



ACCOUNT OWNERSHIP

When choosing the right share account, you must not only sort through the different options of interest rates, terms and insurance requirements, you must also make sure that the proper person(s) have access to the funds and are accountable for taxes and other responsibilities. The Credit Union offers several types of options for ownership and management of your deposits. Whether it's a Share account, Checking Account, Share Term Certificate or Money Market Share account, we can help you select a plan best suited for your needs. The following is a description of the various types of ownership formats available on Credit Union deposit accounts.

INDIVIDUAL ACCOUNTS

An individual account is established and maintained in the name of one individual member of the Credit Union. That member is the sole owner of all deposits and dividends/interest in the account. Likewise, all dividends/interest must be reported as taxable income by the member. In the event of death, with proper documentation, the funds are released to the estate of the individual.

JOINT ACCOUNTS

A joint account is owned by joint members as joint tenants with the right of survivorship. Any joint member may make withdrawals solely on his/her own signature and presentation of proper identification.

The Credit Union reports dividends/interest earned to the federal and state government from a joint account under the first name and social security number or individual tax identification number listed on the account. Since the account is jointly owned dividends/interest earned may be reported on the tax return under either of the accountholder's name and social security number or individual tax identification number.

Upon the death of a joint member, the account belongs to the survivor(s). However, claims may be filed against the surviving joint owner(s).

TRUSTEE ACCOUNT

The Trustee account is a revocable trust agreement with a designated beneficiary who receives the funds in the account upon the death of the accountholder. The trustee (accountholder) retains control of the funds for all purposes. The beneficiary can not make deposits or withdrawals on the account. Because of this, the trustee is responsible for reporting

all dividends/interest for tax purposes and the trustee's name and social security number or individual tax identification number is used for tax reporting. Joint trustees are not allowed. The basic reason for establishing a trustee account is to designate a particular person to whom all funds are payable in the event of the trustee's death. (Joint beneficiaries are not allowed.) In the event of the trustee's death, the funds in the account are released to the beneficiary.

UNIFORM TRANSFER TO MINORS (UTTMA) ACCOUNT

A UTTMA is an irrevocable gift to a minor. A minor is a person who has not reached the age of 21 years. The funds in a UTTMA are owned by and in the name and social security number or individual tax identification number of the minor. However, an adult custodian acts on behalf of the minor and may or may not be the donor. There may be only one custodian and one minor on each account.

The funds are not subject to attachment or legal proceeding in which the donor or custodian is named personally as defendant. Dividends/interest on the account are taxable income to the minor child, not the donor or custodian. Any withdrawals from the account must be used for the benefit of the minor.

When the minor reaches the age of 21, the funds do not automatically become accessible to the minor. The custodian is required to relinquish the funds when the young adult reaches age 21. If the young adult is eligible for membership in the Credit Union, the account can be retitled in the young adult's name.

In the event of the minor's death, the funds are treated like an individual account and go to the estate of the minor.

If the custodian dies, a Successor Custodian should be appointed by the minor's legal guardian.

PERSONAL AGENCY ACCOUNT

NC General Statutes provide a member (or joint members) with the right to appoint another person to act as agent for the member in depositing and withdrawing funds from the member's account. The funds belong to the member(s) and upon a member's death, funds will be disbursed under the guidelines of an individual or joint account. The personal agent does not have any claim to the funds in the account.

REVOCABLE LIVING TRUST ACCOUNT

The Credit Union allows accounts to be owned/titled in the name of a Revocable Living Trust. There are Non-Revocable Living Trusts and Revocable Living Trusts. The Credit Union will only accept deposits owned by a Revocable Living Trust.

A living trust is a legal document that gives instructions on how property will pass to survivors. While living, the grantor (the person requesting the Living Trust agreement) may transfer ownership of property to the trust, yet maintain control.

Once a Revocable Living Trust is established, the Trustee has control of the assets/funds. A Revocable Living Trust includes instructions concerning what the Trustee can do with the assets (i.e., invest, give to the Grantor for living expenses, name a successor Trustee if the original Trustee dies, what to do with the funds if the Grantor dies).

When the Grantor of a Revocable Living Trust dies, the assets in the Revocable Living Trust are not part of the Grantor's estate and are not subject to probate.

FUNDS AVAILABILITY

The Credit Union's policy is to make funds from member deposits available on the same business day a deposit is received. At that time funds can be withdrawn and the Credit Union will use the funds to pay checks that have been written.

For determining the availability of funds from a deposit, every day is a business day, except Saturdays, Sundays and federal holidays. A deposit made before 2:00 p.m. on a business day that the Credit Union is open is considered to be made on the day of the deposit. However, a deposit made after 2:00 p.m. or on a day the Credit Union is not open is considered to be made on the next business day the Credit Union is open.

LONGER DELAYS MAY APPLY

In some cases, the Credit Union will not make all of the funds deposited by check available on the same business day of a deposit. Depending on the type of check deposited, funds may not be available until up to the 5th business day after the day of a deposit. However, the first \$100 of the deposit will be available on the same business day.

If the Credit Union does not make all funds from a deposit available on the same business day, the member will be notified by the next business day after the deposit. A date will be provided as to when funds will be available. If a deposit is not made directly to a Credit Union employee or the Credit Union decides to take this action after the member has left the premises, the Credit Union will mail a notice by the day after a deposit is received.

In addition, funds deposited by check may be delayed for a longer period under the following circumstances:

The Credit Union may be unable to verify that a check will be paid.

There may be erasures or discrepancies on a check.

A check you deposit was previously returned unpaid.

The member has been overdrawn on the account repeatedly in the last six months.

Checks deposited total more than \$5,000 in one day.

The Credit Union may be notified that a check previously deposited is being returned unpaid.

There may be an emergency such as failure of communications or computer equipment.

The Credit Union will notify the member if the ability to withdraw funds for any reason is delayed and when the funds will be available (generally no later than the 5th business day after a deposit).

SPECIAL RULES

HOLDS ON OTHER FUNDS - CHECK CASHING

If the Credit Union cashes a check drawn on another financial institution, the availability of a corresponding amount of funds already in any of the member's Credit Union accounts may be withheld. Those funds will be available at the time funds from the check cashed would have been available, if the check had been deposited. For example: If the Credit Union cashes a \$100 check for a member, \$100 of funds already in the member's account may not be available until up to the 5th business day after the day the Credit Union cashed the check. The member will be advised of this hold by the next business day after the check is cashed.

HOLDS ON OTHER FUNDS - OTHER ACCOUNTS

If the Credit Union accepts for deposit a check drawn on another financial institution, the Credit Union may make funds from the deposit available for withdrawal immediately but delay the availability to withdraw a corresponding amount of funds the member has on deposit in another account with the Credit Union. The funds in the other account would then be available for withdrawal at the time funds from the check would have been available in the deposit account. The member will be advised of this hold by the next business day after the Credit Union receives the deposit.

DEPOSITS AND TRANSFERS AT AUTOMATED TELLER MACHINES

Funds from any deposit (cash or checks) made at a CASH POINTS Automated Teller Machine (ATM) may be available on the day of deposit. Such ATMs are designated by the CASH POINTS logo. Transferred funds made at ATMs not owned or operated by the CASH POINTS network may not be available until the next business day after the day of the transfer.

TRUTH-IN-SAVINGS DISCLOSURE

Examining financial services can be confusing. For this reason, the Credit Union feels that members are entitled to know exactly how their Credit Union Share Accounts work. Therefore, we are providing the following information on our share accounts, including Regular Shares, Checking accounts, Share Term Certificates and Money Market Share accounts. These disclosures apply to all types of ownerships of these accounts including Individual, Joint with Right of Survivorship, Trustee (Payable upon Death), Revocable Living Trusts, and Uniform Transfer to Minors Act accounts. The type of ownership of the account is designated by the member at the time the account is opened.

COMPOUNDING, CREDITING AND DIVIDEND ACCRUAL

Dividends are compounded daily and credited monthly at statement cycle drop date (approximately every 30 days) for Regular Share, Checking and Money Market Share accounts. Statement cycle drop dates are determined based on the zip code on the statement's address. The beginning date of each dividend cycle period is the first day following the last day of the previous statement period. The ending date of each dividend cycle period is the last day of the statement. For example: If the ending date of the previous statement was March 18th, then the first day of the next cycle will be March 19th. The last date of the cycle will be approximately 30 days later or April 18th.

Interest is not compounded on Share Term Certificates. Interest is accrued as simple daily interest. Interest is paid monthly by transfer into another deposit account on all terms specifically requested by the accountholder for a 6 or 12 month term to be paid at maturity. Future dividends on transferred funds will be determined based on the existing rate of the deposit account into which the funds were transferred. Future interest on the renewed STC will be based on the existing rate for that term at the time of renewal. There is a 7-day grace period after the renewal day during which an automatically renewed STC may be canceled without penalty. If the accountholder chooses to cancel the STC during that period, the STC will earn interest for the days from the renewal until the cancellation at the existing regular share account rate.

Dividends begin to accrue on the business day following the date of receipt for a cash or non-cash deposit in a branch location or through the mail. Dividends begin to accrue on the business day of receipt for cash or non-cash funds received electronically (such as through an ATM, Automated Clearing House (ACH) Direct Deposit or Payroll Deduction).

CALCULATION METHOD

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

EFFECT OF CLOSING

Accrued but unpaid dividends will be paid if the account is closed prior to dividend crediting except for Share Term Certificates which are subject to early withdrawal penalties. (See Fixed Rate Accounts.)

MINIMUM BALANCE REQUIREMENTS

There is no minimum balance requirement to earn dividends on Regular Shares or Checking accounts.

The minimum balance to earn dividends on Share Term Certificates and Money Market Share accounts is \$500. There is no minimum balance required to avoid a fee on Checking accounts. The minimum balance to avoid a monthly service charge fee on Regular Share accounts is \$10. The minimum

balance required to avoid a monthly service charge fee on Money Market Share accounts is \$500.

FIXED RATE ACCOUNTS

Share Term Certificates are fixed rate accounts (the rate will not change during the term of the Certificate). Available rates for Certificates are subject to change daily at the discretion of the Board of Directors. The term of the certificate will be selected by the accountholder at the time the account is opened. Available terms are 6, 12, 18, 24, 36 and 48 months. After the Certificate is opened no additional deposits may be made to the account. No partial withdrawals may be made from a Share Term Certificate.

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

Certificates will automatically renew into a new certificate for the same term at the then offered interest rate for that term unless you specifically request that the principal be transferred into another deposit account at maturity. Fourteen days prior to the maturity/renewal date an appropriate notice will be sent to the accountholder indicating the upcoming option. Future dividends/interest earned on matured funds will be determined based on the existing rate of the type of deposit account. Future earnings on renewed funds will be at the then existing rate offered for that term STC.

VARIABLE RATE ACCOUNTS

Regular Share accounts, Checking and Money Market Share accounts are variable rate accounts. The rate is subject to change daily at the discretion of the Board of Directors.

NATURE OF DIVIDENDS

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

TRANSACTION LIMITATION

Regular Share accounts and Money Market Share accounts are limited to no more than six (6) monthly preauthorized automatic transfers per account. No checks can be written against these accounts. No automated clearing house (ACH) debits are allowed on these accounts.

RATES

Dividend and interest rates and corresponding annual percentage yields are disclosed in the Rate Summary Sheet which may be obtained at any branch office.

