the Credit Union has no duty to inquire as to the use or purpose of any transaction(s) by your attorney-in-fact, and may restrict or refuse account access, withdrawals and transfers. Further, you agree to reimburse the Credit Union for all costs and expenses, including attorneys' fees, we incur and agree to indemnify us for any loss or other expense we incur from our acceptance of your Power of Attorney.

12. ACCOUNT RATES AND FEES.

We pay dividends and charge fees against your account as stated in our Rate Schedule and Fee Schedule. We may revise the Rate Schedule and Fee Schedule at any time, and we will inform you of those changes as provided by law.

13. SHARE CERTIFICATES.

Any Share Certificate we offer is bound by the terms of this Membership and Account Agreement, the Truth-in-Savings Disclosure, the Rate Schedule, the Fee Schedule and the Account Deposit Receipt for each account, the details of which are incorporated herein by reference.

14. TRANSACTION LIMITATIONS.

A. Withdrawal Limitations. We allow withdrawals only if your account has adequate, available funds to cover the entire amount of the withdrawal, or if you have set up an overdraft protection account. As stated in our Fee Schedule, drafts, other transfers or

payment orders drawn against insufficient funds may be subject to fees. If there are adequate funds to cover some, but not all, of your withdrawals, we may clear those withdrawals for which there are enough funds in any order in our discretion.

B. Regulation D Transfer Limitations. For Share Savings, Cash Management (Money Market) Accounts and Horizons Accounts, if applicable, you may make a maximum of six (6) pre-approved automatic, 12/24 Audio Response or Horizons Online transfers between all your accounts, or to a third party, during any calendar month. On the Horizons Account, you may make up to three (3) of the 6 transfers to a third party with a share draft. Also, on the Horizons Account, a minimum transfer amount of \$500 is required. A pre-approved transfer includes any agreement with us to pay a third party from your account upon written request, including requests obtained through ACH. You are allowed unrestricted transfers between any of your accounts, payments to any HNCU loan account and withdrawals from your account, as long as the transfers are made in person, by mail or at an ATM. We reserve the right to reject or return any transfer that surpasses these limitations and may charge fees, as stated in the Fee Schedule, and place a hold on or terminate your account.

15. OVERDRAFTS.

A. Overdraft Liability. If on any day, you do not have adequate funds in your share draft account to cover drafts, fees or other items drawn on your account, we will process those amounts according to our overdraft procedures or an overdraft protection account that you have set up. HNCU may ascertain that an account lacks sufficient funds to cover an item anytime between presentation of that item and HNCU's midnight deadline. Only one review of the account balance is required during that time. We are not required to inform you if your share draft account lacks sufficient funds to cover an item. Regardless of whether we pay the item or reject it, we may assess a fee to your account as stated in the Fee Schedule. Except as noted in a written agreement, we, by paying one or any overdraft, do not consent to honor overdrafts in the future and may cease paying overdrafts at any time, without notice. If we cover a draft or charge a fee that would overdraw your account, you promise to repay the overdrawn

amount to us immediately. We have the right to seek collection of earlier dishonored items not covered, at any time, including granting a payer bank additional time past any midnight deadline.

B. Overdraft Protection Plan. If we have approved an overdraft protection for your account, we will honor checks drawn on insufficient funds by transferring funds from another source, as you have directed, or as required under the Credit Union's overdraft protection policy. If you have not directed us to pull funds from another source, we will automatically use your savings account as the overdraft source. The fee for overdraft transfers, if any, is set forth in the Fee Schedule. The Credit Union may rely upon your overdraft Authorization until it is revoked or modified in writing by any account owner or an authorized representative, or by court order. You agree that all checking account overdraft transactions shall be governed by the Credit Union's current membership and deposit account contracts, rules and regulations, and fee schedules. You further agree that the Credit Union shall have no duty to make inquiries or monitor any overdraft account activities, payments, withdrawals, deposits, use of funds, or other actions of any account owner. You shall remain personally liable to the Credit Union for any overdraft activity, and agree to indemnify and hold the Credit Union harmless from any and all loss, cost or damage incurred or suffered by the Credit Union at any time by reason of the Credit Union honoring your instructions concerning overdraft activity or paying any overdraft. The terms and existence of your overdraft protection privileges may be revoked, modified or supplemented by the Credit Union at any time with or without advance notice to you.

16. POSTDATED AND STALE DATED DRAFTS.

We may honor any draft without consideration of the date. We are not required to honor any draft drawn on your account, which is presented more than six (6) months beyond the date of the draft.

17. STOP PAYMENT ORDERS.

A. Stop Payment Requests. You may request a stop payment order on any check, including postdated checks, you or any account owner draw upon any savings, checking, or loan

account. You may also request a stop payment on a series of checks which are lost or stolen. You may request a stop payment by telephone, mail, online banking, or in person. The stop payment will be effective if we receive the order in time for us to act upon the order. You must state the account number, check number, and its exact amount for an individual check. You understand that the exact information is necessary for the Credit Union's data processing system to identify the check. If you give us incorrect or incomplete information, we will not be responsible for failing to stop payment on the check. If the stop payment order is not received in time for us to act upon the order, we will not be liable to you or to any other party for payment of the check. If we re-credit your account after paying a check over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer all of your rights against the payee or other holders of the check to the Credit Union, and to assist us in any legal action. The Credit Union shall not be responsible or liable for failing to stop payment of any check or other instrument, if the instrument has been modified or issued in such a way that prevents the Credit Union from being able to reasonably identify or track the instrument.

B. Duration of Order. A stop payment request is valid for six (6) months and may be renewed in writing for an additional six (6) months. We are not obligated to inform you when a stop payment request expires.

C. Liability. Fees for stop payment requests are stated in the Fee Schedule. Requests for stop payments on certified checks, cashier's checks, HNCU checks or any draft or payment guaranteed by us are not permitted. Although a stop payment request has been honored, you may continue to be obligated to pay any holder of the item, including HNCU. You agree to indemnify and hold harmless HNCU from all costs, including attorney's fees, damages or claims due to our stopping payment of an item, including claims of any multiple party account owner, payee or endorser in failing to stop payment on an item as a consequence of inaccurate information provided by you.

D. Certified/Credit Union Issued Items. The Credit Union has no obligation to honor a stop payment request pertaining to a certified or Credit Union issued item. However, under

certain conditions the Credit Union may effectuate such a request. Such conditions may include but are not limited to: a) your purchasing a lost instrument bond; b) your executing and providing to the Credit Union a declaration of loss form satisfactory to the Credit Union; and c) your providing such other assurances to the Credit Union as the Credit Union may request. In the event that the Credit Union accepts a stop payment request on a certified or Credit Union issued item, that stop payment is subject to being lifted at the Credit Union's discretion and to waiting such period of time as the Credit Union may require before reissuing or re-crediting the funds.

18. HNCU LIABILITY

We will be responsible for your losses or damages, up to the amount of a transaction, if we fail to execute a transaction properly, unless otherwise provided by law. We will not be liable if: (1) your account lacks adequate funds for the transaction; (2) situations, of which we have no control, prevent us from completing the transaction; (3) your or another financial institution's negligence causes the loss; or (4) your account is subject to a legal proceeding or other claim. We are not responsible for consequential damages, except liability for wrongly rejecting payment of items. We will be deemed to have exercised ordinary care if our actions or non-actions follow applicable state or federal law, Federal Reserve regulations and operating letters, clearinghouse rules and general banking practices.

19. HNCU AND SECURITY INTEREST

By applying for membership at the Credit Union you unconditionally grant the Credit Union a consensual security interest in all of your funds at any time on deposit with the Credit Union to secure all amounts that you may now or in the future owe to the Credit Union. If you or any person named as a joint account holder with you owe us money as a borrower, guarantor, endorser, account holder or otherwise, we may use the funds on deposit in any of the accounts in which you have an ownership interest to pay all or any portion of any debt or other amount which you or any joint account holder owe to us. This right of offset will not apply to loan obligations secured by your residence, or where prohibited by law. We may apply the funds on deposit to your obligations in any order deemed appropriate by us, without further notice to

you. If we choose not to enforce our security interest in your funds on deposit on a particular occasion, we do not waive our right to enforce the security interest later. All accounts are non-assignable and nontransferable to third parties.

20. LEGAL PROCEEDINGS

If any legal action is brought against your account, we may pay out funds according to the terms of the action or refuse any payout until the dispute is resolved. Any expenses or attorney fees we incur responding to legal process may be charged against your account without notice, unless prohibited by law. Any legal process against your account is subject to our lien and security interest. Any collateral pledged by you at any time as security for any of your loan obligations to us (excluding real estate loans) shall also serve as collateral to secure payment of any and all other liabilities or obligations which you now or in the future may owe to us until we agree in writing to release our security interest on such loan collateral. This cross-collateral right of the Credit Union shall also extend to any and all additions, accessions, attachments, improvements, accessories, repairs, replacements or substitutions to such pledged collateral. If we receive a garnishment or levy on any of your accounts, you agree that the Credit Union may offset any amount subject to garnishment or levy against any indebtedness that you may now or hereafter owe to the Credit Union. Additionally, you agree that the Credit Union may assess your account a reasonable fee not to exceed \$50 to compensate the Credit Union for the cost of processing the garnishment or levy.

21. ACCOUNT INFORMATION

If you request, we will provide you with the name and address of each company from which we receive a credit report concerning your account. We agree not to give any account information to third parties, except for those situations described in our Privacy Notice and Disclosure. Refer to the HNCU Privacy Notice and Disclosure for detailed descriptions of our policy and procedures regarding your personal information.

22. NOTICES

A. Name and Address Change. You are responsible for notifying us of any address, phone number, name, or email address change. The Credit Union is only required to attempt to communicate with you at the most recent address you have provided to us. The Credit Union may accept an address change by contacting the Credit Union, via online banking secured messaging, telephone, or an in person oral notice of an address change only if you provide your account password, and we may require written notice that must include your signature. In the absence of such notice, any mail, disclosure or notice to you at any address, forwarding address, or email address on our records will be deemed properly addressed and constitute effective delivery of any item we may be required to provide, regardless of actual receipt by you. We may discontinue sending any statements, notices or other items until you correct any deficiency under this provision. The Credit Union may impose a Returned Statement Fee as set forth in the Fee Schedule.

B. Notice of Amendments. We may revise the terms of this Membership and Account Agreement, unless restricted by applicable law. You will be informed, as required by law, of any revisions to account conditions, rates and fees. We may waive any conditions in this Agreement, but by doing so, we are not prohibited from enforcing such terms in the future.

C. Effect of Notice. Any written notification you provide to us is not valid until we receive it. A written notice from us to you is valid when it is placed in the U.S. Mail, with postage paid and addressed to you at the most current address we have on file for your account. On multiple party accounts, notification sent to any account owner is recognized as notification to all owners.

23. ACCOUNT STATEMENTS

A. Contents. We provide you with a periodic statement detailing all transactions and activity posted to your account within the statement period, as provided by law. For multiple party accounts, we are only obligated to send one statement. For share draft accounts, you acknowledge that we assume ownership of your original draft as soon as

the item has been paid, and we will not return the draft to you. However, you may request copies of a draft at any time. A fee may be assessed for share draft copies as stated in the Fee Schedule. Additional statements may be requested from HNCU, and a fee may be charged for additional statements as stated in the Fee Schedule.

b. Account Owner Inspection. It is your responsibility to inspect each statement and inform us of any discrepancies between your records and the statement. We are not liable for any forged, altered, unapproved or unendorsed items posted to your account if: (1) you neglect to inform us within thirty-three (33) days of the mailing date on the statement; or (2) any items that are forged or altered cannot be recognized by normal inspection by HNCU staff, including the improper use of a facsimile signature.

c. Notice to HNCU. Your obligation to review your statement and inform us of any discrepancies, in a timely manner, is not changed because we retain your share draft. We will assume all information contained in your statement is accurate, unless you notify us of discrepancies within the time limit set forth in the above paragraph. You are obligated to inform us when you have not received a statement within fourteen (14) days of when you usually receive it.

24. INACTIVE ACCOUNT

If your aggregate account balance is less than \$1,500 and there has been no activity on any of your accounts for six (6) months or more, we may classify your accounts as inactive. Fees for inactive accounts may be assessed as stated in the Fee Schedule, unless restricted by law. If we declare your accounts as inactive we will notify you by mail at the most current address we have on file for your account before we initially begin imposing fees for inactive accounts. You permit us to access funds from any one of your accounts to cover any service charges, if applicable. If a deposit or withdrawal has not been posted to your account, and we have not had any other contact with you in the time period established by Colorado law, we will consider your account abandoned. We will report and disburse the funds from an abandoned account in agreement with Colorado law.

25. SPECIAL ACCOUNT INSTRUCTIONS

You may establish accounts for a specific trust, will or court-ordered guardianship or conservatorship. However, we are not authorized to advise you as to the legalities of establishing any such accounts. We may decline to abide by your directions, insist that you indemnify us or request that you post a bond or alternative protection, if such directions make us susceptible to claims, lawsuits, expenses, liabilities or damages, either directly or indirectly. Any account changes you wish to make must be specified on an Account Change Card, including adding or terminating an account or service and must include signatures of all account owners.

26. TERMINATION OF ACCOUNT

We may terminate your account at any time without notice to you. We may require you to close your account and/or your services may be involuntarily restricted or denied 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 account or of the funds in the account; (4) any checks are lost or stolen; (5) there are excessive returned unpaid items not covered by an overdraft protection source; (6) there has been any misrepresentation or any other abuse of any of your accounts; (7) your account is declared inactive; (8) you have failed to participate in the Credit Union by making a share deposit or loan advance for six months or more; (9) you have caused a loss to the Credit Union; (10) you threaten the safety of any staff person or member (11) you engage in behavior perceived by the credit union to be abusive, damaging or demeaning to any credit union staff person or member; (12) you have allowed your account to fall below the minimum required balance for six months or more; (13) the Credit Union reasonably deems it necessary to prevent a loss to us, or (14) you engage in conduct determined by the Board of Directors to be detrimental to the interests of the Credit Union. You may terminate any single party account by giving written notice to us. We reserve the right to require the written consent of all owners to terminate a joint account. We are not responsible for payment of any check, withdrawal, or other item after your account is terminated. However, if we pay an item after

account termination, you agree to reimburse us for the amount of the item plus any handling charges.

27. TERMINATION OF MEMBERSHIP

Your signature is required if you wish to voluntarily terminate your membership. HNCU may suspend services to you or expel you from membership as permitted by law.

28. DEATH OF AN ACCOUNT OWNER

A. In the event of the death of a member, the funds in any deposit account shall automatically pass to any joint account owner(s), subject to the Credit Union's right of offset. In the event that there are no joint account owners, then the funds on deposit (after any required offset) shall be disbursed to the last designated POD (Payable On Death) payee(s). If there is more than one POD payee, the funds shall be disbursed to the named POD payees pro rata. In the event that there are no joint account owners and no designated POD payee(s), the funds may only be disbursed in accordance with Colorado Probate Law and the policies and procedures of the Credit Union. The Credit Union shall have the right to retain any funds on deposit in a deceased member's account(s) until such time as satisfactory arrangements have been made for payment of any obligations of the deceased member, and until the Credit Union has been provided documentation satisfactory to the Credit Union supporting disbursement of the funds. We may require that anyone claiming a deceased owner's account funds indemnify us for any losses resulting from our honoring that claim. This Agreement will be binding upon any heirs or legal representatives of any account owner.

C. We may pay checks or honor payments or transfer orders authorized by a member for a period of ten (10) days after the date of that member's death unless we receive instructions from any person claiming an interest in the account to stop payment on the checks or other items. Colorado Probate Statutes require that no probated estate (court or informal, supervised or unsupervised) be settled before six months from the date of the appointment of the Personal Representative. If the account is settled under the Small Estates Act, then the closing of the account must be accomplished by the close of the dividend period following the date of settlement.

29. SEVERABILITY

If a court refuses to recognize any segment of this Membership and Account Agreement as valid or enforceable, the remainder of this Agreement and other HNCU disclosures shall remain valid and enforceable and will be in complete effect.

30. ENFORCEMENT

If you fail to abide by the terms, provisions and conditions set forth in this Membership and Account Agreement, you are responsible to us for any loss, cost or expense we incur resulting from your lack of compliance. To recoup any such loss, cost or expense, you authorize us to deduct such amounts from funds in your account, without prior notice to you. If we begin legal proceedings to collect any amount owed to us or to enforce this Agreement, we shall be entitled, if permitted by law, to recover reasonable attorney's fees, costs and expenses, including fees incurred in connection with any appeal, bankruptcy proceedings and post-judgment collection action.

31. GOVERNING LAW

This Membership and Account Agreement shall be governed and construed under HNCU's Bylaws, applicable federal laws and regulations, the laws of the State of Colorado and local clearinghouse rules, as modified or amended from time to time. You consent and agree that any legal proceeding relating to this Agreement shall be brought in Adams County, Colorado, unless prohibited by applicable law.

NEGATIVE INFORMATION

NOTICE: We may report information about your loan and deposit accounts to credit bureaus. Late payments missed payments or other defaults on your account may be reflected in your credit report.



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