

Disclosure

Rules and Regulations



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This brochure was created to help you understand the terms of your account agreement with Local Government Federal Credit Union (LGFCU or the Credit Union). You have a right to be informed of the facts that affect your account's performance and service. Use of the Credit Union share accounts and other services constitutes acceptance of the policies and guidelines discussed below. This booklet discloses the conditions and rules that govern share accounts including: Funds Availability, Substitute Check Policy, Truth-In-Savings, Service Fees and Agreement for Account Services.*

Funds Availability

Your Ability to Withdraw Funds

Our policy is to make deposited funds available to you on the next business day after your deposit is received. At that time, funds can be withdrawn and LGFCU will use the funds to pay any checks you have written that are presented for payment, in addition to any other transactions such as debit card purchases.

For the purpose of determining the availability of your funds, every day is a business day, except Saturdays, Sundays and designated holidays. If you make a deposit before 5:30 p.m. on a business day, we credit your account on the following calendar day. However, if you make a deposit after 5:30 p.m. or on a day we are not open, the deposit is credited on the next business day we are open.

Deposits made at a CashPoints ATM on a business day are credited on that calendar date if made before the machine is balanced (no earlier than 12:00 p.m.). A deposit made at an ATM after it is balanced is credited on the next business day the Credit Union is open.

Longer Delays May Apply

Under the Federal Reserve Board, Regulation CC, we are required to allow you to withdraw funds deposited in your account on the first business day following the date receive them. However, the Credit Union will make every effort to have your funds available to you on the same business day they are deposited. In some cases, the Credit Union may delay your ability to withdraw funds beyond the next business day following your deposit. In those cases, we will advise you of the date your funds will be available for withdrawal. Regardless, the first \$200 of an aggregate deposit into your Checking Account or CashPoints Global Account will be available on the first business day following the deposit.

In most instances, you will be informed that access to your funds will be delayed at the time of your deposit. However, if your deposit is not made directly through one of our employees, or if we decide to take this action immediately after you have left the premises, we will mail you the notice of delay in availability of funds by the end of the first business day following our receipt of your deposit.

The Credit Union will delay funds up to the maximum schedule of funds availability as allowed by the Federal Reserve Bank's Regulation CC for most checks.

If you need access to the funds from a deposit right away, be sure to ask when the funds will be available.

In addition, there are circumstances in which the funds you deposit by check may be delayed for a longer period of time, such as (but not limited to):

- ♦ If your account is less than 30 days old
- ♦ If you deposit checks totaling more than \$5,000 on any one banking day
- ♦ If we are unable to verify that a check will be paid
- ♦ If there are erasures or discrepancies on a check
- ♦ If you redeposit a check that has been returned unpaid
- ♦ If we learn that a check previously deposited will be returned unpaid
- ♦ If you have overdrawn your account repeatedly in the past six months

** Whenever a North Carolina statute or federal regulation is referenced or incorporated into this agreement, the then-current, complete contents of the statute will govern the rights and obligations of the parties. Comments in this agreement about any statute are only a partial description of the operation of the statute.*

- ♦ If there is an unforeseen emergency (such as a breakdown of communications channels or a breakdown of computer equipment)

Holds on Other Funds—Check Cashing

If we cash a check for you that is drawn on another financial institution, the Credit Union may temporarily withhold access to the same dollar amount in funds already on deposit with us. You can access these funds on the same schedule as if the original check had been deposited, rather than cashed. For example, if you present a \$100 check to be cashed, you will receive the requested funds, but \$100 in funds already on deposit with the Credit Union will not be available until as many as seven business days following the date the check was cashed. In this circumstance, a notice will be sent to you by the next business day, advising you of the hold.

Holds on Funds—Other Accounts

If we accept for deposit a check drawn on another financial institution, we may make those funds available to you for immediate withdrawal, but delay your ability to withdraw a corresponding amount of funds already on deposit with us. The hold on these funds will be released once the funds from the deposited check are available, as per Regulation CC. If this occurs, a notice will be sent advising you of this hold by the next business day following our receipt of the deposit.

Deposits at Automated Teller Machines (ATMs)

Funds resulting from any deposit (cash or checks) or transfer made at a CashPoints ATM are available on the same business day of deposit or transfer unless we mail you a notice advising you of a delay in funds availability. If a member transfers funds between LGFCU accounts at any other (non-CashPoints) ATM, the funds may not be available until the fifth business day following the date of transfer.

Substitute Check Policy Disclosure and Your Rights

The Check Clearing for the 21st Century Act (Check 21) became effective on October 28, 2004. The regulation's goal is "to improve the overall efficiency of the nation's payment system." To expedite the check collection process and reduce the costs associated with check processing, Check 21 allows for the creation of a negotiable item called a "substitute check."

What is a substitute check?

A substitute check is a special electronic image of the original paper check. Its benefit is that it can be exchanged quicker and more efficiently than physically transporting a check between financial institutions. Substitute checks are similar in size to the original paper check, but with slightly reduced images of the front and back of the check. The front of the copy states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use the substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from the Credit Union may be substitute checks or copies of substitute checks. This notice describes the rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your Credit Union account. However, you have rights under other laws with respect to those transactions.

What are my rights regarding substitute checks?

In some cases, federal law provides special procedures that allow you to request a refund for losses you suffer with regard to a substitute check posted to your Credit Union account (for example, you believe the amount withdrawn was incorrect, or that the amount of the same check was withdrawn more than once). The losses you may attempt to recover under this procedure include the amount that was withdrawn from your account and any associated fees that were charged as a result of the withdrawal (for example, insufficient funds fees).

The amount of your refund under these procedures is limited to the amount of your loss or the amount of the substitute check, whichever is less. You are also entitled to dividends on the amount of your refund if your account is a dividend-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under the law.

Should an error be found, you may receive up to \$2,500 of your refund (plus dividends, if your account earns dividends) before the end of the tenth business day after we receive your claim, and the remainder of your refund (plus dividends, if your account earns dividends) no later than 45 calendar days after your claim is received.

The Credit Union may reverse the refund (including any associated dividends) if we later demonstrate that the substitute check was correctly posted to your Credit Union account.

How do I make a claim for a refund?

If you believe you have suffered a loss resulting from a substitute check that you received and/or posted to your Credit Union account, please call the Contact Center at 1-888-732-8562 or visit your local branch to complete the appropriate form. You must file a written claim within 40 calendar days of the date we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the date we mailed the account statement showing the substitute check posted to your account, whichever is later. We may extend this time period if you were unable to make a timely claim because of extraordinary circumstances. Your claim must include all of the following:

- ✦ A description of why you feel you have suffered a loss (for example, the amount withdrawn from your Credit Union account was incorrect)
- ✦ An estimate of the amount of your financial loss
- ✦ An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss
- ✦ A copy of the substitute check and/or the following information to assist the Credit Union in identifying the substitute check in question: the check number, the name of the person to whom you wrote the check and the amount of the check.

Regulation D

The Federal Reserve Bank's Regulation D limits certain withdrawals and transfers from your Share, tax-advantaged (excluding health savings accounts) and Money Market Share accounts. The following withdrawals and/or transfers are limited to a total of six (6) per account per calendar month:

- ✦ Internet transfers from a Share, tax-advantaged (excluding health savings accounts) or Money Market Share account to another deposit account
- ✦ Phone transfers from a Share or Money Market Share account to another deposit account via LGFCU Voice Response

- ✦ Phone transfers from a Share or Money Market Share account to another deposit account via Member Connect
- ✦ Overdraft transfers from a Share or Money Market Share account to a checking account
- ✦ Automated funds transfers from a Share or Money Market Share account to another deposit account
- ✦ Funds transfers or withdrawals not initiated in person at a branch and payable to a third party (such as a wire transfer request)
- ✦ Safe deposit box auto-debit fees that occur yearly from a Share or Money Market Share account

The following withdrawals and/or transfers are not limited on your Share, tax-advantaged or Money Market Share accounts and can be performed as often as needed:

- ✦ Transactions completed in person at a branch
- ✦ Transactions completed at an ATM
- ✦ Transfers to loans or credit cards
- ✦ Transactions sent in by mail
- ✦ Transactions by telephone, but only when the transaction results in a check being mailed to the depositor

NOTE: Deposit accounts that are exempt from Regulation D and therefore have no withdrawal and transfer limitations are as follows: checking accounts, CashPoints Global Accounts (CPG) and health savings accounts (HSAs).

Truth-In-Savings Disclosure

This section provides information on our share accounts, including Shares, Individual Retirement Accounts (IRAs), Checking Accounts, Share Term Certificates (STCs), Money Market Share Accounts, Health Savings Accounts (HSAs), Coverdell Education Savings Accounts (CESAs), CashPoints Global and Simplified Employee Pension (SEP) accounts. These disclosures apply to all types of ownerships of these accounts including Individual, Joint with Right of Survivorship, Trustee (Payable upon Death), Revocable and Irrevocable Living Trusts and Uniform Transfer to Minors Act accounts. The type of ownership of the account is designated by the member at the time the account is opened.

Compounding, Crediting and Dividend Accrual

Dividends are compounded daily and credited monthly on the date the statement is created for Share, Checking, Money Market Share, IRAs, CESAs, SEPs and HSA accounts. If you receive a printed statement, the date the statement is created is determined by the ZIP code to which the statement is mailed. Statements are mailed approximately every 30 days, but not always on the same day of the month. If you opt out of printed statements and retrieve your statement via our website, you may select the approximate time each month you wish your statement to be created, which will still be approximately every 30 days but not always the same day of the month.

Dividends are not compounded on Share Term Certificates; dividends accrue on the principal amount only. Dividends are automatically paid monthly by transfer from the STC to another Share account; however, if the term is six or 12 months, you may request that your dividends be paid when the STC matures. Dividends that are transferred to another Share account will earn dividends at the current rate being paid for that type of account. If an STC is automatically renewed, the dividend rate will be based on the rate for that term on the date of renewal.

An automatically renewed STC may be canceled without penalty during the seven-day grace period following renewal. If you choose to cancel your STC during that period, the STC will earn dividends from the date of renewal until the day of cancellation. Dividends are not earned on CashPoint Global Accounts.

Dividends begin to accrue on the business day of receipt for cash or non-cash funds received by any method.

Calculation Method

Dividends are calculated by applying a periodic rate to the balance eligible for dividend accrual in the account each day.

Effect of Closing

Accrued, but unpaid, dividends will be paid if the account is closed prior to dividend crediting except for share term certificates, which are subject to early withdrawal penalties (see Fixed Rate Accounts).

Minimum Balance Requirements

There is no minimum balance requirement to earn dividends on Share Accounts, IRAs, SEPs, HSAs or Checking Accounts.

There is no minimum balance required to avoid a fee on Fat Cat Share, Holiday Cash, Salary Advance or HSA accounts. A minimum balance is not required to avoid a fee on CashPoints Global and Checking Accounts; however, these accounts are charged a monthly maintenance fee regardless of the balance in the account.

The minimum balance to earn dividends on STCs and Money Market Share Accounts is \$250. The minimum balance to avoid a monthly service fee on Share Accounts, CESAs, SEPs and IRAs is \$25.00. The minimum balance required to avoid a monthly service fee on Money Market Share Accounts is \$250.

Fixed-Rate Accounts

Share Term Certificates (STCs) are fixed-rate accounts, which means the rate does not change during the term of the certificate. Available rates for STCs are subject to change daily at the discretion of the board of directors. The term of the certificate is selected by the account holder at the time the account is opened. Available terms are six, 12, 18, 24, 30, 36, 48 and 60 months. After the certificate is opened, no additional deposits may be made to the account. No partial withdrawals may be made from a certificate.

If the principal is withdrawn before the maturity date, an early withdrawal penalty will be charged. The penalty is 90 days' dividends on the certificate amount or the actual dividends earned, whichever is less.

Certificates automatically renew into a new certificate for the same term at the current dividend rate for that term unless the member specifically requests that the principal be transferred into another share account at maturity.

Fourteen days prior to the STC maturity or renewal date, the Credit Union will send a notice to the member indicating the upcoming action and member options. Future dividends earned on matured funds are determined based on the existing rate for the Share account to which funds are transferred. Future earnings on renewed funds are at the rate offered on the renewal date for the STC of that term.

Variable Rate Accounts

Share Accounts, IRA/SEP/HSA Accounts, Checking and Money Market Share Accounts are variable-rate accounts. The rate is subject to change daily at the discretion of the board of directors.

Nature of Dividends

Dividends are paid from the available earnings after any required transfers to reserves.

Transaction Limitations

Share, Money Market Share, and tax-advantaged accounts (except Health Savings Accounts [HSAs]) are limited to no more than six withdrawals and/or transfers per account per calendar month (See Regulation D).

No checks can be written and no automated clearing house (ACH) debits are allowed on CashPoints Global, Share or Money Market Share Accounts.

Rates

Current dividend rates and corresponding annual percentage yields for all Share accounts may be obtained online at www.lgfcu.org, by calling our 24-Hour Voice Response Service at 888.732.8562 or, in the Raleigh area, 919.857.2150 from a touch-tone phone, or by calling or visiting your local branch.

Safety

Your Credit Union shares are federally insured by the National Credit Union Association (NCUA), an independent government agency that charters, regulates and insures federal credit unions. The NCUA is backed by the full faith and credit of the United States Government.

Individual accounts are insured up to \$250,000 for combined balances in your savings, checking, share certificates, and money market savings accounts. Joint accounts are insured up to \$250,000 for each joint owner on the account. The most share insurance coverage any member can have as a result of joint ownership is \$250,000, regardless of the number of accounts that are jointly owned.

Combined balances in your Traditional, Simplified Employee Pension (SEP), and Roth IRA plans are insured separately from your other LGFCU accounts for up to \$250,000. Educational savings accounts are

also insured separately from your other Credit Union accounts for \$250,000.

Payable on Death (POD) accounts are insured separately from your other LGFCU accounts. Each owner is insured up to \$250,000 per beneficiary. Naming the same beneficiary on more than one POD account does not increase insurance coverage.

Deposit Trust Accounts are insured separately from your other Credit Union accounts. Each beneficiary account established under a trust arrangement is insured up to \$250,000.

For more information about NCUA's Share Insurance Fund please call the Contact Center at 1.888.732.8562, visit your local branch, or go to our website www.lgfcu.org.

Share Accounts*

- ✦ The dividend is computed daily based on the actual account balance, beginning on the business day the deposit is received.
- ✦ Dividends are variable (subject to change) daily.
- ✦ Dividends are paid every month.
- ✦ Dividends are declared at the beginning of the dividend period (dividend period begins on the day your monthly statement is created).
- ✦ The minimum balance required is \$25.00.
- ✦ You will be charged \$1.00 per month when the balance is below \$25.00. Fat Cat Share Accounts are exempt from service fees.
- ✦ There is no minimum withdrawal.
- ✦ There is no early withdrawal penalty or maturity date.

Checking Account

- ✦ If we receive a deposit (cash or checks) to your Checking Account, you begin earning dividends on the business day the deposit is received.
- ✦ The dividend is computed on the actual daily account balance beginning on the day of receipt of the deposit.
- ✦ Dividends are paid every month.
- ✦ Dividends are declared at the beginning of the dividend period (dividend period begins on the day your monthly statement is created).
- ✦ There is no minimum deposit to open an account

* Please see the Regulation D section of this brochure for the withdrawal/transfer limitations on this account.

- ✦ There is no minimum balance required after initial deposit.
- ✦ Our service fees include:
 - ✦ \$25.00 for items returned due to non-sufficient funds (NSF)
 - ✦ \$8.00 for each stop payment requested
 - ✦ There is no charge for the first 50 checks written per month. After that, there is a \$0.20 fee for each additional check posted to an account.
 - ✦ \$1.00 maintenance fee is charged each month.
 - ✦ Fees are subject to change. Members are notified in advance of any change.

Money Market Share Account*

- ✦ If we receive a deposit (cash or checks) to your Money Market Share Account, you begin earning dividends on the business day the deposit is received.
- ✦ The dividend is computed on the actual daily balance, beginning on the day of receipt of deposit.
- ✦ Dividends are variable (subject to change) daily.
- ✦ Dividends are declared at the beginning of the dividend period, which begins on the day your monthly statement is created.
- ✦ Dividends are paid every month.
- ✦ The minimum balance requirement is \$250.
- ✦ There is no minimum withdrawal.
- ✦ No dividends are earned on days where the minimum balance is not met.
- ✦ There is no early withdrawal penalty or maturity date.
- ✦ There is a \$2.00 per month fee if the balance falls below \$250.
- ✦ Fees are subject to change. Members are notified in advance of any change.
- ✦ Account is limited to six monthly pre-authorized automatic transfers per account.

Share Term Certificate

- ✦ Our Certificate terms are: six, 12, 18, 24, 30, 36, 48, and 60 months.
- ✦ Dividends are paid at maturity on the six- and 12-month certificates. Dividends are paid monthly for certificates of 18 months or longer.
- ✦ Dividend calculations are based on the actual dollar amount in the account.
- ✦ Dividend rates are fixed for the term of the certificate.
- ✦ The minimum deposit and balance required for all certificates is \$250.
- ✦ The certificate maturity date is determined at the time of purchase.
- ✦ The early withdrawal penalty for all certificates

is 90 days' dividends on the amount withdrawn or the actual dividends earned, whichever is less.

- ✦ No partial withdrawals may be made.

Individual Retirement Accounts (IRAs)[†]

- ✦ Dividends are computed on the actual balance daily, beginning on the business day the deposit is received.
- ✦ Dividends are variable (subject to change) daily.
- ✦ Dividends are paid every month.
- ✦ Dividends are declared at the beginning of the dividend period (dividend period begins on the same day that your monthly statement is created).
- ✦ The minimum balance required is \$25.00.
- ✦ There is no minimum withdrawal.
- ✦ There is no maturity date.

Summary of Service Fees (as of June 1, 2013)

Checking Account	
Monthly Maintenance	\$1.00
Transaction Fees	Free for 50 checks per month (\$0.20 for each additional transaction)
Non-Sufficient Funds	\$25.00
Stop Payment Orders	\$8.00
Personalized Checks	Price varies according to style and quantity
Overdraft Protection transfer fee [‡]	\$0.50 per transaction
BillPay [§]	Free for 50 transactions per month (\$0.20 for each additional transaction)

* Please see the Regulation D section of this brochure for the withdrawal/transfer limitations on this account.

† Please consult your tax advisor with regard to required minimum distributions.

‡ Overdraft transfers are limited to no more than six per month from a Share or Money Market Share Account. Overdrafts exceeding six per month will be charged a fee equal to the current non-sufficient funds fee. Repeated excess transfers may cause the loss of overdraft privileges.

§ The first 50 transactions per month through the BillPay Service are at no charge. Additional transactions are \$0.20 each. This fee is debited from the same Checking or CashPoints Global Account.

Summary of Service Fees, cont.

Share Account	
Monthly Fee*	\$0
No Transaction Fees	
Money Market Share Account	
Monthly Fee*	\$0
No Transaction Fees	
CashPoints ATM	
Reissue	No fee
Lost Card Replacement	\$8.00
Rush Delivery of Card	\$15.00
PLUS Approved Transaction Fee	\$0.75
PLUS Denied Transaction Fee	\$0.35
No Transaction Fee for CashPoints ATMs	
Miscellaneous Fees	
Coupons, Bonds, Collections	\$7.00
Cashier's Check	\$1.00
Notary Services	\$0
Wire Transfers—Outgoing Domestic	\$6.00
Wire Transfers—Outgoing Foreign	\$10.00
Safe Deposit Boxes	
Annual Rental Fee	Varies according to box size
Lost Key	\$18.00 minimum
Box Drilling	\$145 minimum
Late Rental Payment	\$12.00

* There is no service fee on these accounts if the minimum balance is maintained for Share/IRA/SEP/CESA (\$25.00) and Money Market Share Accounts (\$250), or if fewer than 50 checks are written per statement cycle for Checking Accounts. A \$0.20 per check fee is assessed on Checking Accounts if these requirements are not met. A flat monthly fee of \$1.00 on Share/IRA/SEP/CESA accounts is assessed if the account balance is below the minimum on the statement cutoff date. Money Market Share Accounts are assessed a \$2.00 flat monthly fee if the balance falls below the minimum at any time during the statement period. Health Savings Accounts and Holiday Cash Club Accounts have no minimum balance and no service fees.

Agreement For Account Services

By opening a share account of any type at LGFCU, you, as the account holder, agree to the terms and conditions in this brochure, including funds availability, substitute check policy, Regulation D, Truth in Savings, and the agreement for account services. The following General Rules apply to accounts at the Credit Union. The Credit Union accepts business only on the condition that the depositor agrees as follows:

General Rules

- (1) In this instrument except as otherwise indicated, the singular includes the plural.
- (2) All items deposited are received by the Credit Union for deposit or collection and the Credit Union acts only as depositor's collecting agent and as such, assumes no responsibility beyond the exercise of due care. The Credit Union accepts no responsibility for warranties and indemnities on substitute checks that are created by other financial or non-financial institutions, entities or persons. The Credit Union will only assume responsibility for indemnities and warranties associated with substitute checks created by the Credit Union.
- (3) Items drawn on this Credit Union are received conditionally and, if not good at the close of the business day on which it was deposited or if payment is stopped, the item may be charged back to the depositor.
- (4) The Credit Union accepts no responsibility for payment of checks or drafts that are presented the same day as deposits are made unless there is already a sufficient balance to the depositor's credit in addition to such deposits.
- (5) Items received for collection or credit and not drawn on this Credit Union are taken subject to final payment and at depositor's (member's) risk; should such items be lost, returned unpaid (NSF, Stop Payment, etc.) or should returns not be received within a reasonable time, the amount of the items can be deducted from the depositor's (member's) account.
- (6) Items may be sent directly to the financial institution upon which they are drawn, or through collecting agents selected by the Credit Union who may collect and remit. Collecting agents shall have

the right to send items directly to the financial institution up on which they are drawn or at which they are payable.

(7) This Credit Union and/or collecting agents may accept either cash, draft or credit in settlement of such items, and shall not be liable for failure to collect or realize on drafts or credits so received.

(8) Each collecting agent is the agent of the depositor (member), but no agent shall be liable for any loss growing out of neglect, default or failure of any other agent.

(9) This contract shall be held and construed to be a North Carolina contract, and the rights, obligations and liabilities of this Credit Union shall be determined by the laws of North Carolina.

(10) "Depositor" includes those who forward items for collection or other handling, as well as one who makes a deposit in the ordinary sense of the word.

(11) Depositor covenants that depositor has authority to agree as aforesaid on depositor's own behalf, and on behalf of holder or owner of said items; authority is given this Credit Union to enter into contract with correspondent banks and others in connection with the collection or other handling of any item hereunder.

(12) Delivery of items for deposit, collection, credit or payment to the Credit Union will constitute acceptance of these conditions by the depositor (member). The rights or authority of the Credit Union under this agreement shall not be changed or terminated by the depositor except by written notice to said Credit Union and receipt of such a notice by the Credit Union, which shall not affect transactions occurring prior to the Credit Union's receipt of the notice.

(13) Service and maintenance fees, made in accordance with the rules of the Credit Union in effect at the time, may be charged to this account without notice. These may include fees for handling checks drawn against insufficient funds. The Credit Union shall not be liable for dishonoring checks or drafts because of insufficient funds resulting from such charges. A reasonable service fee may be made against this account if there are no deposits or withdrawals made by depositor within a six-month period.

(14) The Credit Union may refuse any deposits and it may require depositor to withdraw the account balance upon notice to depositor at the last address shown on the records of the Credit Union.

(15) If the account is a Share account, the depositor may withdraw any part or all of the balance on deposit. However, the Credit Union, at its discretion, may require 60-days' notice in writing before making payment to the depositor.

(16) No assignment or transfer of the funds in an account will be recognized by the Credit Union unless the consent of the Credit Union is first obtained and such consent is entered on the Credit Union's records.

(17) The Credit Union is specifically given the right to apply any deposit in said Credit Union account against past due indebtedness due by the depositor to said Credit Union as allowed by law and by the contractual obligations between the depositor and the Credit Union.

(18) If a check drawn is payable on a future date, unless the account holder is required to notify the Credit Union immediately in writing that this check is not to be honored before the payment date. If the Credit Union prematurely pays the check in the regular course of business, the account holder agrees that the Credit Union shall have no liability to the account holder for such payment.

(19) The Credit Union is under no obligation to pay a check or draft drawn on an account when the check or draft is presented more than six months after the date it is written. However, if the check is paid against an account, the Credit Union takes no responsibility for such payment unless a stop payment order issued by the account holder was in effect at the time of payment.

Stopping Payment on Checks or Preauthorized Transactions

The Credit Union may refuse to honor any stop payment order that cannot be authenticated by you either in writing or electronically. Previously authorized debits to an account from an institution, agency or company other than the Credit Union must be revoked in writing to the originating institution, agency or company. Upon notification of this revocation by the account holder, the Credit Union will stop and return unpaid all future debits from the institution, agency

or company regardless of the amount. Preauthorized periodic transfers or payments from or to the Credit Union accounts may be stopped if written order is received by the Credit Union at least three business days in advance of a scheduled transfer. Stop payment orders confirmed by you in writing remain in effect for 12 months. In order for the stop payment order to continue for another 12 months, a new stop payment order must be completed in writing by the account holder and submitted to the Credit Union.

Statements

Statements showing all deposits, withdrawals, dividends earned, balance on deposit, etc. will be made available at periodic intervals. Statements will be mailed to the depositor by regular first-class mail at the last address shown on the records of the Credit Union, unless you previously opted out of paper statements. CashPoints Global account holders will receive only electronic statements. Electronic statements are available to all members by logging on to LGFCU's secure online banking service, Member Connect, through www.lgfcu.org. Unless depositor notifies the Credit Union in writing within 60 days of the delivery or mailing of any statement of account and/or canceled vouchers that the signature upon any returned voucher (check, drafts, etc.) was forged, or any transaction was posted in error or was not authorized, the statement of account shall be considered correct for all purposes and the Credit Union shall not be liable for payments made and charged to the depositor's account which are later alleged to have been based on forgery, error, or improper authority.

Joint Accounts

All joint accounts are governed by North Carolina General Statute 54-109.58. All joint accounts with LGFCU, regardless of who deposits the funds, shall be held by the depositors as co-owners with the right of survivorship. The Credit Union may pay the funds in the account to, or on the order of, either or any of the depositors named on the account. Upon the death of one joint owner, the money remaining in the account will belong to the surviving joint owners, and will not pass by inheritance to the heirs of the deceased joint owner or be controlled by the deceased joint owner's will.

Trustee and Revocable Living Trust Accounts

The Credit Union accepts accounts titled in the name of a member's revocable or irrevocable living trust.

However, the Credit Union accepts no responsibility for determining whether a grantor or trustee is qualified to act or has been duly appointed to act in that capacity, nor whether any transaction involving the account is in accordance with or authorized by applicable law or the trust agreement. The Credit Union acts only as a depository for the funds.

Personal Agency Accounts

Personal agency accounts are governed by North Carolina General Statute 54-109.63 as it may be amended or changed from time to time. The agent named on the account may sign checks/withdrawals on the account and make deposits to the account. If the owner of the account becomes incapacitated and/or mentally incompetent, the agent has the authority to continue acting on behalf of the owners. The personal agent's authority ends upon the death of the last account holder and the funds remaining in the account will be controlled by the will or inherited by the heirs of the last account owner to die, or released to any POD beneficiary(ies), if the account is a POD account.

Payable On Death Account

Payable on Death (POD) accounts are governed by North Carolina Statute 54-109-57A as it may be amended or changed from time to time. The POD account may be set up with multiple owners and multiple beneficiaries. If there are two or more owners, the owners shall own the account as joint tenants with the right of survivorship. During the lifetime of the owner(s), they are the sole owner(s) of the funds in the account and any owner may withdraw the funds in the account. By written notice to the Credit Union, the owner(s), individually or jointly, may change the beneficiary(ies) at any time. Upon the death of the last surviving owner, the funds remaining in the account will belong to the beneficiary(ies) and will not be inherited by the heirs of the owners or controlled by will. If one or more owners survive the last surviving beneficiary who was a natural person, or if a beneficiary who is an entity other than a natural person should cease to exist before the death of the owner, the account shall become an individual account of the owner, or a joint account with right of survivorship of the owners. LGFCU reports dividends earned under the primary owner's Social Security Number.

Uniform Transfers to Minor Act (UTMA) Account

The terms of these accounts shall be governed by the provisions of North Carolina General Statutes, Chapter 33A as it may be amended or changed from time to time. This transfer of funds to the minor named, which transfer shall be deemed to include all earnings thereon and any future additions there to, is irrevocable.

Closing an Account

The Credit Union may close an account if the account-holder breaches any terms of this agreement or the Credit Union at its sole discretion determines continual maintenance of the account exposes the Credit Union to risk of financial loss.

The Credit Union, at its sole discretion, with notice, may close an account for any reason not prohibited by applicable law.

Federal Wire Transfers and ACH Transactions

The following is provided as a requirement of Article 4A of the Uniform Commercial Code. If a member sends or receives a wire transfer, the Federal Reserve Bank's FEDWIRE transfer system may be used. Regulation J is the law governing those transfers. If a member gives the Credit Union a payment order which identifies the beneficiary (recipient of the funds) by both name and identifying or account number, payment may be made by the beneficiary's financial institution on the basis of the identifying financial institution account number, even if the number identifies a person different than the named beneficiary. If a member gives the Credit Union a payment order which identifies an intermediary or beneficiary's institution by both name and an identifying number, a receiving institution may rely on the number as the proper identification, even if it identifies a different institution than the named financial institution. Wire transfers not initiated in person at a branch from Share, tax-advantaged (excluding HSAs) or Money Market Share Accounts are subject to restrictions under Regulation D.

Automated clearing house (ACH) items (such as direct deposit of a payroll check or benefit payment) are paperless transfers between financial institutions. The Credit Union may give a member credit for ACH payments it receives for the member before it receives final settlement of the funds transfer from the originating financial institution. The member is

hereby notified and agrees that if the Credit Union does not receive such final settlement, it is entitled to a refund from the member of the amount credited to the member in connection with that ACH entry. ACH transactions are governed by the operating rules of the National Automated Clearing House Association. In accordance with these rules, the Credit Union will not provide any members with next day notice of receipt of ACH credit transfers to an account. Notices of receipt of ACH items are included in the periodic account statements the Credit Union provides.

The Credit Union may accept payments to your account on your behalf which have been transmitted through one or more automated clearing houses and which are not subject to the Electronic Funds Transfer Act. Your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the State of North Carolina.

Electronic Funds Transfers*

A member may use an LGFCU debit card or Visa Check Card and a four-digit personal identification number (PIN) to authorize transactions on Share and credit accounts (withdraw cash, balance inquiries, transfer funds between accounts, make deposits and payments and purchases) on qualified automated teller machines (ATM) or point-of-sale (POS) terminals. With a 24-Hour Voice Response Service PIN, members may perform inquiries and transfers between accounts (deposit and credit) via touch-tone phone. With a Member Connect PIN or with Member Connect through your mobile device, you may access account information and perform transfers via the Internet.† Transfers from Share, tax-advantaged (excluding HSAs) or Money Market Share Accounts via Member Connect are limited to a total of six (6) transactions per account, per calendar month. The member agrees to all terms concerning the use of an LGFCU debit card in the disclosures that are mailed with the card or provided electronically.

A member may also use preauthorized electronic funds transfers through the ACH system to make deposits to accounts or to pay bills or make payments from a Checking Account.† The member may

* Purchases made with your LGFCU Visa® Check Card may be subject to Visa's Operating Rules.

† Check with your mobile device service provider for rates and fees.

use LGFCU's BillPay service to authorize electronic bill payments on a CashPoints Global account. In the event an unauthorized ACH debit transaction is posted to the member's account, the member must report the transaction in writing to the Credit Union within 60 days of the Credit Union's transmittal of the periodic statement to avoid liability for subsequent transfers. In order to be eligible for reimbursement of an unauthorized ACH debit, the member must notify the Credit Union orally or in writing within 60 days of the settlement date of the transaction. When a notification is made orally, the member may also be required to submit a written notice within 10 business days.

The best way to minimize your possible loss is to telephone, although you may advise the Credit Union in person, in writing, or via email. If you do not notify the Credit Union, you could potentially lose all the money in your account (including the maximum amount of your line of credit). If you inform the Credit Union within two business days of learning about the unauthorized access, you will lose no more than \$50.00. If you do not inform the Credit Union within two business days and we determine that we could have stopped the loss had we been made aware, you could lose as much as \$500.

If you discover any unauthorized electronic funds transfers on your account statement, advise us at once. If you do not inform us within 60 days of when the statement was mailed, you may not be able to recover the money you lost, provided the Credit Union can prove that we could have prevented the loss, had we been made aware.

If there is a legitimate reason (such as a long trip or a hospital stay) that prevented you from informing the Credit Union about your loss within the established deadline, the time frame may be extended.

Tax Identification Certification

Under penalty of perjury, each depositor certifies that he or she is a legal U.S. person (including U.S. resident alien). Each depositor further certifies that the taxpayer identification number listed on the account is accurate and that the depositor is not subject to back-up withholding either because he or she has not been notified that he or she is subject to backup withholding as a result of a failure to report all dividends, or that the Internal Revenue Service

has notified the depositor that he or she is no longer subject to back-up withholding. **The Internal Revenue Service does not require the member's consent to any provisions of this document other than the certifications required to avoid back-up withholding.**

Notice of Negative Information

Subject to applicable laws and regulations, the Credit Union may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your Credit Union account may be reflected on your credit report.

Disclosures, Agreements, Rules and Regulations

These disclosures, agreements, rules and regulations may be added to, rescinded, altered or amended by the Credit Union at any time, without notice to the depositor, in order to comply with then-applicable laws and regulations governing Credit Union operations. Upon signing an Account Services Form, the depositor hereby assents and agrees to these rules and regulations and their subsequent changes or amendments for this account or subsequent accounts opened, as described above.

Eligibility Certification

I certify that I meet the eligibility requirements for membership in the Credit Union.

LGFCU Member Identification Notice

Important Information About Procedures for Opening a New Account

To help the 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 who opens an account.

What this means to you: When you open an account, we will ask for your name, address, date of birth and other identifying information. We may also ask to see your driver's license or other identifying documents.



To learn more about any of our services, visit us at **www.lgfcu.org** or call the Contact Center at 888.732.8562. Calls may be monitored for quality assurance.



/ To improve the lives of our members /



REV.07.13



Federally insured by NCUA

The Quorum Center
323 West Jones Street, Suite 600, Raleigh, NC 27603
919.755.0534 / 800.344.4846 / f: 919.755.0193

FACTS

WHAT DOES LOCAL GOVERNMENT FEDERAL CREDIT UNION (LGFCU) DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- Account balance and payment history
- Credit history and credit score

When you are no longer our member, we continue to share your information as described in this notice.

How?

All financial companies need to share members' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their members' personal information; the reasons Local Government Federal Credit Union chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does LGFCU share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes— information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call **800.344.4846**

Who we are

Who is providing this notice?	Local Government Federal Credit Union
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What we do

How does LGFCU protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does LGFCU collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account or deposit money ▪ pay your bills or apply for a loan ▪ use your credit or debit card <p>We also collect your personal information from others, such as credit bureaus, affiliates or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Example: LGFCU Financial Partners, LLC.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Example: State Employees' Credit Union</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>Example: MEMBERS® Trust Company</i>