
Harborstone Credit Union **Personal Membership and Account Agreement**

The information you need to know about the policies and guidelines that govern your personal accounts.



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Your Membership and Account Agreement with Harborstone Credit Union

This Membership and Account Agreement (Agreement) is the contract of deposit that covers your and our rights and responsibilities concerning membership and accounts offered to you. In this Agreement, the words “you” and “yours” mean those who sign the All-in-One Account Application. The words “we,” “us,” “our,” and “credit union” mean Harborstone Credit Union. The word “account” means any one or more deposit accounts you have with the credit union.

The classification and form of ownership of your account(s) are set forth on your All-in-One Account Application. Unless you waive your rights, you understand that certain account designations, such as a joint ownership with rights of survivorship or payable-on-death beneficiary, may be

invalidated upon the credit union’s receipt of notice of marriage dissolution or a testamentary disposition, as required by applicable law. By signing the All-in-One Account Application that is part of the Agreement, each of you, jointly and separately, agree to the terms and conditions in the Agreement, including the Funds-Availability Policy, the ATM/POS/Visa® debit card policy, the Telephone Banking Agreement, the Truth-in-Savings Disclosures (Rate and Fee Schedule) accompanying this Agreement, any account receipts, the credit union’s bylaws and policies, and any amendments that collectively govern your membership and accounts. You agree that additional accounts and services you request in the future will be governed by this Agreement.

I. Membership

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

2. Individual Accounts. An individual account is an account owned by one member, including any individual, trust, or other organization qualified for credit union membership. If the account is an individual account, the interest of a deceased individual owner will pass, subject to applicable law, to the decedent's estate or payable-on-death beneficiary.

3. Joint Accounts. An account owned by two or more persons is a joint account.

a. Rights of Survivorship. For a joint account with rights of survivorship, upon the death of one of the joint account owners, that person's interest will pass to the surviving owners. For a joint account without rights of survivorship, the interest of a deceased owner will pass to the decedent's estate. Unless otherwise stated on the All-in-One Account Application, a joint account is an account with rights of survivorship.

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

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

rights against any or all funds in the account regardless of who contributed the funds to the joint account.

4. Business Days. Our business days are Monday through Friday. Holidays are not included.

5. Payable on Death/Trust Accounts. A payable-on-death (POD) designation or trust account designation is an instruction to the credit union that the account is payable to the owner or owners during their lifetimes and, upon the death of the joint account owner, payable to any named and surviving beneficiary designated on your All-in-One Account Application. Accounts payable to more than one surviving beneficiary are owned jointly by such beneficiaries without rights of survivorship. Any POD or trust beneficiary designation shall not apply to an Individual Retirement Account, which shall be governed by a separate beneficiary designation. The credit union shall at no time have any obligation to notify any beneficiary of the existence of any account or the vesting of the beneficiary's interest in any account, except as otherwise provided by law.

6. Minor Accounts. The credit union reserves the right to limit services that are available to minors. For any account established by or for a minor, the credit union may require an adult joint account owner (and may require that the adult is a parent or legal guardian of the minor). The joint owner, if any, will be jointly and severally liable to the credit union for obligations related to the account. The credit union may make payments of funds directly to the minor without regard to his or her minority. The credit union has no duty to inquire about the use or purpose of any transaction by the minor or joint account owner. The credit union will not automatically remove joint owners when the minor reaches age 18. However, when the minor reaches age 18, the minor may open new accounts for himself or herself irrespective of any ownership or access restrictions on existing accounts.

7. Living Trust Accounts. An account for a living trust is an account held by one or more trustees of a trust for the benefit of one or more beneficiaries. Account eligibility is determined according to the credit union's policy and applicable law. Upon request of the credit union, the trustee shall sign an All-in-One Account Application and provide any other evidence of the trustee's authority the credit union requires. Trustee warrants that a valid living trust has been created, that it currently exists, and that the trustor and primary beneficiary are eligible for membership in the credit union. The credit union does not act as a trustee and is under no obligation to inquire as to the powers or duties of the trustee(s). The trustee(s) agrees to notify the credit union in writing if a change of trustee occurs. The credit union may withhold payment of funds to any party until proper evidence of authority is provided. The credit union may rely upon the directions of any one trustee until a written notice of revocation of the living trust or an updated All-in-One Account Application is received. Funds may be released to any one trustee acting alone or with a co-trustee. The trustee(s) agrees to indemnify and hold the credit union harmless of any liability, claim, damage, or loss arising as a

result of unauthorized acts of any trustee or former trustee or acts of any trustee upon which the credit union relies prior to notice of any account change or revocation of the trust. This Membership and Account Agreement shall be binding on the trust and on any trustee, successor, trustee, and beneficiary.

8. Nonprofit Organizational Accounts. Accounts held in the name of a nonprofit business or organization are subject to the same terms as other accounts and the following additional rules. The credit union reserves the right to require the member to provide an All-in-One Account Application informing the credit union who is authorized to act on the nonprofit business or organization's behalf. You agree to notify the credit union of any change in authority. The credit union may rely on the written authorization until such time as the credit union is informed of changes in writing and has had a reasonable time to act upon such notice. The credit union shall not be responsible for any breach of fiduciary duties arising from a transaction by any agent of the account owner, unless the credit union has actual notice of any wrongdoing.

9. Termination of Account. The credit union may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if: (a) there is a change in owners or authorized signers; (b) there has been a forgery or fraud reported or committed involving your account; (c) there is a dispute as to the ownership of the funds in the account; (d) any account checks are lost or stolen; (e) there are excessive returned unpaid items not covered by overdraft protection or excessive returns of third-party checks; or (f) there has been any misrepresentation or any other abuse of any of your accounts. You may terminate any individual account at any time by notifying the credit union in writing. Any joint member-owner of a joint account may terminate a joint account. The credit union is not responsible for payment of any check, withdrawal, or other item after your account is terminated. However, if the credit union pays a check after termination, you agree to reimburse the credit union for payment.

10. Termination of Membership. You may terminate your membership at the credit union after giving written notice of your intent to withdraw from membership. You may be denied services or expelled from membership for any reason allowed by applicable law and credit union policies, including causing a financial loss to the credit union.

11. Death of an Account Owner. You irrevocably waive the right to make a testamentary disposition of any account with the credit union, now and in the future. You agree that upon your death, your account will be payable in accordance with any existing account designations and the terms of this Agreement. We may require the survivor or other claimant to the account to produce certain documents before releasing the funds in the account. The credit union may continue to honor all transfers, withdrawals, deposits, and other transactions on the account until the credit union learns of a member's death. Once the credit union is notified of a

member's death, the credit union may pay checks or honor other payments or transfer orders authorized by the deceased member for a period of 10 days, unless the credit union receives instructions from any person claiming an interest in the account. You agree that the credit union can require anyone who claims funds in your account after your death to indemnify the credit union for any losses resulting from honoring that claim. The Membership and Account Agreement will be binding upon any heirs or representatives of any account owner.

12. Enforcement. In the event that any portion of this Membership and Account Agreement is held by a court to be invalid or unenforceable for any reason, the remainder of this Agreement shall not be invalid or unenforceable and will continue in full force and effect. You agree to be liable to the credit union for any loss, cost, or expense as provided in this Agreement that the credit union incurs as a result of your failure to follow this Agreement. You authorize the credit union to deduct any such loss, cost, or expense from your account without prior notice to you. In the event the credit union brings a legal action to enforce the Agreement or collect any amount due or owed the credit union, the credit union shall be entitled, subject to applicable law, to payment of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable.

13. Governing Law. This Agreement is governed by Harborstone Credit Union's bylaws, federal laws and regulations, all applicable laws, including principles of contract law, the regulations of the state of Washington, and local clearinghouse rules, as amended from time to time. To the extent permitted by applicable law, any legal action regarding this Agreement shall be brought in the court of the county in which the credit union is located.

II. Accounts

1. Account Access

a. Authorized Signature. To access any account, the credit union must have an authorized signature of yours on an All-in-One Account Application. The credit union is authorized to recognize your signature but will not be liable for refusing to honor any item or instruction of yours if it believes in good faith that the signature on such item or instruction is not genuine. If you have authorized the use of a facsimile signature, the credit union may honor any draft that appears to bear your facsimile signature even if it was made by an unauthorized person.

b. Access Options. You may make withdrawals or transfers from your account in any manner that is permitted by the credit union, e.g., by check, by automated teller machine, by Visa debit card or point-of-sale transaction, in person, by mail, by automatic transfer, or by telephone, as applicable. If the credit union accepts any draft that is not drawn on a form provided by the credit union, you will be responsible for any loss incurred by the credit union for handling the draft. The credit union may return any

unpaid check that is not drawn in the form provided by the credit union.

c. Automated Clearinghouse (ACH) and Wire Transfers.

You may initiate or receive credits or debits to your account via wire transfer or ACH transfer. You agree that if you receive funds by a wire or ACH transfer, the credit union is not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement. At its discretion, the credit union may provisionally credit your account for an ACH transfer before it receives final settlement for the transfer. You agree that if the credit union does not receive final settlement for any ACH transfer, it may reverse the provisional credit to your account or you will refund the amount to the credit union. When you initiate a wire transfer, you may identify either the recipient or any financial institution by name and by account or identifying number. The credit union (and other institutions) may rely on the account or other identifying number as the proper identification number, even if it identifies a different party or institution. Wire transfers are governed by Federal Reserve Regulation J if the transfer is cleared through the Federal Reserve. ACH transactions are governed by the rules of The Electronic Payments Association. Funds transfer requests made after 1 p.m. may be withdrawn from your account upon request but may not be processed until the next business day. Requests received before 1 p.m. will be processed no later than the close of business on the business day received. Funds transfer transactions occur on nonholiday weekdays (Monday through Friday) only.

d. Credit Union Examination. The credit union is not required to verify information on any check other than the signature of the drawer, the amount of the item, and any magnetic encoded information. You agree the credit union does not fail to exercise ordinary care in paying an item solely because its procedures do not provide for sight examination of items.

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 partially blank or fully completed and signed, such authorization is an electronic check conversion. An electronic check conversion is an electronic funds transfer subject to the terms of Section V of your Membership and Account Agreement, "Electronic Funds Transfers." You authorize us to honor any electronic check conversion from your checking account just the same as a regular written check.

ii. 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 Section V, "Electronic Funds Transfers." If you want to reverse an electronic re-presented check, you must give us an affidavit 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 affidavit, you must declare and swear under oath that the electronic re-presented check was ineligible or unauthorized. If we receive a proper notice or affidavit from you within the 15-day period, we will recredit 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 this Agreement for stopping payment of checks, not the procedures for stopping payment on electronic loans 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 recredited due to a prior stop payment order or if the item is otherwise ineligible for collection.

2. Account Rates and Fees. The credit union's payment of earnings on any account is subject to the account's rates, fees, earnings, and payment and balance requirements as set forth on the Rate and Fee Schedule and each Certificate Account Receipt, which are incorporated herein by this reference. You agree the credit union may impose fees and charges for the deposit account services provided by the credit union. A current Rate and Fee Schedule has been provided to you separately. You agree that the Rate and Fee Schedule may change from time to time, and you will be notified of such changes as required by law.

3. Transaction Limitations

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

The credit union may also refuse to allow a withdrawal in other cases, e.g., any dispute between the owners about the account (unless a court has ordered the credit union to allow the withdrawal), a legal garnishment or attachment is served, the account secures an obligation to the credit union, any required documentation has not been presented, or you fail to repay a credit union loan on time. You will be advised of the reasons for refusal if such action is taken. The credit union reserves the right to require members to give notice in writing of any intended withdrawals from any account (except checks) of not less than seven days and up to 60 days, as required by applicable law, before such withdrawal.

b. Transfer Limitations. For savings and money market accounts, you may make up to six preauthorized, automatic, telephonic, facsimile, online, or audio response transfers to another account of yours or to a third party during any calendar month. Of these six, you may make no more than three transfers to a third party by check or ATM/POS/Visa debit card purchase. A preauthorized transfer includes any arrangement with the credit union to pay a third party from the member's account upon oral or written orders, including orders received through the automated clearinghouse. There is no limit on the number of transactions you may make in the following manner: (1) transfers to any loan account with the credit union; or (2) transfers to another credit union account or withdrawals (checks mailed directly to you) when such transfer or withdrawal is initiated in person, by mail, or at an ATM. If a transfer request would exceed the transfer limitations set forth above in any statement period, the credit union may refuse or reverse the transfer, your account will be subject to suspension or closure by the credit union, and the credit union may impose a charge.

4. Deposit Requirements. Funds may be deposited to any account in any manner approved by the credit union in accordance with the requirements set forth on the Rate and Fee Schedule.

a. Endorsements. You may authorize the credit union, in its discretion, to accept transfers, checks, drafts, and other items for deposit into any of your accounts whether or not they are endorsed by all payees. You authorize the credit union to supply missing endorsements of any owners if the credit union chooses to supply such endorsements. The credit union reserves the right to verify all endorsements on third-party checks presented for payment or deposit either in person or by comparison with member signature files. If an insurance, government, or certain other check or draft requires an endorsement as set forth on the back of the check, the credit union may require endorsement as set forth on the item. Endorsements must be placed in the space on the back of the check between the top edge and 1.5 inches from the top edge. The credit union may accept drafts or checks with endorsements outside this space. However, if any such endorsement or any other markings you or any prior endorser has made on the check or draft cause any delay or error in processing the item for payment, you will be responsible for any loss incurred by the credit union due to the delay or error.

b. Collection of Items. The credit union shall not be responsible for deposits made by mail or at an unstaffed facility until the credit union actually receives them. In handling items for deposit or collection, the credit union acts only as your agent and assumes no responsibility beyond the exercise of ordinary care. The credit union will not be liable for negligence of any correspondent or for loss in transit, and each correspondent will be liable only for its own negligence. The credit union reserves the right to send any item for collection.

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

d. Direct Deposits. The credit union may offer direct deposit options allowing you to preauthorize deposits (e.g., payroll checks, Social Security or retirement checks, or other government checks) or preauthorize transfers from other accounts at the credit union. You must authorize any direct deposits to your accounts by a separate authorization form. If applicable, you must notify the credit union at least 30 days prior to any direct deposit or preauthorized transfer if you wish to cancel or change the direct deposit or preauthorized transfer option. Upon filing bankruptcy, if you fail to cancel any direct deposit authorization, you instruct your employer and the credit union to make and apply direct deposits in accordance with your authorization on file with the credit union. If the credit union is required to reimburse the U.S. government for any benefit payment directly deposited into your account for any reason, you agree the credit union may deduct the amount returned from any of your accounts, unless prohibited by law.

e. Crediting of Deposits. Deposits made after the deposit cutoff time and deposits made on federal holidays and on days that are not business days of the credit union will be credited to your account on the next business day. Deposits received at unstaffed facilities, such as night depositories, will be credited on the day funds are removed and processed by the credit union. Items drawn from institutions located outside the United States may be handled on a collection basis only. Deposits will be credited to your account when we receive final payment. You waive any notice of nonpayment, dishonor, or protest regarding any items purchased or received by the credit union for credit to your account or for collection.

5. Lost Items. The credit union, in receiving items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse the credit for any deposited items or to charge your account for the items should they become lost in the collection process.

6. Credit Union Liability. If the credit union does not properly complete a transaction according to this Agreement, the credit union will be liable for your losses or damages, not to exceed the amount of the transaction except as otherwise provided by law. The credit union will not be liable if:

(a) through no fault of the credit union, your account

does not contain enough money to make the transaction; (b) circumstances beyond the credit union's control prevent the transaction; (c) your loss is caused by your negligence or the negligence of another financial institution; or (d) the money in your account is subject to legal process or other claim. The credit union will not be liable for consequential damages except liability for wrongful dishonor.

The credit union's actions will constitute the exercise of ordinary care if such actions or nonactions are consistent with applicable state law, Federal Reserve regulations and operating letters, clearinghouse rules, and general banking practices followed in the area serviced by the credit union. You grant the credit union the right, in making payments of deposited funds, to rely exclusively on the form of the account and the terms of this Agreement. Any conflict between oral representations by you or the credit union employees and any written form will be resolved by reference to this Agreement and applicable written form.

7. Credit Union Lien and Security. To the extent you owe the credit union money as a borrower, guarantor, endorser, or otherwise, the credit union has a lien on any or all of the funds in any account in which you have an ownership interest at the credit union, regardless of the source of the funds. The credit union may apply these funds in any order to pay off your indebtedness. If the credit union chooses not to enforce its lien, the credit union does not waive its right to enforce the lien at a later time. In addition, you grant the credit union a consensual security interest in your accounts and agree the credit union may use the funds from your accounts to pay any debt or amount now or hereafter owned by the credit union, except for obligations secured by your dwelling, unless prohibited by applicable law. You may not assign or transfer any account to a third party.

8. Legal Process. If any legal action, such as a levy, garnishment, or attachment, is brought against your account, the credit union may refuse to pay out any money from your account until the dispute is resolved or may pay out funds according to the terms of the levy. If the credit union incurs any expenses or attorney's fees in responding to a legal process, such expenses may be charged against your account without prior notice to you, unless prohibited by law. Any legal process against your account is subject to the credit union's lien and security interest.

9. Account Information to Third Parties. Upon your request, the credit union will inform you of the name and address of each credit reporting agency from which the credit union obtains a credit report in connection with your account. You authorize the credit union to provide information to credit-reporting or check-verification companies about your account history with the credit union. The credit union agrees not to disclose information to third parties about your account regarding any specific account transaction or account balances.

We will, however, disclose information to third parties about your account or the transfers you make:

- a. As necessary to complete transactions you request.

- b. To verify the existence of sufficient funds to cover specific transactions upon the request of a third party, such as a credit bureau or merchant.
- c. To comply with government agency or court orders.
- d. If you give us your written permission.

10. Notices

a. Name or Address Changes. It is your responsibility to notify the credit union upon a change of address or change of name. The credit union is required to attempt to communicate with you only at the most recent address you have provided to the credit union. The credit union may accept oral notices of a change in address but may require any other notice(s) from you to the credit union in writing.

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

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

11. Certificate Accounts. Any certificate account offered by the credit union is subject to the terms of this Agreement and the specific terms and disclosures set forth on the Certificate Account Receipt for each account and any Certificate Renewal Notice, which are incorporated herein by reference.

12. Overdrafts

a. General Overdraft Liability. If on any day the available funds in your checking account are not sufficient to cover checks and other items (ACH, debit card, or ATM card transactions) posted to your account, those checks and items will be handled in accordance with our overdraft procedures and the terms of this Agreement. If we pay a check or item that overdraws your account, you are liable for and agree to pay the overdraft amount and an NSF fee immediately. If you are opted in to Extended Overdraft, you may receive a Take Five forgiveness that allows you to overdraw up to a certain amount without being charged a fee. If we do not pay the check or item, we will return it unpaid and you agree to pay a return-item fee. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payer bank extra time beyond any midnight deadline limits.

b. How We Clear and Post Transactions. The Credit Union's determination of an insufficient account balance is made at

the time the check or item is presented to us, which may be later during the day than the time you conduct a transaction. Overdrafts will be determined based on the available balance in your account at the time of presentment. Your available balance may be lower than your actual balance due to funds held for debit card transactions you have authorized and deposited checks held pursuant to our funds-availability policy. You can view your available balance through Online Banking to help avoid an overdraft. Transactions may not be presented in the order in which they occurred, and the order in which checks or items are received and processed may affect if an overdraft occurs. The Credit Union processes all checks and ACH items in the chronological order in which they are received.

c. Overdraft Protection Plans. If we approve your request for overdraft protection, we will provide an overdraft protection plan for you.

i. Savings-Only Overdraft Option. We will honor checks and other items drawn on insufficient funds in your checking account by transferring the necessary funds from a savings account or other deposit account as you designate. If you have available funds in your savings account, you authorize us to automatically transfer funds in amounts necessary to cover any overdraft on your checking account. There is a limit of six overdraft transfers each month. If you exceed the allowed transfers in a month or if your available savings account balance is insufficient to cover the overdraft amount, we will not make any transfer that overdraws your savings account and will return the check or item unpaid. There is no fee for an overdraft transfer from savings. You may opt out of this overdraft transfer service at any time by notifying us verbally or in writing.

ii. Extended Overdraft Protection. We offer a discretionary overdraft service (Extended Overdraft) to cover overdrafts on your checking accounts. The Credit Union offers the Extended Overdraft service to all eligible consumer checking account owners based on length of time as a Credit Union member and overall relationship with the Credit Union. Extended Overdraft is not offered to minors; fiduciary accounts, or anyone who has caused a financial loss to the Credit Union. There are two Extended Overdraft options:

- Opt-in-Select Extended Overdraft—This service will be provided for ACH withdrawals and recurring debit transactions, Online Bill Pay transactions, and checks written from your checking account only (but not ATM or one-time debit card transactions) if you expressly "opt in" to the Opt-in-Select Extended Overdraft service.
- Opt-in-All Extended Overdraft—This service will be provided for ACH withdrawals and recurring debit transactions, Online Bill Pay transactions, checks written from your account, and ATM and one-time debit card transactions if you expressly "opt in" to the Opt-in-All Extended Overdraft service.

d. Terms and Conditions of Overdraft Protection Service. The Extended Overdraft service will be provided under the following terms and conditions.

i. Discretionary Service. The Extended Overdraft service will be provided if your checking account is maintained in good standing with the Credit Union, which requires making regular deposits to sufficiently cover transactions, bringing account to a positive balance at least once every 15 days, and having no outstanding legal orders to the contrary. Under the Extended Overdraft service, we are not obligated to pay any check or item presented for payment if your account does not contain sufficient funds. We may, as a discretionary service and not as a right of yours or our obligation to you, pay overdrafts up to an approved overdraft limit under the terms of this service and subject to this Agreement. This overdraft service is not a line of credit, is not guaranteed, and is independent of any loan arrangement you may have with us. We will not pay an overdraft for you in excess of any limit we have established for your account type. Also, we may refuse to pay an overdraft for you at any time, even if we have previously paid overdrafts for you.

ii. Overdraft Transactions Covered. Subject to the opt-in requirement set forth above, if on any day you do not have available funds in your account and you overdraw more than the Take Five forgiveness allows, the following transactions, which may result in an insufficient or negative balance ("overdraft"), may be covered under our service: checks, debit card purchases, online or other electronic funds transfers, ACH debits and other payments or withdrawals authorized by you, account service charges, preauthorized drafts, and any other items that may be posted to your account. If we pay an item, we will pay the item in the order in which it is presented or received by us, regardless of amount and in accordance with our normal operating procedures for such checks, items, or transactions.

iii. Overdraft Limit/Available Balance. Under the Extended Overdraft service, the Credit Union may pay overdrafts up to a limit for which you qualify. The Credit Union's fees and charges and each paid check or item will be included in this limit. This overdraft limit will not be included or reflected in the available or actual balance of your account provided by a teller, at ATM or POS facilities, through online services, or on your periodic statements. If you have reached your overdraft limit, any checks or items presented to us will be returned for insufficient funds.

iv. Notification. We will not notify you by mail if you have any overdraft transactions. However, we have online tools that can help by notifying you when your account is reaching low balances. You can set them up in your Online Banking account.

v. Overdraft Fees. There is an overdraft fee for each overdraft check or item we pay that exceeds the Take Five forgiveness amount. If we do not pay the overdraft

item for any reason, there is an NSF/returned-item fee for each check or item we return. Please refer to your Truth in Savings Agreement for exact fee amounts and details. If you have excess overdraft activity, we will not cover such overdrafts and will notify you in writing to consider discontinuing the service. These fees may be amended as set forth in our Rate and Fee Schedule.

e. Member Repayment Responsibility. You agree your overdraft balance, including applicable overdraft fees, is due and payable upon demand. If there is more than one owner on an account, all owners are jointly and severally liable for repayment of the overdraft balance. If you fail to repay your overdraft balance within 31 days of notice from us, we may immediately suspend the Extended Overdraft service. Accounts may be closed for failure to repay overdraft balances, and we will report account closures to consumer-reporting agencies. Third-party collection fees may apply.

f. Member Opt-Out Right. We offer Extended Overdraft as a service and convenience to members for incidental overdrafts. We do not encourage you to repeatedly overdraw your account. We encourage you to manage your finances responsibly. You may opt out of the Extended Overdraft service at any time by notifying us verbally or in writing. We may require that any verbal opt-out be confirmed in writing. You understand that by opting out of this service, we may refuse to pay any check or item that is presented against an insufficient balance on your account and you will be responsible for any NSF/returned-item fees. You are still responsible to pay any overdraft, even if you have opted out of the service.

13. Postdated and Stale-Dated Checks. You authorize us to accept and pay any check without regard to the date of the check, even if the check is presented for payment before its date, unless you notify the credit union of the postdating in advance. Your notice will be effective only if: (a) the credit union receives the notice in time for the credit union to notify its employees and act upon the notice; and (b) you accurately describe the check, including the number, date, and amount. You understand that the exact information is necessary for the credit union's computer to identify the check. If you give the credit union an incorrect, incomplete, or untimely notice, the credit union will not be responsible for paying the check before the date stated and the credit union may charge your account as of the date the credit union pays the check. You may make an oral notice, which will lapse within 14 days unless continued in writing within that time. A written notice will be effective for six months. A written notice may be renewed in writing from time to time. You also agree not to deposit checks, drafts, or other items before they are properly payable. The credit union is under no obligation to you but may elect to pay a check or draft drawn on your account that is presented more than six months after its date.

14. Stop Payment Orders

a. Stop Payment Request. You may ask the credit union to stop payment on any check drawn upon your checking account. You may request a stop payment by telephone, by mail, or in person. The stop payment will be effective if the credit union receives the order in time for the credit union to act upon the order and you state the number of the account, number of the check, and its exact amount. You understand that the exact information is necessary for the credit union's computer to identify the check. If you give the credit union incorrect, incomplete, or untimely information, the credit union will not be responsible for failing to stop payment on the check. If the stop payment order is not received in time for the credit union to act upon the order, the credit union will not be liable to you or to any other party for payment of the item. If we recredit your account after paying a check 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 the credit union in legal action taken against the person.

b. Duration of Order. You may make an oral stop payment order, which will lapse within 14 calendar days unless continued in writing within that time. A written stop payment order will be effective for six months. A written stop payment order may be renewed in writing from time to time. The credit union is not obligated to notify you when a stop payment order expires.

c. Liability. The credit union may charge a fee for each check for which a stop payment order is requested, as set forth in the Rate and Fee Schedule. You may not stop payment on any certified check, cashier's check, teller's check, or any other check, draft, or payment guaranteed by the credit union. You should be aware that while payment of the item may be stopped, you may remain liable to any person, including the credit union who is a holder of the item, despite the stop payment order. You agree to indemnify and hold the credit union harmless from all costs, including attorney's fees, damages, or claims related to the credit union's action in refusing payment of an item, including claims of any joint account owner, payee, or endorsee in failing to stop payment of an item as a result of incorrect information provided by you.

15. Taxpayer Identification Numbers (TIN) and Backup Withholding. If your account is or becomes subject to backup withholding, the credit union is required by law to withhold and pay to the Internal Revenue Service a required percentage of payments of interest, dividends, and certain other payments under certain conditions. Your failure to furnish a correct TIN or meet other applicable requirements may result in backup withholding. If you fail to provide your TIN, the credit union will suspend the opening of your account or refuse to open your account.

16. Statements

a. Contents. The credit union provides a statement for your account. You will receive a periodic statement of all transactions and activity on your account during

the statement period. If a periodic statement is provided, you agree that only one statement is necessary for a joint account. For checking accounts, you understand that when paid, your original check becomes property of the credit union, but copies will be retained by the credit union and made available to you upon your request. You understand that once mailed, statements and check copies are considered available to you on that mail date.

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

c. Notice to the Credit Union. You agree that the credit union's retention of drafts does not alter or waive your responsibility to examine your statements and draft copies or the time limit for notifying the credit union of any errors. The statement will be considered correct for all purposes and the credit union will not be liable for any payment made or charge to your account unless you notify the credit union in writing within the above time limit after the statement and checks are made available to you.

17. Dormant and Abandoned Accounts. An account will be classified as dormant if there has been no activity in the account other than dividend crediting, or ACH deposits or withdrawal, for a period of at least 12 months and you do not have any other active account relationships with us. If the credit union has been unable to locate you at the last address shown on the credit union records and there has been no activity other than dividend crediting for a period of 12 months, the credit union will charge a monthly dormant account fee for continuing to process your dormant account as allowed by applicable law and as set forth on the Rate and Fee Schedule. The credit union will notify you at your last known address prior to imposing any fee, as required by law. You authorize us to suspend mailing statements on a dormant account and to transfer funds from your account to cover the dormant account fee or any service fees, if applicable.

If a deposit or withdrawal has not been made on the account and the credit union has not had sufficient contact with you within the period specified by state law, the account will be presumed to be abandoned. Funds in abandoned accounts will be reported and remitted in accordance with state law. Once funds have been turned over to the state, the credit union has no further liability to you for such funds, and if you choose to reclaim such funds, you must apply to the appropriate state agency.

18. Special Account Instructions

a. Liability. You may request the credit union to facilitate certain trust, will, or court-ordered account arrangements.

However, because the credit union does not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust, will, or court order. You and any surviving owner or beneficiary agree(s) to indemnify and hold the credit union harmless from any claim or liability asserted against the credit union as a result of the disposition of funds in reliance on this Agreement and any account designations of yours. If you ask the credit union to follow any instructions that the credit union believes might expose it to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the credit union may refuse to follow your instructions or may require you to indemnify the credit union or post a bond or other protection. Any item presented with a full payment legend must be presented in person to a credit union representative; otherwise, payment is accepted with full reservation of rights. Account changes requested by you or any account owner, such as adding or closing an account or service, must be evidenced by a signed All-in-One Account Application and accepted by the credit union.

b. Agency Designation. An agency designation is an instruction to the credit union that the account owner has authorized another person to make transactions as agent for the account owner. The credit union may refuse to recognize an agency designation or power of attorney made on forms not acceptable to the credit union. An agent has no ownership interest in the account or credit union voting rights. The credit union has no duty to inquire about the use or purpose of any transaction by the agent. The credit union shall not be liable for any transaction made by an agent for a deceased or incompetent account owner unless the credit union has actual knowledge of the death or incompetence at the time of the transaction.

III. Privacy Policy Statement

1. Our Privacy Pledge. At Harborstone Credit Union, we respect the privacy of our members. We recognize the importance of maintaining the confidentiality of your personal financial information. This notice describes the privacy policy and practices followed by Harborstone Credit Union. This notice explains what types of member information we collect and under what circumstances we may share it.

2. Member Information We Collect. Harborstone Credit Union collects only relevant information about members needed to establish and maintain your accounts and services as the law allows or requires us to collect. We may collect personal and financial information about you (member information) that is "nonpublic." The member information we collect varies depending on the accounts and services you request and use. We collect information about you from the following sources:

a. Application Information. We retain personal information we receive from you on any application you provide for membership, deposit account, EFT services, loans, insurance, or other credit union services. This information includes

name, address, email address, Social Security number, birth date, phone number, employment and financial status, and credit history.

b. Your Transactions. Any time you make a transaction on one of your accounts, including ATM or card transactions, loan advances, insurance transactions, transactions through online banking, transactions over the phone, or transactions at a branch, we retain the transaction information, including your account number; the date, amount, and location of the transaction; and other pertinent information.

c. Credit Reports. When we evaluate your application for an account or service, we may request a credit report about you from a consumer reporting agency. We retain the personal and credit history information about you, and we may use it to evaluate future account service requests.

d. Online. We obtain information online when you visit our website, harborstone.com. This includes retaining information you provide to us on any online application or online banking transaction as well as any information you send to us by email.

3. Member Information We Share. In order to provide financial services to you, we share certain information about you with our affiliates and third-party service providers. However, we share information only to the extent necessary to service your account or offer new services to you. If we share your information, it is with the goal of bringing you quality services, more choices, and greater convenience. Information we may have about former members is generally shared or disclosed only if necessary to enforce or administer an account or as required by law.

a. Aggregate Information. We share aggregate demographic and survey information with our business partners. That information does not contain any personally identifiable information. From time to time, Harborstone may initiate an online survey to measure our effectiveness in providing a useful Web tool. These surveys are not linked to your account or member information, and results are presented in aggregate form. You may opt out of these surveys by declining the survey invitation.

b. Sharing Information with Credit Union Affiliates. Our affiliates include financial companies such as Credit Union Services Group, CU Home Mortgage Solutions, Puget Sound Business Lending Group, and other financial service providers, including financial planning, securities brokerage, insurance products, and auto financing services. We may share personal information (such as name, address, and account number) and account information (such as type of accounts, account balances, and transaction history) with our affiliates so that they can serve you more efficiently. Our affiliates maintain the same privacy standards that we maintain.

c. Sharing Information with Third-Party Service Providers. In order for us to conduct our operations, including servicing your account or processing your transactions, we need to share information with our service providers, including data processing companies; check,

ATM, and other payment processing companies; payment networks; loan service providers; collection agencies; credit reporting agencies; insurance companies; and financial service providers with whom we have joint marketing agreements. These service providers act on our behalf and have agreed in writing to keep confidential the member information we provide to them. We share the following categories of information to third-party service providers depending on the specific services provided:

- Personal information (name, address, and account number)
- Account information (type of accounts, account balances, and transaction history)
- Transaction information (dates, amounts, locations, and types of transactions)

We do not sell member information or share your account numbers with independent third-party marketers offering their products and services. While we may assist in offering financial products and services of our affiliates or other financial service providers, we control the member information used to make such offers.

d. Sharing Information as Legally Required or Permitted.

We may share any member information of yours in response to a lawful request issued by a court, government agency, or regulatory authority or as permitted by law in order to administer or enforce your account. We may also share our experience information about you with credit bureaus. Our reporting to credit bureaus is governed by the Fair Credit Reporting Act, which affords you the right to make sure that your credit bureau reports are accurate.

4. Our Confidentiality and Security Safeguards.

We maintain strict policies and security controls to ensure that member information in our computer systems and files is protected. Our employees and agents are permitted access to member information that they may need to perform their jobs and to provide service to you. Our employees and agents have access to such member information as necessary to conduct transactions or respond to your inquiries. All employees and agents are trained to respect member privacy. No one except our employees and agents has regular access to the credit union computer system and records storage. The credit union has established internal security controls, including physical, electronic, and procedural safeguards, to protect the information you provide us and the information we collect about you. Only employees who need the information to perform specific jobs are granted access to personally identifiable information. We will continue to review our internal security controls to safeguard your member information as we employ new technology in the future.

5. Online Privacy Protections. At our website, harborstone.com, you may apply for accounts and services and you may communicate with us via email. To protect the information you provide us online, we use multiple levels of security. The application information we accept online and our online banking service relies on industry standard

“Secure Sockets Layer” (SSL) encryption to secure your transaction information and communication. Generally, our emails are not secure. However, if we ask you to email us your address and phone number, you have the option to submit it to us using a secure (SSL encryption) email form. When you visit our website, you can access site information without revealing your personal identity.

a. Online Web Links. Our website contains links to other sites. Please be aware that Harborstone Credit Union is not responsible for the privacy practices of such other sites. We encourage our users to be aware when they leave our site to read the privacy statements of each and every website. This privacy statement applies solely to information collected by this website. Some of the links from our site will take you off the harborstone.com site to a “co-branded” site where you will see the Harborstone logo as well as the logo of another service provider. The following links to sites are co-branded: Digital Insight, Élan, Turbo Tax, CUDL AutoSmart, and CU Home Mortgage Solutions. Any information you provide is collected by the service provider, and you are encouraged to read the privacy statement of that provider. We also have links from harborstone.com to “fully branded” service provider sites. As you view information on a fully branded site, you will see a change in the URL, but the pages appear as Harborstone Credit Union’s and the service provider is not identified. All information collected on fully branded sites is used by Harborstone Credit Union only and is not shared or used for any purpose other than processing your application and providing the requested service. Fully branded sites include online lending applications, online banking applications, and online bill payment services.

b. Log Files. Log files are used to collect aggregate statistics. Web server logs tell which pages are more and less popular on our site and types of Web browsers used. This information does not contain any personally identifiable information.

c. Protecting Children’s Information Privacy. Our online financial services are not designed for or directed toward children. We do not knowingly solicit or collect data from children, and we do not knowingly market to children online. We recognize that protecting children’s identities and online privacy is important and that the responsibility rests with us and with parents.

6. Privacy Policy Inquiries. If you have any questions about our privacy practices or need to correct or delete your information, contact us by calling (253) 584-2260 or 1-800-523-3641, sending us an email at harborstone.com/contactus, or writing to us at Harborstone Credit Union, P.O. Box 4207, Tacoma, WA 98438-0207.

7. Notification of Changes. If we decide to change our privacy policy, we will post those changes to this privacy statement, on our home page, and in other places we deem appropriate so that our users are always aware of what information we collect, how we use it, and under what circumstances, if any, we disclose it. We will mail a printed version of this policy annually to our members. We will use

information in accordance with the privacy policy under which the information was collected.

8. Tips for Protecting Privacy. You may limit the non-Harborstone marketing materials you receive through the mail or by telephone. If you would like to reduce the amount of advertising you receive from other companies, write the Direct Marketing Association at the appropriate address listed below. You must provide your name, address, and telephone number with your request:

Mail Preference Service
Attn: Preference Service Manager
Direct Marketing Association
P.O. Box 3079
Grand Central Station, NY 10163

Telephone Preference Service
Attn: Preference Service Manager
Direct Marketing Association
P.O. Box 3079
Grand Central Station, NY 10163

IV. Funds-Availability Policy

1. Your Ability to Withdraw Funds. Our policy is to make funds from your deposits available to you on the next business day after we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash, and we will use the funds to pay checks that you have written. For determining the availability of your deposits, every day is a business day except Saturdays, Sundays, and federal holidays. If you make a deposit before closing on an operating business day, we will consider that day to be the day of your deposit. Please note that we have different lobby hours at different offices. However, if you make a deposit after closing or on a day we are not open, we will consider that deposit to be made on the next open business day. Deposits made at night depository locations are considered deposited on the next open business day.

2. Our Right to Hold Funds. In some cases, we will not make all of the funds that you deposit by check available to you on the same or next business day after we receive your deposit. Depending on the type of check that you deposit (e.g., large check without available funds or third-party check), funds may not be available until the second business day after the day of your deposit. However, the first \$200 of your deposit will be available on the first business day. If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

3. Holds on Other Funds. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount that is already in your

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

4. Allowable Delays. We may delay your ability to withdraw funds deposited by check into your account an additional number of days if:

- a. We believe a check you deposit will not be paid.
- b. You deposit checks totaling more than \$5,000 on any day.
- c. You deposit a check that has been returned unpaid.
- d. You have overdrawn your account repeatedly in the last six months.
- e. There is an emergency, such as failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

5. Special Rules for New Accounts. If you are a new member, the following special rules will apply during the first 30 days your account is open. Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, credit union, traveler's, and federal, state, and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit. Funds from all other check deposits will be available on the tenth business day after the day of your deposit.

6. Deposits at Automated Teller Machines. Funds from any deposits (cash or checks) made at automated tellers machines will not be available until the second business day after the day of your deposit, with up to \$200 of the deposit available for immediate withdrawal.

V. Electronic Funds Transfers

By signing the All-in-One Account Application or using the ATM/POS/Visa debit card or Telephone Banking service, you agree to the following terms governing your and our rights and responsibilities concerning the electronic funds transfer services as applicable. Terms and conditions set forth elsewhere in this Agreement shall also apply to your electronic funds transfer service. Electronic funds transfers are

electronically initiated transfers of money through direct deposits, ATMs, point-of-sale terminals, and Telephone Banking transactions involving deposit accounts at Harborstone Credit Union.

1. Services

a. Electronic Check Transactions. You authorize us to honor any electronic check conversion transaction and re-presented check fee debit transactions you authorize (electronic check transactions). You agree that your authorization for an electronic check transaction occurs when you initiate such a transaction after receiving any notice regarding the merchant's right to process the transaction, including any written sign provided by the merchant at the time of your transaction. All terms governing electronic funds transfer services will apply to electronic check transactions, except the \$50 and \$500 limits of liability for unauthorized transactions in Section V-4, "Member Liability." You remain responsible for notifying us of any unauthorized electronic check transaction shown on your statement.

b. ATM/POS. You may use your Visa debit card and ATM card and personal identification number in Harborstone Credit Union ATMs; in ATMs on the CO-OP, Accel®, Visa, Plus®, MasterCard®, Maestro®, Cirrus®, and AFFN® networks; and at such other machines or facilities as the credit union may designate. At the present time, you may use your card to perform the following transactions:

- Make deposits to your savings or your checking account.
- Withdraw cash from your savings or checking account.
- Transfer funds between your savings and checking accounts.
- Inquire about your savings and checking account balances.
- Purchase American Express Travelers Cheques at dispensing ATMs in major airport terminals.
- Purchase goods and services from merchants equipped with POS terminals. Purchases of goods and services from your savings account are limited to three (3) per calendar month.

c. Visa Debit Card. If you have a Visa debit card with us (Visa logo and hologram shown on your card), you may use it to purchase goods and services any place Visa is honored by participating merchants. Funds to cover your Visa debit card purchases will be deducted from your checking account. If the balance in your checking account is not sufficient to pay the transaction amount, the credit union may treat the transaction as an overdraft request pursuant to the overdraft protection we offer or may terminate all services under this Agreement.

d. Direct Deposit. Upon instruction of: (1) your employer; (2) the Treasury Department; or (3) another financial institution, the credit union will accept direct deposits of your paycheck or of federal recurring payments, such as Social Security.

e. Telephone Banking. To access our Telephone Banking service for your accounts, a separate four-digit personal identification number (PIN) will be assigned to you. You must use your PIN along with your Harborstone Credit Union

member number to access your accounts. Currently, you may use Telephone Banking to:

- Obtain general account balance, deposit, withdrawal, dividend, savings, checking, money market, IRA, and certificate account information.
- Obtain account balance, loan interest, and payment date information on your consumer loan, first or second mortgage, or Visa credit card accounts.
- Transfer funds between your savings and checking accounts.
- Transfer funds from your checking or savings account to make a consumer loan, first or second mortgage loan, or Visa credit card payment.
- Perform other transactions as offered and permitted in the future.

2. Service Limitations

a. ATM Transactions

i. ATM Transfers and Withdrawals. There is no limit to the number of transfers from a savings account using an ATM. Cash-withdrawal fees are determined by your Harborstone Credit Union checking account choice as set forth on the Rate and Fee Schedule. Cash withdrawals from ATMs with ATM cards are limited to \$525 per day. Cash withdrawals from ATMs with Visa debit cards are limited to \$525 per day. If this limit changes, you will be notified.

ii. ATM Deposits. You may make deposits only at certain ATMs owned and operated by the credit union and nonproprietary ATMs. There is a two-business-day hold on all ATM deposits (for cash and checks). Deposits are subject to verification by the credit union. You should review the credit union's Funds-Availability Policy in this Agreement to determine the availability of funds deposited at ATMs.

b. Point-of-Sale (POS). With a Harborstone Credit Union checking account, purchases at POS terminals can be made from your checking account only with a Visa debit card and are combined with any Visa debit card purchases for a total daily limit of \$5,000. If a POS transaction is made with a Visa debit card, the total daily limit is \$500 per day. The maximum amount is exclusive of the maximum withdrawals you may make at ATMs. If you do not have a credit union checking account, you may not make more than three POS transactions from your savings account per calendar month.

c. Visa Debit Card Purchase Limitations. Visa debit card purchases are combined with POS transactions and limited to a total of \$3,500 per day. There is no limit on the number of Visa debit card purchase transactions you may make during a statement period. No purchase may exceed the available funds in your account. The credit union reserves the right to refuse any transactions that would draw upon insufficient funds, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. The credit union may set other limits on the amount of any transaction, and you will be notified of those limits. The credit union may refuse to honor any transaction for which you do not have sufficient verified funds.

d. Online and Telephone Transactions (member not present). Transactions made online or by telephone are limited to a maximum amount of \$3,500 per day.

e. Telephone Banking. You may access your accounts through our Telephone Banking service. Telephone Banking service will be available for your convenience seven days per week, 24 hours per day. This service may be interrupted for a short time each day for data processing. If you call during this time, you may be advised that the system is unavailable. While there is no limit to the number of inquiries or transfer requests you may make in any one day, there are certain limitations on transfers from savings accounts.

No transfer may exceed the available funds in your account. The credit union reserves the right to refuse any transaction that would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. Transactions made after the close of normal business hours each day may be credited to your account on the next business day after the date of the transaction. The credit union may set other limits on the amount of any transactions, and you will be notified of those limits. The credit union may refuse to honor a transaction until sufficient account funds are verified. There is no limit on the number of transaction requests you may make during a single phone call.

3. Security of Personal Identification Code (PIC) and Personal Identification Number (PIN). The Visa credit card, ATM card, Visa debit card PIC(s), and Telephone Banking PIN(s) issued to you are for your security. The numbers are confidential and should not be disclosed to third parties or recorded on or with your card(s). You are responsible for the safekeeping of your PIC(s) or PIN(s). You agree not to disclose or otherwise make your PIC(s) or PIN(s) available to anyone not authorized to sign on your accounts. If you authorize anyone to use your PIC(s) or PIN(s), that authority shall continue until you specifically revoke such authority by notifying the credit union. If you fail to maintain the security of these access codes and the credit union suffers a loss, we may terminate your Visa credit card, ATM card, Visa debit card, or Telephone Banking services immediately.

4. Member Liability. Tell us at once if you believe your ATM card, Visa debit card, Visa credit card, or PIN assigned to you has been lost or stolen. Telephoning is the best way to limit your possible losses. If you tell us within two business days, you can lose no more than \$50 if someone uses your card without your permission. If you do not tell us within two business days after you learn of the loss or theft of your card and we can prove that we could have stopped someone from using your card without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transactions that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money lost after the 60 days if we can prove that we could have stopped someone from making the transfers if you had

told us in time. If there are extenuating circumstances that kept you from telling us, we may extend the time period.

Harborstone Credit Union enables non-Visa debit transaction processing and does not require that each such transaction be authenticated by a PIN. A non-Visa debit transaction may occur on your Harborstone Visa debit card through the ATM Network. Below are examples to distinguish between a Visa debit and a non-Visa debit transaction:

- To initiate a Visa debit transaction at the point of sale, the cardholder signs a receipt, provides a card number (e.g., in e-commerce or mail/telephone order environments), or swipes the card through a point-of-sale terminal.
- To initiate a non-Visa debit transaction, the cardholder enters a PIN at the point-of-sale terminal or, for certain bill-payment transactions, provides the account number for an e-commerce or mail/telephone order transaction after clearly indicating a preference to route it as a non-Visa transaction. A non-Visa debit transaction will not provide the zero-liability protection benefit, and if a Rewards program is present, a non-Visa debit transaction may not be an eligible Rewards transaction. Provisions of the cardholder agreement relating only to Visa transactions are inapplicable to non-Visa transactions.

If you believe your card(s) has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call member service at (253) 584-2260 or toll-free at 1-800-523-3641. Or write to us at Harborstone Credit Union, Attn: Member Service, P.O. Box 4207, Tacoma, WA 98438-0207. We may require you to send a completed claim form, supplied by the credit union, within 10 business days.

5. Fees and Charges. There are certain charges for electronic funds transfer services, as set forth below. The amount of each fee is set forth on the Rate and Fee Schedule. From time to time, the charges may be changed. We will notify you of any changes as required by law.

a. ATM Withdrawal Fees. There may be a fee for each cash machine withdrawal made at an approved network ATM, except at Harborstone Credit Union owned ATMs.

b. Insufficient Funds Fee. You will be charged a fee if there are not sufficient funds to complete a transfer or withdrawal request or preauthorized EFT, regardless of whether the item is paid or returned.

c. Card Fees. There is no fee for the first two ATM/Visa debit cards issued to you. Any additional cards or replacement cards issued for cards that are lost or stolen will be charged a fee as disclosed in the Rate and Fee Schedule.

d. Replacement Card Fee. There will be a replacement card fee for each replacement ATM card or Visa debit card issued to you, regardless of the reason.

e. Currency Conversion. Purchases and cash advances made in foreign countries and foreign currencies will be billed to you in U.S. dollars. The currency conversion rate for international transactions as established by Visa International Inc. is a rate selected by Visa from the range of rates available

in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date. In addition, you will be assessed an international transaction fee on any card purchase or cash advance made in a foreign country.

6. Right to Receive Documentation

a. Periodic Statements. Transfers and withdrawals transacted through ATMs, POS terminals, or the Telephone Banking system will be recorded on your periodic statement. You will receive a statement at least quarterly.

b. Direct Deposits. If you have arranged to have a direct deposit made to your account at least once every 60 days from the same source and you do not receive a receipt (such as a pay stub), you can find out whether or not the deposit has been made by calling Telephone Banking at (253) 584-2260 or toll-free at 1-800-523-3641. This does not apply to transactions occurring outside the United States.

c. ATM/POS Terminal Receipt. You will get a receipt at the ATM or POS terminal at the time you make any transaction (except inquiries) greater than \$15 involving your account.

7. Credit Union Liability for Failure to Make Transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages.

However, there are some exceptions. We will not be liable in the following instances:

- a. If, through no fault of ours, you do not have enough money in your account to make the transfer, your account is inactive, or the transfer would go over the credit limit on your line of credit.
- b. If you used the wrong PIN or you used a PIN or your ATM card, Visa debit card, or Visa credit card in an incorrect manner.
- c. If your ATM, Visa debit card, or Visa credit card has expired or is damaged and cannot be used.
- d. If the ATM where you are making the transfer is closed or does not have enough cash.
- e. If the ATM or POS terminal or Telephone Banking system was not working properly and you knew about the problem when you started the transaction.
- f. If circumstances beyond our control (such as fire, flood, or power failure) prevent the transaction.
- g. If the money in your account is subject to legal process or other claim.
- h. If the withdrawals or transfers from your savings accounts have reached the maximum number allowed by law.
- i. If your account is frozen because of a delinquent loan.
- j. If there are other exceptions as established by the credit union.
- k. If ATM or POS terminal retains your card in certain instances (in which event, you may contact the credit union about its replacement).

8. Preauthorized Electronic Funds Transfers.

a. Stop Payment Rights. If you have arranged in advance to make regular electronic funds transfers out of your account(s) for money you owe others, you may stop payment of preauthorized transfers from your account. You must notify the credit union orally or in writing at the telephone number and address stated in Section V-4 of this Membership and Account Agreement any time up to three business days before the scheduled date of the transfer. The credit union may require written confirmation of the stop payment order to be made within 14 days of any oral notification. If we do require the written confirmation, the oral stop payment order shall cease to be binding 14 days after it has been made.

b. Notice of Varying Amounts. If these regular payments vary in amount, the company you are going to pay is responsible for telling you, 10 days before each payment, when it will be made and how much it will be.

c. Liability for Failure to Stop Payment of Preauthorized Transfers. If you order us to stop one of these payments three business days or more before the transfer is scheduled in the manner discussed in this Agreement, and we do not do so, we will be liable for your losses or damages.

9. Termination of Electronic Funds Transfer Services. You agree that we may terminate this Agreement and your EFT services if:

- a. You, or any authorized user of your PIN, breach this or any other agreement with us.
- b. We have reason to believe that there has been an unauthorized use of your ATM card, Visa debit card, or PIN.
- c. We notify you or any other party to your account that we have cancelled or will cancel this Agreement.
- d. You are terminated from credit union membership.

You or any other party to your account can terminate this Agreement by notifying us in writing. Termination of service will be effective the first business day following receipt of your written notice. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

10. Notices. The credit union reserves the right to change the terms and conditions upon which this service is offered. The credit union will mail notice to you at least 21 days before the effective date of any change, as required by law. Use of this service is subject to existing regulations governing the credit union account and any future changes to those regulations.

11. Billing Errors. In case of errors or questions about your electronic transfers, telephone us or write to us as soon as you can. We must hear from you no later than 60 days after we sent the first statement on which the problem appears.

- a. Tell us your name and account number.
- b. Describe the transaction you are unsure about, and clearly explain why you believe it is an error or why you need more information.
- c. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or questions in writing within 10 business days.

We will tell you the results of our investigation within 10 business days after we hear from you and will correct the error promptly. For errors related to transactions occurring within 30 days after the first deposit to the account (new accounts), we will tell you the results of our investigation within 20 business days. If we need more time, however, we may take up to 45 calendar days to investigate your complaint or question (90 calendar days for POS transaction errors, new account transaction errors, or errors involving transactions initiated outside the United States). If we decide to do this, we will recredit your account within 10 business days (five business days for Visa debit card purchase transactions) for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

If we decide after our investigation that an error did not occur, we will deliver or mail to you an explanation of our findings within three business days after the conclusion of our investigation. If you request, we will provide you copies of documents (to the extent possible without violating other members' rights to privacy) relied upon to conclude that the error did not occur.

12. ATM Safety Notice. The following information is a list of safety precautions regarding the use of automated teller machine (ATM) and night deposit facilities.

- a. Be aware of your surroundings, particularly at night.
- b. Consider having someone accompany you when the ATM or night deposit facility is used after dark.
- c. If another person is uncomfortably close to you at the time of your transaction, ask the person to step back before you complete your transaction.
- d. Refrain from displaying your cash at the ATM or night deposit facility. As soon as your cash machine transaction is completed, place your money in your purse, pocket, or wallet. Count the cash later in the safety of your locked car or home.
- e. If you notice anything suspicious at the ATM or night deposit facility, consider using another ATM or night deposit facility or coming back later. If you are in the middle of a transaction and you notice something suspicious, cancel the transaction, take your cash machine card or deposit envelope, and leave.
- f. If you are followed after making a transaction, go to the nearest public area where people are located.
- g. Do not write your personal identification code on your cash machine card.
- h. Report all crimes to law enforcement officials immediately.



Harborstone Credit Union

P.O. Box 4207
Tacoma, WA 98438-0207
(253) 584-2260 or 1-800-523-3641
Harborstone.com

Bonney Lake

20608 State Route 410 E
Bonney Lake, WA 98391

Bothell

19122 Beardslee Blvd., Suite 205
Bothell, WA 98011

Fife

4210 20th St. E
Fife, WA 98424

Gig Harbor

4811 Borgen Blvd. NW
Gig Harbor, WA 98332

Issaquah

1011 NE High St., Suite 101
Issaquah, WA 98029

Kent

207 W Kent Station St., Suite 101
Kent, WA 98032

Lacey

1445 Galaxy Drive NE
Lacey, WA 98516

Lakewood

6019 Lake Grove St. SW
Lakewood, WA 98499

Joint Base Lewis-McChord

532 Barnes Blvd.
Joint Base Lewis-McChord, WA 98438

Puyallup

3921 S Meridian
Puyallup, WA 98373

Seattle

401 Fifth Ave., Suite 100
Seattle, WA 98104

Spanaway

136 167th St. S
Spanaway, WA 98387

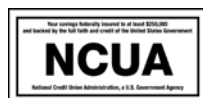
Tacoma

4720 Center St.
Tacoma, WA 98409

7220 Tacoma Mall Blvd.
Tacoma, WA 98409

Tukwila

12834 Interurban Ave. S
Tukwila, WA 98168



Federally insured by NCUA.

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