

TRUTH-IN-SAVINGS DISCLOSURE AND AGREEMENT

PLEASE KEEP THIS
BROCHURE FOR
YOUR RECORD

This Disclosure supersedes all
Disclosures prior to the effective
date shown below.

Effective July 1, 2004



Administrative Branch

2261 East Valley Parkway • Escondido, CA 92027-2713
Phone: (760) 839-6225 Fax: (760) 746-1189
Monday - Friday 9:00 am - 5:00 pm

City Hall Branch

201 North Broadway • Escondido, CA 92025-2798
Phone: (760) 839-4606 Fax: (760) 740-9409
Monday - Friday 9:00 am - 5:00 pm
Closed on Fridays that City Hall is closed

24-Hour Audio Response Teller Service (ARTS)
(760) 747-ARTS (2787)

EFCU Personal On-Line Teller at www.escondidofcu.com

Email us at: EFCU@escondido.org

TRUTH-IN-SAVINGS DISCLOSURE GENERAL INFORMATION

In the following agreement the words "YOU", "YOUR", "YOURS" and "MEMBER" mean each and all of those (whether one or more persons) who are subject to the agreement(s) as a result of signing a Membership Application / Signature Card for each respective account. The words "WE", "US", "OUR", "Credit Union" and "EFCU" mean the ESCONDIDO FEDERAL CREDIT UNION. We may change terms, conditions, requirements or amend the disclosure from time to time without notice, except as required by the Truth-In-Savings Act. However, before any charge or fee is increased or added, you will receive advance notice. You may always obtain more information by calling us at (760) 839-6225.

ACCRUAL OF DIVIDENDS: Dividends begin to accrue on the business day you deposit non-cash items (e.g., checks) or cash items to your Account if deposited before the close of business.

NATURE OF DIVIDENDS: Dividends are paid from current income and available earnings after required transfers to reserves at the end of a dividend period.

BYLAW REQUIREMENTS: The maximum amount of shares which may be held by any one member shall be established from time to time by resolution of the board.

A member who fails to complete payment of one share within 6 months of his admission to membership, or within 6 months from the increase in the par value in shares, or a member who reduces his share balance below the par value of one share and does not increase the balance to at least the par value of one share within 6 months of the reduction may be terminated from membership at the end of a dividend period.

Shares may be transferred only from one member to another, by written instrument in such form as the Credit Union may prescribe. No transfer of voting rights or other membership privilege is permitted by virtue of transfer to or co-ownership of shares by nonmembers. The Credit Union reserves the right, at any time, to require members to give, in writing, not less than 7 days' and not more than 60 days' notice of intention to withdraw the whole or any part of the amounts so paid in by them.

No member may withdraw shareholdings that are pledged as required for security on loans without the written approval of loan officer, except to the extent that such shares exceed the member's total primary and contingent liability to the Credit Union. No member may withdraw any shareholdings below the amount of his/her primary or contingent liability to the Credit Union if he/she is delinquent as a borrower, or if borrowers for whom he/she is comaker, endorser, or guarantor are delinquent, without the written consent of loan officer.

PAR VALUE OF SHARES: The par value of a Share in this Credit Union is \$25.00.

REQUIREMENT TO MAINTAIN A REGULAR SHARE ACCOUNT: You must open a Regular Share Account to open any subsequent accounts. You must maintain the Regular Share Account to avoid closure of that account and any subsequent accounts.

OWNER(S): The word "owner(s)" on an Account Signature Card or Membership Application and Agreement means the owner in the case of an individual account and it means the joint owners (both as individual and as a group) in the case of a joint account.

PRIVACY NOTICE

We understand the importance of protecting the privacy of our members. As such, we are committed to maintaining the confidentiality of each member's financial records consistent with state and federal laws. The following sets forth our policies regarding our use and protection of your financial information.

During the course of business we collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms;
- Information we obtain when verifying the information we receive from you;

- Information about your transactions with us, our affiliates, or others; and
- Information we receive from a consumer reporting agency.

Generally, we may share all information we collect about you as described above, with nonaffiliated third parties to complete transactions and maintain accounts and related records (such as data processing transactions and records). We may also share such information with select nonaffiliated third parties if: 1) you request or authorize it; 2) the information is provided to help complete a transaction initiated by you; 3) the information is provided to a consumer reporting agency in accordance with the Fair Credit Reporting Act; or 4) the disclosure otherwise is lawfully required or permitted.

Also, we may enter into agreements with other businesses to provide support or services to us or for one or more of our products, such as mailing houses that assist us in delivering your statements and other promotional materials. Under certain circumstances we may also enter into joint marketing agreements with other financial service providers, such as mortgage bankers, securities broker-dealers, and insurance companies and agents. *Before entering into relationships with such entities, we require them to agree to safeguard our member's information and to comply with all applicable privacy laws.*

Furthermore, we may also disclose nonpublic personal information about you to other nonaffiliated and affiliated third parties not described above as permitted by law and by our policies.

If you decide to terminate your membership or become an inactive member, we will adhere to the privacy policies and practices as described in this notice.

Pursuant to the Fair Credit Reporting Act ("FCRA"), it is the Credit Union's practice to share Transaction/Experience Information (as defined by the FCRA) with its affiliates and nonaffiliated third parties to the extent permitted by law.

We restrict access to your personal and account information to those employees who need to know that information to provide products or services to you. Our employees access information about you when needed to administer your accounts, to provide requested services, or in response to a legally valid outside request or order (such as a subpoena). In addition, our employees may also access information to exercise our rights under the law or pursuant to any agreement with you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

We strive to ensure that our records contain accurate information about you. If you see any inaccuracies in your statements, please call (760) 839-6225. We will promptly investigate and make any necessary changes to update your records.

We reserve the right to revise our policy as our business needs change or as the law requires. If we revise our policies, we will provide our active members with copies of our new policies at that time.

REGULAR SHARE ACCOUNT DISCLOSURE

Our Share Accounts are called Regular Share Account and Sub-Share Accounts.

RATE INFORMATION: Our Share Accounts are designated variable rate accounts on the Share Account Dividend Rates Sheet. This rate and yield may change at any time at the Credit Union's discretion. The Dividend Rate and Annual Percentage Yield (APY) on Share Accounts are tiered. A tier is a range of Account balances; different Rates and APYs may apply to different tiers. When the balance increases or decreases to a different tier, the Account balance will be subject to the Rate applicable to that tier for the time the balance is at the higher or lower level. This means if an Account balance goes below or above a certain tier level even for one day, the Account will be subject to that tier for one day. These rates are subject to change without notice. The Share Account Dividend Rates Sheet will show current Rates, APYs and tiers.

COMPOUNDING AND CREDITING: Dividends will be compounded monthly and credited monthly on the first day of the following month. For these Account types, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31;

dividends will be credited on February 1. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period and for this example is January 31.

MINIMUM BALANCE REQUIREMENTS: A minimum deposit as disclosed on the Share Account Dividend Rates Sheet is required to open the Account(s). You must maintain a minimum daily balance, as disclosed on the Share Account Dividend Rates Sheet, in your Account(s) to obtain the annual percentage yield, stated on the Share Account Dividend Rates Sheet.

BALANCE COMPUTATION METHOD: Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period.

INDIVIDUAL RETIREMENT ACCOUNT (IRA) SHARE ACCOUNT

RATE INFORMATION: The dividend rate and Annual Percentage Yield (APY) may change at the discretion of the Credit Union. IRA Share Accounts are designated as variable rate accounts on the Rate Schedule accompanying this disclosure. Current rate information for this account is stated in the Share Account Dividend Rate Sheet accompanying this disclosure.

COMPOUNDING AND CREDITING: Dividends will be compounded monthly and credited monthly on the first day of the following month. For this Account type, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31; dividends will be credited on February 1. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period and for this example is January 31.

MINIMUM BALANCE REQUIREMENTS: A minimum deposit as disclosed on the Share Account Dividend Rate Sheet is required to open the Account. You must maintain a minimum daily balance, as disclosed on the Share Account Dividend Rate Sheet, in your IRA Account to obtain the annual percentage yield, stated on the Share Account Dividend Rate Sheet.

BALANCE COMPUTATION METHOD: Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period.

TRANSACTION LIMITATIONS: Certain federal or state penalties may apply when IRA funds are withdrawn early.

HOLIDAY CLUB ACCOUNT

RATE INFORMATION: Our Share Accounts are designated variable rate accounts on the Share Account Dividend Rate Sheet. This rate and yield may change at any time at the time at the Credit Union's discretion. The Dividend Rate and Annual Percentage Yield (APY) on Share Accounts are tiered. A tier is a range of Account balance; different Rates and APYs may apply to different tiers. When the balance increases or decreases to a different tier, the Account balance will be subject to the Rate applicable to that tier for the time the balance is at the higher or lower level. This means if an Account balance goes below or above a certain tier level even for one day, the Account will be subject to that tier for one day. These rates are subject to change without notice. The Share Account Dividend Rate Sheet will show current Rates, APYs and tiers.

COMPOUNDING AND CREDITING: Dividends will be compounded monthly and credited monthly on the first day of the following month. For these Account types, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31; dividends will be credited on February 1. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period and for this example is January 31.

MINIMUM BALANCE REQUIREMENTS: A minimum deposit as disclosed on the Share Account Dividend Rates Sheet is required to open this Account. You must maintain a minimum daily balance, as disclosed on the Share Account Dividend Rates Sheet, in your Account(s) to obtain the annual percentage yield, stated on the Share Account Dividend Rates Sheet.

BALANCE COMPUTATION METHOD: Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period.

TRANSACTION LIMITATIONS: Your Holiday Club Account will be transferred to your Regular Share Account on or about November 1 each year. Withdrawal of funds will result in an Early Holiday Club Withdrawal Fee as disclosed on our Account Fees Schedule. Upon the second withdrawal the account will be closed and the remaining funds will be transferred to your Regular Share Account.

TERMS AND CONDITIONS APPLICABLE TO SHARE DRAFT ACCOUNTS

1. We may recognize the signature of any one (1) who signed the signature card to transact any business on this Account, including, but not limited to, the causing or making of overdrafts (for which all of you shall be liable) and endorsement of drafts payable to any signer of this Account.
2. If the signature card is signed by more than one person, all of you further agree as between yourself and us:
 - a. All amounts now and hereafter in the Account, regardless of source, are owned by you jointly and equally regardless of your net contributions, with right of survivorship, and subject to withdrawal(s) and/or receipt of or by any of you, and payment to any of you or any of your survivors shall be valid and discharge us from any liability for such payment.
 - b. You hereby appoint each other as agents and attorneys in fact to overdraft any of your Share or Loan accounts.
3. We are authorized to pay drafts signed by you and the payments will be charged to your Account.
4. You authorize us to transfer funds from your Regular Share Savings Account on your written or oral request to your Share Draft Account. You understand and agree that no transfer will be made unless there are sufficient shares on deposit at the time of transfer.
5. We may, at our discretion, but are not obligated to (nor shall we be liable for refusal to), pay funds from this Account:
 - a. When such payment would draw the Account below the minimum balance as established from time to time by us ("overdraft").
 - b. If drawn by means not authorized in advance by us.
 - c. Against drafts presented over 6 months past their issue dates.
 - d. Against uncollected non-cash items.
6. We may, without liability, accept, pay, guarantee or charge drafts to the Account in any order convenient to us.
7. We may pay a draft on whatever day it is presented for payment notwithstanding the date (or any limitation on the time of payment) appearing on the check unless you give us notice as required under the California Uniform Commercial Code (UCC).
8. We may pay and charge to your Share Draft Account funds drawn by us and payable to any persons, organization, association or corporation whom you have authorized by providing sample MICR encoded information for your Account provided there are sufficient funds in your Account to pay such drafts. You agree that your rights in respect to such preauthorized drafts shall be the same as if it were a draft drawn and signed by you personally. This authority shall remain in effect until revoked by you in writing to us (and to the agency to whom the sample MICR writing was provided) and we have had reasonable opportunity to act on it.

You agree that we shall be fully protected in honoring such drafts. You further agree that if any such draft is dishonored, whether with or without cause, and whether intentionally or inadvertently, we shall be under no liability whatsoever even though such dishonor results in the forfeiture of insurance, loss, or damage to you of any kind.

9. Provided such request is timely, so that we shall have reasonable opportunity to act upon it under our rules, you may order a stop payment of any draft payable against your Account. If the order is verbal it shall be valid only fourteen (14) days thereafter unless confirmed in writing. Written orders shall be valid for six (6) months and may be renewed for additional six month periods. You have the burden of establishing the fact and amount of loss resulting from payment contrary to a binding stop payment.
10. Your death, dissolution or incompetence shall not revoke our authority to accept, pay or collect a draft(s) or to account for proceeds of its collection until we know of the fact of your death or adjudication of incompetence and have reasonable opportunity to act on it. Even with knowledge, we may for ten (10) days after the date of death, dissolution or incapacity, pay or guarantee a draft(s) drawn on or prior to the date unless ordered in writing to stop payment by a person claiming an interest in the Account under rules established by us. We must be notified if any of you die, become incapacitated or your organization is dissolved.
11. If we have paid a draft under circumstances giving a basis for objection by you, we shall be subrogated to the rights of:
 - a. Any holder in due course on the draft against the drawer or maker; and
 - b. The payee or any other holder of the draft against the drawer or maker either on the item or under the transaction out of which the item arose; and
 - c. The drawer or maker against the payee or any other holder of the draft with respect to the transaction out of which the draft arose.
12. Our measure of damages for failure to exercise ordinary care in handling a draft shall not exceed the amount of the item.
13. We are neither given notice or otherwise affected by a restrictive endorsement of any person or entity except your immediate transferor.
14. Our authority under this agreement may not be changed or terminated by you, except by written notice to us which will not affect any prior transactions.
15. Notify us at once if you suspect that a draft or endorsement is forged or altered or that someone unauthorized is using your Account or if you have an objection respecting any item shown on a monthly statement of the Account. You must notify us within a reasonable period of time not exceeding 30 days after the closing date of the statement. If you fail to notify us within this time period, we may not be responsible for forgeries, alterations or unauthorized use committed later by the same person(s).
16. Overdraft protection is available for your Share Draft Account in the following manner:
 - a. If you have a Line of Credit Account, available funds will automatically be transferred in increments of \$50 sufficient to cover the overdraft, providing the account is not over limit or delinquent.
 - b. If there are insufficient funds available or if you do not have a Line of Credit Account, you may designate that funds will be transferred from your Regular Share Account to cover the overdraft and a fee will be charged in accordance with the Account Fees Schedule. Such transfers will generally be made only if there are sufficient funds on deposit at the time of the transfer.
 - c. We may, but are not required to, pay overdrafts to the Share Draft Account. We may do so (but are not required to) by transferring funds to cover such overdrafts from your Regular Share Account in increments of \$50 sufficient to cover the overdraft. Overdrafts, if paid, in excess of funds available in any Regular Share Account are payable on demand.

17. Only ESCONDIDO FEDERAL CREDIT UNION drafts, or other methods approved by us, may be used to withdraw funds from the Account.
18. You understand that we are not selling drafts. As a convenience to you, we will submit your initial order and reorders for personalized drafts to the printer named on the face of the order. If the printer accepts the initial order and reorders, the printer will mail the drafts directly to you. You authorize us to charge your Share Draft Account for the cost of delivered drafts ordered, plus California sales tax.
19. You will notify us at (760) 839-6225 immediately if your drafts are lost or stolen.
20. Paid drafts remain the property of the Credit Union upon payment and are not returned to the account owner(s). A photocopy of a paid draft is available for seven (7) years from the date the draft was paid by us. A fee may be charged in accordance with the Account Fee Schedule.
21. You shall pay us all costs and charges incident to the Share Draft Account according to the schedule established by us from time to time. We shall debit such charges against the Share Draft Account, except where there are insufficient funds available, and then such charges shall be treated as overdrafts.
22. The use of the Share Draft Account is subject to such other terms, fees, conditions and requirements as the Credit Union may establish from time to time.
23. If this is an organization account, the persons authorized to sign on this Account certify that they are the duly elected or appointed officers of said corporation, partnership, organization or unincorporated association and have the authority to transact business of any character whatsoever in connection with this Account.
24. The Credit Union shall have the right to terminate this Agreement or close any Share Draft Account of a member without notice and without consent at any time at will, subject only to the restrictions of the Credit Union's Bylaws, if any.
25. Share Draft Accounts with no activity for ninety (90) days or more will be considered inactive and may be closed by the Credit Union.
26. **RATE INFORMATION:** The dividend rate and Annual Percentage Yield (APY) may change at the discretion of the Credit Union. Share Draft Accounts are designated as variable rate accounts on the Share Account Dividend Rates Sheet accompanying this disclosure. Current rate information, minimum balance to open and to earn the APY for these accounts are stated in the Share Account Dividend Rates Sheet accompanying this disclosure.
27. **COMPOUNDING AND CREDITING:** Dividends will be compounded monthly and credited monthly on the first day of the following month. For these Account types, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31; dividends will be credited on February 1. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period and for this example is January 31.
28. **MINIMUM BALANCE REQUIREMENTS:** A minimum deposit as disclosed on the Share Account Dividend Rates Sheet is required to open the Account(s). You must maintain a minimum daily balance, as disclosed on the Share Account Dividend Rates Sheet in your Account(s) to obtain the annual percentage yield, stated on the Share Account Dividend Rates Sheet.
29. **BALANCE COMPUTATION METHOD:** Dividends are calculated by the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period.
30. **TRANSACTION LIMITATIONS:** No transaction limitations apply to this Account.

MONEY MARKET ACCOUNT DISCLOSURE

RATE INFORMATION: Our Money Market Account is designated a variable rate account on the Share Account Dividend Rates Sheet. This rate and yield may change at any time at the Credit Union's discretion. The Dividend Rate and Annual Percentage Yield (APY) on Money Market Accounts are tiered. A tier is a range of Account balance; different Rates and APYs may apply to different tiers. When the balance increases or decreases to a different tier, the Account balance will be subject to the Rate applicable to that tier for the time the balance is at the higher or lower level. This means if an Account balance goes below or above a certain tier level even for one day, the Account will be subject to that tier for one day. These rates are subject to change without notice. The Share Account Dividend Rates Sheet will show current Rates, APYs and tiers.

COMPOUNDING AND CREDITING: Dividends will be compounded monthly and will be credited monthly. For Money Market Account the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date is January 31. Dividends will be credited on February 1. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of the dividend period and for this example is January 31.

TRANSACTION LIMITATIONS: You may write 3 Money Market checks per month. If, during any month, you write more than 3 checks, you will pay a Money Market Check Fee, as disclosed on our Account Fees Schedule, beginning with the 4th check. Additional checks may result in funds being transferred to your Regular Share Account with no check writing feature.

SHARE CERTIFICATE ACCOUNT DISCLOSURE

ANNUAL PERCENTAGE YIELD: The annual percentage yield is based on an assumption that dividends will remain on deposit until maturity. If you make a withdrawal from your Account, your earnings will be reduced.

MATURITY: Your Account will mature as reflected on the Share Account Dividend Rate Sheet. The maturity date will be stated on the certificate or receipt provided to you at the time of opening your Account.

MINIMUM BALANCE AND DEPOSIT REQUIREMENT: The minimum deposit required for you to open your Share Certificate Account is as stated on the Share Account Dividend Rate Sheet. You must maintain a minimum balance as stated on the Share Account Dividend Rate Sheet to obtain the annual percentage yield stated on the Share Account Dividend Rate Sheet and to avoid closure.

RENEWAL OF ACCOUNT/GRACE PERIOD: Your Account will automatically renew at maturity for the same time period as original term at the prevailing rate unless you withdraw all of the funds in your Account at maturity.

ACCOUNT LIMITATIONS: You may not make deposits into or withdraw principal from this account until the maturity date. See Early Withdrawal Penalty. When you open this Share Certificate Account, you have the option to have dividends posted to this Account. Transferred to a designated Share or Share Draft Account or paid to you by check. You must indicate your option on the day you open the Account.

EARLY WITHDRAWAL PENALTY: We may impose a penalty if you withdraw all of the funds from your Account before the maturity date. The penalty imposed shall be as follows:

1. If the terms of the Account is less than one year, the member shall forfeit an amount equal to 60 days dividends.
2. If the term of the Account is greater than or equal to one year, the member shall forfeit an amount equal to 90 days dividends.

EXCEPTIONS TO PENALTIES:

The penalties stated above will not apply if:

1. The withdrawal is made subsequent to the death of any owner of the Share Certificate Account, or is made pursuant to the Credit Union's bylaws.

2. The Share Certificate Account is part of a pension plan which qualifies or is qualified for specific tax treatment under Section 401(d) or 408 of the Internal Revenue Code and withdrawal is made to effect distribution of the funds evidenced by such account following the participant's death or disability or upon attaining not less than 70 1/2 years of age, or
3. Such withdrawal is made as a result of the voluntary or involuntary liquidation of the Credit Union issuing the account.

LOAN COLLATERAL: Share Certificate Account funds can be used to secure an Escondido Federal Credit Union loan, subject to the terms and conditions as set forth in the prevailing loan policy.

OTHER TERMS AND CONDITIONS TERMS AND CONDITIONS APPLICABLE TO ALL ACCOUNTS

1. To open any Account you must have at least one (1) full share (\$25.00) in your Regular Share Account. Rates are subject to change without notice.
2. All accounts (except Share Draft Accounts) are not transferable except as defined in 12 CFR, Part 204.
3. Our delay in enforcing any of the terms and conditions of this Agreement and Disclosure shall not prohibit us from enforcing such terms and conditions at a later date.
4. We reserve the right upon thirty (30) days written notice to change any provision of or establish new provisions to this Agreement and Disclosure.
5. We may endorse checks or drafts for you which we receive for deposit.
6. We are not responsible for items lost while not in our possession.
7. We will mail all statements and other notices only to the person whose signature appears first on the Membership Application and Agreement. You shall exercise reasonable care and promptness examining your statements and must promptly notify us of any unauthorized payment due to an altered item or an unauthorized signature. If you fail to uphold these duties, you understand and agree that you are precluded from asserting the unauthorized payment against us if we can prove: 1) we suffered a loss on the item because of your failure; or 2) we, in good faith, paid on another item presented by the same wrongdoer if the payment was made before you properly notified us and you have had thirty (30) days from the date of the statement to notify us. If you fail to uphold your duties but you can prove that we failed to exercise ordinary care in the payment of the relevant items, then the above preclusion will not apply and the loss on the items will be allocated between us and you to the extent our respective actions contributed to the loss. If you have failed to examine your statement and report any unauthorized item within one (1) year after your statement or the item has been made available to you, you cannot recover from us even if we failed to exercise ordinary care in paying the item.
8. We or you may terminate an Account(s) at any time. You understand and agree, however, that our authority may not be changed or terminated except by written notice to us which will not affect prior transactions. In addition, if we receive written notice from any owner that withdrawals, in accordance with the terms of the Account, should not be permitted, we may refuse, without liability, to pay any sums on deposit pending determination of the rights of the owners. Further, if there is more than one (1) owner and there is a conflict among you, we may require the signatures of all owners. Such written notice(s) shall become effective only upon receipt and after we have had a reasonable opportunity to act thereon.
9. We reserve the right to close any Account(s) discovered to be deliberately manipulated to our detriment and/or our membership. "Manipulation" includes, but is not limited to, kiting and repeated patterns of transactions which have no apparent business reason other than to take advantage of Regulation "CC" hold periods and/or "interest float" to our detriment. At our option, we may suspend your rights to member services if you violate the terms of this Agreement.

10. We may recognize the signature of anyone who signed a Membership Application and Agreement as authorized to transact business on that Account. Any payment made on your Account by us in good faith and in reliance on the terms and conditions of this Agreement and Disclosure and the Membership Application and Agreement shall be valid and discharge us from liability.
11. We reserve the right to require you to give not less than seven (7) and up to sixty (60) days written notice of your intention to withdraw funds from any account except Share Draft Accounts. The maximum amount you may withdraw in cash is \$2,000.00 per day unless you have made prior arrangements with us. The above withdrawal limitation applies to these Accounts in combination with all other credit union Account(s).
12. You understand and agree that Individual, Joint, Trust and Pay-on-Death accounts may be subject to Multiple Party Accounts Law, Division 5 of the California Probate Code, as now in effect or hereafter amended.
13. Ownership for the Regular Share Account and all sub-accounts shall be established and determined by the most recent Membership Application and Agreement Card or other document(s) evidencing such Account(s). A different form of ownership may be established by executing a new Membership Application and Agreement and a new Account number will be assigned. The word "owner(s)" means the owner of the funds in the case of an individual Account and it means the joint owners (both as an individual and as a group) in the case of a joint or other account with multiple parties. Owner(s) agree that any and all sums heretofore or hereafter on deposit shall be subject to withdrawal or receipt by any owner and any such payment shall be valid and discharge us from any liability.
14. You are required to keep us informed of your current address. You may notify us in person at our office or by sending a written and signed notice to ESCONDIDO FEDERAL CREDIT UNION, 2261 East Valley Parkway, Escondido, CA 92027. In the event that you fail to do this, a charge may be made to your Account for the actual cost of a necessary locator service paid to a person or concern normally engaged in providing such service and incurred in determining your address. This charge will be imposed in accordance with our Bylaws.
15. All non-cash payments shall be credited subject to final payment on the day of deposit. Your right to withdraw the funds represented by certain checks, savings or other items you deposit may be delayed for several days. You will be notified if your right to withdraw will be delayed. You will refer to the Credit Union's Disclosure of Funds Availability Policy for further details. We are not required to honor any restrictive legend on checks you write unless we have agreed in writing to the restriction. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000.00."
16. All Accounts are subject to our fees and charges as disclosed on our Account Fees Schedule, which accompanies this Agreement and Disclosure and is incorporated by this reference. We shall debit such charges, including check printing costs, against any Regular Share Account or Share Draft Account or Line of Credit Account you own (including accounts on which you are a joint owner) except your IRA Accounts without prior notice to you. If there are insufficient funds available in your Share Draft Account or Regular Share Account, the funds available under the Line of Credit loan account may be used to pay service charges or fees. The charges are payable on demand and, for Share Draft Accounts, will be treated as an overdraft.
17. You agree that we will not be responsible for any damages you incur in the event you deposit an item with us which is subsequently returned unpaid by the paying bank and that return is "late" due to markings on the back of the check caused by you or a prior endorser.
18. California law states that inactive account balances must be turned over to the state after a period of three (3) years if you have not:

- a. Increased or decreased the amount of any of your Account(s) with us or presented an appropriate record of crediting dividends or cashed a dividend check from any of your Accounts with us; or
 - b. Corresponded in writing or electronically with us concerning any of your Accounts with us; or
 - c. Otherwise indicated an interest in any of your Accounts with us as evidenced by a memorandum on file with us.
- We may charge a fee for mailing an escheat notice. To recover funds turned over to the state, you must file a claim with the state.
19. We reserve the right to require that withdrawals made from your Accounts be made in minimum amounts as established from time to time by Board policy.
 20. We may, but are not obligated to, transfer funds from your Share Account(s) or loan account(s) on your written or oral request. You understand and agree that no transfer will be made unless there are sufficient available funds on deposit or sufficient credit available at the time of transfer. You agree that any such transfer(s) shall be in the exact amount authorized and will be processed only on our "business days." If a transfer is to occur on a day other than a business day, such transfer will occur on the next business day. Moreover, if funds are not available for the transfer on the day authorized, the transfer may occur when sufficient funds become available.
 21. Federal law requires us to report certain domestic currency transactions and foreign transactions. This reporting applies to all member accounts at the Credit Union.
 22. We agree to retain and furnish to you, if requested, copies of certain records pertaining to your Account and that these records will be available to you for the time frame required by law. You agree to pay applicable fees as listed on our Fee Schedule for those copies.
 23. You authorize us to gather whatever credit, checking account and employment information we consider appropriate from time to time. You understand that this will assist us in determining your initial and ongoing eligibility for an account. You authorize us to give information concerning our experience with you to others.
 24. Federal law requires that we obtain and have certified by you a Taxpayer Identification Number (TIN) on all Accounts. We will not open an Account without this identification number. For additional information on this requirement, you will read "**INSTRUCTIONS FOR REPORTING TAXPAYER IDENTIFICATION NUMBER (IRS FORM W-9)**". These instructions are found in a separate brochure which will be furnished upon request.
 25. In the event that a negative balance is created in any of your Share Accounts or Share Draft Accounts (whether due to ATM activity, nonsufficient funds activity, Credit Union imposed fees and charges, or otherwise) you understand and agree that we may transfer funds to such Account from any other Share Account, Share Draft Account or Line of Credit Account (excluding IRA accounts), including account(s) upon which you are a joint owner, in an amount equal to the negative account balance.
 26. You must be a member in good standing to maintain any Account.
 27. **STATUTORY LIEN:** If you are in default on a financial obligation to us, federal law gives us the right to apply the balance of shares and dividends in your Account(s) or Accounts on which you are a joint owner (except IRA) at the time of default to satisfy that obligation. Once you are in default, we may exercise this right without further notice to you.
 28. **REGULATION D RESTRICTIONS ON ELECTRONIC FUNDS TRANSFERS:** During any month, you may not make more than six withdrawals or transfers from any Share Account or Money Market Accounts to another Credit Union account of yours or to a third party by means of a preauthorized or automatic transfer or telephonic (such as ARTS Line Audio Response, Personal On-Line Teller, fax or personal computer) order or instruction. No more than three of the six transfers may be made by check, draft, **debit card**, or similar order to a third party. You may make an unlimited

number of withdrawals from, or transfers among, your Regular Share Account by mail, messenger, or in person at the Credit Union or at an ATM. You may also make an unlimited number of withdrawals from your Regular Share Account through Members ARTS Line Audio Response or Personal On-Line Teller if you request that we send you a check.

Transfers in excess of the above limitations may not be honored. If you exceed the transfer limitations set forth above during any month, your Account will be subject to closure by the Credit Union.

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO INDIVIDUAL AND JOINT ACCOUNTS

1. If there is more than one owner, all agree with each other and with us that all sums now paid in on shares by any one or all Account owner(s) including all dividends thereon, if any, are and shall be owned by all Account owner(s) jointly and equally regardless of their net contributions with a right of survivorship and shall be subject to withdrawal or receipt by any of the Account owner(s) or the survivor(s) of any of the Account owner(s). Any such payment shall be valid and shall discharge the Credit Union from any liability.
2. We are not obligated to inquire as to the source of funds received for deposit to a joint Account or to inquire as to the proposed use of any sums withdrawn from the Account for the purpose of establishing net contributions.
3. No transfer of voting rights or other membership privileges is permitted by virtue of a transfer of shares.
4. You may pledge any or all of the shares on deposit in a Regular Share Account as collateral security to any loan(s) subject to then current loan policies. Further, a pledge of shares by any one of you will be binding on all of you.
5. Joint ownership of an Account does not constitute Credit Union membership. Joint owners may be nonmembers.
6. A right of survivorship arising from the express terms of a joint account cannot be changed by will.

TERMS AND CONDITIONS APPLICABLE TO PAY-ON-DEATH (P.O.D.) DESIGNATION

1. If you have made a Pay-On-Death (P.O.D.) Designation, all sums are payable on request by you during your lifetime and upon your death to your designated P.O.D. payee(s) in equal and individual shares or, if the Account is jointly owned to one or more Account owner(s) during their lives and on the death of all of them to one or more payees then surviving in equal and individual shares. As between P.O.D. payees, there is no right of survivorship.
2. You may pledge any or all funds on deposit in the account as collateral security to any loan(s) subject to then current loan policies. Further, a pledge of shares by any one of you shall be binding on all of you.
3. A Pay-On-Death Designation cannot be changed by will.

TERMS AND CONDITIONS APPLICABLE TO ALL TRUST ACCOUNTS (Totten Trust)

1. The trustee(s) declare(s) that the Account is, and any and all sums credited to such Regular Share Account are and shall be, held by you (as joint tenants and equally regardless of your net contributions with right of survivorship if there is more than one trustee) in trust for the Beneficiary(ies) named on the signature card, reserving to you the right (1) to have dividends declared on said Regular Share Account paid to you, and (2) to revoke such trust in whole or in part, at any time or times by executing and delivering to us a request for withdrawal or pledge of shares of the whole or part of such Regular Share Account and such trust shall be revoked as to the whole or part to which such request relates.

- In the event of your death or, if the Account is held by more than one person, the death of the survivor(s), then and only then, we shall pay such Regular Share Account amount to the Beneficiary if living (if more than one Beneficiary is designated then equally to those Beneficiaries living at the date of your death or the death of your survivor(s)), but if no Beneficiary is living at your death or the death of your survivor(s), we shall pay such Regular Share Account amount to your estate or the estate(s) of your last survivor. There is no right of survivorship between Beneficiaries.
- You may pledge any or all funds on deposit in the Account as collateral security to any loan(s) subject to then current loan policies. Further, a pledge of shares by any one of you shall be binding on all of you.
- A right of survivorship or a beneficiary designation in a Trust Account cannot be changed by will.

TERMS AND CONDITIONS APPLICABLE TO ALL FIDUCIARY ACCOUNTS

- You are duly appointed and acting in the capacity of Executor/Executrix, Administrator/Administrate, Guardian or Conservator. By the authority vested in you, you are acting individually or jointly, authorized and empowered to transact business of any character in connection with this Account. Your authority shall continue in force until written notice to the contrary is received by us.
- You may pledge any or all shares on deposit in the Account as collateral security to any loan(s) subject to then current loan policies. Further, a pledge of shares by any one fiduciary shall be binding on all fiduciaries.
- If a Share Draft Account is opened with us, you agree that the Account shall be governed by the terms of this Disclosure and Agreement as well as the terms of the Share Draft Account Signature Card and Agreement.
- If the account is blocked, you understand that you shall file with the court a written document including the agreement with the Credit Union that the money in the Account, including any earnings thereon, shall not be withdrawn except upon court order.

TERMS AND CONDITIONS APPLICABLE TO ALL SOLE PROPRIETORSHIP ACCOUNTS

- You affirm that you are the sole proprietor of the sole proprietorship named on the signature card. We may pay out funds with your signature. We may accept and/or endorse checks made payable to you or the sole proprietorship named on the signature card which we receive for deposit.
- You may pledge any or all funds on deposit in the Account as collateral security to any loan(s) subject to then current loan policies.
- If a Share Draft Account is opened with us, you agree that the Account shall be governed by the terms of this Disclosure and Agreement as well as the terms of the Share Draft Account Signature Card and Agreement.

TERMS AND CONDITIONS APPLICABLE TO CORPORATE, PARTNERSHIP AND UNINCORPORATED ASSOCIATION (CLUB) ACCOUNTS

- The person(s) named on the signature card are duly authorized to make the certification to certify, that at a regularly held meeting, the person(s) named were elected or appointed officers of said corporation or organization or are duly acting partners of said partnership, and that by virtue of the authority vested in you by the constitution, bylaws or otherwise, any one (1) of the signatories, as named on the signature card, is authorized and empowered to transact business of any character whatsoever in connection with the Account. You certify that signature(s) appearing on the signature card are the genuine signature(s) of said authorized person(s); and that your authority shall continue in force until written notice to the contrary is received by us.

- You may pledge any or all funds on deposit in the Account as collateral security to any loan(s) subject to then current loan policies. Further, a pledge of shares by any one of you shall be binding on all of you.
- If a Share Draft Account is opened with us, you agree that the account shall be governed by the terms of this Agreement as well as the terms of the Share Draft Account Signature Card and Agreement.
- All individuals associated with the Corporation, Partnership, or Unincorporated Association must be eligible to join the Credit Union within their own right.

DISCLOSURE OF FUNDS AVAILABILITY POLICY

Our general policy is to make funds from your cash and check deposits available to you on the first business day the 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.

For purposes of computing the amount of dividends with respect to an Account, the Credit Union will not delay computing dividends on funds deposited by check or similar instrument to your Account beyond the date on which the Credit Union provisionally credits your Account. However, the payment of dividends with respect to such funds deposited by an item which is returned unpaid is not required. As a matter of general policy, the Credit Union will immediately provide you with provisional credit for negotiable items deposited.

DEPOSITS AT AUTOMATED TELLER MACHINES

The first \$100 of your deposits each business day at an automated teller machine will be available immediately. The remaining funds will be available after two business days, unless a longer delay is applied as outlined in Longer Delays May Apply section.

LONGER DELAYS MAY APPLY

In some cases, we will not make all of the funds that you deposit by check available to you on the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the fifth business day after the day of your deposit. However, the first \$100 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 and also inform you of the date they 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.

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

- We believe a check you deposit will not be paid
- You deposit checks totaling more than \$5,000 on any one day
- You redeposit a check that has been returned unpaid
- You have overdrawn your account repeatedly in the last six months.
- 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 eleventh business day after the day of your deposit.

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 \$5,000.00 of a day's total deposits of cashier's, certified, teller's, 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 \$5,000.00 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 \$5,000.00 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.

HOLDS ON OTHER FUNDS (CHECK CASHING)

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your Account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

OTHER INFORMATION:

- Please be sure to provide the Credit Union with your correct and legal name. If your name has changed, for example because of marriage, you are required to contact the Social Security Administration to report your new name.
- On joint accounts, the TIN of the primary owner must be provided to the Credit Union, and it is that number under which dividends will be reported to the IRS.
- Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

