

# Universal Disclosure Statement & Agreement

Savings/Checking/ATM Card/SmartCash Debit Card/  
HSA Debit Card/Bill Payer/Electronic Funds Transfers/  
Bounce Safe Overdraft Courtesy/UCC4A/UGEA

Effective Date: June 1, 2015

## Agreement

This disclosure statement and agreement (hereinafter Agreement) applies to any savings or checking account, ATM (Automatic Teller Machine) Card, Debit Card (SmartCash and HSA Debit Cards), any Bill Payer Service, and any EFT (electronic funds transfer) issued by, or for, Kentucky Telco Credit Union, Louisville, Kentucky (we, us, or our). By signing an application for, or using, any account, card, or electronic funds transfer, you agree to be bound to the provisions of this Agreement. (You, your, and yours refers to each person who signs any application or uses any account, card, or electronic funds transfer.)

## Member Obligation

If you believe your Kentucky Telco issued checks, ATM Card, SmartCash or HSA Debit Card, or Personal Identification Number (hereinafter called "PIN") have/has been lost or stolen, you must notify us upon discovery. You will have no liability if you notify us within 2 business days after you learn of loss or theft of your SmartCash or HSA Debit Card unless it is used at an ATM as an interlink card or cards issued outside the United States. After 2 business days, you can lose no more than \$50 if someone used your SmartCash or HSA Debit Card without your knowledge and/or permission. If you notify us within 2 business days after you learn of the loss or theft of your ATM Card or PIN, you can lose no more than \$50 if someone used your card or PIN without your knowledge and/or permission. If you do NOT notify us within 2 business days after learning of loss or theft of your ATM Card, SmartCash Debit Card, HSA Debit Card, or PIN, you could lose up to \$500. Use of any card and/or PIN for any purpose by you or any user who has access to your account with actual, apparent, or implied authority for use of your account will be considered to be authorized use by you. However, if your statement shows transfers, withdrawals, or other activity that you did not authorize or make, you must notify us at once. If you do not notify us within 60 days after a statement was mailed to you, and if we prove that we could have stopped someone from taking the money had you notified us, you may not get back any of the money you lost. Provisional credit for unauthorized use of SmartCash or HSA Debit Cards will be given within 5 business days of receipt of notification from you. For billing errors, we have 10 business days to give provisional credit. For errors involving point of sale transactions or transactions outside the U.S., we have 20 business days to correct the error. We can, at our option, extend the time period if a good reason (such as an extended hospital stay) keeps you from notifying us.

Each withdrawal by you through use of your ATM or Debit Cards, or by anyone else to whom you give your PIN or to whom you allow access to your account, will be charged to your savings or checking account and will be treated as though it were a withdrawal. When processing items (checks, ACH, or ATM/POS) drawn on your account, our policy is to pay them as we receive them. We cannot honor stop payment requests on Debit Cards.

## Error Resolution

If an error involves a purchase of goods or services with your card or a point of sale or debit card transaction, you must first make a good faith effort to return the item, resolve the dispute, and/or provide the merchant with a chance to correct the problem before we will do anything. If you notify us about an error or problem orally, we may ask that you provide us with your complaint, or question in writing within 10 business days for us to take any further action. Providing you follow the steps outlined here and above (see Member Obligation) to report an error or problem, we will tell you the results of our investigation within 10 business days after we hear from you and we will promptly correct any error. If more time is needed to complete our investigation, we may take up to 90 business days. If we do this, we will notify you and provisionally credit your account with the disputed amount during the period of our investigation. If your written complaint involves EFT activity on an account within 30 days of the first deposit to the account, our time period for response/credit shall be 20 business days instead of 10 business days. If we ask you to put your complaint in writing and do not receive it in 10 business days, we may not credit your account. If we decide that there was no error, we will notify you in writing within 2 business days after we complete our investigation.

## Address & Telephone Number for Notification

Call (502) 459-3000 or (800) 292-9490 during regular business hours.

After regular business hours for credit cards call (800) 654-7728

After regular business hours for ATM/debit cards

- Lost or stolen card call (800) 682-6075
- Card declined for any reason call (888) 526-0404
- PIN change call (877) 746-6746 or change at ATM machine
- Activate card call (800) 411-6390 or (206)352-3477 or go on-line to [www.activatemycards.com](http://www.activatemycards.com)

or write to:

Kentucky Telco Credit Union  
Post Office Box 18303  
Louisville, Kentucky 40261-0303

## Business Day

Our business days are Monday through Friday, 8:30 a.m. to 4:00 p.m. Eastern Time. Federal holidays are not included.

## Bill Payer Service

If you use our Bill Payer Service, you authorize us to post payment transactions generated by personal computer, telephone, or other device from the Bill Payer Service to the account indicated on the form sent electronically or otherwise. If, at any time, you wish to discontinue service, you must provide written notification to us. Payments may take up to 5 business days to reach the vendor and may be sent either electronically or by check. We are not liable for any service fees or late charges levied against you. You are liable for any loss or penalty that may occur due to lack of sufficient funds or other conditions that may prevent the withdrawal of funds from your account.

## Charges for Bill Payer

At our option, we may charge a setup fee, monthly access fee, per transaction fee, or other charges we elect. We reserve the right to amend Bill Payer charges at any time and will notify you as required by applicable law. At this time, there are no charges for Bill Payer.

## Services/Use of ATM/SmartCash Debit/HSA Debit Cards

You may use the SmartCash or HSA Debit Card to purchase goods or services from any merchant or company that accepts the Visa card or to obtain cash from any financial institution that accepts the Visa card. You agree to sign a sales draft or withdrawal voucher for each purchase or cash withdrawal, and you authorize us to debit or credit (as appropriate) your designated checking or savings account for the total amount shown on any sales draft, withdrawal, or credit voucher originated by the use of the card. You may also use your ATM and SmartCash Debit Cards to:

- Withdraw cash from your primary (or designated) savings or checking account.
- Make deposits to your primary savings or checking account at selected ATMs.
- Transfer funds between your primary (or designated) savings and checking account.
- Pay for purchases at places that have agreed to accept the ATM Card.
- Pay bills from your checking account through our Bill Payer Service by computer or by phone.

Some of these services may not be available at all ATM terminals.

### Electronic Check Conversion

You may authorize a merchant or other payee to make a onetime electronic payment from your checking account using information from your check to: (1) Pay for purchases, (2) Pay bills.

### Services/Use of HSA Debit Cards and HSA Share Drafts

HSA Debit Cards and share drafts may be used to pay for eligible medical expenses. They give you direct access to your available HSA funds. When you use an HSA Debit Card or share draft to pay a medical provider, the expense will be paid directly from your HSA (provided there is enough money in your HSA). You should only use HSA Debit Cards and share drafts to pay for eligible medical expenses, since all debit card and share draft withdrawals will be reported to the Internal Revenue Service as normal HSA withdrawals. You may also make withdrawals through a teller or by mail, and you should use these other methods for all transactions that are not normal withdrawals (for example, a withdrawal of an excess contribution).

### Foreign Transactions

To the extent that you use the SmartCash Debit Card or HSA Debit Card in any country other than the United States of America, your statement may reflect the conversion into U.S. dollars transactions occurring in that other country in a different currency. An exchange rate will be applied to such transactions by the processing agent and will be in effect on the date of processing plus 1%. From time to time, we may place limitations on use in some foreign countries.

### Point of Sale

In addition, cards may be used through point of sale terminals at selected merchants to access your checking account to:

- Purchase goods and services from merchants who have agreed to accept your card as means of payment.
- Withdraw cash in conjunction with a purchase of goods and services if permitted by the merchant.
- Perform balance inquiries if permitted by the merchant.

### Conditions of Use of ATM/SmartCashDebit/HSA Debit Cards at Point of Sale

When you use a card to purchase goods or services from a merchant or make cash withdrawals from a financial institution, the merchant, company, or financial institution may be required to obtain authorization for the transaction. As a security measure, we limit the amount that may be withdrawn from your account by use of the card over a certain period of time. We may otherwise limit the use of the card, the provider of the service, or owner of the ATM at our discretion. The privilege of using your card in no way constitutes an absolute right to withdraw funds from your account through the use of the card. If a transaction is approved, we reserve the right to place a hold on your accounts with us for the approved amount. This means we may not approve subsequent transactions and we may not pay other items drawn on your checking account, even if the approved transaction is not completed. We will have no liability to you if, as a result of holds placed on your account when we approve any authorized use of the card, we refuse to pay any check, draft, or other item drawn on your checking account. We will have no liability to you if we do not authorize any use of the card issued to you for any reason. We have no liability whatsoever if, for any reason, the card is not honored by any merchant, financial institution, or other business establishment.

### Limitations on Amounts and Frequency of ATM/Sale Transactions

- ATM withdrawals are limited to 5 per day not to exceed \$525.00 per day if there are sufficient funds in your account. For security reasons, there may be times when we further limit this amount.
- Point of sale transactions are limited to 15 per day not to exceed \$1,500.00 per day if there are sufficient funds in your account. For security reasons, there may be times when we further limit this amount.
- At Kentucky Telco ATMs that accept deposits, you are limited to two deposit transactions per day.
  - All cash deposits at our ATMs have same day availability for withdrawal and may also be used to pay checks that you have drawn on the credit union.
  - For check deposits at our ATMs, you may withdraw up to \$200 in cash of your day's total check deposits on the same day. U.S. Treasury checks deposited into an account held by the payee of the check and On-U's checks drawn on the Credit Union and deposited into a Credit Union account generally have next-day availability. The remaining balance of your check deposits will generally be available on the second business day. Refer to our Funds Availability Policy.

### ATM Charges

When you use an ATM owned by us, you may make unlimited ATM transactions at no cost. SOME FINANCIAL INSTITUTIONS MAY ASSESS AN ADDITIONAL FEE AT THE ATM. THIS FEE IS CHARGED BY THAT INSTITUTION FOR USE OF THE ATM AND WILL BE DISCLOSED PRIOR TO YOUR COMPLETION OF THE TRANSACTION. To avoid the charge, simply cancel the transaction at that point. Otherwise, the charge will be debited from your account in addition to the amount of any withdrawal. SmartCash Debit Cards are free when issued with any of our checking accounts. HSA Debit Cards are free when opening an HSA checking account. We may amend these charges from time to time.

### Documentation

You will receive a receipt at the time of your transaction at any ATM or point of sale terminal. You will receive a statement of account detailing each transaction in any month there is activity or, in any event, quarterly. No copy or facsimile of any sales draft or item originated by use of your ATM Card or SmartCash or HSA Debit Card will be provided to you with any statement. Providing you make a request in a reasonable amount of time following procedures established by us and providing such copies can be reasonably obtained from the merchant involved, a copy or facsimile of a sales draft or item may be made available to you for inspection.

### Pre-Authorized Electronic Funds Transfers

- **Direct Deposit.** Upon instruction of (i) your employer, (ii) the Treasury Department or (iii) other financial institutions, the Credit Union will accept direct deposits of your paycheck or federal recurring payments, such as Social Security, to your Share or Share Draft account.
- **Preauthorized Debits.** Upon instruction, we will pay certain recurring transactions from your share and share draft accounts. Transfer limitations may apply to these transactions. For all share accounts, you may make no more than six (6) transfers and withdrawals from your account to another account of yours or to a third party in any month by means of a preauthorized, automatic, or Internet transfer, by telephonic order or instruction, or by check, draft, debit card or similar order. If you exceed these limitations, your account may be subject to a fee or be closed.
- **Stop Payment Rights.** If you have arranged in advance to make electronic funds transfers out of your account(s) for money you owe others, you may stop payment on preauthorized transfers from your account. You must notify us orally or in writing at any time up to three (3) business days before the scheduled date of the transfer. You may call us at 800-292-9490. We require written confirmation of the stop payment order to be made within 14 days of any oral notification. If we do not receive the written confirmation, the oral stop payment order shall cease to be binding 14 days after it has been made. Written confirmations may be mailed to P.O. Box 18303 Louisville, KY 40261-0303. A stop payment request for preauthorized Electronic Funds Transfers will apply to all subsequent transfers, unless you withdraw the request.
- **Notice of Varying Amounts.** If these regular payments may vary in amount, the person you are going to pay is required to tell you, ten (10) days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.
- **Liability for Failure to Stop Payment of Preauthorized Transfers.** If you order us to stop payment of a preauthorized transfer three (3) business days or more before the transfer is scheduled and we do not do so, we will be liable for your losses or damages.

### Stop Payments - Checks

You may request a stop payment order on any check drawn on your account. A stop payment order may be taken orally. Stop payment requests are also subject to any terms and conditions of the Stop Payment Order form related to any such request. Your request must be given to the Credit Union in a timely manner so that we have a reasonable opportunity to act on it. Stop payment orders are effective for six months, but they lapse after 14 calendar days if the original order was oral and not confirmed in writing within that period. A stop payment order may be renewed for additional six-month periods, provided you give a written stop payment order to the Credit Union within a period during which the stop payment order is effective. We are not liable if we pay a share draft which you have requested us to stop payment as long as we act in good faith and exercise ordinary care.

In any event, any damages that we might otherwise be liable for shall not exceed the amount of the involved share draft. If we do not pay a share draft for which you have requested stop payment and as a result any other item is returned unpaid by us due to non-sufficient funds, we are not liable for any consequences resulting from such action. If your account is a joint account, any owner of the account may request a stop payment. Any release of a stop payment order must be made by the person who made the request.

You may also ask us to stop payment on a lost or stolen cashier's or teller check and if you do, you agree to execute a Declaration of Loss and Claim for Reimbursement form together with any other documentation we may require, such as an affidavit. Regardless of the type of documentation presented to us, the request must be in a form acceptable to the Credit Union and given to us in a timely manner so that we have a reasonable opportunity to act on such request. Such Declaration of Loss and Claim for

Reimbursement will not become effective until the later of: (a) the 90<sup>th</sup> day immediately following the issuance date of the check; or (b) the date we receive the Declaration of Loss and Claim for Reimbursement together with any other required documentation. Fees for stop payment are disclosed in our Fee Schedule.

#### **Liability for Failure to Make Transfers**

If we fail to complete a transfer from a checking or savings account held by us on time or in the correct amount according to our agreement with you for that account transaction, we will be liable for specific and reasonable losses or damages. There are exceptions, which include, but are not limited to:

- If, through no fault of ours, you do not have enough money in your account to make the transfer.
- If you attempt to draw on deposits of checks, drafts, or other non-cash items that have not yet been collected by us.
- If you attempt to draw on funds deposited in an ATM before the amount of the deposit can be manually verified by us and credited to your account.
- If the transfer exceeds any overdraft limit, credit limit, or line of credit limit that you have with us.
- If the ATM or point of sale terminal you use is not able to provide the service or cash you request.
- If the ATM or point of sale terminal is not functioning, malfunctions, or is out of service due to reasons or circumstances beyond our reasonable control including acts of nature.
- If funds that would have been available otherwise are offset by us in payment of your indebtedness to us or if the funds are attached or otherwise proceeded against as a result of legal action or levy brought against you or another person who is joint owner of your account.

#### **Disclosure of Account Information to Third Parties**

We will disclose information to third parties about your account for the transfers you make as follows:

- When necessary for completing transfers, or
- To verify existence and condition of your account for a credit bureau, merchant, or other bona fide commercial purpose, or
- If we close or restrict your account due to deficit balance, excessive overdrafts, or other reasons, or
- To comply with court or government orders or actions, or
- If you provide us with written permission.

#### **Overdraft – ATM Cards and HSA Debit Cards**

For ATM Cards, transactions presented for authorization are declined if there are insufficient available funds at the time the authorization is received. The term “available funds” means the actual funds on deposit, minus any funds that are being held for transactions that have occurred but have not yet posted. We offer standard overdraft protection, such as a link to another savings account, for which we charge \$4 per transfer.

For HSA Debit Cards, transactions presented for authorization are declined if there are insufficient available funds at the time the authorization is received. The term “available funds” means the actual funds on deposit, minus any funds that are being held for transactions that have occurred but have not yet posted. We offer standard overdraft protection, such as a link to a savings account, for which we charge \$4 per transfer.

#### **Bounce Safe Debit Overdraft Protection – SmartCash Debit Card**

Unless you opt-in to the Bounce Safe Debit Overdraft Protection program, Smart-Cash Debit Card transactions presented for authorization are declined if there are insufficient available funds at the time the authorization is received. The term “available funds” means the actual funds on deposit, minus any funds that are being held for transactions that have occurred but have not yet posted. We offer standard overdraft protection, such as a link to a savings account, for which we charge \$4 per transfer.

If you opt-in to the Bounce Safe Debit Overdraft Protection program and you overdraw your account, we may allow debit card purchases and ATM transactions using a debit card to be approved even if there are insufficient funds available in your account at the time you overdraw your account. Generally, we will not pay an overdraft in excess of \$750 for Personal Checking accounts. We will charge you a fee of \$33 each time we pay an overdraft. There is no limit on the total fees we can charge you for overdrawing your account. We reserve the right to pay an overdraft at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined. If you opt into the Bounce Safe Debit Overdraft Protection program, authorizing us to pay overdrafts for ATM transactions using a debit card and everyday debit card transactions, you have the right to revoke the opt-in at any time.

#### **Closed Accounts**

If for any reason your account is closed, you agree to pay to us any money owed resulting from use of your cards. You also agree to immediately discontinue use of any cards in your possession and return the cards to us. The cards, at all times, remain our property and may be repossessed by us at any time. We may cancel, revoke or take your cards with or without cause or notice, other than as provided by federal or state law. The cancellation of card privileges by you or us in no way affects other rights and privileges of your membership or account or their terms and conditions.

**This agreement is subject to Article 4A of the Uniform Commercial Code**, Funds Transfers, as adopted in the Commonwealth of Kentucky. If you originate a funds transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution, or a beneficiary, we and every receiving beneficiary or financial institution may rely on the identifying number to make payment. We may rely on the number, even if it identifies a financial institution, person, or account other than the one named. You agree to be bound by the Automated Clearing House (ACH) Association rules. These rules provide, among other things, that payments made to you or originated by you are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

#### **Unlawful Internet Gambling Enforcement Act Policy and Procedures**

It is the policy of Kentucky Telco to fully comply with Regulation GG, the Unlawful Internet Gambling Enforcement Act (UIGEA) and prohibit knowingly accepting payments in connection with unlawful Internet gambling. This includes payments made through credit cards, electronic funds transfers, and checks to place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the Internet, where such bet or wager is unlawful under any applicable federal or state law in the state or tribal lands in which the bet or wager is initiated, received, or otherwise made. However, horse racing and in-state tribal gaming are both identified as being exempt from UIGEA and Regulation GG, thereby acknowledging them as legal activities. Lawful Internet gambling businesses will be required to provide documentation from federal and state governing authorities to operate at account opening.

#### **Statutory Lien**

If you are in default on a financial obligation to us, federal law gives Kentucky Telco the right to apply the balance of shares and dividends in all of your accounts with us, other than IRAs, at the time of default, to satisfy that obligation. Once you are in default, we may exercise this right without further notice to you.

#### **Negative Information Notice**

We may report information about your loan and deposit accounts to credit bureaus. Late payments, missed payments, or other defaults on your accounts may be reflected in your credit report.

#### **Bounce Safe Overdraft Courtesy Policy**

Insufficient balances may result from: a) check payments, electronic funds transfer, or other withdrawal requests; b) payments authorized by accountholder; c) unpaid return of items deposited by the accountholder; d) imposition of financial institution service charges; e) deposit of items which according to the credit union's Funds Availability Policy, are treated as not yet “available” or finally paid. We are not obligated to pay any item presented for payment if the account does not contain sufficient collected funds. However, if the accountholder maintains the account in good standing, defined as a) making regular deposits sufficient to cover transactions; b) bringing the account to a positive balance at least once every thirty days or less; and c) having no legal orders outstanding, we may pay, at the credit union's sole discretion, reasonable overdrafts as a non-contractual courtesy. Generally, we will not pay an overdraft in excess of \$750 for Personal Checking accounts. We will charge you a fee of \$33 each time we pay an overdraft. These limits include our Non-Sufficient Funds and/or Overdraft Courtesy Charge(s). We may refuse to pay an overdraft at any time, even though we may have previously paid the overdrafts. The accountholder will be notified by mail of any Non-Sufficient Funds items paid or returned. However, we have no obligation to notify the accountholder before we pay or return an item. The amounts of any overdrafts, plus our Non-Sufficient Funds and/or Overdraft (NSF/OD) Charge(s) that the accountholder owes us are due and payable upon demand. If we pay an overdraft on an account with more than one (1) owner on the signature card, each owner, and/or agent where applicable, drawing/presenting the item, thereby creating the overdraft, are jointly and severally liable for such overdrafts plus our Non-Sufficient Funds and/or Overdraft Courtesy Charges.

**Limitations:** This feature is available only to personal accounts for personal and household use. We may limit the number of accounts eligible for Overdraft Courtesy to one account per household. Additionally, we reserve the right to not approve any overdrafts against any account until we can verify that the account is being maintained in good standing, as defined above.

**Account Fees:** Whether we pay or return a Non-Sufficient Funds item, a per-item fee in the amount of \$33 will be charged to your account as a Non-Sufficient Funds or Overdraft Courtesy Charge, as set forth in our fees schedule.

**Overdraft Courtesy Disclaimer:** Kentucky Telco's Overdraft Courtesy plan is a non-contractual courtesy and is discretionary. It is not an obligation of the credit union and the credit union may refuse to provide the courtesy for any personal checking account at any time and from time to time. The accountholder does not have a contractual right to Overdraft Courtesy and courtesy payment is not guaranteed by the Overdraft Courtesy plan. If you choose not to participate in Telco's Overdraft Protection Program and prefer to have your checks sent back to the originating party, please contact any credit union service representative and we will note this on your account.

**Other Terms**

All other terms and conditions set forth in your membership or account relationship with us will continue to apply to the extent they are not covered by this Agreement. We may rely on the address for your mailing residence that you provide to us until such time as you provide written notification of change. We may modify, amend or change this Agreement in whole or in part upon reasonable notice to you in compliance with any applicable state or federal law or regulations. If any part of this Agreement is declared invalid in any court or appropriate regulatory body, the remaining provisions of this Agreement shall not be affected. The headings of each section of this Agreement are for convenience only and do not control or affect the meaning or construction of this document. When applicable, this Agreement will be governed by Federal law, otherwise it will be governed by the laws of the Commonwealth of Kentucky.

It is the policy of Kentucky Telco Credit Union to comply with applicable laws and regulations, and to conduct business in a safe and sound manner.

This Agreement is effective as of June 1, 2015 and is subject to change.



[www.kytelco.com](http://www.kytelco.com) • 502-459-3000 • 800-292-9490

