

TRUTH-IN-SAVINGS DISCLOSURE OF MEMBERSHIP AGREEMENT AND ACCOUNT TERMS

EFFECTIVE DATE

March 1, 2012

This Disclosure Supersedes All
Disclosures Prior to the Effective
Date Shown Here

Important Document
Please Read and Retain For Your Records



Table of Contents

INTRODUCTION.....	3
INFORMATION REGARDING MEMBER IDENTIFICATION	3
MEMBERSHIP/ELIGIBILITY AND REQUIREMENTS	3
GENERAL INFORMATION ABOUT ALL OUR ACCOUNTS	4
SAVINGS ACCOUNTS	4
REGULAR SAVINGS ACCOUNT	5
SPECIAL SAVINGS ACCOUNT	5
SPECIAL OCCASION CLUB ACCOUNTS (HOLIDAY AND VACATION).....	5
SUMMER SAVINGS ACCOUNT	5
MONEY MARKET ACCOUNT	6
MONEY ESCROW/IMPOUND ACCOUNT.....	6
INDIVIDUAL RETIREMENT SHARE SAVINGS ACCOUNT (IRA)	7
CHECKING ACCOUNT	7
CHOICE CHECKING ACCOUNT	7
SHARE CERTIFICATE ACCOUNTS.....	7
SHARE CERTIFICATE ACCOUNTS	8
INDIVIDUAL RETIREMENT SHARE CERTIFICATE ACCOUNTS (IRA)	8
FUNDS AVAILABILITY POLICY AND YOUR ABILITY TO WITHDRAW FUNDS.....	9
IMPORTANT NOTICE ABOUT YOUR ACCOUNT(S) OR SAFE DEPOSIT BOX (CALIFORNIA RESIDENTS)	10
GENERAL TERMS AND CONDITIONS OF YOUR CREDIT UNION ACCOUNTS.....	10
SAVINGS ACCOUNT AGREEMENT	13
CHECKING ACCOUNT AGREEMENT	13
SHARE CERTIFICATE AND IRA SHARE CERTIFICATE ACCOUNT AGREEMENT	15

By continuing beyond this page you are agreeing to the terms and conditions in the Truth in Savings Disclosure and Agreement below. Please read this disclosure carefully and print it for your records. This page will not appear again. A copy of this Agreement can be printed by using your browser's print command and a printer. If you are unable to print this document, a copy can be provided to you by the Credit Union upon request.

TRUTH-IN-SAVINGS DISCLOSURE OF MEMBERSHIP AGREEMENT AND ACCOUNT TERMS

INTRODUCTION

Welcome to LBS Financial Credit Union, herein referred to as Credit Union. By signing the Membership Application and Account Agreement card, paying a Membership fee and depositing the required minimum funds in a credit union account, you agree to the terms of the card as well as this Membership and Account Agreement. This disclosure supersedes all other previous account agreements and disclosures for these accounts.

The terms, conditions and information contained in the Membership and Account Agreement Disclosure and all amendments thereto, are by this reference hereby incorporated in their entirety into this Truth In Savings Agreement and become an integral part of the General Terms and Conditions for the Credit Union accounts.

All agreements and disclosures shall be construed in accordance with the provisions of the California Uniform Commercial Code (UCC). Savings accounts, Checking/Share Draft accounts, Share Certificate accounts, and IRA Certificate accounts are subject to the requirements below as contained in the account agreements. Please read this carefully. If you sign the Membership Application and Account Agreement card or any other account agreement card required by the Credit Union, you agree to these rules. You will receive a separate Fee Schedule, and a separate schedule of rates and qualifying balances, if they are not included in this document. If you have any questions regarding this disclosure and agreement, please call us at (562) 598.9007, (714) 893.5111, or (800) 527.3328.

INFORMATION REGARDING MEMBER IDENTIFICATION

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

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

MEMBERSHIP/ELIGIBILITY AND REQUIREMENTS

To join LBS Financial Credit Union, a Membership Application and Account Agreement card must be completed and you must meet the Membership eligibility requirements, including the purchase and maintenance of at least one share (membership share) as set forth in the Credit Union Bylaws. The maximum amount of shares which may be held by any one Member shall be established from time to time by resolution of the Credit Union's Board of Directors. To receive Membership privileges you must at the time of application, pay a one-time, non-refundable Membership fee of \$1.00. Each person applying for Membership on the same account must also pay the \$1.00 Membership fee.

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 three (3) 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 share by nonmembers. The Credit Union reserves the right, at any time, to require Members to give, in writing, not less than seven (7) days and not more than sixty (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 the manager or a 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 co-maker, endorser, or guarantor are delinquent, without the written consent of the manager or loan officer.

As a condition of establishing Membership, we may confirm your eligibility prior to or subsequent to opening your Regular Share Account. If we cannot confirm your eligibility to our satisfaction, your account may be closed. If we deny your application we will provide you with the name, address and telephone number of the account verification service which provided us with this information.

We reserve the right to suspend or deny all services and/or expel you from Membership, and, if appropriate restrict your access to Credit Union premises, if any of the following occur:

- You fail to meet your obligations to the Credit Union;
- You fail to comply with applicable law and the Credit Union's Bylaws and rules as amended from time to time;
- You are directly involved in any type of fraudulent activity or you are convicted of a crime;
- You cause the Credit Union a loss in any way, including but not limited to, loan charge-off, account overdrafts, or bankruptcy; or
- You fail to conduct your business with the Credit Union in a civil and business-like way.

Violence or threats of violence, against Credit Union Staff, Volunteers or other Members will not be tolerated.

GENERAL INFORMATION ABOUT ALL OF OUR ACCOUNTS

PAR VALUE

The par value of a share in LBS Financial Credit Union is \$5. For all accounts, you must maintain one \$5 share in your Regular Share Savings Account.

ACCRUAL OF DIVIDENDS

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

Dividends begin to accrue no later than the business day we receive provisional credit for the deposit of non-cash items (e.g., checks).

If you close your Savings and Checking accounts before dividends are credited, you will not receive accrued dividends.

DIVIDEND RATES

The dividend rate and Annual Percentage Yield on our Savings, Money Market, Checking, Share Certificate and IRA Share Certificate accounts are stated on the Credit Union's Dividend Rate Schedule (Rate Schedule) accompanying this Disclosure and are subject to change.

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

BALANCE INFORMATION

We compute the balance in our Savings, Money Market, Checking, Share Certificate and IRA Share Certificate accounts to determine the dividends you will be paid by using the average daily balance method which applies a periodic rate to the average daily balance in the account for the period. We calculate the average daily balance 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.

SAVINGS ACCOUNTS

LBS Financial Credit Union's Savings accounts let you deposit your money in a savings account and withdraw your money generally at any time. Our Savings accounts are the Regular Savings, Special Savings, Special Occasion Club Accounts (Holiday and Vacation), Summer Savings, Money Market, Escrow/Impound and IRA Share.

DIVIDEND RATE INFORMATION

Our Savings accounts (except Salary Plan and Escrow/Impound accounts) are designated as variable rate accounts on the Credit Union's Dividend Rate Schedule (Rate Schedule). The Dividend Rate and Annual Percentage Yield may change at any time as determined by the Credit Union Board of Directors. The dividend rates for the Regular Savings, Special Savings, Special Occasion Club (Holiday and Vacation), Summer Savings, Money Market and IRA Share Savings accounts are set on a tiered basis. If the average daily balance in your dividend-earning account is equal to or greater than the minimum balance stated for any given tier, the dividend rate and Annual Percentage Yield is paid for that day on the entire principal balance will be as quoted for the highest applicable tier.

Refer to the Credit Union's Dividend Rate Schedule (Rate Schedule) which accompanies this agreement and is incorporated herein for the dividend rates, Annual Percentage Yields, and tiers for these accounts. The Credit Union's Dividend Rate Schedule (Rate Schedule) is regularly updated and made available at the Credit Union's branch offices, by telephone at (562) 598.9007, (714) 893.5111, or (800) 527.3328, or online at www.lbsfcu.org.

DIVIDEND COMPOUNDING AND CREDITING

Dividends will be compounded monthly on the full amount of principal in the account each day and will be credited monthly. Dividends are calculated using a 365-day year (366-day year during leap years). For the Savings accounts, 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. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period. No dividends will be paid unless the account remains open on the last day of the month in order to receive dividends. Dividends will be posted on the last day of the month based on the intended dividend rate declared by the Board of Directors. The most recent dividend declaration date is reflected on the accompanying Credit Union's Dividend Rate Schedule (Rate Schedule).

TRANSACTION LIMITATIONS

No more than six (6) preauthorized, automatic, online or telephonic transfers made to another account at the Credit Union or to a third party or no more than six (6) transfers or withdrawals made by check, draft, debit card or similar order payable to a third party may be made from each Savings account in any calendar month. If an Account Holder exceeds, or attempts to exceed, these transfer limits, the excess transfer requests will be refused or reversed. Transfers initiated by telephone must be counted among the six (6) monthly transfers, except that there are no limits on the number of withdrawals paid directly to an Account Holder when initiated by mail, telephone or messenger. There are no limits on the number of withdrawals if initiated in person.

➤ ***Regular Savings Account***

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your Regular Savings account is \$5. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

➤ ***Special Savings Account***

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

There is no minimum deposit required for you to open your Special Savings account. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

➤ ***Special Occasion Club Accounts (Holiday and Vacation)***

HOLIDAY CLUB ACCOUNT

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

There is no minimum deposit required for you to open your Special Occasion Club account. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

TRANSACTION LIMITATIONS

Your Holiday Club account may be opened at any time. Funds will be disbursed to you on or about November 1 each year. No withdrawals may be made prior to November 1. If a withdrawal is necessary, we may request the full balance to be withdrawn and the account may be closed.

VACATION CLUB ACCOUNT

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

There is no minimum deposit required for you to open your Vacation Club account. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

TRANSACTION LIMITATIONS

Your Vacation Club account may be opened at any time. Funds will be disbursed to you on or about June 1 each year. No withdrawals may be made prior to June 1. If a withdrawal is necessary, we may request the full balance to be withdrawn and the account may be closed.

➤ ***Summer Savings Account***

The Summer Savings account is a high earning dividend savings account that allows eligible Members who are certified or classified school personnel to turn ten (10) payroll periods into a twelve (12) payroll period to cover expenses while the Member is off during the summer months. To open a Summer Savings account, Members must be eligible to receive payroll direct deposits. Your Summer Savings account automatically renews each year on the maturity date.

DIVIDEND RATE INFORMATION

Our Summer Savings account is designated as a variable rate account and earns a higher dividend base rate as stated on the Credit Union's Dividend Rate Schedule. The rate and yield may change at any time as determined by the Credit Union Board of Directors.

Members are eligible to increase the base rate by maintaining additional qualifying Credit Union products or services stated on the accompanying Dividend Rate Schedule. If you do not maintain any of the qualifying products or services listed, you will be paid the base rate. Refer to the Credit Union's Dividend Rate Schedule for additional rate information and criteria on the Summer Savings account.

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

There is no minimum deposit required to open a Summer Savings account. You must maintain the minimum balance stated on the Dividend Rate Schedule to obtain the Annual Percentage Yield stated on the Dividend Rate Schedule.

TRANSACTION LIMITATIONS

Withdrawals - You may make withdrawals from your Summer Savings account anytime during the term.

No more than six (6) preauthorized, automatic, online or telephonic transfers made to another account at the Credit Union or to a third party or no more than six (6) transfers or withdrawals made by check, draft, debit card or similar order payable to a third party may be made from the Summer Savings account in any calendar month. If an Account Holder exceeds, or attempts to exceed, these transfer limits, the excess transfer requests will be refused or reversed and the Summer Savings account may be converted to the Regular Savings account. Transfers initiated by telephone must be counted among the six (6) monthly transfers, except that there are no limits on the number of withdrawals paid directly to an Account Holder when initiated by mail, telephone or messenger. There are no limits on the number of withdrawals if initiated in person.

Withdrawals may be made by transfer through CU OnLine, HomeTeller, by calling the Credit Union or in-person at an LBS Financial Credit Union branch office. Any remaining funds in the account will automatically be transferred to your Credit Union Savings account on September 1 of each calendar year.

Withdrawals may not be made through ATM or at a CU Service Center. The Summer Savings account is not eligible as an overdraft transfer option.

Deposits - Deposits to the Summer Savings account must be made by payroll direct deposit only. The maximum amount you may have directly deposited into your Summer Savings account is \$2,000 within a calendar month.

If funds are withdrawn from your Summer Savings account prior to the summer months, you may not be able to replenish the deficiency to your Summer Savings as a result of the withdrawal. If your monthly contribution to your Summer Savings account is less than \$2,000, you may increase your monthly contribution up to \$2,000 anytime during the months of September through May to help meet your summer savings needs. You may decrease your monthly contribution anytime during the months of September through May.

ACCOUNT LIMITATIONS

Only one Summer Savings account is allowed per Membership. Your Summer Savings account may be opened at any time.

The account automatically renews on the maturity date for the next calendar school year.

➔ *Money Market Account*

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your Money Market account is indicated on the Credit Union's Dividend Rate Schedule. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

TRANSACTION LIMITATIONS

No more than six (6) preauthorized, automatic, online or telephonic transfers made to another account at the Credit Union or to a third party or no more than six (6) transfers or withdrawals made by check, draft, debit card or similar order payable to a third party may be made from the Money Market account in any calendar month. If an Account Holder exceeds, or attempts to exceed, these transfer limits, the excess transfer requests will be refused or reversed and the Money Market account may be converted to the Regular Savings account. Transfers initiated by telephone must be counted among the six (6) monthly transfers, except that there are no limits on the number of withdrawals paid directly to an Account Holder when initiated by mail, telephone or messenger. There are no limits on the number of withdrawals if initiated in person.

➔ *Money Escrow/Impound Account*

The Escrow/Impound account is offered to Members to help set aside funds for property taxes, homeowners insurance or escrow accounts.

DIVIDEND RATE INFORMATION

Our Escrow/Impound account is designated as a fixed rate account as stated on the Credit Union's Dividend Rate Schedule. This rate and yield will not change unless we notify you at least thirty (30) days prior to any change.

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

There is no minimum deposit to open an Escrow/Impound account. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

TRANSACTION LIMITATIONS

Your Escrow/Impound account may be opened at any time.

For property taxes, funds will be disbursed to you on or about March 1 and April 1.

For homeowners insurance, funds will be disbursed to you on or about one (1) year from the date of account opening.

For escrow account overages, funds will be disbursed to you on or about March 1.

No withdrawals may be made from the account. If a withdrawal is necessary, the full balance must be withdrawn and the account will be closed. The Escrow/Impound account is not eligible as an overdraft option.

➔ ***Individual Retirement Share Savings Account (IRA)***

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your IRA account is \$5. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

INCORPORATION OF IRA AGREEMENT AND DISCLOSURES

All other terms and disclosures for our Individual Retirement Accounts are contained in the Credit Union's Individual Retirement Account agreement and disclosure statement, which by this reference is incorporated into this account disclosure in its entirety. When you open your Individual Retirement Account, the Credit Union agreement and disclosure statement will be provided to you.

CHECKING ACCOUNT

LBS Financial Credit Union offers the following Checking account which lets you withdraw your money and write checks against your account at any time. Our Checking account is the Choice Checking account.

➔ ***About Our Choice Checking Account***

RATE INFORMATION

Our Choice Checking account is designated as a variable rate account on the Rate Schedule. The rate and yield may change at any time as determined by the Credit Union Board of Directors.

Refer to the Credit Union's Dividend Rate Schedule (Rate Schedule) which accompanies this agreement and is incorporated herein for the dividend rates and Annual Percentage Yields for these accounts. The Credit Union's Dividend Rate Schedule (Rate Schedule) is regularly updated and made available at the Credit Union's branch offices, by telephone at (562) 598.9007, (714) 893.5111 or (800) 527.3328, or online at www.lbsfcu.org.

DIVIDEND COMPOUNDING AND CREDITING

Dividends will be compounded monthly and will be credited monthly. For the Choice Checking 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. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period. The most recent dividend declaration date is reflected on the accompanying Rate Schedule.

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your Choice Checking account is indicated on the Rate Schedule. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule.

ACCOUNT LIMITATIONS

To avoid the service fee stated on the Fee Schedule, you must meet one of the following criteria:

- Must maintain a minimum daily balance of \$300 in the account or maintain a minimum of \$1,500 in combined balances in all accounts with the same account number as the Choice Checking account; or
- Must conduct transactions through a Credit Union electronic service (e.g., CU OnLine Service, HomeTeller Audio Response Service); perform transactions exclusively through a LBS Financial Credit Union owned or operated ATM or by mail or telephone and have your payroll, investment or government payments directly deposited into your Choice Checking account.

Your Choice Checking Account may be assessed the monthly service fee if you conduct transactions in a LBS Financial Credit Union or CU Service Center branch lobby. Refer to the Fee Schedule for more information regarding fees.

SHARE CERTIFICATE ACCOUNTS

LBS Financial Credit Union's Share Certificate accounts let you deposit your money for a specified period of time. Our Share Certificate accounts are the Share Certificates and IRA Share Certificates accounts.

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 Rate Schedule. The maturity date will be stated on the certificate provided to you at the time of opening your account.

RATE INFORMATION

Our Share Certificate accounts are designated as fixed rate accounts on the Rate Schedule. You will be paid this rate and yield until maturity.

Refer to the Rate Schedule which accompanies this agreement and is incorporated herein for the dividend rates, Annual Percentage Yields, and tiers for these accounts. The Rate Schedule is regularly updated and made available at the Credit Union's office, by telephone at (562) 598.9007, (714) 893.5111 or (800) 527.3328, or online at www.lbsfcu.org.

DIVIDEND COMPOUNDING AND CREDITING

Dividends will be compounded daily and will be paid at your request into either the Share Certificate or IRA Share Certificate account, transferred to another account or issued to you by check on the last day of each month or at maturity as indicated by you. For the Share Certificate and IRA Share Certificates the dividend period is monthly.

RENEWAL OF ACCOUNT/GRACE PERIOD

Your account will automatically renew at maturity for the same time period as the original term at the prevailing rate unless you withdraw all of the funds in your account at maturity or within a grace period of seven (7) days after maturity.

EARLY WITHDRAWAL PENALTY

We may impose a penalty if you withdraw principal from your account before the maturity date. The penalty imposed shall be as follows:

1. If the term of the account is three (3) months or less, the Member shall forfeit an amount equal to thirty (30) days dividends.
2. If the term of the account is less than one (1) year, but longer than three (3) months, the Member shall forfeit an amount equal to ninety (90) days dividends.
3. If the term of the account is one (1) year or greater, the Member shall forfeit an amount equal to one hundred and eighty (180) 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 59 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.

➔ *Share Certificate Accounts*

Our Share Certificate accounts are offered with terms ranging from three (3) months to sixty (60) months.

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your Share Certificate account is indicated on the Rate Schedule. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule and to avoid closure.

ACCOUNT LIMITATIONS

For Share Certificate accounts with a three (3) month term, you may make deposits into and withdrawals of earned dividends from the account any time during the term. You may not make withdrawals of principal from the account until the maturity date. See **Early Withdrawal Penalty section of this Disclosure**.

For Share Certificate accounts with terms greater than three (3) months, you may not make deposits into or withdrawals of principal from the account until the maturity date. See **Early Withdrawal Penalty section of this Disclosure**. You may make withdrawals of earned dividends from the account at any time during the term.

➔ *Individual Retirement Share Certificate Accounts (IRA)*

Our IRA Share Certificate accounts include the Traditional IRA, Roth IRA, Simplified Employee Pension (SEP), and Educational IRA Share Certificates. Our IRA Share Certificate accounts are offered with terms ranging from six (6) months to thirty (30) months.

MINIMUM BALANCE AND DEPOSIT REQUIREMENTS

The minimum deposit required for you to open your IRA Share Certificate account is indicated on the Rate Schedule. You must maintain the minimum balance stated on the Rate Schedule to obtain the Annual Percentage Yield stated on the Rate Schedule and to avoid closure.

ACCOUNT LIMITATIONS

You may make minimum deposits of \$100 into the account any time during the term. You may make withdrawals of earned dividends from the account any time during the term. You may not make withdrawals of principal from the account until the maturity date. See **Early Withdrawal Penalty section of this Disclosure**.

INCORPORATION OF IRA AGREEMENT AND DISCLOSURES

All other terms and disclosures for our Individual Retirement Accounts are contained in the Credit Union's Individual Retirement Account Agreement and Disclosure Statement, which by this reference is incorporated into this account disclosure in its entirety. When you open your Individual Retirement Account, the Credit Union Agreement and Disclosure Statement will be provided to you.

YOUR ABILITY TO WITHDRAW FUNDS

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use them 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. If you make a deposit before close of business 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 close of business or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

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 (1st) business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second (2nd) business day after the day of your deposit. The first \$200 of your deposits, however, may be available on the first (1st) business day.

If we are not going to make all of the funds from your deposit available on the first (1st) 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, 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 will be 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 computer or communications 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 (7th) 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 thirty (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 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 (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth (9th) 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 will not be available until the second (2nd) business day after the day of your deposit.

Funds from all other check deposits will be available on the eleventh (11th) 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 financial institution, 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.

HOLDS ON OTHER FUNDS (OTHER ACCOUNT)

If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

DEPOSITS AT AUTOMATED TELLER MACHINES

Funds from any deposits (cash or checks) made at automated teller machines (ATM's) we do not own or operate will not be available until the fifth (5th) business day after the day of your deposit. This rule does not apply at ATM's that we own or operate. All ATM's that we own or operate are identified as our machines.

IMPORTANT NOTICE ABOUT YOUR ACCOUNT(S) OR SAFE DEPOSIT BOX (CALIFORNIA RESIDENTS)

In accordance with California's Unclaimed Property Law, C.C.P. §1500, et seq., any funds held by the Credit Union (including, without limitation, funds in a Savings, Checking, Share Certificate, or other account, sums for the payment of cashier's checks, teller's checks, etc.) may be transferred to the Unclaimed Property Division of the California State Controller's Office if no activity occurs in the account within the time period specified by state law. In addition, any property held in a Credit Union safe deposit box may be transferred upon the running of the time period specified by state law from the date any lease or rental period expires or any agreement for the safe deposit box terminates.

GENERAL TERMS AND CONDITIONS OF YOUR CREDIT UNION ACCOUNTS

DEFINITIONS

ACCOUNT AGREEMENT means any Savings, Checking, Share Certificate, Fiduciary Trust, Totten Trust or Custodial account (under the "Uniform Transfers to Minors Act") account.

TIS AGREEMENT means Truth In Savings Agreement entitled, "About Your Credit Union Accounts."

MEMBERSHIP & ACCOUNT APPLICATION

The terms, conditions and information contained in the Membership Application & Account Agreement, and all amendments thereto, are by this reference hereby incorporated in their entirety into this TIS Agreement and become an integral part of the General Terms and Conditions of the Credit Union Accounts.

ACCOUNT OWNERSHIP & TYPES

The ownership of Fiduciary Trust, Totten Trust and Custodial (UTMA) accounts shall be governed by the applicable Account Agreement. Unless otherwise specified in the Account Agreement, the parties who sign an Account Agreement agree with each other and with the Credit Union that all funds in the accounts shall be owned as follows:

Individual Accounts: The account or certificate is owned by the party named on the Account Agreement ("Account Holder"). Upon the death of the party, ownership passes to the named pay-on-death payee(s), designated as the beneficiary(ies) on the Account Agreement.

Joint Accounts: The account or certificate is owned by the parties named on the Account Agreement ("Account Holder"). Upon the death of any of them, ownership passes to the survivor(s). Upon the death of all of them, ownership passes to the named pay-on-death payee(s), designated as the beneficiary named on the Account Agreement.

SPECIAL RULES FOR JOINT ACCOUNTS

Withdrawals by and Liability of Joint Owners - The Account Holders of an account agree with each other and with the Credit Union that all funds and all accumulations thereon are subject to the withdrawal or receipt by any of the Account Holders, and payment to any of them shall be valid and discharge the Credit Union from any and all liability for such payment. The Account Holders of an account expressly agree that each Account Holder is jointly and severally liable for any and all overdrafts, losses or charges to an account created by any Account Holder(s).

Deposits – The Credit Union may cash or deposit all checks payable to any signer when endorsed by any other signer.

Disputes – If there is a dispute about ownership or control of an account, the Credit Union may place a hold on the account and not release funds until the Credit Union receives either a court order or an instruction signed by all persons claiming an interest in the account.

CUSTODIAL (UTMA) ACCOUNT

This Custodial Account is established as a result of the transfer of the funds deposited in the Custodial Account for the benefit of the minor named as beneficiary on the Membership Application and Account Agreement. This transfer is irrevocable and includes all earnings on this Account. Neither the donor of the funds nor the custodian is entitled to the use or benefit of the funds, except for the benefit of the minor as allowed by California Uniform Transfers to Minors Act. The Credit Union is authorized to act without further inquiry in accordance with writings bearing the signature of the custodian. The terms of the California Uniform Transfers to Minors Act, as amended, are hereby incorporated herein by this reference.

FIDUCIARY ACCOUNTS

In order to open your fiduciary account, you shall present to the Credit Union the court order appointing you as executor/executrix, administrator/administratrix, guardian or conservator. Immediately upon receipt or as otherwise required by the court, you shall present to the Credit Union any court order modifying your appointment or your powers to transact business on this account.

In your capacity as executor/executrix, administrator/administratrix, guardian or conservator, you certify to the Credit Union that:

1. You have been appointed to act in the capacity of executor/executrix, administrator/administratrix, guardian or conservator.
2. You are authorized and empowered to transact any and all business on this account. Your authority shall continue in force until written notice to the contrary is received by the Credit Union.

LIVING TRUST ACCOUNT

You understand and agree that this Living Trust account will be governed by the terms and conditions of this Agreement. For a Revocable Living Trust at least one trustor of the Trust must be a Member of the Credit Union, and for an Irrevocable Living Trust either all of the trustors or all of the Beneficiaries of the Trust must be Members of the Credit Union. Regarding any transaction on this account, the Credit Union may ask the trustee to provide a certification of trust, and the Credit Union will not read, interpret or retain copies of the trust agreement. The trustee agrees to notify the Credit Union of any changes in the terms of the Trust that would affect the trustee's authority to transact business on the Living Trust account or status of the Membership of the parties to the Trust.

PAYABLE ON DEATH ACCOUNTS

A pay on death account ("P.O.D. account") is an account payable on request to one or more Account Owner(s) during their lifetime and on the death of all Account Owners to one or more pay on death beneficiaries. The pay on death beneficiaries are the person or persons designated as such on the Membership Application and Account Agreement; you may modify the pay on death beneficiaries by completing a new Membership Application and Account Agreement or completing a new designation of beneficiary on the form provided by the Credit Union. The pay on death beneficiary has no rights to the funds in the account during the lifetime of any Account Owner.

On death of the sole Account Owner or of the survivor of two or more Account Owners:

- a) Any funds remaining in the Account belong to the P.O.D. payee or payees if surviving, or to the survivor of them if one or more die before the death of the sole Account Owner or the last surviving Account Owner;
- b) If two or more P.O.D. payees survive, any funds remaining on deposit belong to them in equal and undivided shares unless the Membership Application and Account Agreement expressly provides for different shares; and
- c) If two or more P.O.D. payees survive, there is no right of survivorship in the event of death of a P.O.D. payee.

The Credit Union may require certain legal documents before releasing funds in the account. Upon the death of the sole Account Owner or the last surviving Account Owner, payment on a P.O.D. account will be made to the beneficiaries within a reasonable time. Until final payment is made, the Credit Union shall continue to operate the account according to the terms of this Agreement. The terms of this account may not be altered by will or other testamentary instrument.

TOTTEN TRUST ACCOUNTS

All shares in this Totten Trust account and all dividends paid or credited thereon shall be held by the Trustee(s) in trust for the beneficiary(ies) named in the Membership Application and Account Agreement subject to the right of the Trustee(s) or any one of them from time to time and in their sole discretion to revoke the same to the extent of any withdrawal of funds from this account. In the case of multiple trustees, each trustee shall be considered the joint tenant of the other. Upon the death of the Trustee, (or if more than one, upon the death of the last surviving Trustee), the balance remaining in this account shall be distributed to the beneficiaries in equal shares. If there are no surviving beneficiaries, the balance remaining in this account shall be distributed to the estate of the last surviving Trustee.

The Credit Union may require certain legal documents before releasing funds in the account. Upon the death of the trustee or the last surviving trustee, payment on a Totten Trust account will be made to the beneficiaries within a reasonable time. Until final payment is made, the Credit Union shall continue to operate the account according to the terms of this Agreement. The terms of this account may not be altered by will or other testamentary instrument.

NOTICE

Notice to one Account Holder shall constitute notice to all persons authorized to have access to the account.

ABILITY TO PLEDGE FUNDS

Any or all of the joint Account Holders may pledge all or any part of the funds as security for a loan or loans with the Credit Union only.

ENFORCEMENT OF LIENS

All funds in an account remain subject to any and all liens, including but not limited to statutory liens and/or consensual liens, security interests, rights of set off and charges, notwithstanding the source of the contribution.

NOTIFICATION OF CHANGES

The right or authority of the Credit Union under an Account Agreement shall not be changed or terminated by the Account Holder(s), except by written notice to the Credit Union, which written notice shall not affect transactions previously made. All parties to an Account Agreement shall keep the Credit Union informed of any change in their address(es).

FINANCIAL ABUSE REPORTING

Account Holder(s) understand(s) and agree(s) that the Credit Union may report known or suspected illegal or fraudulent activity including, but not limited to, the following:

- Financial abuse involving an elder or dependent adult;
- Where the ownership or collectibility of funds are subject to dispute; or
- Misuse or abuse of account services;

to appropriate law enforcement or government entities, as required or permitted by law. In addition, the Credit Union reserves the right to suspend, restrict, deny or terminate account services and activity, including the placement of an administrative hold (freeze) on account proceeds, or take such other actions as deemed necessary under the circumstances. Account Holder(s) agree(s) to indemnify and hold the Credit Union harmless from and against all claims, actions, damages, losses, and expenses, including attorneys' fees, as a result of any action or inaction taken in relation to the matters described here.

WAIVER OF CERTAIN RIGHTS

The Credit Union reserves the right to waive the enforcement of any of the provisions of this TIS Agreement with respect to any transaction or series of transactions. Any such waiver will not affect the right of the Credit Union to enforce any of its rights with respect to later transactions and is not sufficient to modify the terms and conditions of this TIS Agreement.

CONSUMER REPORTS

The Credit Union makes credit available to its Members on a regular basis. The Applicant(s)/Account Holder(s) of the account authorizes the Credit Union to obtain consumer reports in connection with credit and business transactions involving the Applicant(s)/Account Holder(s), including but not limited to applying for Membership, the opening of a share or share/draft account or the issuance of an ATM Card, Debit Card, or other service provided by the Credit Union, and the Applicant(s)/Account Holder(s) of the account authorize any person, association, or corporation to furnish on request of this Credit Union, information concerning the affairs of the Applicant(s)/Account Holder(s). The Applicant(s)/Account Holder(s) also authorizes the Credit Union to furnish information concerning the account to consumer reporting agencies.

NEGATIVE CREDIT REPORTING

We may report information about your account to credit reporting agencies. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

REPORTING INACCURATE INFORMATION

If you believe the Credit Union is reporting inaccurate information to a credit reporting agency, please notify us at LBS Financial Credit Union, P.O. Box 4860, Long Beach, CA 90804 so we can investigate.

POST-DATED SHARE DRAFTS AND CHECKS

The Credit Union will treat all share drafts or checks as though the share drafts or checks were written on the date presented.

EXAMINATION OF STATEMENTS

The Account Holder(s) to whom the periodic statement of account is sent agree(s) to exercise reasonable care and promptness in examining the statement to discover any errors or discrepancies, and to promptly notify the Credit Union after discovery thereof. Call us at once if you do not receive your account statement by the date you usually receive it.

NON-CASH PAYMENTS

Non-cash payments deposited into an account may be credited subject to final payment.

FEES AND CHARGES

All accounts shall be subject to service charges in accordance with fee schedules adopted by the Credit Union as amended from time to time. Refer to the Fee Schedule which accompanies this Agreement for the appropriate fees and charges.

CREDIT UNION'S RIGHT TO OFFSET

Account Holder(s) agrees that the Credit Union has the right to offset against any account of any Account Holder to cover any amount owing to the Credit Union for any reason. Account Holder(s) understand that this means that the Credit Union has the right to impress and enforce a statutory lien against the Account Holder(s)'s share and dividends in the event of the failure of the Account Holder(s) to satisfy any financial obligation due and payable to the Credit Union. Account Holder(s) understand that the Credit Union may enforce this right without further notice except Individual Retirement Accounts (IRA), Social Security/SSI, and as otherwise prohibited by law.

ATTORNEYS' FEES AND OTHER FEES

You agree to pay the Credit Union all of our costs and reasonable attorneys' fees, including all collection costs, litigation costs, skip-tracing fees, and outside services fees incurred while we are enforcing our rights under this Agreement.

OTHER TERMS AND CONDITIONS

The use of an account is subject to such other terms, conditions and requirements as the Credit Union may establish from time to time.

GOVERNING LAW

This Truth in Savings Agreement shall be construed in accordance with the laws of the State of California, including the California Uniform Commercial Code (UCC).

➔ *Savings Account Agreement*

TRANSFERS TO THIRD PARTIES

No more than six (6) preauthorized, automatic, online or telephonic transfers made to another account at the Credit Union or to a third party or no more than six (6) transfers or withdrawals made by check, draft, Debit Card or similar order payable to a third party may be made from each Savings account or Money Market deposit account in any calendar month. If an Account Holder exceeds, or attempts to exceed, these transfer limits, the excess transfer requests may be refused or reversed. Transfers initiated by telephone must be counted among the six (6) monthly transfers, except that there are no limits on the number of withdrawals paid directly to an Account Holder when initiated by mail, telephone or messenger. There are no limits on the number of withdrawals if initiated in person.

WITHDRAWALS, PRIOR NOTICE REQUIREMENT

The Credit Union reserves the right to require prior written notice of intention to withdraw all or any part of shares not to exceed the notice requirement as set forth in the Credit Union's bylaws.

➔ *Checking Account Agreement*

WITHDRAWALS, APPROVED METHODS

Only checks and other methods approved by the Credit Union may be used to withdraw funds from a Checking account.

ELECTRONIC CHECK CONVERSION

Upon prior notification from the merchant to the Account Holder, a purchase made with a check can be converted to a one-time electronic fund transfer (EFT) if authorized by the Account Holder. The Account Holder may also authorize merchants to electronically debit the account for returned check fees. It is agreed that the Account Holder authorizes the electronic funds transfers if the transaction is completed after being told (orally or by a notice posted) that the transfer may be processed electronically or if the Account Holder signs a written authorization.

DEMAND DRAFTS

The Credit Union may pay and charge to the applicable Checking account, checks drawn by and payable to any person, organization, association or corporation that has been authorized by an Account Holder to be paid, by the provision of MICR encoded information on the account. It is agreed that the Credit Union's rights in respect to such share drafts shall be the same as if it were a share draft drawn and signed by an Account Holder(s) personally. This authority shall remain in effect until revoked by an Account Holder in writing. It is agreed that the Credit Union shall be fully protected in honoring such share drafts. It is further agreed that if any such share draft is dishonored, whether with or without cause, and whether intentionally or inadvertently, the Credit Union shall incur no liability whatsoever, even though such dishonor results in the forfeit of insurance, loss or damage of any kind.

SUBSTITUTE CHECKS AND YOUR RIGHTS

What Is a Substitute Check?

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What Are My Rights Regarding Substitute Checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within ten (10) business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than forty-five (45) calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How Do I Make a Claim for a Refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at (562) 598.9007, (714) 893.5111 or (800) 527.3328. You must contact us within sixty (60) calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, and the amount of the check.

OVERDRAFTS

The Credit Union is under no obligation to pay a check which exceeds the balance in an account; the Credit Union may, however, pay such a check and recover or obtain a refund of the amount of the resulting overdraft plus a service charge from any of the Account Holders of this account, each of whom expressly agrees that each Account Holder is jointly and severally liable for any and all overdrafts of this account and any and all associated costs created by any Account Holder.

STALE-DATED CHECKS

The Credit Union is under no obligation but may pay a check which is presented more than six (6) months after it is dated. The Credit Union may assess a special handling charge upon receipt of any such item in addition to a service charge upon the account in accordance with the fee schedules adopted by the Credit Union and as amended from time to time.

STOP PAYMENTS

Any Account Holder(s) of this account may stop payment of any item drawn against the account. The Stop Payment Order must describe the item with reasonable certainty and must be received in such time and manner as to afford the Credit Union a reasonable opportunity to act upon it. A Stop Payment Order is effective for six (6) months, but it lapses after fourteen (14) calendar days if the original order was oral and was not confirmed in writing within that fourteen (14) day period. The Stop Payment Order may be renewed in writing for an additional six (6) month period.

TRUNCATION OF DRAFTS

The Account Holder(s) acknowledges that checks are truncated and hereby waives any and all rights to receive the items without prejudice to any of the Credit Union's defenses available under the California Uniform Commercial Code (UCC).

LIABILITY OF CREDIT UNION

Except for its own lack of good faith or failure to exercise ordinary care, the Credit Union is not liable for any action it takes regarding the payment or nonpayment of a share draft, even if nonpayment results in the forfeit of insurance, loss or damage of any kind.

CLOSURE OF ACCOUNT

The Credit Union may close a Checking account at any time. Closure of a Checking account will not affect the obligation to pay any outstanding balances or charges owed.

FOR CHECKING ACCOUNTS WITH SAVINGS OVERDRAFT PROTECTION

If any Account Holder(s) writes a check that would result in this Checking Account being overdrawn, the Credit Union is authorized to charge the designated Savings account(s) or Money Market account, regardless of which party signed the item, in such multiples as determined by the Credit Union sufficient to permit the Credit Union to honor the check and to credit such charge to this Checking Account. No savings draft overdraft may be paid by charging a savings account if, as a result of such charge, that Savings account or Money Market account would be subject in any one month to more than six (6) pre-authorized, automatic or telephonic transfers. Overdraft transfers from a Savings or Money Market account are subject to the applicable Overdraft Fees as stated on the Fee Schedule.

FOR CHECKING ACCOUNTS WITH VISA CREDIT CARD ACCOUNT OVERDRAFT PROTECTION

If any Account Holder(s) writes a check which would result in this Checking account being overdrawn, and if at that time any Account Holder(s) is eligible to receive Visa Credit Card account advances from this Credit Union on a Visa Credit Card account designated on the Overdraft Agreement, the Credit Union is authorized to make an advance from the designated Visa Credit Card account, and to credit the advance to this Checking account in such multiples of \$50, up to the available credit limit of the Visa Credit Card account, as determined by the Credit Union sufficient to permit the Credit Union to honor such check and any associated fees.

➔ ***Share Certificate and IRA Share Certificate Account Agreement***

PLEDGING OF FUNDS

Share Certificates may not be pledged, transferred, or assigned to any party other than the Credit Union unless otherwise provided by statute. Shares invested for an Individual Retirement Account (IRA) may not be pledged as security for any loan. The Credit Union reserves the right to offset this Certificate except as otherwise precluded by law. If the Credit Union offsets funds from this Certificate, the funds withdrawn are subject to the early withdrawal penalty.

Mail: P.O. Box 4860 • Long Beach, CA 90804-0860
5505 Garden Grove Blvd. • Westminster, CA 93683
565.598.9007 • 714.893.5111 • 800.527.3328
www.lbsfcu.org

