

III ELECTRONIC FUNDS TRANSFER AGREEMENT AND DISCLOSURE (Reg. E)

This Electronic Funds Transfer Agreement is the contract which covers your and our rights and responsibilities concerning the electronic funds transfer (“EFT”) services offered to you by Palisades Federal Credit Union (“Credit Union”). In this Agreement, the words “you” and “yours” mean those who sign the application or account card as applicants, joint owners, or any authorized users. The words “we,” “us,” and “our” mean the Credit Union. The word “account” means any one or more savings and checking accounts you have with the Credit Union. Electronic funds transfers are electronically initiated transfers of money from your account through the electronic funds transfer services described below. By signing an application or account card for EFT services, signing your Card, or using any EFT service, each of you, jointly and severally, agree to the terms and conditions in this Agreement and any amendments for the EFT services offered.

1. EFT Services. If approved, you may conduct any one or more of the EFT services offered by the Credit Union.

a. ATM Card. If approved, you may use your Card and PIN (Personal Identification Number) in automated teller machines of the Credit Union, PLUS, Member Access, AmericanExpress, Discover, The Exchange, CU24, VISA, NYCE, Allpoints Networks, and such other machines or facilities as the Credit Union may designate. At the present time, you may use your Card to:

- Make deposits to your savings and checking accounts at branch locations only.
- Withdraw funds from your savings, checking and Overdraft Line of Credit accounts.
- Transfer funds from your savings, checking and Overdraft Line of Credit accounts.
- Obtain balance information for your savings and checking accounts.
- Access your Overdraft Line of Credit account.
- Make POS (Point-of-Sale) transactions with your Card and PIN (Personal Identification Number) to purchase goods or services at POS terminals that carry PLUS, Member Access, American Express, Discover, The Exchange, CU24, VISA, NYCE, and Allpoints network logo(s).

The following limitations on the frequency and amount of ATM transactions may apply:

- You may make five (5) cash withdrawals in any one day

- You may withdraw up to a maximum of \$500 in any one day, if there are sufficient funds in your account
- You may make five (5) POS Transactions in any one day.
- You may purchase up to a maximum of \$500 from POS terminals per day, if there are sufficient funds in your account.
- You may transfer up to the available balance in your accounts at the time of the transfer.
- See Section 2 for transfer limitations that may apply to these transactions.

Because of the servicing schedule and processing time required in ATM operations, there may be a delay between the time a deposit (either cash or check) is made and when it will be available for withdrawal.

b. TAP (Audio Response). If we approve the TAP audio response access service for your accounts, a separate PIN (Personal Identification Number) will be assigned to you. You must use your PIN (Personal Identification Number) along with your account number to access your accounts. At the present time you may use the audio response access service to:

- Withdraw funds from your savings, checking, special savings, vacation, money market, and accounts.
- Transfer funds from your savings, checking and money market, Overdraft Line of Credit, and Line of Credit accounts.
- Obtain balance information for your savings, checking and loan accounts.
- Make loan payments from your savings, checking and money market accounts.
- Access your Overdraft Line of Credit and Line of Credit accounts.
- Determine if a particular item has cleared.
- Obtain tax information on amounts earned on savings and checking accounts or interest paid on loan accounts.
- Verify the last date and amount of your payroll deposit.
- Order a copy of a paid check.
- Financial calculators.
- Cross account transactions.
- Change your PIN.
- General information regarding PFCU operations.
- Make a Palisades FCU VISA Card payment.

Your accounts can be accessed under the TAP audio response service via a touch tone telephone only. TAP service will be available for your convenience twenty-four (24) hours per day. This service may be interrupted for a short time each day for data processing.

- See Section 2 for transfer limitations that may apply to these transactions.

The Credit Union reserves the right to refuse any transaction which 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. All checks are payable to you as a primary member and will be mailed to your address of record. 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 available verified funds. The service will discontinue if no transaction is entered after numerous unsuccessful attempts to enter a transaction, and there may be limits on the duration of each telephone call.

c. Preauthorized EFTs.

- Direct Deposit. Upon instruction of (i) your employer or (ii) the Treasury Department or (iii) other financial institutions, the Credit Union will accept direct deposits of your paycheck or of federal recurring payments, such as Social Security, to your savings or checking account.
- Preauthorized Debits. Upon instruction, we will pay certain recurring transactions from your savings and checking account.
- See Section 2 for transfer limitations that may apply to these transactions.

d. Home Banking Electronic/PC EFTs. If we approve the Home Banking electronic/PC access service for your accounts, a separate user ID and security code will be assigned to you. You must use your user ID and security code along with your account number to access your accounts. At the present time, you may use the Home Banking access service to:

- Transfer funds from your savings, checking, Overdraft Line of Credit, Line of Credit, and money market accounts.
- Obtain balance information for your savings, checking, vacation club, money market, Line of Credit, Overdraft Line of Credit, and loan accounts.
- Access your Home Equity Line of Credit, Overdraft Line of Credit.
- Make a Palisades FCU VISA Card payment.

Your accounts can be accessed under the Home Banking electronic/PC access service via personal computer. Home Banking service will be available for your convenience twenty-four (24) hours per day. This service may be interrupted for a short time each day for data processing. We reserve the right to refuse any transaction which 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. We may set other limits on the amount of any

transaction, and you will be notified of those limits. We may refuse to honor any transaction for which you do not have sufficient available verified funds. The service will discontinue if no transaction is entered after numerous unsuccessful attempts to enter a transaction, and there may be limits on the duration of each access. Credit Union is not liable for transmission problems and error by the member's Internet provider.

- Federal regulations limit you to no more than six (6) withdrawals or transfers to another credit union account of yours or to a third party by means of a preauthorized or automatic transfer, telephone order, or any other instructions.
- See Section 2 for transfer limitations that may apply to these transactions.

e. Electronic Check Conversion/Electronic Returned Check Fees. If you pay for something with a check or share draft you may authorize your check or share draft to be converted to an electronic fund transfer. You may also authorize merchants to electronically debit your account for returned check fees. You are considered to have authorized these electronic funds transfers if you complete the transaction after being told (orally or by a notice posted or sent to you) that the transfer may be processed electronically or if you sign a written authorization.

f. Electronic Bill Pay (Bill Payments). We will process bill payment transfer requests only to those creditors the Credit Union has designated in the User Instructions and such creditors as you authorize and for whom the Credit Union has the proper vendor code number. We will not process any bill payment transfer if the required transaction information is incomplete.

We will withdraw the designated funds from your checking account for bill payment transfer by 2:00 p.m. on the date you schedule for payment. We will process your bill payment transfer within a designated number of days before the date you are scheduled for payment. You must allow sufficient time for vendors to process your payment after they receive a transfer from us.

Please leave as much time as though you were sending your payment by mail. We cannot guarantee the time that any payment will be credited to your account by the vendor. All features and benefits associated with your PFCU checking account(s) are in effect when using Electronic Bill Pay (**EPay**).

- There is no limit to the number of bill payments per day.
- See Section 2 for transfer limitations that may apply to these transactions.
- Please ask a Financial Services Representative to give you the helpful reminders on your new Palisades Federal Credit Union's VISA Check Card hand out for additional information.

2. Transfer Limitations. For all Savings and Money Market accounts, no more than six (6) preauthorized, automatic, electronic, or telephone transfers and withdrawals may be made from these accounts to another account of yours or to a third party in any month, and no more than three (3) of these six (6) may be made by check, draft, or access card to a third party. If you exceed these limitations, your account may be subject to a fee or be closed.

3. Conditions of EFT Services.

- a. Ownership of Cards. Any Card or other device which we supply to you is our property and if we request, you must return it to us, or to any person whom we authorize to act as our agent, or to any person who is authorized to honor the Card, immediately.
- b. Honoring the Card. Neither we nor merchants authorized to honor the Card will be responsible for the failure or refusal to honor the Card or any other device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your account in lieu of a cash refund.
- c. Security of Access Code. You may use one or more access codes with your electronic funds transfers. The access codes issued to you are for your security purposes. Any codes issued to you are confidential and should not be disclosed to third parties or recorded on or with the Card. You are responsible for safekeeping your access codes. You agree not to disclose or otherwise make your access codes available to anyone not authorized to sign on your accounts. If you authorize anyone to use your access codes, that authority shall continue until you specifically revoke such authority by notifying the Credit Union. You understand that any joint owner you authorize to use an access code may withdraw or transfer funds from any of your accounts. If you fail to maintain the security of these access codes and the Credit Union suffers a loss, we may terminate your EFT services immediately.
- d. Joint Accounts. If any of your accounts accessed under this Agreement are joint accounts, all joint owners, including any authorized users, shall be bound by this Agreement and, alone and together, shall be responsible for all EFT transactions to or from any savings and checking or loan accounts as provided in this Agreement. Each joint account owner, without the consent of any other account owner, may, and hereby is authorized by every other joint account owner to, make any transaction permitted under this Agreement. Each joint account owner is authorized to act for the other account owners, and the Credit Union may accept orders and instructions regarding any EFT transaction on any account from any joint account owner.

4. Fees and Charges. There are certain fees and charges for electronic funds transfer services. From time to time, the charges may be changed. We will notify you as required by applicable law.

If you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used to complete the transfer (and you may be charged a fee for a balance inquiry). The fee will be debited from your account if you elect to complete the transaction or continue with the balance inquiry.

a. ATM Card Fees.

- \$ 1.00 charge for ATM withdrawals at machines we do not own (nonproprietary) after the sixth per month.
- We do not charge for any POS transactions at the present time.
- Replacement card fee of \$5.00 per card.
- Non-sufficient funds fee of \$20.00.
- Balance inquires at ATMs \$.50.
- Return check deposit fee of \$10.00.

b. Preauthorized EFT Fees.

- Non-sufficient funds fee of \$20.00.

c. Electronic Bill Pay (EPay) Fees.

- \$6.95 if not used within a sixty (60) day period.
- Non-sufficient funds fee of \$30.00.
- **EPay** stop payment fee of \$35.00.
- Copy of check issued through **EPay** will be \$35.00.
- **EPay** investigations fee of \$20.00.
- **EPay** investigations requiring third party research fee of \$35.00.

5. Member Liability. Tell us at once if you believe your Card or any access code has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account. If you tell us within two (2) business days, you can lose not more than \$50 if someone uses your Card without your permission. If you do not tell us within two (2) 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 transfers that you did not make, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, you may not get back any money lost after the sixty (60) days if we can prove that we could have stopped someone from making the transfers if you had told us in time. If a good reason (such as a hospital stay) kept you from telling us, we will extend the time periods. If you believe your Card has been lost or stolen or that someone

has transferred or may transfer money from your account without your permission, call:

(845) 602-4242

Fax: (845) 602-4444

or write to:

Palisades Federal Credit Union
300 N. Middletown Road, Suite #6
Pearl River, NY 10965

6. Right to Receive Documentation.

- a. Periodic Statements. Transfers and withdrawals made through any ATM or POS terminal, audio response transactions, preauthorized EFTs or electronic/PC transactions will be recorded on your periodic statement. You will receive a statement monthly unless there is no transaction in a particular month. In any case, you will receive a statement at least quarterly.
- b. Terminal Receipt. You will get a receipt at the time you make any transaction (except inquiries) involving your account using an ATM or POS terminal transaction with a participating merchant.
- c. Direct Deposit. If you have arranged to have a direct deposit made to your account at least once every sixty (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 (845) 602-4242 or (800) 438-7415 outside 845 area code. This does not apply to transactions occurring outside the United States.

7. Account Information Disclosure. We will disclose information to third parties about your account or the transfers you make:

- As necessary to complete transfers;
- 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;
- To comply with government agency or court orders; or
- If you give us your written permission.

8. Business Days. Our business days are Monday through Friday, excluding holidays.

9. 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 may be liable for your losses or damages. However, we will not be liable for direct or consequential damages in the following events:

- If, through no fault of ours, there is not enough money in your accounts to complete the transaction, if any funds in your accounts necessary to complete the transaction are held as uncollected funds pursuant to our Funds Availability Policy, or if the transaction involves a loan request exceeding your credit limit.
 - If you used your Card or access code in an incorrect manner.
 - If the ATM where you are making the transfer does not have enough cash.
 - If the ATM was not working properly and you knew about the problem when you started the transaction.
 - If circumstances beyond our control (such as fire, flood, or power failure) prevent the transaction.
 - If the money in your account is subject to legal process or other claim.
 - If funds in your account are pledged as collateral or frozen because of a delinquent loan.
 - If the error was caused by a system of any participating ATM network.
 - If the electronic transfer is not completed as a result of your willful or negligent or improper use of your Card, access code, or any EFT facility for making such transfers.
 - If the telephone or computer equipment you use to conduct audio response or electronic/PC transactions is not working properly we have the right to hold off offset any of your Funds.
 - Any other exceptions as established by the Credit Union.
- a. Stop Payment Rights. If you have arranged in advance to make regular electronic fund transfers out of your account(s) for money you owe others, you may stop payment of preauthorized transfers from your account. You must notify us orally or in writing at any time up to three (3) business days before the scheduled date of the transfer. We may require written confirmation of the stop payment order to be made within fourteen (14) days of any oral notification. If we do not receive the written confirmation, the oral stop payment order shall cease to be binding fourteen (14) days after it has been made.
- b. Notice of Varying Amounts. If these regular payments may vary in amount, the person you are going to pay is required to tell you, ten (10) days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.

- c. Liability for Failure to Stop Payment of Preauthorized Transfers. If you order us to stop payment of a preauthorized transfer three (3) business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

10. Notices. All notices from us will be effective when we have mailed them or delivered them to your last known address in the Credit Union's records. Notices from you will be effective when received by the Credit Union at the address specified in this Agreement. We reserve the right to change the terms and conditions upon which this service is offered. We will mail notice to you at least twenty-one (21) days before the effective date of any change. Use of this service is subject to existing regulations governing the Credit Union account and any future changes to those regulations.

The following information is a list of safety precautions regarding the use of Automated Teller Machines (ATM) and Night Deposit Facilities.

- Be aware of your surroundings, particularly at night.
- Consider having someone accompany you when the ATM or night deposit facility is used after dark.
- 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.
- Refrain from displaying your cash at the ATM or night deposit facility. As soon as your transaction is completed, place your money in your purse or wallet. Count the cash later in the safety of your car or home.
- 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 Card or deposit envelope, and leave.
- If you are followed after making a transaction, go to the nearest public area where people are located.
- Do not write your personal identification number or code on your ATM Card.
- Report all crimes to law enforcement officials immediately.

11. Billing Errors. In case of errors or questions about electronic funds transfers from your savings and checking accounts, telephone us at the following number or send us a written notice to the following address as soon as you can. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem appears. Call us at:

(845) 602-4242

Fax: (845) 602-4444

or write to:

Palisades Federal Credit Union
300 N. Middletown Road, Suite #6
Pearl River, NY 10965

- Tell us your name and account number.
- Describe the electronic transfer you are unsure about, and explain as clearly as you can why you believe the Credit Union has made an error or why you need more information.
- Tell us the dollar amount of the suspected error.

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

We will tell you the results of our investigation within ten (10)* business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45)** days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10)* business days for the amount you think is in error, so that you will have the 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 ten (10) business days, we may not credit your account.

We will tell you the results within three (3) business days of completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

* If you give notice of an error within thirty (30) days after you open your account, we will have twenty (20) business days instead of ten (10) business days.

** If you give notice of an error within thirty (30) days after you open your account, notice of an error involving a point of sale transaction, or notice of an error involving a transaction initiated outside the U.S. its possessions and territories, we will have ninety (90) days instead of fortyfive (45) days to investigate.

12. Termination of EFT Services. You may terminate this Agreement or any EFT service under this Agreement at any time by notifying us in writing and

stopping your use of your Card and any access code. You must return all Cards to the Credit Union. You also agree to notify any participating merchants that authority to make bill payment transfers has been revoked. We may also terminate this Agreement at any time by notifying you orally or in writing. If we terminate this Agreement, we may notify any participating merchants making preauthorized debits or credits to any of your accounts that this Agreement has been terminated and that we will not accept any further preauthorized transaction instructions. We may also program our computer not to accept your Card or access code for any EFT service. Whether you or the Credit Union terminates this Agreement, the termination shall not affect your obligations under this Agreement for any EFTs made prior to termination.

13. Governing Law. This Agreement is governed by the Bylaws of the Credit Union, federal laws and regulations, the laws and regulations of the state of New York and local clearinghouse rules, as amended from time to time. Any disputes regarding this Agreement shall be subject to the jurisdiction of the court of the county in which the Credit Union is located.

14. Enforcement. You are liable to us for any loss, cost or expenses we incur resulting from your failure to follow this Agreement. You authorize us to deduct any such loss, costs or expenses from your account without prior notice to you. If we bring a legal action to collect any amount due under or to enforce this Agreement, we shall be entitled, subject to applicable law, to payment of reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgement collection actions.

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