

- * **TRUTH IN SAVINGS**
- * **ELECTRONIC FUNDS TRANSFER AGREEMENT**
- * **ELECTRONIC FUNDS TRANSFER DISCLOSURE**
- * **FUNDS AVAILABILITY DISCLOSURE**
- * **FEE SCHEDULE**

This contains important disclosure information about your accounts and sets forth your rights and obligations as a user of L&N Federal Credit Union services.

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SHARE/SAVINGS AND CHECKING ACCOUNT RULES AND REGULATIONS

DEAR CREDIT UNION MEMBERS:

By signing a Membership Card and receiving approval from a Membership officer, you have become a member of L & N Federal Credit Union ("Credit Union") with all rights and privileges therein. By signing and selecting the accounts you desire on the Membership Card or any agreement cards (hereinafter individually or collectively referred to as "Signature Card"), you have opened the savings and checking accounts designated by the account number on the Signature Card and you have agreed to be bound by these rules and regulations, and by our by-laws, amendments to the by-laws, and federal and state laws which govern the services offered by us. Unless it would be inconsistent to do so, words and phrases used in this disclosure should be construed to state the singular includes the plural and the plural includes the singular, as used in this disclosure, the words "we" and "our" mean L & N Federal Credit Union and the words "you" and "your" mean the member(s) who own the account.

MEMBERSHIP You are eligible to join the Credit Union provided you live, work, worship, attend school or belong to any legal entity in Jefferson, Oldham, Shelby, Spencer, Trimble, Henry, Bullitt, Laurel, Pulaski, Rockcastle, Whitley or Knox counties in Kentucky and Clark or Floyd Counties in Indiana. You are also eligible if you live, work, worship, attend school or belong to any legal entity in certain prescribed areas of Boone, Campbell, Kenton, Gallatin, Grant or Pendleton counties in Northern Kentucky. These areas make up the Credit Union's primary membership base.

Family Members You are eligible to join the Credit Union provided you are related to a member by immediate family. The immediate family is defined as spouse, child, sibling, parent, grandparent, grandchild, step parents, step children, step-siblings and adoptive relationships. Household unit eligibility is defined as persons living in the same residence maintaining a single economic unit.

Account Ownership Options

Single Ownership

The primary person on the account must be a member. You can set your account up as a single ownership, where the account belongs only to you; no one else has access to the funds. A Legal Ownership, where the account has two or more owners, each owner with the right to access the account individually; or you can designate a Payable on Death beneficiary which will detail who is entitled to the funds in the account upon your death. A legal owner does not have to be a member. You may retain your membership for life, providing your membership is active and in accordance with the by-laws of the Credit Union.

Legal Ownership

If you designate a Legal Owner on your account, we are hereby authorized to recognize any of the signatures subscribed on the Membership Application in the payment of funds or the transaction of any business for this account. The legal owners of this account hereby agree with each other and with the credit union that all sums now paid in on shares, or heretofore or hereafter paid in on shares by any or all of said legal owner are and shall be owned by them legally, with right of survivorship and be subject to the withdrawal or receipt of any of them, and payment to any of them or the survivor or survivors shall be valid and will discharge said credit union from any liability or such payment. The legal owners also agree to the terms and conditions of the account as established by the credit union from time to time. Any or all of said legal owners might pledge all or any part of the shares in this account as collateral security to a loan or loans from the credit union. The right of authority of the credit union under this agreement shall not be changed or terminated by said owners, or any of them except by written notice to said credit union, which shall not effect transactions heretofore made. Accounts with a Legal Owner are held with right of survivorship, which means, the named legal owner on the account is entitled to all funds in the account upon the death of the primary owner.

Payable on Death Beneficiary

If you elect to designate a Payable on Death Beneficiary, you are naming the individual to whom the funds are payable upon your death and upon the death of all named legal owners on the account. Payable on Death Beneficiaries have no access to the account during the lifetime of the owner. This agreement and all payments hereunder will be subject to the Credit Union's policies with respect to paying withdrawals, setoffs, and other charges against the account after death.

This authority will remain in full force and effect until the Credit Union has received written notification from any of the Legal Owners of its termination. Upon the death of one owner, any surviving owner may change this agreement at any time, but this right to change shall not extend to any P.O.D. payee, as a P.O.D. payee is not considered an owner of the account.

Only an individual can be named as P.O.D. payees as trusts, charities, organizations or associations will not be accepted. A P.O.D. designation is not available for any custodian account. All P.O.D. payees will be the primary beneficiaries; no contingent beneficiaries will be accepted. The proceeds of this account, upon the death of the last owner, shall be divided equally between the P.O.D. payees so named. Any payment made by the Credit Union pursuant to the P.O.D. designation prior to the receipt of a notice of an adverse claim or a restraining order shall be a complete discharge of the Credit Union's obligation and shall constitute a release of the Credit Union from any and all claims of any P.O. D. payee as to the amount paid.

BOUND BY THESE RULES Any reference in these rules to an account shall relate only to the accounts opened on a Signature Card by you. Enclosed with this disclosure is a separate disclosure for each account opened by you and a schedule of fees and charges. Please read this disclosure and the schedule carefully, continued use of your account after receipt of these means you agree to the terms of the account and the charges that may be imposed. We will also be bound by these rules but must reserve the right to change or add to them at any time, upon giving reasonable notice to you. Such notice may consist of a notice of the changes being posted in our offices for a reasonable period of time, enclosing a notice on or in the statement of account, or mailing a notice in a special mailing. Notice to any one of you is notice to all of you who are legal owners of the account. By your signature you have authorized us to check your financial history.

TYPES OF ACCOUNTS In order to maintain your membership in our Credit Union, you must maintain a Regular Share/Savings Account in your own name. You also must maintain a minimum aggregate balance of at least five dollars in any or all of your Savings or Certificate Accounts. Failure to do so will terminate your membership in the Credit Union. Your Share/Savings Account will be maintained as any other savings account.

Savings (Share) Accounts You must maintain at least a par value of one share in this type of account or it will be closed. For Regular Share/Savings accounts, the par value is \$5.00. Savings accounts are not transferable except on the books of the Credit Union. Special savings accounts include any account designated by you, such as Vacation Club or Christmas Club. The par value for this type of account is \$5.00.

Minor Savings Accounts We will establish accounts for minor children upon request of a parent, grandparent or legal guardian. Access to these accounts will not be restricted due to the age of the minor child and we will not require an adult signature for withdrawals or deposits.

Checking Accounts These are our transaction accounts and they may be accessed by Credit Union approved checks, electronic funds transfers, or in person. The Credit Union offers 5 types of checking accounts, which permit an average monthly number of payments, not to exceed 50 per month, to third parties. Minimum balance requirements may apply to some accounts in order to avoid the incurrence of a service charge or to earn dividends.

The credit union is authorized to pay checks or Point of Sale (POS) transactions signed by you or any of you, (if more than one person has signed the account agreement) and to charge the payments against the Checking account. In the event the credit union receives a request to pay a check/POS and there is not an amount in the checking account sufficient to cover that transaction, the check/POS will be paid with a transfer from your share account (not to exceed 3 transfers per month). It is agreed that:

- A. The credit is under no obligation to pay a check on which the date is more than six months old;
- B. The credit union is under no obligation to pay a check which exceeds the balance in the Checking Account, however, the credit union is obligated to pay all POS transactions regardless of account balance; the credit union may, however pay such a check/POS and charge the amount of the resulting overdraft plus a service charge against any other share account from which the person who signed the check/POS is entitled to withdraw shares, or in the event that any of you writes a check/POS which would result in this checking account being overdrawn, and if at that time any of you are eligible to receive advances from this credit union, such checks/POS shall be deemed to be a request to the credit union to prepare an application for an advance under such loan account in the amount needed to cover the transaction. If the application is approved, the credit union will advance to this checking account;
- C. Except for negligence, the credit union is not liable for any action it takes regarding the payment or nonpayment of a check;
- D. Non-cash payments received on shares in the Checking account will be credited subject to final payment;
- E. The Checking Account shall be subject to services charges in accordance with the rate schedules adopted by the credit union from time to time;
- F. The use of the Checking Account is subject to such other terms, conditions and requirements as the credit union may establish from time to time; and
- G. If signed by more than one person, this agreement is subject to the additional terms and conditions of any legal share account agreement that applies to a share account in your legal names; or if there is no such agreement, this agreement is subject to the additional terms and conditions printed above.

Other Accounts The Credit Union offers other accounts, such as Share Certificates and Individual Retirement Accounts ("IRA") that are covered by these rules and special rules disclosed to you at the time of opening of the account.

ATM/DEBIT Cards By your signature on a Signature Card in the designated place for ATM/Debit Card; you have requested that we issue you a Credit Union ATM/Debit Card for use in automated teller machines ("ATMs"), to electronically access your accounts. **Use of ATMs, especially at night, is at your own risk.** You will be notified of the type, number and amount of transactions you may make with your ATM/Debit Card. **We reserve the right to deny access to an ATM/Debit card to anyone under the age of 18. We will not issue a card to anyone under age 16.** Withdrawals are subject to available credit union balance. A transaction fee of \$1.00 per transaction will be assessed on withdrawals in excess of five (5) transactions per month on savings and checking accounts. Transactions on credit union owned ATMs are at no charge.

Daisy By your signature on a Signature Card in the designated place, you have requested that we issue a Personal Identification Number ("Pin") for your use with a touch-tone telephone, to electronically access your accounts through our Direct Access Information System (Daisy). You will be notified of the type of transactions you may make.

Share/Savings Deposit Insurance All accounts are federally insured to at least \$250,000 and are backed by the full faith and credit of the United States Government.

FEES AND CHARGES The Fee Schedule that you have received with these rules gives the current dollar amount of our charges and any transaction limits imposed for stop payment orders (including stop payment of electronic fund transfers), return of checks for insufficient funds, overdrafts, dormant accounts, special services, and certain other matters. The amount of each fee will be charged to your account when incurred, in accordance with our then current Fee Schedule, unless you pay the amount separately. We may charge any account for a fee incurred if the account upon which it was assessed has been closed or we may overdraft the amount if it has an insufficient balance to pay any charges. Any fees charged to the account could result in the account being brought to a zero balance and closed.

DEPOSITS We will accept your deposits in person, by ATM, by direct deposit (from your employer, retirement program, dividend checks or government check), by mail, or by night depository. Your deposits will be made available to you based on the Funds Availability Disclosure contained herein. You will be required to pay any unusual fees involved in collecting your deposit. We will not be responsible for the negligence of any other financial institutions involved in the collection process. We are not responsible for transactions initiated by mail or outside depository until we actually record them. **We provide night depository facilities for use at your own risk.** We reserve the right to verify all deposits, including ATM deposits, and after examination, reserve the right to correct any mistakes and change any entries which are in error.

WITHDRAWALS You may withdraw from a Savings Account in person, in writing, by ATM, by Daisy, by electronic funds transfer or by telephone. You may withdraw from your Checking Account by check, in person, by ATM, by Daisy, by electronic funds transfer, by telephone or in writing. The minimum withdrawal amount from any type of account is \$5.00. Each of you who sign a Signature Card (until we receive written notice to the contrary) authorizes each other person signing a Signature Card to withdraw or transfer any or all of the account balance at any time. Each of you also authorizes the other to endorse any item payable to you or your order for deposit only to your account. We reserve the right to not process any transaction that is by any method not specifically permitted or which is greater in the number of frequency allowed or which is less than any minimum imposed. The honoring of any unusual method or practice does not waive our right to refuse any future such request. Any abuse of privileges may cause the account to be closed. You are jointly and severally liable for repayment of all overdrawn amounts, regardless of how or by whom, such a negative balance is incurred. We reserve the right to require you to give us 60 days notice on all withdrawals from Savings Accounts.

SAVINGS ACCOUNT TRANSFERS All pre-authorized and electronic fund transfers from a Savings Account to another account, or third parties, are restricted to a maximum of six per month.

DIVIDENDS We will pay dividends on your accounts held at the Credit union. The rate and method we use to calculate dividends may change from time to time without written notice. By law we are prohibited from guaranteeing the payment of dividends or guaranteeing that those payments will be at the contracted amount. Dividend payments to you must be based upon the money we actually earn and that is available for distribution at the end of a dividend or earnings period. Dividends will be earned throughout the period if they are considered to be fully paid from the first of the month according to our by-laws or applicable accounts. The current method of calculating and paying dividends is described in the Funds Availability section of this disclosure. The current rates are posted in each of our offices and are available upon request.

DIRECT DEPOSIT We will deposit any amount that has been authorized through the direct deposit plan of the Federal Government or your employer. If, in connection with any such deposit, we deposit any amount in your account which should not have been deposited, and should have been returned to the Federal Government or your employer, you authorize us to deduct the amount from the account or from another account you have with us. This deduction

may be without prior notice, if allowed by law. We reserve the right to seek other legal remedies to recover any loss to us.

STATEMENTS We will send you by regular, or electronic, mail a statement of your accounts monthly, if you have a Checking Account and quarterly for all other account holders, unless there are no monetary transactions; then you will only receive quarterly or annual statements. Your statement will show all activity on your accounts for the previous period. If you do not notify us of any unauthorized signatures or alterations within a reasonable time, not to exceed 14 days, after we send or make available to you your statement then: (1) you cannot assert the unauthorized signature or alteration against us, even if we are unable to show a loss due to your failure of notice, and (2) you cannot assert any unauthorized signatures or alterations by the same wrongdoer on items paid by us after the 14 day period elapses, but before we receive your notice. We lose these protections if we fail to exercise ordinary care in paying an item with an unauthorized signature or alteration, unless you do not notify us within 60 days after we send or make available to you the statement. You will lose your right to assert any other problem with your account, unless you notify us within the 60-day period.

INACTIVE OR DORMANT ACCOUNTS If there are no deposits or withdrawals to or from an account for a period of 6 months or more and the balance in the account is below \$100 and there is no forwarding address, we will consider such account inactive and dormant. A monthly dormant account charge may be imposed. For checking accounts, if the account remains inactive for 6 months, a \$5.00 per month service fee will be assessed until the account reaches a zero balance and is then closed by the credit union.

RIGHT OF SET-OFF We have the right to set-off any part or all of the funds in your accounts (except IRAs) and to apply such funds against any obligation that you or any legal owner may have with us, either now or in the future. Any time the credit union sustains a loss on an account of yours, whether as primary or legal owner, your ability to remain a member of our credit union is cancelled and you are prohibited from becoming a legal owner on any other membership within the credit union.

SUSPENSION/DENIAL OF SERVICES

We have the right to suspend the benefit of any credit union service at any time for reasonable cause. Account services are available to those members in good standing with the credit union. We reserve the right to cancel or suspend services to a member who is not in good standing, which includes members that have:

- (a) A delinquent loan;
- (b) A primary share account balance below the \$5.00 minimum;
- (c) An unresolved deposited returned check;
- (d) Any unpaid and uncollected fee;
- (e) A negative balance on an account;
- (f) Caused a financial loss to the credit union;
- (g) Failed to meet other obligations to us;
- (h) Failed to comply with applicable law and/or our then existing Bylaws and amendments;
- (i) Been directly involved in any fraudulent activity;
- (j) Been convicted of a crime;
- (k) If you are abusive, threatening or intimidating towards credit union staff, or attempt to coerce them into committing an act that violates credit union policy, procedure, state/federal laws or business ethics.
- (l) Failed to conduct themselves in a civil and businesslike manner.

LOST CHECK/ITEMS You will be responsible for reporting to us as soon as is reasonably possible the loss or theft of your checks, deposit slips, ATM/Debit Card or PIN.

STOP PAYMENT ORDER Any person whose signature appears on a Signature Card for an account may place a stop payment order against any check drawn on the account, regardless of whom the check is drawn by. We shall not be liable for failing to stop payment of any check if you do not furnish us in a timely manner its exact amount, date, payee and check number. A charge will be imposed for each stop payment order. A release of the stop payment order may only be made by the person who initiated it. Stop payment orders are only good for six months.

GARNISHMENTS OF YOUR ACCOUNTS If the funds in your account are attached, levied against, garnished or otherwise proceeded against as the result of a lawsuit that someone has brought against you or against a legal owner on the account, you must reimburse us for any additional expenses that we may incur.

COLLECTION COSTS Under this agreement, you agree to pay the actual costs of collection including court costs and reasonable attorney fees.

STATUTORY LEIN We have the power to impress and enforce a lien upon your account balances to the extent of any loan, including interest, fees and charges, made to you and any fees or charges you may owe to us. We may exercise these rights as a federally chartered Credit Union without obtaining a court order and by any other methods permitted by law.

CHANGE OF ADDRESS It is your responsibility to keep us informed of your correct address and any delay in notice under these rules due to your negligence, shall not act as a waiver of the time periods nor extend the time periods in any way that would increase our liability due to your negligence. A monthly fee may be imposed on your account for lack of a correct address.

ELECTRONIC FUNDS TRANSFERS RULES AND REGULATIONS

The following governs any electronic fund transfer ("Transaction") made by you, or anyone authorized by you, in connection with your accounts at the Credit Union, whether initiated by an ATM/Debit Card, by pre-authorized Transaction (transfers authorized on a recurring basis at regular intervals), by Daisy, or by other means of access provided now or in the future. We will issue you a PIN, which you must use together with the ATM/Debit Card to access our own ATMs and the STAR Card regional network of ATMs. The PIN will also be necessary to access such services as Point-of Sale Terminals (POS) and other electronic systems made available now or in the future to perform Transactions on your Credit Union accounts. Another PIN will be issued for use with our bank-by-telephone service called Daisy.

AGREEMENTS Transactions may only be performed while your accounts have sufficient balances to complete the transaction requested. Wrongfully obtaining funds from the Credit Union by use of an ATM/Debit Card or PIN constitutes a federal criminal offense, punishable by fine or imprisonment, or both. All terms and conditions of any written agreements that have been previously made between you and the Credit Union regarding the use of the ATM/DEBIT Card and a PIN and any of your Credit Union accounts apply to all Transactions, unless any terms or conditions in those agreements conflict with the rules and regulations set forth in this disclosure, in which case the rules and regulations of this disclosure will control. All Transactions, whether deposits, withdrawals, or transfers, made with the ATM/Debit Card or a PIN are subject to verification by the Credit Union. Any card or other instrument issued by the Credit Union shall supersede the present instruments.

PROPERTY RIGHTS The ATM/Debit Card and the PIN are property of the Credit Union and your right to use these in connection with your Credit Union accounts may be terminated at any time without notice. You will surrender your ATM/Debit Card or cease to use your PIN whenever the Credit Union asks for them. You will not allow any other person possession or use of the ATM/Debit Card or PIN. It is your responsibility to prevent disclosure and unauthorized use of your ATM/Debit Card and PIN. If you allow any person to use your ATM/Debit Card or PIN, then you will be held liable for any of their use by that person, unless you notify the Credit Union that the individual is no longer authorized by you to make Transactions on your accounts. The Credit Union will, as soon as possible, after notification, block further Transactions on your account.

CHANGES We reserve the right to change or add to these rules and regulations at any time, upon giving you reasonable notice at least 21 days prior to the effective date of the change. Such notice may consist of enclosing a notice on or in the statement of the account or mailing a notice in a special mailing. Notice to any legal account holder of the ATM/Debit Card or PIN is notice to all of you. In the event we determine that an immediate change is necessary to maintain or restore the security of the electronic fund transfer services or to any account, then we may make the necessary change without advising you in advance. We can delay enforcing any of our rights against you without losing them.

ELECTRONIC FUNDS TRANSFER DISCLOSURE

This disclosure contains important information about your rights and liabilities; please retain this disclosure with your valuable papers for future reference.

YOUR OBLIGATIONS It is very important to keep your PIN confidential and separate from your ATM/Debit Card to prevent someone from using it to make transactions without your permission.

Tell us AT ONCE if you believe your ATM/Debit Card or PIN has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account, plus your maximum overdraft line-of-credit, if any. If you tell us within 2 business days, you can lose no more than \$50.00 if someone used your ATM/Debit Card or PIN without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your ATM/Debit Card or PIN, and we can prove that we could have stopped someone from using your ATM/Debit Card or PIN without your permission if you had told us, you could lose as much as \$500.00.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time period.

Electronic check conversion transfers are permitted to access your Checking Account. An electronic check conversion occurs when a merchant is authorized to convert your check (using information from your check) into an electronic funds transfer. The merchant may also request authorization to electronically collect a charge in the event the check or transfer is returned. Your authorization may be expressed in writing or implied through the posting of a sign.

NOTIFICATION OF LOSS If you believe your ATM/Debit Card or PIN has been lost or stolen or that someone has transferred or may transfer money from your account without permission, call:

(502)368-5858

Or

1-800-292-2905

Or write:

Checking Services Manager
L & N Federal Credit Union
9265 Smyrna Parkway
Louisville, Kentucky 40229

OUR OBLIGATIONS If we do not complete a transfer to your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will NOT BE LIABLE, for instance:

- If, through no fault of ours, you do not have enough money in your account to make the transfer.
- If, when applicable by prior agreement, the transfer would go over the limit on your overdraft line.
- If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- If the ATM that you are using does not have enough cash to complete the transaction.
- If the Electronic Funds Transfer system is not working properly and you know this at the time of transfer.
- If the ATM or Daisy malfunctions or ceases to operate during a transaction.
- If you make a mistake using the ATM, Point-of-Sale, Daisy or any other terminal device provided now or in the future.
- If we correct the error before the error causes you any actual damage.

There may be further exceptions stated in agreements with you.

BUSINESS DAYS our business days are Monday through Friday; Credit Union holidays are not included.

ACCOUNT ACCESS Any transaction at an ATM, POS, Daisy, and any other terminal or device provided now or in the future that is initiated by use of your ATM/Debit Card or PIN or both, including:

- Cash withdrawals from your Savings or Checking Accounts.
- Deposits made to your Savings or Checking Accounts.
- Transfers between your Savings and Checking Accounts.
- Balance inquires for a current amount in your Savings or Checking Accounts. This figure may not agree with your records, as some withdrawals, checks or deposits may not yet be posted to your account.
- Through Daisy, loan advances on designated loans for deposit in designated Savings or Checking Accounts.
- Through Daisy, Check withdrawal from Savings, mailed on date you request or the first business day thereafter.
- Through Daisy, you may authorize us to automatically debit or credit your accounts for payments to and from third parties.
- Not all services are available at every terminal.

LIMITATIONS

ATM Card: You may make unlimited transfers up to the amount of funds available in your Savings or Checking Accounts through the **ATM** during any one calendar business day. You also may make unlimited deposits. However, you may only make withdrawals for a combined total of up to \$200 cash per day per **ATM Card**. During any interruption of the electronic services system ("off-line" situation"), the dollar amount and frequency of transactions may be reduced. All transactions made with the **ATM Card** or a **PIN** will be subject to the rules, regulations, by-laws or operating procedures of this Credit Union.

DEBIT Card: You may make unlimited transfers up to the amount of funds in your Savings or Checking Accounts through the use of the **Debit** card service during any one calendar business day. You also may make unlimited deposits. However, you may only make withdrawals for a combined total of up to \$500 cash per day per **Debit Card** at an ATM. POS transactions using the **Debit** card may be processed up to \$1000 per day, with a \$1000 maximum single POS transaction. The single POS limit may be raised for special circumstances, with the raised limit not to extend beyond the close of the business day. During any interruption of the electronic services system ("off-line" situation"), the dollar amount and frequency of transactions may be reduced. All transactions made with the **Debit Card** or a **PIN** will be subject to the rules, regulations, by-laws or operating procedures of this Credit Union.

DAISY: You may make unlimited transfers up to the amount of funds in your Savings or Checking Accounts through the **Daisy** service during any one calendar business day. You also may make unlimited deposits. During any interruption of the electronic services system ("off-line" situation"), the dollar amount and frequency of transactions may be reduced. All transactions through the **Daisy** service will be subject to the rules, regulations, by-laws or operating procedures of this Credit Union.

ACKNOWLEDGEMENTS You will receive a receipt as an acknowledgement for each transaction made to or from your account at any device provided by us now or in the future. You will receive a monthly statement on your account unless there are no monetary transactions in a particular month, in which case you will receive a quarterly or annual statement on your Account.

IN CASE OF QUESTIONS OR ERRORS If you think your statement or receipt is wrong or if you need more information about a transfer listed on your statement or receipt, notify us as soon as you can during business hours, by calling:

(502)368-5858 or 1-800-292-2905

Or write to

Checking Services Manager
9265 Smyrna Parkway
Louisville, Kentucky 40229

We must hear from you no later than 60 days after we sent the First statement on which the problem or error appeared.

1. Tell your name and account number; and
2. Describe the error or transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and
3. Tell the dollar amount or suspected error.

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

We will tell you the results of the investigation within 10 business days after hearing from you and will correct any error promptly. If more time is needed, however, we may take up to 45 days to investigate your complaint or question. If this decision is made, we will re-credit your account within 10 business days for the amount you think is in error, so that you will have the use of the

money during the time it takes us to complete the investigation. If you have been asked to put your complaint in writing and we do not receive it within 10 business days, the account may not be re-credited.

If we decide that there was no error, you will be sent a written explanation within 3 business days after the investigation is finished. You may ask for copies of documents that were used in the investigation.

PRE-AUTHORIZED DEBITS If you have a written agreement with us or any company so authorized to initiate such agreement on your account, then we will debit your account as you ordered with the following conditions:

If you told us in advance to make regular payments out of your account you can stop these payments by doing one of the following:

Call:

(502)368-5858 or 1-800-292-2905

Or write

Checking Services Manager
9265 Smyrna Parkway
Louisville, Kentucky 40229

In time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages. This liability will be limited to the dollar amount of the transfer plus any fees and charges which may result from the transfer.

THIRD PARTY DISCLOSURE We will disclose information to third parties about your account or transfers you made as follows:

- Where it is necessary for completing transfers; or
- In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- In order to comply with a government agency or court orders; or
- If you give us your written permission.

YOUR ABILITY TO WITHDRAW FUNDS AT L & N FEDERAL CREDIT UNION

This policy statement applies to Checking Accounts. These are our transaction accounts, which permit an average monthly number of payments, not to exceed 50 per month, to third parties and an unlimited number of telephone and pre-authorized transfers to other accounts of yours with us, up to the available balance in your account. A fee may be imposed if payments in excess of 50 per month are paid on the account. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to make funds from your deposits available to you on the day 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.

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.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 5:00 PM EST on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 5:00 PM or on a day we are not open, we may consider that the deposit was made on the next business day we are open, including deposits made in the Night Depositories located on the premises at Credit Union offices.

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 first business day after 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 deposits will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees (such as through the night depository or by mail), 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.

If you will need the funds from a deposit right away, you should ask us when the funds would be made available.

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 seventh 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 deposit to your account will be available on the day we receive the deposit. Funds from the deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, travelers, and federal, state and local government checks will be on the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than U. S. Treasury checks) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from all other deposits may not be available until the ninth business day after the day of your deposit.

Deposits to new accounts are not subject to any other availability time schedules, nor are they subject to the \$100 cash withdrawal requirement.

To meet the requirements of a specific availability policy disclosure, a bank shall provide a disclosure describing the bank's policy as to when funds deposited in an account are available for withdrawal. The disclosure must reflect the policy followed by the bank in most cases. A bank may impose longer delays on a case-by-case basis or by invoking one of the exceptions.

DEPOSITS AT AUTOMATED TELLER MACHINES

OUR ATM For ATMs that we own or operate funds from any deposits (cash or checks) made prior to 1:30 PM EST on a business day will be handled under the general rules for other deposits. Deposits made after 1:30 PM EST may not be available until the next business day after the day of your deposit.

All ATMs that we own or operate are identified as our machines.

ATMs NOT OWNED BY US Funds from any deposits (cash or checks) made at ATMs we do not own or operate may not be available until the eleventh business day after the day of your deposit.

Dividend Payment Policy

For share/savings accounts, you begin earning dividends on the deposit (whether it was a deposit of cash or checks) as of the date of deposit until the date of withdrawal. Dividends are posted to the account quarterly and are available for withdrawal on the first working day of the new quarter.

For qualifying checking accounts, you begin earning dividends on the deposit (whether it was a deposit of cash or checks) as of the date of deposit until the date of withdrawal, provided the account balance requirements are met. Dividends are posted to the account monthly and are available for withdrawal on the first working day of the new month.

For Money Market Accounts, you begin earning dividends on the deposit (whether it was a deposit of cash or checks) as of the date of deposit until the date of withdrawal as long as the daily minimum balance is met. Dividends are posted to the account monthly and are available for withdrawal on the first working day of each month.

Truth In Savings Disclosure

Rate Information The dividend rate and Annual Percentage Yield (APY) for each account are set forth in the accompanying Share/Savings Disclosure, Checking Disclosure, Money Market Disclosure, and/or Certificate Account Disclosures. The dividend rate and APY for Savings, Checking, Vacation, Christmas, Special and IRA Savings may change quarterly as determined by the Board of Directors. The dividend rate and APY for Money Market Accounts may change weekly as determined by the Board of Directors.

Compounding and Crediting For Share/Savings, Vacation, Christmas, Special and IRA Savings, dividends will be figured on the daily balance and paid quarterly. For these accounts, the dividend period is quarterly. For example, the beginning date of the first dividend period of the calendar year is January 1st, and the ending date of such dividend period is March 31st. The dividend period for Checking accounts is monthly. For Premium and Superior Checking accounts, dividends will be figured on the daily balance and paid monthly. On the Gold Checking accounts, dividends will be figured on the daily balance of \$2000 or more and will be paid monthly. For Money Market Accounts, dividends will be figured on the daily balance and paid monthly. For Premier Money Market Accounts, dividends will be figured on the daily balance of \$25,000 or more and paid monthly. The dividend period for all Money Market Accounts is monthly. All other dividend periods follow these patterns of dates. The dividend declaration date follows the ending date of a dividend period. If an account is closed before dividends are credited, accrued dividends will be paid.

Minimum Balance Requirements The minimum balance required to open a Share/Savings account is \$5.00, the par value. The minimum balance required to open the Vacation, Christmas, Special and IRA savings is \$5.00. There is a minimum balance to earn dividends of \$5.00 on a Regular Savings account and \$5.00 on all other accounts. Some of the checking accounts offered do not earn dividends. To earn the disclosed APY, you must maintain, at least, an account's minimum balance to earn dividends for the dividend period. Dividends will not be earned on days when the account balance falls below the minimum. Maintaining a combined balance of \$5.00 or more in the Regular Savings, Vacation, Christmas, Special, IRA Savings or Checking accounts, will avoid the imposition of the dormant account fee. For Checking accounts, order forms for checks will not be processed unless a balance is available in an amount to cover the costs of the order.

Balance Computation Methods Dividends are calculated by the Daily Balance Method. Dividends are calculated under this method by applying a daily periodic rate to the balance in the account each day of the period.

Accrual of Dividends Dividends begin to accrue on the business day you deposit noncash items (e.g. checks) into your account.

Transaction Limitations For Regular Savings, Vacation, Christmas, Special and IRA Savings, the following limitations or restrictions apply to all accounts according to the Bylaws of L & NFCU:

- The Board shall have the right, at any time, to require members to give, in writing, 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 security on loans without the written approval of a loan officer, except to the extent that such savings exceed the member's total primary and contingent liability to the credit union.
- No member may withdraw any shareholding 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 co maker, endorser, or guarantor are delinquent, without the written approval of a loan officer.

Nature of Dividends Dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

Fees and Charges The fees and charges that may be charged on an account are itemized in the accompanying "Rate and Fee Schedule", which Schedule is incorporated herein by reference. These fees may reduce the earnings on your account. The amount of each fee will be charged to your account when incurred, unless you pay the amount separately. We may charge another account of yours for a fee incurred if the account on which the fee was assessed has been closed or if it has an insufficient balance to pay the charge.

MOVEMENT OF FUNDS BY MEANS OF WIRE TRANSFER AND AUTOMATED CLEARING HOUSE (ACH) CREDITS.

According to the Bylaws of the L&N Federal Credit Union (L&NFCU), Article 4A of the Kentucky Uniform Commercial Code, (UCC), Subpart B of Regulation J by the Board of Governors of the Federal Reserve (Reg. J), the following disclosure governs the movement of funds by means of wire transfers, automated clearing house (ACH) credits and some book transfers on credit union records.

This disclosure sets forth the duties, responsibilities and liabilities of all parties involved in a funds transfer. Using L&NFCU to send or receive fund transfers shall constitute your acceptance of these terms. To the extent that the terms of this disclosure are in conflict with any other

disclosure previously presented to you concerning the terms and conditions of your membership and your accounts, the terms set forth in this disclosure shall control.

1. This disclosure applies to funds transfers as defined in Article 4A of the UCC and Subpart B of Reg. J.
2. L&NFCU may establish or change cut-off times for the receipt and processing of funds transfer requests, amendments or cancellations. Unless other times are posted for various types of fund transfers, the cut-off time will be 2:00 p.m. on each day the office is open and which is not a declared federal holiday by the Federal Reserve Board. Payment orders, amendments or cancellations received after 2:00 p.m. are received as of the next following funds transfer business day and are processed accordingly.
3. L&NFCU may charge your account for the amount of any funds transfer initiated by your or by any person authorized by you as joint tenant or other authorized party with the right of access to the account from which the funds transfer is to be made.
4. L&NFCU may establish, from time to time, security procedures to verify the authenticity of the payment order. You will be notified of the security procedures, if any, to be used to verify payment orders issued by you or for which your account will be liable. You agree that the authenticity of payment orders may be verified using the security procedure unless you notify L&NFCU in writing that you do not agree to that security procedure. In that event, L&NFCU shall have no obligation to accept any payment order from you or authorized parties on the account until you and L&NFCU agree, in writing, on an alternative security procedure.
5. If you send or receive a wire transfer, Fed wire may be used. Regulation J is the law covering all Fed wire transactions, setting forth your rights and liabilities in a wire transfer involving Fed wire.
6. If you give L&NFCU a payment order which identifies the beneficiary (recipient of the funds) by name and an identifying or account number, you are responsible to L&NFCU if the funds transfer is completed on the basis of the identification or account number you provided. This is true if the beneficiary's financial institution credited the transaction based only on the identifying or account number, even if the name on the account is a person different than the named beneficiary.
7. If you give L&NFCU a payment order, which identifies an intermediary of a beneficiary's financial institution by name and identifying number, a receiving financial institution may rely on the number as the proper identification even if it identifies a different institution than provided by you. Therefore, you are responsible for any loss or expenses incurred by a receiving financial institution which executes or attempts to execute the payment order in reliance on the identifying number you provided.
8. L&NFCU may give you credit for ACH payments before it receives final settlement of the transfer funds. Any such credit is provisional until L&NFCU receives final settlement of the payment. You are hereby notified and agree if L&NFCU does not receive such final settlement, that it is entitled to a refund from you of the amount credited to you in connection with that ACH entry. Therefore, you are responsible for funds advanced to you prior to final settlement and if the funds are not actually received by L&NFCU you must repay any funds advanced on your behalf.
9. ACH transactions are governed by operating rules of the National Automated Clearing House Association. In accordance with these rules, you will receive notice of receipt of ACH items in the periodic statements of your account.

PRIVACY STATEMENT

In recognition of our member's expectation of privacy, the L&N Federal Credit Union has adopted the following privacy statement:

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide products and services to you. We maintain physical, electronic and procedural safeguards that comply with Federal standards to guard your nonpublic personal information.

We may disclose some or all of the information we collect to service providers, such as credit reporting agencies, check printers or marketing services that perform a service on our behalf. We may also disclose information about you under other circumstances permitted by law.

07/2010 Terms stated in this document may change at any time.

FEE SCHEDULE

Checking Account Fees:

Check returned (insufficient funds)	\$30.00
Transfer of funds to clear check	\$3.00
Stop Payment request	\$30.00
Check imprinting charge (Based on design selected) from	\$18.00 to \$74.00

ACH Returned (Insufficient funds)	\$30.00
ATM/POS transactions causing negative balances	\$30.00
ATM transaction excessive usage charge (over 5 per month-other ATM network)	\$1.00 each
ATM card replacement	\$5.00
ATM Pin number replacement	\$5.00
Negative Balance Fee:	\$5.00

Re-open Savings Accounts:

Accounts re-opened within six month for reasons other than changing ownership	\$10.00
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Wire Transfer Fee	\$15.00 each
International Wire Transfer Fee	\$25.00 each

Household maintenance fee: Households with a single service with average monthly balance under \$100	\$5.00
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Under \$100/1 service check cashing fee:	\$3.00
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Insufficient funds items-Two party checks	\$15.00
Personal checks	\$15.00

Dormant Savings Account Maintenance charge	\$5.00 per month
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Statement Copies	\$1.00 per page
Research charge (1 hour minimum)	\$10.00 per hour

2-Party Official Checks	\$1.50
Non-member check cashing	\$5.00
Check conversion	\$10.00
Return Mail Fee (statements only)	\$1.00 per return
Travelers Checks	Free
Inactive Checking Fee	\$5.00
Share Branch transaction fee	\$4.00
Excess Coin Counting Fee	2% of deposited amount

Excess withdrawal fee on 7th w/d in one month period	\$1.00
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Signature Guarantee Service	\$25.00
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Basic Business Checking

Number of Items FREE per month	150
Charge per item in excess of Free Limit	\$ 0.20
Check returned (insufficient funds)	\$30.00
Transfer of funds	\$ 6.00
Stop Payment request	\$30.00
ACH Returned (Insufficient funds)	\$30.00
ATM/POS transactions causing negative balances	\$30.00
ATM card replacement	\$ 5.00
ATM Pin number replacement	\$ 5.00
Negative Balance Fee:	\$ 5.00
Wire Transfer Fee	\$15.00 each
Inactive Checking Fee	\$ 5.00
Dormant Savings Account	
Maintenance charge	\$ 5.00 per month
Statement Copies	\$1.00 per page
Research charge	\$10.00 per hour
(1 hour minimum)	
Share Branch transaction fee	\$ 4.00
Minimum Deposit to Open Account	\$100.00
Dividends	No Dividends paid
Excess Coin Counting Fee	2% of deposited amount

Preferred Business Checking

Number of Items FREE per month	500
Charge per item in excess of Free Limit	\$ 0.20
Check returned (insufficient funds)	\$30.00
Transfer of funds	\$ 6.00
Stop Payment request	\$30.00
ACH Returned (Insufficient funds)	\$30.00
ATM/POS transactions causing negative balances	\$30.00
ATM card replacement	\$ 5.00
ATM Pin number replacement	\$ 5.00
Negative Balance Fee:	\$ 5.00
Wire Transfer Fee	\$15.00 each
Inactive Checking Fee	\$ 5.00
Dormant Savings Account	
Maintenance charge	\$ 5.00 per month
Statement Copies	\$ 1.00 perpage
Research charge	\$10.00 per hour
(1 hour minimum)	
Share Branch transaction fee	\$ 4.00
Minimum Deposit to Open Account	\$100.00
Dividends - tiered earnings based upon daily collected Balance	
Minimum daily collected balance to avoid monthly service charge	\$10,000.00
Monthly Service Charge for Balance below \$10,000	\$ 10.00
Excess Coin Counting Fee	2% of deposited Amount

Update 06/10