

## HFS FEDERAL CREDIT UNION CHANGE IN TERMS NOTICE

### CONSUMER MEMBERSHIP AND ACCOUNT AGREEMENT

Publication Date: July 1, 2019

Effective Date: September 1, 2019

#### PLEASE READ CAREFULLY

The following changes to the Consumer Membership and Account Agreement (the "Membership Agreement") are effective as of September 1, 2019. The Membership Agreement continues in full force and effect, subject to the following amendments:

**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT** - To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

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

**8. DEPOSIT OF FUNDS REQUIREMENTS** – Funds may be deposited to any account, in any manner approved by the Credit Union in accordance with the requirements set forth in the Truth-in-Savings Disclosure. We have the right to refuse any deposit, limit the amount that may be offered for deposit, and return all or any part of a deposit. Deposits made by mail, at night depositories or at unstaffed facilities are not our responsibility until we receive them.

**a. Endorsements.** We may accept transfers, checks, drafts, and other items for deposit into any of your accounts if they are made payable to, or to the order of, one or more account owners even if they are not endorsed by all payees. You authorize us to supply missing endorsements of any owners if we choose. If a check, draft, or other item that is payable to two or more persons is ambiguous as to whether it is payable to either or both, we may process the check, draft, or item as though it is payable to either person. If an insurance, government, or other check or draft requires an endorsement as set forth on the back of the check or draft, we may require endorsement as set forth on the item. Endorsements must be made on the back of the check or draft within 1 ½ inches of the top edge, although we may accept endorsements outside this space. However, any loss we incur due to a delay or processing error resulting from an irregular endorsement or other markings by you or any prior endorser will be your responsibility. If we offer a remote deposit capture service and you have been approved to use the service to make deposits to your account, you agree that, prior to transmitting check or draft images, you will restrictively endorse each original check or draft in accordance with any other agreement with us that governs this service. If a check, draft or other item that is payable to two or more persons ambiguous as to whether it is payable to either or both, we may process the check, draft or item as though it is payable to either person.

**b. Collection of Items.** We act only as your agent and we are not responsible for handling items for deposit or collection beyond the exercise of ordinary care. Deposits made by mail or at unstaffed facilities are not our responsibility until we receive them. We are not liable for the negligence of any correspondent or for loss in transit, and each correspondent will only be liable for its own negligence. We may send any item for collection. Items drawn on an institution located outside the United States are handled on a collection basis only. You waive any notice of nonpayment, dishonor, or protest regarding items we purchase or receive for credit or collection to your account. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor financial institution extra time beyond any midnight deadline limits.

**d. Final Payment.** All items or Automated Clearing House (ACH) transfers credited to your account are provisional until we receive final payment. If final payment is not received, we may charge your account for the amount of such items or ACH transfers and impose a return item fee on your account, even if we made funds available to you prior to receipt of final payment. Any collection fees we incur may be charged to your account. We reserve the right to refuse or return any item or fund transfer.

**e. Direct Deposits.** We may offer direct deposit services, including preauthorized deposits (e.g., payroll checks, Social Security or retirement checks, or other government checks) or preauthorized transfers from other accounts. You must authorize direct deposits or preauthorized transfers by filling out a separate authorization document. You must notify us at least thirty (30) days in advance to cancel or change a direct deposit or preauthorized transfer option. Any cancellation or change will become effective once we receive notice from you and have a reasonable period of time to act on your request. If your account is overdrawn, you authorize us to deduct the amount your account is overdrawn from any deposit, including deposits of government payments or benefits, as permitted under applicable law. If we are required to reimburse the U.S. Government for any benefit payment directly deposited into your account, we may deduct the amount returned from any of your accounts, unless prohibited by law.

**f. Crediting of Deposits.** Deposits will be credited to your account on the day we consider them received as stated in our Funds Availability Policy Disclosure.

#### 9. ACCOUNT ACCESS –

**c. Access to Family of Accounts.** Your primary share account may have multiple subaccounts attached to it, such as draft (checking) accounts, share certificates, credit cards, loans, lines of credit and mortgages. Your primary share account and all subaccounts attached to it are referred to as a "family of accounts." Any joint owner of an account or subaccount has access to all information in the entire "family of accounts," even if that person does not have authority to make transactions in those other account or subaccounts. The information may include, for example, transactions, account history, balances, delinquencies, loans, applications, disbursements of funds, deposits, withdrawals, debits, draws, charges, transfers, payments, security, account statements, payable-on-death (POD) payees, and any other information concerning any account or subaccounts in the "family of accounts."

**d. Authentication Code.** If you or any other authorized person permits a third party to use an account authentication code (such as a user ID, password, passcode, personal identification number (PIN), or other access code) you and all other owners of the Account are responsible for all transactions that the third party authorizes or conducts, even if the third party exceeds the permission given to the third party. This means that the third party may make transactions in all accounts

and subaccounts that can be accessed with the authentication code, whether or not the third party would otherwise have authority to make transactions in those accounts and subaccounts. Access includes all accounts and subaccounts, whether or not they are in the same "family of accounts." See section 9(c) for definition of Family of Accounts. By giving the third party the authentication code, the third party is authorized to conduct any transaction (and receive any information) that the member could conduct or (receive) with the authentication code. If you do not want this to occur, change your authentication code and do not give your authentication code to others.

You agree to indemnify, defend, and hold HFS Federal Credit Union harmless against all claims regarding information given to any joint owner or any third party to whom you or any other authorized person has given access. The Credit Union may require you to execute a separate form of consent and indemnification as a condition of providing access.

## 10. FUND TRANSFERS –

**a. Uniform Commercial Code Article 4A and Other Agreements.** Except as amended by this Agreement, electronic fund transfers we permit that are subject to Article 4A of the Uniform Commercial Code, including wire transfers, will be subject to such provisions of the Uniform Commercial Code as enacted by the state where the main office of the Credit Union is located, except as otherwise provided in this Agreement. ACH transfers are subject to rules of the National Automated Clearinghouse Association (NACHA).

**b. Fedwire Transactions.** We may execute certain requests for an electronic fund transfer by Fedwire. Fedwire transactions are subject to Federal Reserve Board Regulation J.

**c. Authorization for Transfers/Debiting of Accounts.** You may order an electronic fund transfer to or from your account. We will debit your account for the amount of the electronic fund transfer and will charge your account for any fees related to the transfer.

**d. Right to Refuse to Make Transfer/Limitation of Liability.** Unless we agree otherwise in writing, we reserve the right to refuse to execute any order to transfer funds to or from your account. We are not obligated to execute any order to transfer funds out of your account if the amount of the requested transfer plus applicable fees exceeds the available funds in your account. We are not liable for errors, delays, interruptions or transmission failures caused by third parties or circumstances beyond our control including mechanical, electronic or equipment failure. In addition, we will not be liable for consequential, special, punitive or indirect loss or damage you may incur in connection with funds transfers to or from your account.

**e. No Notice Required.** We will not provide you with next day notice of automated clearinghouse (ACH) transfers, wire transfers, and other electronic payments credited to your account. You will receive notice of such credits on your account statements. You may contact us to determine whether a payment has been received.

**f. Interest Payments.** If we fail to properly execute a payment order, and such action results in a delay in payment to you, we will pay you dividends or interest for the period of delay as required by applicable law. The dividends or interest paid to you will be based on the lowest nominal dividend or interest rate we were paying on any account during that period.

**g. Provisional Credit for ACH Transactions.** We may provisionally credit your account for an ACH transfer before we receive final settlement. If we do not receive final settlement, we may reverse the provisional credit or require you to refund us the amount provisionally credited to your account, and the party originating the transfer will not be considered to have paid you.

**h. Payment Order Processing and Cut-off Times.** Payment orders we accept will be executed within a reasonable time of receipt but may not necessarily be executed on the date they are received. Cut-off times may apply to the receipt, execution and processing of fund transfers, payment orders, cancellations, and amendments. If a request for a fund transfer, payment order, cancellation, or amendment is received after a cut-off time, it may be treated as having been received on the next fund transfer business day. Information about any cut-off times is available upon request. From time to time, we may need to suspend processing of a transaction for greater scrutiny or verification in accordance with applicable law, and this action may affect settlement or availability of the transaction.

**i. Identifying Information.** When you initiate a wire transfer, you may identify the recipient and any financial institution by name and by account or identifying number. The Credit Union and any other financial institutions facilitating the transfer may rely strictly on the account or identifying number, even if the number identifies a different person or financial institution. In the event you provide us with an incorrect account number or institution identifier number, you could lose the entire amount of the transfer.

**j. Amendments and Cancellations of Payment Orders.** Any account owner may amend or cancel a payment order, even if that person did not initiate the order. We may refuse any request to amend or cancel a payment order that we believe will expose the Credit Union to liability or loss. Any request that we accept to amend or cancel a payment order will be processed within a reasonable time after it is received. You agree to hold us harmless from and indemnify us for all losses and expenses resulting from any actual or attempted amendment or cancellation of a payment order.

**k. Security Procedures.** We may require you to follow a security procedure to execute a payment order or certain electronic fund transfer transactions. We will notify you of any such security procedures. Unless we permit you to establish a different security procedure, you agree that the security procedures contained in the Credit Union's policies, of which we have notified you, are commercially reasonable verification of payment orders and other electronic fund transfers. If we permit you to establish a different security procedure, you agree that procedure is a commercially reasonable method of verifying electronic fund transfers.

**l. Duty to Report Unauthorized or Erroneous Funds Transfers.** You must exercise ordinary care to identify and report unauthorized or erroneous funds transfers on your account. You agree that you will review your account(s) and periodic statement(s). You further agree you will notify us of any unauthorized or erroneous transfers within the time frames described in the "Statements" section of this Agreement.

**m. Recording Telephone Requests.** You agree that we may record payment order, amendment and cancellation requests as permitted by applicable law.

## 12. TRANSACTION LIMITATIONS –

**a. Restrictions.** We reserve the right to restrict withdrawals, transfers and other transactions from your account and shall not be liable for any restrictive action we take regarding (1) withdrawals, transfers or other transactions; or (2) the payment or non-payment of checks and drafts, except those damages which may arise solely as a result of the Credit Union's gross negligence. We will pay checks or drafts, permit withdrawals, and make transfers from available funds in your account. The availability of funds in your account may be delayed as described in our Funds Availability Policy Disclosure. We may also pay checks or drafts, permit withdrawals, and make transfers from your account from insufficient available funds if you have established an overdraft protection plan or, if you do not have such a plan with us, in accordance with our overdraft payment policy.

We may refuse to allow a withdrawal in some situations and will advise you accordingly if: (1) we believe there is a dispute between account owners (unless a court has ordered the Credit Union to allow the withdrawal); (2) a legal garnishment or attachment is served; (3) the account secures any obligation to us; (4) required documentation has not been presented; (5) you fail to repay a credit union loan on time; (6) we believe a signature may not be genuine; (7) an account holder is deceased or in bankruptcy proceedings; or (8) there are other circumstances which do not permit us to make the transaction. We may require you to give written notice of seven (7) to sixty (60) days before any intended withdrawals.

## 14. OVERDRAFTS AND DISHONORED ITEMS –

**a. Payment of Overdrafts.** An overdraft of your account can occur if, on any day, the available funds in your share or deposit account are not sufficient or you do not have enough money in your account to pay the full amount of a check, draft, transaction, or other item (collectively referred to as "Item"), plus any applicable fee that is posted to your account. Should there be an overdraft of your account, we may return the Item or pay it, as described below, even if you have an overdraft protection plan or other overdraft service. We are not required to pay any Item that exceeds the available balance in your account.

### **THE CREDIT UNION USES YOUR AVAILABLE BALANCE TO CALCULATE WHETHER YOU HAVE SUFFICIENT FUNDS TO PAY ITEMS, INCLUDING CHECKS AND DRAFTS, AS WELL AS ACH, DEBIT CARD AND OTHER ELECTRONIC TRANSACTIONS.**

Your checking account has two kinds of balances: the "current balance" and the "available balance." Your current balance reflects the full amount of all settled deposits to your account as well as settled payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending.

Your available balance is the amount of money in your account that is available for you to use. An available balance is based on transactions that institutions have authorized (and therefore are obligated to pay) but not yet settled, along with settled transactions. The available balance for your account is determined according to our Funds Availability Policy Disclosure. **Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your current balance.** You should assume that any Item which would overdraw your account based on your available balance may create an overdraft. You may check your available balance and current balance online at [www.hfsfcu.org](http://www.hfsfcu.org), at an ATM, by visiting a credit union branch or by calling us at (808) 930-1400 or toll free at (800) 216-2666.

The following illustrates the difference between current balance and available balance:

- If a member has a \$100.00 current balance but uses his/her debit card to buy dinner for \$40.00, then there is a pre-authorization hold on his/her account (at the request of the restaurant), and his/her available balance (the money he/she has left to use) is \$60.00. In other words, the \$40.00, which the member just spent, is no longer available for use. His/her current balance is still \$100.00 until the restaurant charge is submitted and posted to his/her account.
- On the deposit side, if the Credit Union chooses to put a hold on a check, for example, an out-of-state check in the amount of \$5,000.00, the hold will be placed on the entire amount of the check. In this example, his/her available balance is \$0.00 and his/her current balance is \$5,000.00.

The Credit Union's determination of an insufficient available account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. We do not have to notify you if your account does not have sufficient available funds in order to pay an Item. Your account may be subject to a fee (currently \$25.00 pursuant to the Schedule of Fees and Charges; this fee may change in the future) for each Item regardless of whether we pay or return the Item. We will charge a fee each time an Item is submitted or resubmitted to the Credit Union for payment (an Item can be resubmitted to the Credit Union for payment a maximum of two times); therefore, you may be assessed more than one fee as a result of a returned Item and resubmission(s) of the returned Item.

If we provide overdraft services, this service allows us to authorize payment for the following types of transactions regardless of whether your share or deposit account has sufficient funds: (1) share drafts/checks and other transactions made using your checking account, except as otherwise described below; (2) automatic bill payments; and (3) ACH transactions. For one-time debit card transactions, you must affirmatively consent to overdraft service coverage. Without your consent, the Credit Union may not authorize and pay a one-time debit card transaction that will result in insufficient funds in your account. If you have established a service linking your share or deposit account with other individual or joint accounts, you authorize us to transfer funds from another account of yours to cover an insufficient Item, including transfers from a share or deposit account, an overdraft line-of-credit account, or other account you so designate. Services and fees for these transactions are shown in the document the Credit Union uses to capture your affirmative consent and the Schedule of Fees and Charges.

Except as otherwise agreed in writing, if we exercise our right to use our discretion to pay such Items that result in insufficiency of funds in your account, we do not agree to pay them in the future and may discontinue coverage at any time without notice. If we pay these Items or impose a fee that results in insufficient funds in your account, you agree to pay the insufficient amount, including the fee assessed by us, in accordance with our standard overdraft services or any other service you may have authorized with us, or if you do not have such protections with us, in accordance with any overdraft payment policy we have, as applicable.

**b. How transactions are Posted to Your Account.** Basically, there are two types of transactions that affect your account: credits (deposits of money into your account) and debits (payments out of your account). It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

i. **Credits.** Deposits are generally added to your account when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Please refer to the Funds Availability Policy Disclosure provided at the time you opened your account for details regarding the timing and availability of funds from deposits.

ii. **Debits.** There are several types of debit transactions. Common debit transactions are generally described below. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.

iii. **Checks.** When you write a check it is processed through the Federal Reserve System. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these date files and paid each day. We process the payments in accordance with the Funds Availability Policy Disclosure.

iv. **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day.

v. **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are processed through a PIN debit network. These transactions are similar to ATM withdrawal transactions because the money is usually deducted from your account immediately at the time of the transaction. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment. These payment requests are received throughout the day and are posted to your account when they are received.

vi. **Signature-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a hold on funds in your account when the authorization is completed. The "authorization hold" will reduce your available balance by the amount authorized but will not affect your current balance. The transaction is subsequently processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor.

The amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be placed in an amount equal to the bill presented to you; but when the transaction posts, it will include any tip that you may have added to the bill presented to you. This may also be the case where you present your debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

**c. Order of Payments.** Checks, drafts, transactions, and other Items may not be processed in the order that you make them or in the order that we receive them. We may, at our discretion, pay a check, draft, or Item, and execute other transactions on your account in any order. The order in which we process checks, drafts, or Items, and execute other transactions on your account may affect the total amount of overdraft fees that may be charged to your account. Please contact us if you have questions about how we pay checks or drafts and process transfers and withdrawals.

**d. Dishonored Items.** We may redeposit Items taken for deposit, cash or other value, or we may return the Item to you and charge your account. If your account does not contain sufficient funds to reimburse us for the amount of the Item, you must repay us for the amount we are unable to collect from your account. If we choose to redeposit an Item, we are not required to notify you that the Item was returned unpaid. We may charge your account and/or seek recovery directly from you for any Item that is returned due to your breach of warranty under the Uniform Commercial Code as adopted in the state where our main office is located.

**15. POSTDATED AND STALEDATED CHECKS OR DRAFTS** – You agree not to issue any check or draft that is payable on a future date (postdated). If you do not issue a check or draft that is postdated and we pay it before that date, you agree that we shall have no liability to you for such payment. You agree not to deposit checks, drafts, or other items before they are properly payable. We are not obligated to pay any check or draft drawn on your account that is presented more than six (6) months past its date. If, however, the check or draft is paid against your account, the Credit Union shall have no liability for such payment.

#### **16. STOP PAYMENT ORDERS; LOST, DESTROYED OR STOLEN OFFICIAL CHECKS OR MONEY ORDERS -**

**a. Stop Payment Order of Checks or Drafts on Your Account.**

**(iii) Liability.** Fees for stop payment orders are set forth in the Schedule of Fees and Charges. Although payment of an item may be stopped, you may remain liable to any item holder, including us. You have the burden of establishing the fact and amount of loss resulting from the payment of an item contrary to a binding 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 our 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.

**17. CREDIT UNION LIABILITY** – If we do not properly complete a transaction according to this Agreement, we will be liable for your losses or damages not to exceed the amount of the transaction, except as otherwise provided by law. We will not be liable, for example, if: (1) your account contains insufficient funds for the transaction; (2) circumstances beyond our control prevent the transaction; (3) your loss is caused by you or another financial institution's negligence; or (4) your account funds are subject to legal process or other claim. We are not liable if checks, drafts or other items were forged or altered so that the forgery or alteration could not be reasonably detected. We will not be liable for consequential damages, except liability for wrongful dishonor. We exercise ordinary care if our actions or nonactions are consistent with applicable state law, Federal Reserve regulations and operating letters, clearinghouse rules, and general financial institution practices  
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followed in the area we serve. You grant us the right, in making payments or deposited funds, to rely exclusively on the form of the account and the terms of this Agreement. Any conflict regarding what you and our employees say or write will be resolved by reference to this Agreement. The amount of our liability shall not exceed \$50, the amount of the transaction, or the amount of your loss, whichever is less, except as otherwise required by law.

**20. PLEDGE OF SHARES, RIGHT OF OFFSET AND STATUTORY LIEN** – Unless prohibited by law, you pledge and grant as security for all obligations you may have now or in the future, except obligations secured by your principal residence, all shares and dividends and all deposits and interest, if any, in all accounts you have with us now and in the future. If you pledge a specific dollar amount in your account(s) for a loan, we will freeze the funds in your account(s) to the extent of the outstanding balance of the loan or, if greater, the amount of the pledge if the loan is a revolving loan. Otherwise, funds in your pledged account(s) may be withdrawn unless you are in default. You agree we have the right to offset funds in any of your accounts against any obligation owed to us. Federal or state law (depending upon whether we have a federal or state charter) gives us a lien on all shares and dividends and all deposits and interest, if any, in accounts you have with us now and in the future. Except as limited by federal or state law, the statutory lien gives us the right to apply the balance of all your accounts to any obligation on which you are in default. After you are in default, we may exercise our statutory lien rights without further notice to you.

**22. ACCOUNT INFORMATION** – Upon request, we will give you the name and address of each agency from which we obtain a credit report regarding your account. We agree not to disclose account information to third parties except when: (1) it is necessary to complete a transaction; (2) the third party seeks to verify the existence or condition of your account in accordance with applicable law; (3) such disclosure complies with the law or a government agency or court order; (4) you give us written permission; or (5) as otherwise permitted by applicable law. We may provide information to credit bureaus about an insolvency, delinquency, late payments or default on your account to include in your credit report. You agree that we may provide information about your account, including without limitation account histories and account documents, to any co-signer, obligor, guarantor, accommodation mortgagor, or owner or co-owner of any asset securing any obligation you owe to us.

**23. NOTICES** –

**b. Notice of Amendments.** Except as prohibited by applicable law, we may change the terms of this Agreement at any time. We will notify you in writing to your current mailing address or via electronically, if you opted to do so, of any change in terms, rates, or fees as required by law. We reserve the right to waive any terms of this Agreement. Any such waiver shall not affect our right to future enforcement.

**c. Effect of Notice.** Any written notice you give us is effective when we receive it and have sufficient time to act upon it. Any written notice we give to you is effective when it is deposited in the U.S. mail, postage prepaid, and addressed to you at your statement mailing address, and will be effective whether or not received by you. If there are multiple owners of one account, notice to any account owner is considered notice to all account owners.

**g. Notify Us of Any Change in Your Information.** You agree to notify us of any change in your current contact information including your post office address, physical address, phone number, and, if you registered for online banking, your e-mail address, by visiting any of our branch offices, calling us at (808) 930-1400 for the Island of Hawaii, (800) 216-2666 for Neighbor Islands and Continental USA, sending us an e-mail at [hfs\\_operations@hfsfcu.org](mailto:hfs_operations@hfsfcu.org) or by writing to us at: HFS Federal Credit Union, 632 Kinoole Street, Hilo HI 96720-3894. If you are enrolled in online banking, you may update your e-mail address at any time by logging onto online banking and clicking on the menu option labeled "Manage Contact Info". If you need information on how to update your e-mail address, request a paper copy or any other questions, please contact us during regular business hours.

**24. TAXPAYER IDENTIFICATION NUMBER AND BACKUP WITHHOLDING** – You agree that we may withhold taxes from any dividends or interest earned on your account as required by federal, state or local law or regulations. Your failure to furnish a correct Taxpayer Identification Number (TIN) or meet other requirements may result in backup withholding. If your account is subject to backup withholding, we must withhold and pay to the Internal Revenue Service (IRS) a percentage of dividends, interest, and certain other payments. If you fail to provide your TIN within a reasonable time, we will close your account and return the balance to you, less any applicable service fees.

**25. STATEMENTS** –

**b. Examination.** You are responsible for promptly examining each statement upon receiving it and reporting any irregularities to us. If you fail to report to us, any irregularities such as forged, altered, unauthorized, unsigned, or otherwise fraudulent items drawn on your account, erroneous payments or transactions, or other discrepancies that are reflected on your statement within a reasonable time of receiving your statement, we will not be responsible for your loss. In addition, we will not be responsible for any such items, payments, transactions or other discrepancies reflected on your statement if you fail to notify us within sixty (60) days of the mailing date we sent or otherwise provided the statement to you. We also will not be liable for any items that are forged or altered in a manner not detectable by a reasonable person, including the unauthorized use of a facsimile signature machine.

**c. Notice to the Credit Union.** You agree that the Credit Union's retention of checks or drafts does not alter or waive your responsibility to examine your statements or the time limit for notifying us of any errors. The statement will be considered correct for all purposes, and we will not be liable for any payment made or charge to your account unless you notify us in writing within the above time limit for notifying us of any errors. If timely notice is given, we reserve the right to make a final reasonable determination regarding whether and in what amount any adjustment shall be made. If you fail to receive a periodic statement, you agree to notify us within fourteen (14) days of the time you regularly receive a statement.

**26. INACTIVE ACCOUNTS** – As allowed by applicable law, we may classify your account as inactive or dormant and assess a fee if you have not made any transactions in your account over a specified period of time. The period of inactivity, the fee for servicing an inactive or dormant account, and the minimum balance required to avoid the service fee, if any, are set forth in our Schedule of Fees and Charges. You authorize us to transfer funds from another account of yours to cover any service fees, if applicable. To the extent allowed by law, we reserve the right to transfer the account funds to an account payable and to suspend any further account statements. If a deposit or withdrawal has not been made on the account and we have had no other 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, we have no further liability to you for such funds, and if you choose to reclaim such funds, you must apply to the appropriate state

agency. We will notify you as required by state law before paying the funds in your account to the state. To the extent allowed by law, we reserve the right to transfer the account funds to an account payable and to suspend any further account statements.

**28. TERMINATION OF ACCOUNT** – We 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: (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the account or of the funds in the account; (4) any checks or drafts are lost or stolen; (5) there are excessive returned unpaid items not covered by an overdraft protection plan; (6) there has been any misrepresentation or any other abuse of any of your accounts; (7) we reasonably deem it necessary to prevent a loss to us; (8) we deem it necessary to protect the Credit Union from any risks or losses, or otherwise deem it to be in the best interests of the Credit Union, our member or our employees; (9) you violate any Credit Union policy, procedure or standard or any law, regulation or rule; or (10) deliberately or repeatedly violating security procedures or safety rules. You may terminate an individual account by giving written notice. We reserve the right to require the consent of all owners to terminate a joint account. We are not responsible for payment of any check, draft, withdrawal, transaction, or other item after your account is terminated; however, if we pay an item after termination, you agree to reimburse us.

**29. TERMINATION OF MEMBERSHIP; LIMITATION OF SERVICES** – You may terminate your membership by giving us written notice or by withdrawing your minimum required membership share(s), if any, and closing all your accounts. We may restrict account access and services without notice to you when your account is being misused; you have demonstrated conduct which is abusive in nature; as outlined in any policy we have adopted regarding restricting services; or as otherwise permitted by law. You may be denied services for causing a loss to the Credit Union, or you may be expelled for any reason as allowed by applicable law. Should we terminate your membership, the balance in your account shall be returned to you in accordance with Section 28 above.

If you have any questions about the foregoing changes or would like to discuss other account options, you may contact us by visiting any of our branch offices, calling us at (808) 930-1400 for the Island of Hawaii, (800) 216-2666 for Neighbor Islands and Continental USA, sending us an e-mail at [hfs\\_operations@hfsfcu.org](mailto:hfs_operations@hfsfcu.org) or by writing to us at: HFS Federal Credit Union, 632 Kinoole Street, Hilo HI 96720-3894.