

Cortaro Branch
7820 N. Cortaro

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
ATM

Hermans Road Branch
951 E. Hermans Rd.

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
ATM

Pantano Branch
280 N. Pantano

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
Sat 9-1
Drive-thru 9-1
2 ATMs

Speedway Branch
3131 E. Speedway

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
Drive-up ATM

Thornycroft Branch
7970 N. Thornycroft

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
Sat 9-1
Drive-thru 9-1
2 ATMs

Vail Branch
9036 S. Houghton Rd.

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
Sat 9-1
Drive-thru 9-1
2 ATMs

Wetmore Branch
971 W. Wetmore

M-Th 9-5
Drive-thru 7:30-5
Fri 9-6
Drive-thru 7:30-6
Sat 9-5
Drive-thru 9-5
2 Drive-up ATMs

Mailing Address

PO Box 11900
Tucson, AZ 85734-1900

520-794-8341
520-205-5839 FAX

24-Hour Voice Response

520-205-5555

Member Service Center

888-837-6500

Loan by Phone

888-304-6855



Share Accounts Information & Disclosure



Amendment to Hughes Federal Credit Union Share Accounts Information and Disclosure Booklet

Effective January 1, 2024

14. Prestige, Ultimate, Premium and High Yield Money Market Savings Accounts.

(3) You have the option of receiving your dividends by check, transferring them to another share account, manually withdrawing them, or allowing them to remain in the account. Checks will be mailed to your address as recorded in Hughes's files. The removal of dividends from your account will reduce the annual percentage yield to as low as the dividend rate, depending on the amount of dividends removed. If you close the account prior to dividends posting, any uncredited accrued dividends will be forfeited.

15. Individual Retirement Account (IRA).

b. A substantial penalty shall be imposed in the event funds are withdrawn before maturity. Should the penalty exceed the dividends, or the dividends have already been withdrawn, or if the dividends have not yet been earned, the early withdrawal penalties shall be deducted from the principal amount. The early withdrawal penalties shall not apply to withdrawals prior to the maturity date if the withdrawal: (1) is subsequent to the death of any owner of the IRA Certificate Account; (2) is the result of the owner's membership in Hughes being terminated by Hughes under the terms of Hughes Bylaws; or (3) is a result of liquidation of Hughes; or (4) is a result of the owner withdrawing their Required Minimum Distribution (RMD) only.

f. Early Withdrawal Penalties. We will impose a penalty if you withdraw any of the principal or dividends from your account before the maturity date. The penalty of early redemption shall equal the greater of: • A loss of \$35.00 or 90 days dividends on an original term

123 days to 366 days, • A loss of \$50.00 or 180 days dividends on a term greater than 367 days. Partial withdrawals are not allowed. Only exception is if an owner is withdrawing their Required Minimum Distribution (RMD) from their IRA Certificate Account.

Truth in Savings Disclosures

d. Transaction/Account Limitations. Hughes has designated its Holiday Club Savings account, Individual Retirement Account, Main Share Savings account, You Name It Savings, Prestige, Ultimate, Premium and High Yield Money Market Savings accounts as nontransactional and/or nontransferable as defined by Federal Regulation D - Reserve Requirements for Depository Institutions - 12 CFR Part 204...

Effective October 1, 2023

12. "You Name It" Savings Account.

Hughes offers a "You Name It" Savings Account that members can use for any purpose they desire such as saving for vacations, college, new car, taxes, summer childcare needs, back-to-school expenses, etc. You can name this account yourself (up to 24 characters) such as "My Cruise Vacation." The name you select for your account will appear on your account statement and on eBranch online banking so you can easily track your progress toward your savings goals. This account may be used for overdraft protection. By having this account, you agree to all the terms and conditions of Hughes Federal Credit Union's Share Accounts Information and Disclosures including the right of offset. You additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosure subsection 3. 'Non-Term Accounts' contained herein and that:

(1) Since this account has a specific savings purpose, no ATM access is allowed.

13. Secured Credit Line Account.

Hughes offers a Secured Credit Line Account for members who have a secured credit card or secured line of credit. Funds will be placed in this savings account and the funds will be held until the credit card or line of credit is closed. This is a non-transactional account therefore additional deposits and withdraw-

als will not be processed unless they are directly related to the secured credit line, such as, depositing additional funds to cover an approved credit line increase or withdrawing excess funds if the credit line is decreased. We will allow dividends to be withdrawn. After the credit card or line of credit is paid in full and closed, the Secured Credit Line Acct will be closed, and the funds transferred to the Main Share Savings. The Secured Credit Line Acct has no minimum deposit required to open and no monthly service fee. Refer to the Rate & Fee Schedule for prospective rates and fees.

Effective January 1, 2023

Branch Hours Modification

Beginning January 1, 2023, our Cortaro branch located at 7820 N Cortaro Rd will be closed on Saturdays. If in-person services are needed, please visit our nearest location at 7970 N Thornydale Rd.

Saturday hours at the Thornydale branch are 9am to 1pm, including lobby and drive-thru services.

18. Share Draft Account.

(1) We are providing you with the following information regarding how we process the items that you authorize. Hughes is to pay share drafts signed by any of the Share Draft account owners and to charge the payments against the share Draft account. We commonly receive items to be processed against your account(s) multiple times per day in what is referred to as presentment files. It is common for each of these presentment files to contain multiple items to be processed against your particular account. In this case, when multiple items are received at once, the items will be paid as follows: checks are paid by amount, lowest to highest; ACH items in each presentment file post credits first, then debits paid by dollar amount, lowest to highest, and generally we will receive up to two ACH presentment files per day; ATM/ POS items are paid in the order they are presented. YOU AGREE THAT MULTIPLE ATTEMPTS MAY BE MADE TO SUBMIT A RETURNED ITEM FOR PAYMENT AND THAT MULTIPLE FEES MAY BE CHARGED TO YOU AS A RESULT OF A RETURNED ITEM AND REPRESENTMENT.

c. Overdrawn Liability - If Hughes pays a draft or other item or imposes a fee that would otherwise overdraw your account, you agree to pay the overdrawn amount.

f. Fees. A Share Draft account shall be charged fees as set forth in the Rates & Fee Schedule for the following: (1) Non-sufficient Funds fee may be charged each time an item is presented and dishonored and returned.

21. Visa® Debit Card Disclosure and Agreement.

b. Responsibility for Transactions: You are responsible for all transactions you make with the Visa® Debit Card for transactions made at ATMs or that you authorize another person to make with the Visa® Debit Card. If the account is a joint account, all transactions involving the account are binding on all account holders. Debit card transactions and related authorization holds may impact your available balance. It is important to know that your available funds may change between the time you authorize a transaction and when the transaction is paid. Available balance at the time transactions are posted (not when they are authorized) may be used to determine when your account is overdrawn. The following example illustrates how this works: Assume your actual and available balance are both \$100, and your swipe your debit card at a restaurant for \$60. As a result, your available balance will be reduced by \$60 so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for posting, a check that you wrote for \$50 is presented at the teller line and clears. Because you have only \$40 available, your account will be overdrawn by \$10, even though your actual balance was \$100 before the check posted. Also, when the \$60 restaurant charge is presented to Hughes and posted to your account, you will not have enough money in your available balance because of the intervening check, and you will be charged a fee for that transaction as well, even though your available balance was positive when it was authorized.



Hughes

Federal Credit Union

HughesFCU.org | 520-794-8341

TABLE OF CONTENTS

SHARE ACCOUNTS INFORMATION AND AGREEMENT

	Page
1. Agreement for Share Accounts	1
2. Membership Eligibility	1
3. Single Party Accounts.....	2
4. Joint Owner Accounts	2
a. Rights of Survivorship	2
b. Owners' Control of Joint Owner Accounts	2
c. Liability of Owners of Joint Owner Accounts	3
d. Statutory Lien	3
5. Payable on Death Account Designation	3
6. Accounts for Minors.....	4
7. Uniform Transfers to Minors Account	4
8. Certificate Accounts.....	4
a. Owner(s) Liability	4
b. Maturity Terms.....	5
c. Automatic Dividend Disbursement	5
9. Buy Up Option.....	5
10. Holiday Club Savings Account.....	6
11. Daily Savings Account	7
12. "You Name It" Savings Account	7
13. Escrow Share Account.....	7
14. Ultimate, Premium and High Yield Money Market Savings Accounts.....	7
15. Individual Retirement Account (IRA)	8
a. IRA Certificate Accounts	9
b. Owner(s) Liability	9
c. Maturity Terms.....	9
d. Automatic Dividend Disbursements	9
e. Rate Information	9
f. Early Withdrawal Penalties	9
g. Compounding and Crediting.....	10
h. Renewal Policies	10
i. Transaction Limitations	10
16. Health Savings Account.....	10
17. Main Share Savings Account.....	11
18. Share Draft Account.....	11
a. Responsibilities.....	11
b. Drafts	12
c. Overdrawn Liability.....	13
d. Overdrawn Protection Plan	13
e. Discretionary Overdraft Privilege Policy.....	14
f. Fees.....	16
g. Account Termination	16
h. Helpful Suggestions	17
19. How Overdrawn Protection Work for Various Accounts and Services	17
a. Checks.....	17

b.	Savings.....	17
c.	Electronic Debits From Checking.....	17
d.	Signature Based.....	18
e.	PIN Based	18
f.	Bill Pay.....	18
g.	Offline Transactions.....	18
20.	Automated Teller Machine (ATM) Card	18
a.	Convenience and Transactions	18
b.	Owners Liability.....	18
c.	Hughes Liability	19
d.	Overdraft	19
e.	Notice of Change	19
f.	Lost Card	19
g.	Termination.....	20
h.	Fees.....	20
21.	Visa® Debit Card Disclosure and Agreement.....	21
a.	Issuance of Visa® Debit Cards.....	21
b.	Responsibility for Transactions.....	21
c.	Illegal Transactions.....	22
d.	Liability for Unauthorized Transactions	22
e.	Business Days.....	23
f.	Use of the Visa® Debit Card	23
g.	Non-Visa® Debit Transactions.....	23
h.	Overdrafts	23
i.	Limitations.....	23
j.	Fees.....	24
k.	Confidentiality.....	24
l.	Documentation	24
m.	Liability	24
n.	Foreign Transactions.....	24
22.	Limitation of Services Non-Dividend Bearing Account	25
23.	Account Rates and Fees.....	26
24.	History Verification	26
25.	Taxpayer Identification Numbers and Backup Withholding	26
26.	Deposit of Funds Requirements	27
a.	Endorsements.....	27
b.	Collection of Items	28
c.	Returned Deposits.....	28
d.	Direct Deposits.....	28
e.	Crediting of Deposits	29
f.	Other.....	29
27.	Large Currency Transaction.....	29
28.	Transaction Limitations.....	29
a.	Withdrawal Restrictions	29
b.	Transfer Limitations.....	30
c.	Fingerprinting.....	30
29.	Account Access.....	30
a.	Authorized Signature	30
b.	Access Options	30
c.	ACH and Wire Transfers.....	31
d.	Credit Union Examination.....	31

30.	Postdated and Staledated Drafts.....	31
31.	Stop Payment Orders	31
	a. Stop Payment Request	31
	b. Duration of Order	32
	c. Liability	32
	d. Cashier's and/or Hughes Official Checks.....	32
32.	Credit Union Liability.....	32
33.	Credit Union Lien and Security Interest.....	33
34.	Legal Process.....	33
35.	Agency Designation	33
36.	Special Account Instruction.....	34
37.	Notices.....	34
	a. Name or Address Change	34
	b. Notice of Amendments	34
	c. Effect of Notice	35
38.	Statements	35
	a. Contents	35
	b. Examination	35
	c. Notice to Credit Union.....	35
39.	Interim Account Status/Activity Computer Printouts....	36
40.	Account Research.....	36
41.	Inactive/Dormant Accounts	36
42.	Termination of Account	36
43.	Termination of Membership	37
44.	Death of Account Owner	37
45.	Share Life Insurance	37
46.	Severability	38
47.	Enforcement.....	38
48.	Governing Law.....	38

TRUTH-IN-SAVINGS DISCLOSURES

1.	General.....	38
2.	All Share Accounts	38
	a. Balance Information.....	38
	b. Par Value.....	39
	c. Accrual of Dividends on Non-cash Deposits	39
	d. Fees.....	39
	e. Transaction/Account Limitations.....	39
3.	Non-Term Accounts.....	39
	a. Rate Information.....	39
	b. Nature of Dividends	39
	c. Compounding and Crediting.....	39
	d. Transaction/Account Limitations.....	40
	e. Minimum Balance Requirements.....	40
4.	Term Accounts	41
	a. Rate Information.....	41
	b. Early Withdrawal Penalties	41
	c. Compounding and Crediting.....	41
	d. Renewal Policies	42
	e. Transaction Limitations	42

ELECTRONIC FUND TRANSFERS DISCLOSURE REGULATION E

1.	Coverage	42
2.	Types and Limitations of Transfers.....	43
	a. Automated Teller Machines (ATMs)	43
	b. Point-of-Sale.....	43
	c. Hughes's Voice Response System	43
	d. Prearranged Transfers	43
	e. One-Time Electronic Fund Transfer	43
3.	Charges for Electronic Fund Transfers.....	43
4.	Right to Documentation	44
	a. Teller Machines.....	44
	b. Direct Deposits.....	44
	c. Statements.....	44
5.	Stop Payment Procedures and Notice of Varying Amounts.....	44
	a. Right to Stop Payment and Procedure for Doing So	44
	b. Notice of Varying Amounts	45
	c. Liability for Failure to Stop Payment of Pre-authorized Transfer.....	45
6.	Hughes Obligations.....	45
	a. Liability for Failure to Make Transfers	45
7.	Disclosure to Third Parties.....	45
	a. Account Information Disclosure.....	45
8.	Unauthorized Transfers.....	45
	a. Liability Disclosure	45
	b. Non Reissue	46
	c. Unauthorized Access	46
9.	Inappropriate Transactions	46
10.	Business Day Closure	46
11.	Error Resolution	47

FUNDS AVAILABILITY DISCLOSURE REGULATION CC

1.	Coverage	47
2.	Longer Delays May Apply	48
3.	Special Rules for New Accounts	48
4.	Deposits Made at Automated Teller Machines (ATMs)	48
5.	Check 21.....	49
	a. What is a substitute check?	49
	b. What are my rights regarding substitute checks?	49
	c. How do I make a claim for a refund?	50

USA PATRIOT ACT

1.	Identity Verification Notice	50
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PRIVACY NOTICE

1.	What Does Hughes Do with Your Personal Information?	51
2.	Reasons We Can Share Your Personal Information	52
3.	Definitions	54

ONLINE AND ELECTRONIC DISCLOSURES AND AGREEMENTS

Online Banking and Bill Pay and Electronic Services Agreement and Disclosures are available by visiting our website at *HughesFCU.org*, by visiting any of our branch locations, or by calling our Call Center during regular business hours at 520-794-8341 (Tucson) or 800-253-8245 (U.S.) You understand that by signing up for Online Banking, including Bill Pay, you agree to the terms and conditions that are provided to you electronically. You further agree to notify Hughes Federal Credit Union of any changes in your email address.

SHARE ACCOUNTS INFORMATION AND AGREEMENT

1. Agreement for Share Accounts. The entire Share Accounts Information and Agreement section of this brochure comprises of the Agreement for Share Accounts which shall be referred to throughout this brochure as the Share Agreement. The Hughes Federal Credit Union *Rates & Fee Schedule*, a separate document which shall be referred to throughout this brochure as the *Rates & Fee Schedule*, and the Truth-In-Savings Disclosures, Electronic Funds Transfer Disclosure, Funds Availability Disclosure, Privacy Notice, and USA PATRIOT Act contained within this brochure have been made a part of this Share Agreement by reference. This Share Agreement covers your and our rights and responsibilities concerning account(s) offered to you by Hughes Federal Credit Union. In this Share Agreement, the words “you” and “yours” means anyone who signs on the *Application for Membership* card or the *Designated Joint Owners/Beneficiaries for Specific Accounts* card. The words “we”, “us”, “our”, “Credit Union” or “Hughes” means Hughes Federal Credit Union. Only members, individuals and entities, of Hughes may hold accounts in and receive service from Hughes as provided by federal regulations.

2. Membership Eligibility. To be eligible for membership in Hughes you must be an individual or entity qualifying within Hughes’s Field of Membership. Eligible members must purchase and maintain at least one share at par value. Refer to the Truth-In-Savings Disclosures section 2.b., ‘All Share Accounts, Par Value’ for additional information. As a member or potential member, you authorize Hughes to check your credit, checking, employment, and account history, and to obtain reports from third parties, including credit reporting agencies and new account verification agencies, in order to verify your eligibility for the accounts and services you request. We may image signature cards and loan documents and the image is binding. You understand that you may elect from time to time to use credit union or other parties social media tools and sources; that there is no claim of privacy or privilege regarding informa-

tion shared or discernible from such use or sharing; and the use of such information by us does not violate your privacy or other rights.

3. Single Party Accounts. A single party account is an account owned by one member including any individual, corporation, partnership, trust, or other organization qualified for Hughes membership. When the account is a single party account the interest of a deceased individual owner will pass, subject to applicable law, to the decedent's estate or payable on death (POD) beneficiary, subject to other provisions of this agreement governing our protection for honoring transfer and withdrawal requests of an owner or owner's agent prior to notice of an owner's death. The account owner agrees to the terms and conditions of any and all accounts that the account owner has in Hughes now or in the future and agrees that Hughes may from time to time change those terms and conditions.

4. Joint Owner Accounts. An account owned by two or more persons is a joint owner account. The joint owners agree to the terms and conditions of any and all accounts that the joint owners have in Hughes now or in the future and agree that Hughes may from time to time change those terms and conditions.

a. Rights of Survivorship. For a joint owner account with rights of survivorship, upon the death of one of the owners, that person's interest will pass to the surviving owners. For a joint owner account without rights of survivorship, the interest of a deceased owner will pass to the decedent's estate. All Hughes joint owner accounts are accounts with rights of survivorship, and the interest of a deceased owner will pass to the surviving owners. A surviving owner's interest is subject to the Credit Union's statutory lien for the deceased owner's obligations, and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not consent to it.

b. Owners' Control of Joint Owner Accounts. Hughes is hereby authorized to recognize any of the signatures subscribed in the *Application for Membership* card, or the *Designated Joint Owners/Beneficiaries for Specific Accounts* card, as joint owners of the account. On non-notarized documents that pertain to or concern the joint owner account(s), such as the *Application for Membership* card, or the *Designated Joint Owners/ Beneficiaries for Specific Accounts* card, each owner of the joint owner account guarantees the signature of the other owners. Any owner of a joint owner account is authorized and deemed to act for the other owner(s). The joint owner(s) of the account hereby agree with each other and with Hughes that all sums now and in the future paid on shares by any or all of the joint owner(s), to their credit as such joint owner(s) with all accumulation therein, are and shall be owned by them all jointly. Hughes may accept orders and instructions regarding the account, requests for future services, and any transaction

from any of the account owner(s). Any account owner may withdraw or transfer all funds in the account, stop payments on items drawn on an account, or pledge as collateral security to a loan or loans at Hughes all or any part of the shares of any and all account(s) without the consent of the other account owner(s) and Hughes shall have no duty in such events to notify any other account owner(s). Hughes reserves the right at any time to require written consent of all account owner(s) for a change of ownership or termination of a joint owner account. If Hughes receives written notice of a dispute between account owners or receives inconsistent instructions from them, Hughes may suspend or terminate the account, require a court order to act, or require that all account owners agree in writing to any transaction concerning the account. Main Share Savings account joint owners do further agree that any and all sums of money paid under and by virtue of the terms and conditions of any life insurance contract on the member shall be paid to the surviving account owner(s) who is (are) hereby designated as the beneficiary or beneficiaries of such insurance.

c. Liability of Owners of Joint Owner Accounts. If any item deposited in a joint owner account is returned unpaid, or if a joint owner account is overdrawn, or if Hughes does not receive final payment on a cashed check or any transaction that relates to a joint owner account; then each of the joint owners is jointly and severally liable to Hughes for the amount of the returned item, overdraft, or unpaid amount, along with any and all associated charges; regardless of whom created the overdraft, or who deposited or cashed the item, or who benefited from the transaction.

d. Statutory Lien. By National Credit Union Administration (NCUA) authority, if a member is in default on a financial obligation, federal law gives the Hughes Federal Credit Union the right to apply the balance of shares and dividends in the member's account(s) at the time of default to satisfy that obligation. Once a member is in default, the Credit Union may exercise this right without further notice to you.

5. Payable on Death Account Designation. A payable on death (POD) account designation is an instruction to Hughes that an account so designated is payable to the owner or owners during their lifetime, and upon the death of the last account owner, payable to any named and surviving POD beneficiary designated on your *Application for Membership* card or the *Designated Joint Owners/Beneficiaries for Specific Accounts* card. Accounts payable to more than one surviving beneficiary are owned jointly by such beneficiaries without rights of survivorship and settlement shall be made in equal shares to each of the beneficiaries. Any POD beneficiary designation shall not apply to Individual Retirement Accounts (IRAs) or Health Savings Accounts (HSAs) which shall be governed by a separate beneficiary designation. Hughes shall at no time have any obliga-

tion whatsoever to notify any beneficiary of the existence of any account or the vesting of the beneficiary's interest in any account, except as otherwise provided by law.

6. Accounts for Minors. Hughes reserves the right to require any account established by a minor, to be a joint owner account with the joint owner (custodian) having reached the age of majority under applicable law who shall be jointly and severally liable to Hughes for any returned item, overdraft, or unpaid charges or amounts on such account. Hughes may make payments of funds directly to the minor without regard to his or her minority. Unless the minor's guardian or parent is a joint account owner or the minor has authorized their access through Hughes Voice Response System, the guardian or parent shall have no rights to access the account. Hughes has no duty to inquire of the use or purpose of any transaction by the custodian or the minor. Hughes shall not change the account status when the minor reaches the age of majority, unless authorized in writing by all account owners. In the event of the custodian's death, Hughes may place an administrative hold on the account, until it receives instructions from any person authorized by law to access the account or a court order authorizing such access.

7. Uniform Transfers to Minors Account. A Uniform Transfers to Minors Account (UTMA) is an individual account established by a member as a custodian by depositing funds as an irrevocable gift to a minor. The minor to whom the gift is made is the beneficiary of the account and in no event will the beneficiary minor have direct access to the account, absent a court order, even after reaching the age of majority. The custodian has possession and control of the account for the exclusive right and benefit of the minor, and barring a court order otherwise, is the only party entitled to make deposits to, make withdrawals from, or close the account. Hughes has no duty to inquire of the use or purpose of any transaction by the custodian. In the event of the custodian's death, Hughes may place an administrative hold on the account, until it receives instructions from any person authorized by law to access the account or a court order authorizing such access.

8. Certificate Accounts. Hughes offers Certificate Accounts which are similar to Certificates of Deposits offered by other financial institutions. Unlike Certificates of Deposit, Certificate Accounts represent an interest in the Credit Union on which dividends are paid.

a. Owner(s) Liability. Owner(s) of a Certificate Account additionally agree to the terms and conditions on rate information, early withdrawal penalties, compounding and crediting, renewal policies, and transaction limitations as contained in Truth-In-Savings Disclosures subsection 4. 'Term Accounts' contained herein and to those that follow. Issuance in the name of two or more owners indicate joint ownership and follow all

terms and conditions for joint owner accounts described herein. Certificate Accounts shall not be pledged, transferred or assigned to any party other than Hughes. A substantial penalty shall be imposed in the event funds, other than dividends, are withdrawn before maturity. Should the penalty exceed the dividends, or the dividends have already been withdrawn, or if the dividends have not yet been earned, the early withdrawal penalties shall be deducted from the principal amount. The early withdrawal penalties shall not apply to withdrawals prior to the maturity date if the withdrawal: **(1)** is subsequent to the death of any owner of the Certificate Account; **(2)** is a result of the owner's membership in Hughes being terminated by Hughes under the terms of Hughes Bylaws; or **(3)** is a result of liquidation of Hughes.

b. Maturity Terms. Hughes has categorized its Certificate accounts by maturity period. Certificate Accounts offered by Hughes are:

- (1)** Six month having 122 to 243 days to maturity
- (2)** One year having 244 to 729 days to maturity
- (3)** Two year maturing two (2) calendar years from purchase date
- (4)** Twenty-nine months having 730 to 1,094 days to maturity
- (5)** Three year maturing three (3) calendar years from purchase date

Some categories of Certificate Accounts may not be offered by Hughes from time to time.

c. Automatic Dividend Disbursement. Hughes provides three options to disburse dividends on Certificate Accounts. Dividends may be disbursed by a check mailed to your address recorded in Hughes's files, transferred to another share account specified by you, or credited to your Certificate Account to be compounded.

9. Buy Up Option. For a limited time and at its sole discretion a Buy Up Option may be offered to term share members with an additional \$10,000 deposit. The dividend rate and annual percentage yield on Certificate Accounts are fixed and will not change during the specified period unless you exercise your option to Buy Up your rate. One time during the term, you can request to have your rate increased by .10% and receive that higher rate for the remaining term. The 'Buy Up' rate option requires you to add \$10,000 or more new money to your existing term share to start earning dividends the same day the deposit is made. This option is available only one time during the stated term and that once the change has been made, the adjusted dividend rate and APY will remain in effect until the maturity date. Owner(s) of a Certificate Account additionally agree to the terms and conditions on rate information, early withdrawal penalties, compounding and crediting, renewal policies, and transaction limitations as contained in Truth-In-

Savings Disclosures subsection 4 'Term Accounts' contained herein and to those that follow. We will impose a penalty if you withdraw any of the principal or dividends, except as provided by the automatic dividend disbursement option, from your account before the maturity date. The penalty will be calculated at the rate earned at the time of the withdrawal. For Automatically Renewable Certificate Accounts, your account will automatically renew at maturity for the same time period as the original. You will have a grace period of ten (10) calendar days after the maturity date to withdraw the funds in the account without being charged an early withdrawal penalty. Should the Certificate Account be redeemed during the grace period, no dividends will accrue or be paid from the maturity date through and including the day of redemption. Certificate Accounts will renew at the highest rate offered during the ten (10) day grace period and will renew for the same time period as the original. At maturity, if funds are not withdrawn or the credit union has not received instructions regarding the disposition of the funds, the funds and any dividends will automatically renew at the APY and dividend rate currently in effect and the Buy Up Option may not be available. For Non-Automatically Renewable Certificate Accounts, the account will not renew automatically at maturity. If you do not renew the Certificate Account by the maturity date or by the close of Hughes's business day prior to the maturity date, your Certificate Account will be automatically transferred to your Main Share Savings account. The Buy Up Option does not apply to Youth or IRA Certificate Accounts.

10. Holiday Club Savings Account. This share account provides Hughes members an easy way to save for their holiday expenses. When you open this account, you additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosure contained herein and that:

- (1) The fiscal year for this account begins October 1 and ends the following September 30.
- (2) Holiday Club Savings accounts can be opened at any time.
- (3) There is a minimum recurring deposit required of \$1.00 per week or \$5.00 per month.
- (4) Withdrawals will be performed once annually by Hughes in the form of a check or transfer. The withdrawal will include all deposits made through September 30 and the dividends earned through September 30 which are credited October 1.
- (5) Disbursement checks will be mailed to your address as recorded in Hughes's files. You will receive your check around October 15. Checks will not be produced on accounts with balances of less than \$15.00.
- (6) Automatic transfers to the account you specify will be processed without regard to the balance in the account. Funds under \$15.00 will be transferred. Transferred funds will be available to you on October 1. If October

1 is a Sunday, funds will be available on Hughes's next business day.

- (7) Withdrawals at times other than the October disbursement period are allowed at the discretion of the member; however, the withdrawal must be for the entire balance of the account. The account will then be closed and cannot be reopened until the beginning of the next Holiday Club Savings account fiscal year.

11. Daily Savings Account. Hughes offers this account in order to provide its members with a transactional savings account. When you open this account, you additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosures contained herein and that:

- (1) This is a required account when you request and accept a Hughes Visa[®] Debit Card or ATM Card and you do not have a Checking Account.
- (2) ATM and Voice Response System savings transactions are processed against this account.

12. "You Name It" Savings Account. Hughes offers a "You Name It" Savings Account that members can use for any purpose they desire such as saving for vacations, college, new car, taxes, summer child care needs, back-to-school expenses, etc. You can name this account yourself (up to 24 characters) such as "My Cruise Vacation." The name you select for your account will appear on your account statement and on eBranch online banking so you can easily track your progress toward your savings goals. By having this account, you agree to all the terms and conditions of Hughes Federal Credit Union's *Share Accounts Information and Disclosures* including the right of offset. You additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosure subsection 3. 'Non-Term Accounts' contained herein and that:

- (1) Since this account has a specific savings purpose, no ATM access or Overdrawn Protection is allowed.

13. Escrow Share Account. Hughes offers an Escrow Account for you to use to pay taxes and/or insurance premiums on Real Estate, which you have pledged as collateral on a loan at Hughes. You are required to pay your taxes and insurance premiums on your own behalf. Dividend information pertaining to this account is the same as that contained in the Truth-In-Savings Disclosure subsection 3. 'Non-Term Accounts' contained within this brochure.

14. Ultimate, Premium and High Yield Money Market Savings Accounts. Hughes offers this account in order to provide its members a higher yield savings instrument which has withdrawal rights without penalties. When you open this account, you additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosures contained herein and that:

- (1) A minimum withdrawal, of at least \$500.00, may be made during any business day. The \$500.00 minimum does not apply to the withdrawal of dividends. A withdrawal and deposit made in the same day in order to circumvent the minimum withdrawal requirement shall not be allowed. For example: a \$600.00 withdrawal cannot be followed within the same day by a \$500.00 deposit. This results in a net withdrawal of \$100.00 which is contrary to this requirement. There is no minimum deposit requirement.
- (2) Current period credited dividends may be partially or totally withdrawn within fifteen (15) days after the end of the quarterly dividend period; that is, by the end of day April 15, July 15, October 15, and January 15. Should this day fall on a weekend or holiday, you will have until the close of Hughes's next business day to make such withdrawal.
- (3) You have the option of receiving your dividends by check, transferring them to another share account, manually withdrawing them, or allowing them to remain in the account. Checks will be mailed to your address as recorded in Hughes's files. The removal of dividends from your account will reduce the annual percentage yield to as low as the dividend rate, depending on the amount of dividends removed. If you close the account prior to dividends posting, any uncredited accrued dividends will be forfeited.

15. Individual Retirement Account (IRA). Hughes offers IRA Shares and Certificate Accounts to encourage its members to save for their retirement years. When you open this account, you additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosures contained herein and that:

- (1) Individual Retirement Accounts shall comply with all Internal Revenue Service requirements and applicable federal regulation.
- (2) The account is subject to applicable tax penalties and any required notices.
- (3) The account may not be pledged, transferred, or assigned and that the account is not now subject to any pledge of shares or deposits that you have previously signed, and Hughes disclaims its rights to any such pledge.
- (4) Additional information and agreements are contained in the *IRA Individual Retirement Account Custodial Agreement IRA Disclosure Statement*.
- (5) Deposits to an Individual Retirement Account may be tax deductible up to the limits allowed by the Internal Revenue Service.
- (6) Individual Retirement Accounts are insured separately to \$250,000.00 by the National Credit Union Administration.

a. IRA Certificate Accounts. Hughes also offers IRA Certificate Accounts which are similar to Certificates of Deposit by other financial institutions. IRA Certificate Accounts represent an interest in the Credit Union. The IRA owner must be the primary owner of the Main Share Savings Account.

b. Owner(s) Liability. Owner(s) of an IRA Certificate Account additionally agree to the terms and conditions on rate information, early withdrawal penalties, compounding and crediting, renewal policies, and transaction limitations as contained in Truth-In-Savings Disclosures subsection 4. 'Term Accounts' contained herein and to those that follow.

A substantial penalty shall be imposed in the event funds are withdrawn before maturity. Should the penalty exceed the dividends, or the dividends have already been withdrawn, or if the dividends have not yet been earned, the early withdrawal penalties shall be deducted from the principal amount. The early withdrawal penalties shall not apply to withdrawals prior to the maturity date if the withdrawal: **(1)** is subsequent to the death of any owner of the IRA Certificate Account; **(2)** is the result of the owner's membership in Hughes being terminated by Hughes under the terms of Hughes Bylaws; or **(3)** is a result of liquidation of Hughes.

c. Maturity Terms. Hughes has categorized its IRA Term accounts by maturity period. IRA Certificate Accounts offered by Hughes are:

- (1)** One year having 244 to 729 days to maturity.
- (2)** Two year maturing two (2) calendar years from purchase date.
- (3)** Three year maturing three (3) calendar year from purchase date.

Some categories of IRA Certificate Accounts may not be offered by Hughes from time to time.

d. Automatic Dividend Disbursements. Hughes provides one option to disburse dividends on IRA Certificate Accounts. Dividends may be credited to your IRA Certificate Account to be compounded.

e. Rate Information. The dividend rate on Hughes's IRA Certificate Accounts along with the annual percentage yields are set forth in the *Rates & Fee Schedule*. You may call the number listed on the back of this brochure to obtain current rate information.

The dividend rate and annual percentage yield on IRA Certificate Accounts are fixed and will not change during the specified period. The annual percentage yield is based on the assumption that dividends will remain in the account until maturity.

f. Early Withdrawal Penalties. We will impose a penalty if you withdraw any of the principal or dividends from your

account before the maturity date. The penalty of early redemption shall equal the greater of:

- A loss of \$35.00 or 90 days dividends on an original term 123 days to 366 days,
- A loss of \$50.00 or 180 days dividends on a term greater than 367 days.

Partial withdrawals are not allowed.

g. Compounding and Crediting. Dividends will be compounded and credited as set forth in the *Rates & Fee Schedule*. The dividend periods are monthly. The monthly period begins on the first day of the month; for example, January 1 through January 31. Dividends are credited the first day of the succeeding month; for example, dividends for January's dividend period are credited February 1. Dividends for the last dividend period, will be credited on the maturity date.

h. Renewal Policies. Hughes provides IRA Certificate Accounts that renew automatically. For Automatically Renewable IRA Certificate Accounts, your account will automatically renew at maturity. You will have a grace period of ten (10) calendar days after the maturity date to withdraw the funds in the account without being charged an early withdrawal penalty. For example, for an IRA Certificate Account maturing on January 5, you will have until the close of Hughes's business day January 15 to withdraw the funds. Should January 15 not be a business day, you will have until the close of Hughes Federal Credit Union's next business day following January 15.

Should the IRA Certificate Account be redeemed during the grace period, no dividends will accrue or be paid from the maturity date through and including the day of redemption.

IRA Certificate Accounts will renew at the highest rates offered during the ten (10) day grace period and will renew for the same time period as the original.

i. Transaction Limitations. After the account is opened, you may not make deposits into the account until the maturity date of the IRA Certificate Account.

16. Health Savings Account (HSA). Hughes offers HSAs as a way for individuals and families with HSA-qualified insurance to make tax-deductible contributions into an account to pay for present, future and retiree medical expenses provided that you are covered under a high-deductible health plan when contributions are made. The money deposited remains in a checking account and unused funds roll over automatically each year to the next year. When you open this account, you additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosures contained herein and that:

- (1) Health Savings accounts shall comply with all Internal Revenue Service (IRS) requirements and applicable federal regulations.

- (2) The account is subject to applicable tax penalties and any required notices.
- (3) The account may not be pledged, transferred, or assigned and that the account is not now subject to any pledge of shares or deposits that you have previously signed, and Hughes disclaims its rights to any such pledge.
- (4) Additional information and agreements are contained in the *HSA Custodial Agreements and HSA Disclosure Statement*.
- (5) Contributions to an HSA account may be tax deductible up to the limits allowed by the Internal Revenue Service (IRS) and can be made by you, your employer, or both.
- (6) HSAs are insured to \$250,000 by the National Credit Union Administration.

The account is opened as a checking account and may be issued with a Visa[®] Debit Card per the *Visa[®] Debit Card Disclosure and Agreement*. This account will not have any Overdrawn Protection nor is it eligible for Discretionary Overdraft Privilege and shall be charged fees as set forth in the *Rates & Fee Schedule*. Checks may be used to withdraw shares from your HSA account. Only Hughes approved checks, devices, and methods may be used to withdraw shares from HSA account. Orders of checks will be charged to your HSA account.

17. Main Share Savings Account. This is Hughes's primary savings account which is required of every member. By having this account, you agree to all terms and conditions set forth in this Share Agreement. You additionally agree to the rate, dividend, and balance information stated in the Truth-In-Savings Disclosure contained herein and that:

(1) You must obtain and maintain a minimum of \$50.00 in this account in order to be eligible to receive any of Hughes services and products.

18. Share Draft Account.

a. Responsibilities. Hughes offers three types of checking accounts that let you withdraw your money and write checks against your account at any time. Our checking accounts are Checking, Checking PLUS and Checking Restart. When you open a checking account, you additionally agree to the rate, dividend, and balance information as stated in the Truth-In-Savings Disclosures contained herein and that:

- (1) We are providing you with the following information regarding how we process the items that you authorize. Hughes is to pay share drafts signed by any of the Share Draft account owners and to charge the payments against the share Draft account. We commonly receive items to be processed against your account(s) multiple times per day in what is referred to as presentment files. It is common for each of these

presentment files to contain multiple items to be processed against your particular account. In this case, when multiple items are received at once, the items will be paid as follows: checks are paid by amount, lowest to highest; ACH items in each presentment file post credits first, then debits paid by dollar amount, lowest to highest, and generally we will receive up to two ACH presentment files per day; ATM/POS items are paid in the order they are presented. YOU AGREE THAT MULTIPLE ATTEMPTS MAY BE MADE TO SUBMIT A RETURNED ITEM FOR PAYMENT AND THAT MULTIPLE FEES MAY BE CHARGED TO YOU AS A RESULT OF A RETURNED ITEM AND REPRESENTMENT. Items performed in person such as withdrawals or checks cashed at one of our locations or a shared branch, are generally paid at the time they are performed. The order in which items are paid if there is not enough money in your account to pay all of the items that are presented is important because your larger, and perhaps more important, items may not be paid first, but may reduce the amount of overdraft or NSF fees you have to pay.

- (2) Any funds in your Share Draft account shall not be pledged or otherwise used by the account owner(s) as collateral security on any loan.

About our Checking

The Checking account has no minimum deposit required to open and no monthly service charge. Refer to the *Rate & Fee Schedule* for prospective rates and fees.

About our Checking PLUS Account

The Checking PLUS account has no minimum deposit required to open with a low monthly service charge (fee). Refer to the *Rate & Fee Schedule* for prospective rates and fees.

About our Checking Restart Account

The Checking Restart account has no minimum deposit required to open with a low monthly service charge (fee). No dividends are paid. Discretionary Overdraft Privilege is not available with this account. Hughes sends a letter to invite you to apply for a Checking account after 12 months of satisfactory history. Refer to the *Rates & Fee Schedule* for prospective rates and fees.

b. Drafts. Only Hughes approved share draft blanks, devices, and methods, may be used to withdraw shares from Share Draft accounts. Hughes may provide on new Share Draft accounts an initial supply of share drafts at no cost to you. Checking PLUS accounts receive up to \$12.00 in value of free checks per year. Subsequent orders of share drafts shall be charged to your Share Draft. Hughes may return as unpaid any draft that is not drawn on the form provided by Hughes. If Hughes accepts any draft that is not drawn on a form provided

by Hughes, you will be responsible for any loss incurred by Hughes for handling the draft. You understand and agree that, when paid, your original draft becomes the property of Hughes and may not be returned to you, but copies may be retained by Hughes and made available upon your request. You also understand and agree that drafts or copies thereof are made available to you on the date your Share Draft account statement is mailed to you, even though the drafts do not accompany the statement. You understand and agree that a fee will be charged for the original draft (available for a limited time) or for a copy of the original draft as stated in the *Rates & Fee Schedule*.

c. Overdrawn Liability. Hughes is under no obligation to pay any draft or other item (including electronic funds transfer) which exceeds the available balance in your Share Draft account. However, if you have selected the Overdrawn Protection Plan option, then on any day that the funds in your Share Draft account are insufficient to cover drafts, fees, or other items posted to your account, those deficient amounts will be handled in accordance with our overdrawn procedures and the selected Overdrawn Protection Plan. Hughes's determination of an insufficient account balance may be made at any time between presentation and the Credit Union's 5:00 p.m. (Eastern Standard Time EST) cutoff with only one review of the account required. Hughes has no duty to notify you of a draft or other item returned or manually honored due to insufficient funds. Your account will be subject to a charge for the draft or other item whether paid or returned. You agree that Hughes is permitted to pay any overdraft items and any fees for credit union services from funds subsequently deposited into the account including direct deposit such as Social Security. Except as otherwise agreed in writing, Hughes by covering one or more overdrafts, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time without notice. If Hughes pays a draft or other item or imposes a fee that would otherwise overdraw your account, you agree to pay the overdrawn amount. Hughes reserves the right to pursue collection of previously dishonored drafts or other items at any time, including giving a payor bank extra time beyond any midnight deadline limits. Non-sufficient fund activity may be reported to credit reporting agencies and account verification service providers.

d. Overdrawn Protection Plan. If an Overdrawn Protection Plan has been requested by you, Hughes will honor drafts or other items drawn on insufficient funds in your account by transferring the necessary funds from your *Revolving Line of Credit Plan* loan account if applicable, Daily Savings account, or Main Share Savings account, in that order or as you have directed. Transfers from a share account will be governed by this Share Agreement. Transfers from a loan account will be governed by the applicable Loan Agreement and this Share Agreement. In the event that any of the joint owners cause this

Share Draft account to be overdrawn, and if any of the joint owners is eligible to receive advances from Hughes under a *Revolving Line of Credit Plan* loan account, and that loan account (regardless of whom the co-makers or co-borrowers may be, if any) was selected for the Overdrawn Protection Plan; then that overdraw shall be deemed to be a request upon Hughes for an advance from said loan account sufficient to permit Hughes to honor such item and to credit the loan advance to the Share Draft account. If an advance is not approved under the *Revolving Line of Credit Plan* loan account, then Hughes is hereby authorized to transfer the necessary funds from any other share account under the Overdrawn Protection Plan or from any share account not under the Overdrawn Protection Plan as described next.

Should the Overdrawn Protection Plan be inadequate to cover the insufficient funds in the Share Draft account, Hughes may transfer the necessary funds from any account under this Share Agreement and charge your account an **Overdraft Usage Applied Manually** fee or may return the item and charge your account a **Non-sufficient Funds** fee.

Should you decline the Overdrawn Protection Plan and there is insufficient funds in your Share Draft account, your drafts or other items will not be paid, they will be returned, and a **Non-sufficient Funds** fee will be charged for each item returned.

e. Discretionary Overdraft Privilege Policy. It is the policy of Hughes Federal Credit Union to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

The *Share Accounts Information and Disclosures* booklet provided to you at the time you opened your account with us controls the duties, obligations and rights of the Depositor, the Authorized Signatories and Hughes with regard to your checking account. The *Share Accounts Information and Disclosures* booklet (and all agreements thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Overdraft Privilege Policy and the *Share Accounts Information and Disclosures* booklet. A copy of the *Share Accounts Information and Disclosures* booklet is available to you on request from Hughes Federal Credit Union.

Overdraft Privilege is not a line of credit or the same thing as Overdrawn Protection. Overdraft Privilege is for checks and other transactions made using your checking account number, ACH withdrawals, or automatic bill payments. With your Opt-in, Hughes will also pay overdrafts, based on the available balance for ATM and everyday debit card transactions on eligible Checking and Checking Plus accounts only. Overdraft Privilege is not available for our Voice Response System, Health Savings Account, Checking Restart, or withdrawals at the teller line. However, if you overdraw your account, we will

have the discretion to pay the overdraft, based on the available balance, subject to the limit of your Overdraft Privilege and the amount of the overdraft fee. Hughes is not obligated to pay any item presented for payment if your account does not contain sufficient available funds. Any discretionary payment by Hughes of an overdraft checking account does not obligate Hughes to pay any additional non-sufficient funds check or item(s) or to provide prior notice of its decision to refuse to pay any additional non-sufficient funds check or item. If we do not authorize and pay an overdraft, your transaction will be declined.

Pursuant to Hughes's commitment to always provide you with the best level of service, now and in the future, if you maintain your account in good standing, which includes at least:

- (1) Bringing your account balance to a positive balance within every thirty (30) day period for 24 hours;
- (2) You are not in default on any loan or other obligation to Hughes; and,
- (3) You are not subject to any legal or administrative order or levy.

Hughes will have the discretion to pay overdrafts within the Overdraft Privilege limits, but payment by Hughes is a discretionary courtesy and not a right of the account holder or an obligation of Hughes. This privilege for checking accounts will generally be limited to a maximum of \$600 overdraft (negative) balance for Checking and \$750 for Checking PLUS. When a check(s) or ACH electronic item(s) are presented and the funds are not available in the checking account or the member's designated overdraft sources, Hughes will honor the check(s) or items by bringing the checking account to a negative balance up to \$600 for Checking and \$750 for Checking PLUS including the non-sufficient funds fees. Examples of such ACH electronic items are prearranged bill payments, insurance premiums, or one-time electronic funds transfer from your checking account using the information from your check to pay a bill. Of course, any and all fees and charges, including without limitation the non-sufficient funds fees (as set forth in our *Rates & Fee Schedule* and *Share Accounts Information and Disclosures* booklet), will be included as part of this maximum amount.

The total of the discretionary Overdraft Privilege (negative) balance, including any and all fees and charges, including all nonsufficient funds/overdraft fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all such amounts as described in the *Share Accounts Information and Disclosures* booklet and *Rates & Fee Schedule*.

Again, while Hughes will have the discretion to pay overdrafts on accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the account holder or an obligation of Hughes and Hughes in its

sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.

f. Fees. A Share Draft account shall be charged fees as set forth in the *Rates & Fee Schedule* for the following:

(1) **Non-sufficient Funds** fee may be charged each time an item is presented and dishonored and returned.

(2) **Overdraft Usage Applied Manually (MANUAL APPLD OVERDRAFT)** fee for each item that Hughes chooses to manually honor.

(3) **Stop Payment Placement** fee for each request, which can be a single share draft number or a consecutive range of numbers.

(4) **Stop Payment Removal** fee for each owner(s) requested cancellation of a stop payment placement.

(5) **Share Draft Original (SHARE DRAFT ORIG/COPY)** fee for each original share draft requested or subpoenaed. Originals are available for a limited time period.

(6) **Share Draft Copy (SHARE DRAFT ORIG/COPY)** fee for each copy of a requested or subpoenaed share draft. Share draft copies are copies of the microfiche, microfilm, or magnetic image of the original share draft and are available for the time periods required by law.

(7) **Share Draft Account Reconciliation/ Balancing Service (ACCOUNT BALANCING RVC)** fee charged when Hughes is requested to balance the Share Draft account. Neglected accounts, those not balanced to the penny for the last six (6) months, may require extensive effort as time permits.

(8) **Share Draft Research (ACCOUNT RESEARCH)** fee shall be charged when researching share draft problems or inquiries requested by the owner(s).

(9) **Share Draft Check Order** a printing fee imposed by the share draft (check) printer and charged to your account. This fee varies depending on the share drafts that are ordered. Charges for optional share draft books/holders are included in this fee.

When the title is different than or longer than allowed on the statement, the verbiage in parentheses after the fee title will appear on your statement.

g. Account Termination. Hughes reserves the right to terminate your Share Draft account when Hughes has determined that you have abused your share draft privileges. Hughes considers abuse to consist of, but not be limited to, losses suffered by Hughes due to your negligence or intent, requesting stop payment orders on items which would create an overdraft on your account, and excessive non-sufficient funds activity as determined by Hughes. If you have not made any transactions over 120 days on your Share Draft Account, we may classify

your account as inactive. We will notify you of any inactive account status and applicable fees, as required by law, at your last known address. If a deposit or withdrawal has not been made to the checking account and we have had no other contact with you within the specified period, the checking account will be closed and any remaining funds placed in your Main Share Savings. You authorize us to transfer funds from another account of yours to cover any service fees, if applicable.

Upon notice of termination or cancellation of your Share Draft account at any time by Hughes or by you or any of the account owners, you and all applicable account owners jointly and severally agree to return to Hughes any and all outstanding negotiable share drafts without further negotiations of the same. You also agree to return any and all ATM Cards that you or any of the account owners were issued without their further use.

h. Helpful Suggestions. Always check your drafts (checks) to ensure that your name, address, account number, and all other pertinent information are correct. Notify Hughes immediately should any information be incorrect.

Balance your draft account every month and balance it to the penny. Should you not be able to balance your account, please ask us for assistance as soon as possible. Hughes charges a fee to balance accounts and to assist in balancing accounts; however, should an error have been made by Hughes within the last three (3) months, there will be no charge for balancing your account.

Sign up for Overdrawn Protection first from your line of credit, then from your Daily Savings account, and lastly from your Main Share Savings account. Mistakes do happen and emergencies do occur, but with Overdrawn Protection, costly non-sufficient fund fees may not be an additional burden. The overdraft transfer from your line of credit or share account will be made for the amount of deficiency incremented up to the next whole dollar amount. For example, a \$50.13 non-sufficient fund will cause a \$51.00 transfer from your line of credit or share account. There is no cost to you for this automatic transfer.

19. How Overdrawn Protection Works for Various Accounts and Services:

a. Checks: Overdrawn Protection (ODP) will go through each source as set up by the member and will drain the balance before it moves on to the next source.

b. Savings: Overdrawn Protection is not available on saving Accounts, but the savings account can be used as overdraft for the checking account. Funds must be in savings for the full amount for the item to be paid.

c. Electronic Debits From Checking: Funds must be available in one Overdrawn Protection source account for the item to be paid. A single source for the whole amount is required.

d. Signature Based: Transactions approved for the total amount available in all the Overdrawn Protection sources, and will only place a hold on the balance in the checking account.

e. PIN Based: A single source for the whole amount is required.

f. Bill Pay: Overdrawn Protection is not available on Bill Pay. When scheduling a bill payment from your checking account, please have sufficient funds available in your account to cover the amount of the bill payment at the time the Bill Pay transaction occurs to avoid non-sufficient funds (NSF) fees.

g. Offline Transactions: There is no ODP for signature and PIN based transactions when the Credit Union is offline. If funds are not available in your line of credit or share account, the overdrawn protection will not process and you will be subject to applicable fee(s) per the *Rates & Fee Schedule*.

20. Automated Teller Machine (ATM) Card.

a. Convenience and Transactions. You agree that Hughes's ATM Card and associated machines are provided solely as a convenience for you and your joint account owner(s). You and your joint owner(s) may make withdrawals, deposits, transfers, balance inquiries, and loan payments at ATMs owned by Hughes (proprietary ATMs); and withdrawals, deposits, and transfers at ATMs not owned by Hughes (nonproprietary ATMs). Because of machine limitations, not all transactions may be performed as indicated above.

Your ATM Card may also be used to make Point-of-Sale purchases which shall debit your Share Draft account. Absent a Share Draft account, Point-of-Sale purchases shall debit your Daily Savings account.

When you receive your ATM Card, make a mental note of its expiration date. Hughes's ATM Cards are generally valid for two years, but other periods may apply especially with the first issue. All terms and conditions of the *Open End Revolving Credit Plan* executed by and between Hughes and you and your joint account owners, together with all terms and conditions of this Share Agreement shall govern all transactions for which your ATM Card is issued.

b. Owners Liability. Only ATM Card(s) approved by Hughes may be used to perform transactions at participating machines, merchants, and networks that affect your account(s) at Hughes. The ATM Card(s) supplied by Hughes to you and/or your joint account owners shall remain the property of Hughes. Hughes will issue a Personal Identification Number (PIN) to be used in conjunction with the ATM Card to perform transactions. **You and the account owners agree to keep the PIN confidential to avoid unauthorized use of the card. You and the account owners further agree that the PIN will not be written on the ATM Card or kept in the same**

location as the card such as wallet or purse, but instead will be memorized or stored in a separate place from the ATM Card. You and the account owners further agree that any ATM Card that has been issued to you or any joint account owner(s) shall be protected from use by unauthorized users. You and the account owners agree to be jointly and severally liable and financially responsible for any losses due to the unauthorized use of the ATM Card. Any and all losses occurring through the use of the ATM Card, whether such use be authorized or unauthorized, shall be, and is the responsibility of the account owner(s) in accordance with applicable laws. Authorized use means that you or one of the joint account owners on your account have personally used the ATM Card or you or one of the joint account owners have provided or otherwise made accessible their ATM Card and PIN to a third party.

For additional information pertaining to your ATM Card usage and your rights concerning electronic funds transfers and errors in those transfers, refer to *Electronic Fund Transfers Disclosure Regulation E* contained herein.

c. Hughes Liability. Hughes shall have no additional liability from its issuance of ATM Card(s). Hughes makes no warranty, either expressed or implied, through the issuance of the ATM Card(s), this Share Agreement, or any rules and regulations imposed by Hughes regarding the use of the ATM Card(s) or machine(s) by you and the account owners.

d. Overdraft. In the event that any of the account owners make a cash withdrawal which would result in their account becoming overdrawn, the same conditions as detailed under subsection 18.c., 'Overdrawn Liability' and subsection 18.d., 'Overdrawn Protection Plan' contained in this Share Agreement would apply. The account owners shall not at any time overdraw their Share Draft account or savings account by the use of their ATM Card(s). If there is an overdraft in violation of this Share Agreement, you and the account owners shall repay Hughes all such amounts on demand, together with all service charges (refer to Fees following), plus reasonable attorney's fees and costs incurred by Hughes.

e. Notice of Change. All provisions of this Share Agreement are subject to change by Hughes at its sole discretion. You and the account owners need not be bound by the provisions of the amended Share Agreement as relating to the ATM Card, provided the ATM Card is returned to Hughes immediately without further use, and all funds due thereunder by you and the account owners shall be paid forthwith. Retention and use of the ATM Card by any authorized user shall constitute acceptance of this Share Agreement subject to the specific provisions of this Share Agreement and any amendments thereof.

f. Lost Card. If the ATM Card is lost or stolen, you or

another account owner shall immediately notify the Hughes at the telephone number listed on the back of this brochure and follow up in writing at the address listed on the back of this brochure.

g. Termination. Hughes may terminate the right of the account owner(s) to use the ATM Card at any time and for any reason without notice. Upon demand, the ATM Card holders will immediately return and surrender the ATM Card(s) to Hughes without further usage. All rights and privileges extended under this Share Agreement shall terminate on any ATM Card expiration date, determined solely by Hughes, should a new replacement ATM Card not be issued. Certain rights and privileges extended under this Share Agreement may terminate upon termination of any agreements relating to the use of ATM machines between Hughes and any financial institutions making services available to Hughes members. It is specifically agreed that Hughes would not issue any ATM Card(s) were it not for you and the account owners jointly and severally agreeing to all matters contained in this Share Agreement.

h. Fees. Hughes shall charge fees as set forth in the *Rates & Fee Schedule* for the following items. Fees shall first be charged to the Checking account. Absent a Checking account, fees will be charged to your Daily Savings account, then to your Main Share Savings account. Accounts that are charged an ATM nonproprietary usage fee are debited to the account immediately. Please be sure to debit the amount from your transaction register for easy balancing.

- (1) Replacement Card** fee shall be charged to you for each ATM Card that is replaced at your request, except for normal usage, deterioration, theft (which is not through any neglect on your part), and renewal.
- (2) Withdrawal Insufficient Funds (NON-SUFFICIENT FUNDS)** fee for each transaction which cannot be processed due to insufficient funds in your account(s).
- (3) Overdraft Usage Applied Manually (MANUAL APPLD OVERDRAFT)** fee for each withdrawal that Hughes must manually process because the Hughes computer system could not complete due to inadequate or no Overdrawn Protection.

When the title is longer than allowed on the statement, the verbiage in parentheses after the fee title will appear on your statement.

There will be no fee charged by Hughes for the following:

- (1)** Any transactional use of the ATM machines owned by Hughes.
- (2)** Any deposit or transfer activity through nonproprietary ATMs.
- (3)** Point-of-Sale transactions; however, fees can be

imposed by the Point-of-Sale merchant or device owner which will be passed through to you. Any such fees are required to be posted prominently at the machine with the merchant or device owner responsible for the posting.

21. Visa® Debit Card Disclosure and Agreement.

This Disclosure and Agreement is by and between Hughes Federal Credit Union (“the Credit Union” or “we,” “us” or “our”) and the cardholder(s) (“you” or “your”) and applies to the Visa® Debit Card (also called “the Card”) issued by the Credit Union and linked to share or share draft (checking) accounts held by you at the Credit Union (the “Account”). This Agreement may be changed from time to time by the Credit Union by providing you notice of the changes in any time period required by law. Your continued use of the Visa® Debit Card or your failure to return the Visa® Debit Card to the Credit Union within 21 days of your receipt of notice represents your acceptance of any new terms.

a. Issuance of Visa® Debit Cards: The Visa® Debit Card can be used to access funds in your Account. The Credit Union will issue you a PIN (Personal Identification Number) that must be used with the Visa® Debit Card for transactions that require use of a PIN. Do not reveal your PIN to anyone else or write it down where it is available to others. The Visa® Debit Card is the property of the Credit Union and you agree to surrender the Card upon request by the Credit Union. The Credit Union may close your Visa® Debit Card account immediately upon notification that the card has been fraudulently compromised.

b. Responsibility for Transactions: You are responsible for all transactions you make with the Visa® Debit Card for transactions made at ATMs or that you authorize another person to make with the Visa® Debit Card. If the account is a joint account, all transactions involving the account are binding on all account holders. Debit card transactions and related authorization holds may impact your available balance. It is important to know that your available funds may change between the time you authorize a transaction and when the transaction is paid. Available balance at the time transactions are posted (not when they are authorized) may be used to determine when your account is overdrawn. The following example illustrates how this works: Assume your actual and available balance are both \$100, and your swipe your debit card at a restaurant for \$60. As a result, your available balance will be reduced by \$60 so your available balance is only \$40. Your actual balance is still \$100. Before the restaurant charge is sent to us for posting, a check that you wrote for \$50 is presented at the teller line and clears. Because you have only \$40 available, your account will be overdrawn by \$10, even though your actual balance was \$100 before the check posted. Also, when the \$60 restaurant charge is presented to Hughes and posted to your account, you will not have enough money in your available balance because of the

intervening check, and you will be charged a fee for that transaction as well, even though your available balance was positive when it was authorized.

c. **Illegal Transactions:** You agree not to use the Card in any transaction or in any manner that would be illegal under any federal, state or other jurisdictions' law. **Compliance with Unlawful Internet Gambling Act prohibits gambling businesses from knowingly accepting payments in connection with unlawful internet gambling. Any suspected transaction will be refused.**

d. **Liability for Unauthorized Transactions:** Tell the Credit Union immediately if you believe your Visa® 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 you have one, or savings account Overdrawn Protection). If you tell us within two (2) business days, you can lose no more than \$50.00 if someone uses your card without your permission. If you do NOT tell us within two (2) business days after you learn of the loss or theft of your card or PIN, and we can prove that we could have stopped someone from using your card without your permission if you had told us, you could lose as much as \$500.00.

If your statement shows transfers that you did not make, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, you may not get back any money you lost after the sixty (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 kept you from telling us, we will extend the time periods.

Because of chargeback rights, it is important that you contact the Credit Union immediately with any kind of transactions on your account that you did not authorize or merchandise that you may not be satisfied with. For Visa® Debit Card use at a merchant or otherwise through the Visa® network, you will have \$0 liability for unauthorized transactions, unless you were grossly negligent or fraudulent in handling your Account or Card. You and the account owners agree to keep the Visa® Debit Card confidential to avoid unauthorized use of the Card. You and the account owners further agree that the PIN will not be written on the Visa® Debit Card or kept in the same location as the Card such as a wallet or purse, but instead will be memorized or stored in a separate place from the Visa® Debit Card. You and the account owners further agree that any Visa® Debit Card that has been issued to you or any joint owner(s) shall be protected from use by unauthorized users. If you believe your Visa® Debit Card or PIN has been lost or stolen or that someone has transferred or may transfer money from your Account, call the Credit Union at **520-794-8341** during business hours or

888-904-7788 during nonbusiness or holiday hours, or write the Credit Union at PO Box 11900, Tucson, AZ 85734-1900.

e. Business Days: For purposes of these disclosures, every day is a business day except Saturdays, Sundays, and federal holidays.

f. Use of the Visa® Debit Card: You may use the Visa® Debit Card and PIN to withdraw cash from your account at ATMs or financial institutions that accept Visa® cards. Use of the Visa® Debit Card, the account number on the Visa® Debit Card, the PIN, or any combination of the three, for payments, purchases or to obtain cash from ATMs, financial institutions, or others who honor Visa® cards is an order by you for the withdrawal of the amount of the transaction from your account. Use of the Visa® Debit Card is subject to the terms and conditions of your other Credit Union account terms and conditions and any future changes or abuse to those accounts may affect the use of the Visa® Debit Card.

g. Non-Visa® Debit Transactions: Hughes Federal Credit Union enables non-Visa® debit transaction processing and does not require that all such transactions be authenticated by a PIN. These transactions not approved by a PIN might be processed through non-Visa® Debit networks that offer the PIN-less service and may not be processed as a Visa® transaction (e.g. CO-OP, NYCE, Plus, Star, and Accel/Exchange). Examples of these types of transactions are listed below:

- A purchase made at a merchant through the Visa® network, where the amount is under \$25.00, does not require a signature or PIN for authentication purposes.
- The STAR Network also allows PIN-less bill payment debits and credits for specific merchant types such as utility, property management, and government payments.

The non-Visa® debit transaction will not provide the zero liability, \$50 consumer loss cap, provisional credit policies of Visa®, and the Visa® chargeback and dispute resolution. Provisions of our cardholder agreement relating only to Visa® transactions are not applicable to non-Visa® transactions.

h. Overdrafts: If your account does not have automatic Overdrawn Protection or if there are no overdraft funds available, you agree to pay the Credit Union immediately upon demand for any negative balances arising in your account. The Credit Union reserves the right to deduct the amount of any overdraft on your account from any other account you have with the Credit Union, except on an IRA (Individual Retirement Account). A non-sufficient funds (NSF) fee will be assessed to the account for each NSF overdraft.

i. Limitations: Funds must be available in the account at the time the transaction is made. Additional limits for amounts and number of transactions exist.

j. Fees: Associated fees are described in our Rate and Fee Schedule and should be kept as a part of this Agreement. You may also be charged other fees by the owner or operator of any ATM or other terminal that you use that is not owned by the Credit Union. All fees pertaining to Hughes ATM Cards also apply to Hughes Visa[®] Debit Cards.

k. Confidentiality: We will disclose information to third parties about your account or the transfers you make:

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

l. Documentation: You can get a receipt at the time you make any transfer to or from your Account using one of our ATMs. You will get a monthly Account statement unless there are no transfers in a particular month. In any case you will get a statement at least quarterly.

m. Liability: If we do not complete a transfer to or from 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. The Credit Union will not be liable, for instance: 1) through no fault of the Credit Union, you do not have enough funds in your account to complete a transaction; 2) your overdraft limit has been exhausted; 3) the ATM you are using did not have enough cash; 4) an authorization cannot be cleared because of system malfunction; 5) circumstances beyond our control prevent a transaction from being completed; 6) you use a damaged or expired Visa[®] Debit Card; or 7) you use an incorrect PIN. There may be other exceptions stated in our other agreements with you.

n. Foreign Transactions: Purchases and cash advances made in foreign currencies will be debited from your account in U.S. dollars. The exchange rate between the transaction currency and the billing currency used for processing international transactions is a rate selected by Visa[®] from a range of rates available in wholesale currency markets for applicable central processing date, which may vary from the rate Visa[®] itself receives or the government-mandated rate in effect for the applicable central processing date. The exchange rate used on the processing date may differ from the rate that would have been used on the purchase date or cardholder statement posting date.

A fee will be calculated in U.S. dollars and will be imposed on all foreign transactions, including purchases, cash advances and credits to your account. A foreign transaction is any transaction that you complete or a merchant completes internationally.

Visa® International ATM acquirers may impose an access fee on international ATM cash disbursement transactions for cardholders traveling internationally. An international transaction fee may be charged for any card transaction or purchase made in a foreign country or involving a merchant located in a foreign country, even if you are in the United States while making the transaction.

In Case of Errors or Questions

In case of errors or questions about your electronic transfer. Telephone us at **520-794-8341** or write us at PO Box 11900, Tucson, AZ 85734-1900 as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number.
- (2) Describe the error on the 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.
- (3) Tell us the dollar amount of the suspected error.

If you tell us verbally, we may require that you send us your complaint or question in writing within ten (10) business days. We will determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, to do this, we will credit your account within ten (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 our investigation. (If the error you assert is an unauthorized Visa® transaction, other than a cash disbursement at an ATM, we will credit your account within five business days, unless we determine that the circumstances on your account history warrant a delay, in which case you will receive credit within ten (10) business days.) If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account.

We will tell you the results within three (3) business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

If you give notice of an error within thirty (30) days after you make the first deposit to your account, we will have twenty (20) business days instead of ten (10) business days. If you give notice of an error within thirty (30) days after you make the first deposit to your account, notice of an error involving a Point-of-Sale transaction, or notice of an error involving a transaction initiated outside the U.S., its possessions and territories, we will have ninety (90) days to investigate.

22. Limitation of Services Non-Dividend Bearing Account. The privilege of Hughes services available to

members must be reserved for members who are in “good standing” with the Credit Union. The purpose of this policy is to protect the employees, volunteers, and members of the Credit Union from abusive members and non-members and is enacted to address standards of member conduct. The determination of whether a member is in “good standing” with this Credit Union will be made at the sole discretion of Senior Management of this Credit Union. Hughes policy prohibits Hughes from providing any services to any member causing Hughes to sustain a loss or is not in “good standing” with the Credit Union, except for a single non-dividend bearing share account which allows such member the right to vote on Credit Union matters open to voting membership. Hughes policy provides for both expulsion and denial of services. These two privileges are dictated by the National Credit Union Administration Rules and Regulations when a credit union elects not to expel such member from its membership. Should such member have any funds in any share account at Hughes, of which, by law Hughes is prohibited from offsetting its losses, these funds will be transferred to this non-dividend bearing share account. This will close the dividend bearing share account(s) and all accrued non-credited dividends will be forfeited. Per the National Credit Union Administration, non-dividend earning accounts are also available for individuals without a taxpayer identification number (TIN). This applies to non-U.S. citizens.

23. Account Rates and Fees. Hughes’s payment of earnings on your account is subject to the account rates, fees, payment requirements, and balance requirements as set forth in the *Rates & Fee Schedule* and Truth-In-Savings Disclosures. Hughes may charge you fees for account servicing efforts and for services provided by Hughes and its vendors. The fees and charges that may be assessed against your account are set forth in the *Rates & Fee Schedule*. You agree that Hughes may change the *Rates & Fee Schedule* at any time, and you will be notified of such changes as required by law.

24. History Verification. Upon your request, Hughes will inform you of the name and address of each credit reporting agency from which the Credit Union obtains a credit report in connection with the opening or maintenance of your account(s). Hughes agrees not to disclose information to third parties about your account regarding any transaction or balances except when: **(1)** it is necessary to complete the transaction; **(2)** the third party seeks to verify the existence or condition of your account in accordance with applicable law; **(3)** such disclosure is in compliance with the law, government agencies or court orders; or **(4)** you give us your written permission.

25. Taxpayer Identification Numbers and Backup Withholding. If your account is or becomes subject to backup withholding, Hughes is required by law to withhold and pay to the Internal Revenue Service (IRS) a required percentage of

payments of dividends, interest, and certain other payments under certain conditions. Your failure to furnish a correct Taxpayer Identification Number (TIN) or meet other applicable requirements may result in backup withholding. If you fail to provide your TIN, Hughes may suspend the opening of your account.

26. Deposit of Funds Requirements. Funds may be deposited to any account, in any manner approved by Hughes in accordance with any and all requirements as set forth in this Share Agreement and all attached Schedules and Disclosures.

By depositing or cashing a check, we are providing you a service. We may require you to deposit the check into your Main Share Savings account and we will place an extended hold, in order to protect you from a loss due to non-payment. We reserve the right to refuse to accept any check. When negotiating a check for you, we are giving you credit for that check. If the check is returned for non-payment, we will remove the credit from your account.

You also agree before you deposit a check, draft or other negotiable instrument you will inform us of any facts, circumstances and information that you are aware of that may indicate that the item may not be paid, may be fraudulent and/or issued in connection with illegitimate, unlawful and/or fictitious transaction or enterprise. You understand you are responsible if an item is returned for non-payment.

If we believe a check, draft or item offered for deposit is subject to fraud and we elect to return that check, draft or item to you, you agree that for your and the Credit Union's protection we may note on the item the type of fraud before returning the item to you. We may retain the item to determine if the item is fraudulent and if so the identity of the perpetrator. Further, you agree that such retention protects you and the Credit Union from incurring a loss on the check, draft, or item and that such retention does not convert the check, draft or item.

a. Endorsements. You authorize Hughes at its discretion, to accept transfers, checks, drafts, and other items for deposit into any of your account(s) if they are made payable to, or to the order of, any one or more joint owners on the account, whether or not they are endorsed by all payees. You authorize Hughes to supply missing endorsements of any owners if Hughes chooses to supply such endorsements. If an insurance, government, or other check or draft requires an endorsement as set forth on the back of the check or draft, Hughes may require endorsements as set forth on the item. **All checks payable to multiple payees with the connecting word "and" requires each payee's personal endorsement.** Endorsements on third party checks will require acceptable means of identification of the original payee and any subsequent payees. Endorsements must be placed in the space on the back of the share draft or check between the

top edge and 1 1/2 inches from the top edge. Hughes may accept drafts or checks with endorsements outside this space. However, if any such endorsement or any other markings made by you or any prior endorser on the draft or check causes any delay or error in processing the item for payment, you will be responsible for any such loss incurred by Hughes due to the delay or error.

b. Collection of Items. Hughes shall not be responsible for deposits made by mail or at an unstaffed facility until Hughes actually receives the deposits. In handling items for deposit or collection, Hughes only acts as your agent and assumes no responsibility beyond the exercise of ordinary care. Hughes will not be liable for any loss in transit. Hughes will not be liable for the negligence of any correspondent (any financial institution, processor, agency, company, etc. involved in the collection process), and each correspondent will only be liable for its own negligence. You agree to indemnify Hughes against any and all liabilities resulting from an item placed for collection. Hughes reserves the right to send any item for collection, including but not limited to, deposits of drafts and negotiable instruments that require a collection process, foreign instruments, and items drawn on an institution located outside the United States. Collection items shall not be credited to your account until the collection process has been completed and Hughes has been credited for the funds. You will receive a written notification explaining our collection policy and the approximate time it will take to complete the collection process. This notification shall also include information pertaining to the collection item including the dollar amount.

c. Returned Deposits. All items or ACH (Automated Clearing House) transfers credited to your account are provisional and subject to Hughes's receipt of final payment. If final payment is not received, Hughes reserves the right to charge your account for the amount of such items or ACH transfers or both and impose a Return Check fee as set forth in the *Rates & Fee Schedule* and charged to your account. Hughes will pass through and charge such fee to your account. Hughes shall have the right to charge back against your account all previously deposited items or other items endorsed by you that are returned to Hughes unpaid, regardless of whether the amount of the item has been available for your use.

d. Direct Deposits. Hughes offers direct deposit options which allow you to pre-authorize deposits (i.e., payroll checks, Social Security or retirement checks, or other government checks) or pre-authorize transfers from other accounts within Hughes. You must authorize any direct deposits to your account by a separate authorization form. Upon a filing of bankruptcy, if you fail to cancel any direct deposit authorization, you instruct your employer and Hughes to make and apply direct deposits in accordance with your authorization on file with Hughes. If Hughes is required to reimburse the U.S. Government for

any benefit payment directly deposited into your account for any reason, you agree that Hughes may deduct the returned amount from any of your accounts, unless prohibited by law.

e. Crediting of Deposits. The period from when a financial institution receives your items of deposit until the point when the funds from those items are available for your withdrawal or for paying checks drawn on your account, is called a deposit hold. Deposit holds are measured in business days. Deposit holds shall be placed on items presented for deposit according to the terms and conditions as set forth in the *Funds Availability Disclosure Regulation CC* contained herein. You waive any notice of nonpayment, dishonor, or protest regarding any items purchased or received by Hughes for credit to your account or for collection.

f. Other. In the event a family member, friend, or your employee that you know writes a check drawn on your account payable to any person or entity, or endorses a check made payable to you, to any person, or entity, you authorize the signature, completion and payment of that check and agree that you will address the matter to recover any loss for payment of the check with the family member, friend or employee.

27. Large Currency Transaction. To comply with the Money Laundering Act of 1986, Hughes must file a report with the IRS for each deposit, withdrawal, exchange of currency, or other payment or transfer, by or through Hughes which involves currency of more than \$10,000.00. Multiple transactions by or for any member which in any one day totals more than \$10,000.00 shall be treated as a single transaction for reporting purposes. Hughes is also required to complete a report for any amounts that are of a suspicious nature. Under suspicious circumstances, the report is also filed with the state of Arizona Attorney General's Office.

If you refuse to provide the necessary information for the completion of the IRS report, Hughes can refuse to complete your transaction. You agree that administrative holds may be placed on any cash deposits that Hughes determines to be of suspicious circumstances after you leave the Credit Union. You will be informed of any such holds that are placed and when and if the funds will be released.

28. Transaction Limitations.

a. Withdrawal Restrictions. We reserve the right to require you to provide written notice of any intended withdraws from any account(s) of not less than seven (7) but not more than sixty (60) days before the intended date of withdrawal. Hughes may deny your withdrawal unless you have sufficient available funds in your account or through an Overdrawn Protection Plan to cover the full amount of the withdrawal. Drafts, transfers, or payment orders which are drawn against insufficient funds will be subject to a service charge. If there are sufficient

funds to cover some but not all of your withdrawal orders, Hughes may allow those withdrawals for which there are sufficient funds to be processed in any order at Hughes's discretion. Hughes may also refuse to allow a withdrawal in certain cases; for example: any dispute between the owners about the account (unless a court has ordered Hughes to allow the withdrawal); a legal garnishment or attachment is served; the account secures an obligation to Hughes; any required documentation has not been presented; or your Hughes loan is delinquent. You will be advised of the reasons for refusal if such action is taken. For your own protection, in the event you appear to lack the capacity to conduct a transaction, Hughes reserves the right to refuse to process a transaction.

b. Transfer Limitations. Transfer limitations are set forth in the Truth-In-Savings Disclosures subsection 3.d., Non-Term Account, 'Transaction/Account Limitations' contained herein.

c. Fingerprinting. Any check that you write to a nonmember will require a thumb print of the non-member prior to negotiating the check.

29. Account Access.

a. Authorized Signature. In order to access your accounts, Hughes must have an authorized signature of yours on an *Application for Membership* card or *Designated Joint Owners/Beneficiaries for Specific Accounts* card. Hughes is authorized to recognize your signature, but will not be liable for refusing to honor any item or instructions of yours if Hughes believes in good faith that the signature on such item or instruction is not genuine.

In Hughes's sole discretion, instructions and other agreements containing your signature and transmitted by facsimile machine (fax) may be accepted by the Credit Union. You agree that the Credit Union may treat any such faxed signatures as your original signature. You further agree, upon Hughes's request, to send the original document or instruction containing your original signature to the Credit Union.

If you give your account number, personal identification number, and/or personal phone access number to a third person, you authorize Hughes to honor any transaction(s) initiated by the third person even if you did not specifically authorize a particular transaction.

b. Access Options. You may make withdrawals or transfers from your account in any manner that is permitted by Hughes, which includes but is not limited to, drafts, automated teller machines (ATMs), online banking/bill pay, in person, by mail, automatic transfer, or telephone. If Hughes accepts any draft that is not drawn on a form provided by Hughes, you will be responsible for any loss or expense incurred by the credit union for handling the draft. Hughes may return as unpaid any draft that is not drawn on the form provided by Hughes.

c. ACH and Wire Transfers. When authorized by Hughes, you may initiate or receive credits or debits to your account via wire transfer or ACH transfer. You agree that if you receive funds by a wire or ACH transfer, Hughes is not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement or you may contact the Credit Union to check your account. Hughes may provisionally credit your account for an ACH transfer before it receives final settlement for the transfer. You agree that if Hughes does not receive final settlement for an ACH transfer, Hughes may reverse the provisional credit to your account. If there are insufficient funds in your account, you agree to immediately refund the amount to Hughes. ACH transactions are governed by the rules of the National Automated Clearing House Association.

d. Credit Union Examination. Hughes may disregard information on any draft or check other than the signature of the drawer, amount of the item, and any magnetic encoded information. You agree that Hughes does not fail to exercise ordinary care in paying an item solely because its procedures do not provide for sight examination of items.

30. Postdated and Staledated Drafts. You authorize Hughes to accept and pay any draft without regard to the date of the draft even if the draft is presented for payment before its date. Hughes is under no obligation to pay a check or draft drawn on your account which is presented more than six (6) months after its date. You authorize Hughes to charge your account as of the date that Hughes pays the draft without regard to the date of the draft.

Hughes is not obligated to accept for deposit checks, drafts, or other items before they are properly payable or when they are presented more than six (6) months after their date. Staledated and postdated items accepted for deposit may be, at Hughes option, processed as collection items.

31. Stop Payment Orders.

a. Stop Payment Request. You may ask us to stop payment on any draft you or any account owner draws upon your share draft account. You may request a stop payment by telephone, mail, or in person. The stop payment will be effective, if Hughes receives the order in time to act upon the order and you state the number of the account, the draft number, date written, and the exact amount. You understand that the exact information is absolutely necessary for our computer to identify the draft. If you give Hughes incorrect or incomplete information, Hughes will not be held responsible for failing to stop payment on the draft. If the stop payment order is not received in time for Hughes to act upon the order, Hughes shall not be held liable to you or to any other party for payment of the draft. If Hughes re-credits your account after paying a draft which had a valid and timely stop payment order, you agree to sign a state-

ment describing the dispute with the payee, to transfer all of your rights against the payee or other holders of the draft to Hughes, and to assist Hughes in any legal action taken against the person.

b. Duration of Order. You may make an oral stop payment order which will lapse within fourteen (14) calendar days, unless you confirmed the stop payment order in writing within that time. A written stop payment order will be effective for six (6) months. A written stop payment order may be renewed in writing from time to time. Hughes is not obligated to notify you when a stop payment order expires. Hughes will not remove a stop payment order with an oral request.

c. Liability. Hughes will charge a Stop Payment Placement fee, as set forth on the *Rates & Fee Schedule*, for each draft for which a stop payment order is requested. You should be aware that while payment of the item may be stopped, you may remain liable to any person, including Hughes, who is a holder of the item despite the stop payment order. You agree to indemnify and hold Hughes harmless from all costs; including attorney's fees, damages and claims related to Hughes's action in refusing payment of an item; and including claims of any joint account owners, payee, or endorse due to the failure to stop payment of an item as a result of incorrect information provided by you.

d. Cashier's and/or Hughes Official Checks. Hughes is not required to accept a stop payment order on a cashier's and/or Hughes Official check unless a sworn statement—in a form we deem acceptable—that the check is lost, stolen, or destroyed. A stop payment will only be placed if **at least ten (10) days** has passed since the check was purchased. A refund or replacement check will not be issued until **at least ninety (90) days** after the check was purchased. However, should the Credit Union accommodate a request for a stop payment, it shall have no obligation to continue any stop payment order; and may release any or such stop payment order and pay the item(s) in question at any time. The decision shall at all times be at the sole discretion of the Credit Union. To place a stop payment order on a cashier's check and/or Hughes Official check, you will be required to sign an Indemnity Agreement, indemnifying Hughes from all liabilities, claims, damages, and expenses, including attorney fees that may be sustained by Hughes as a result of placing the stop payment order. This Indemnity Agreement is binding on the signer, jointly and severally and on their heirs and personal representatives. A fee, referred to as an Official Check Stop Payment Fee as set forth in the *Rates & Fee Schedule*, will be imposed for each check on which a stop payment order is placed.

32. Credit Union Liability. If Hughes does not properly complete a transaction according to this agreement, Hughes will be liable for your losses or damages not to exceed the

amount of the transaction, except as otherwise provided by law. Hughes will not be liable if: **(a)** through no fault of Hughes, your account does not contain enough money to make the transaction; **(b)** circumstances beyond Hughes's control prevent the transaction; **(c)** your loss is caused by your negligence or the negligence of another financial institution; or **(d)** the money in your account is subject to a legal process or another claim. Hughes is not liable for consequential damages for any action it takes regarding the payment or nonpayment of share drafts written against your Share Draft account, except for negligence or wrongful dishonor. Hughes's actions will constitute the exercise of ordinary care, when such actions and non-actions are consistent with Arizona Revised Statutes, Federal Reserve regulations, federal operating letters, clearinghouse rules, and general banking practices which are followed in the area served by Hughes. When making payments of deposited funds, you grant Hughes the right to rely exclusively on the form of the account and the terms of this Share Agreement. Any conflict you may have between oral representations by Hughes employees and any Hughes written form, will be resolved by reference to this Share Agreement and the applicable written form.

33. Credit Union Lien and Security Interest. To the extent you owe Hughes money as a borrower, guarantor, endorser, or otherwise; **Hughes has a lien on any or all of the funds in any account in which you have an ownership interest** regardless of the source of the funds, unless prohibited by law. Hughes may apply these funds in any order to pay off your indebtedness. If Hughes chooses not to enforce its lien, Hughes does not waive its right to enforce the lien at a later time. In addition, you grant Hughes a consensual security interest in your accounts. **You also agree that Hughes may use the funds from your accounts to pay any debt or amount now or hereafter owed Hughes**, except for obligations secured by your residence, unless prohibited by applicable law. All accounts are nonassignable and nontransferable to third parties.

34. Legal Process. If any legal action, such as a levy, garnishment, or attachment is brought against your account, Hughes may refuse to pay out any money from your account until the dispute is resolved, or Hughes may pay out funds according to the terms of the action. If Hughes incurs any expenses or attorney fees in responding to a legal process, such expenses may be charged against your account without prior notice to you, unless prohibited by law. Any legal process against your account is subject to Hughes's lien and security interest.

35. Agency Designation. An agency designation is an instruction to Hughes that the account owner has authorized another person to make transactions as an agent for the account owner regarding the accounts designation. An agent has no ownership interest in the account and has no voting rights in

Hughes. Hughes has no duty or responsibility to inquire of the use or purpose of any transaction by an authorized agent.

36. Special Account Instruction. You may request Hughes to facilitate certain powers of attorney, trusts, wills, or court ordered account arrangements. However, because Hughes does not give legal advice, Hughes cannot counsel you as to which account arrangement most appropriately meet the specific requirements of your power-of-attorney, trust, will, or court order. We are not required to recognize any power-of-attorney to act on an account, even if we have previously accepted the power-of-attorney for other transactions. If we accept a power-of-attorney, we may continue to recognize the authority of your attorney-in-fact until we receive written notice of revocation or termination and have had a reasonable time to act upon it. We also reserve the right to restrict the types or sizes of transactions we will permit an attorney-in-fact to conduct on a case-by-case basis and may require the attorney-in-fact to present the original power-of-attorney before conducting any transaction. A person acting under a power-of-attorney is not an owner of an account, no funds in the account belong to that person by reason of that capacity, and that person has no right of survivorship in the account. Account changes requested by you or any account owner, such as a name change or adding, deleting, or changing a beneficiary, must be evidenced by a signed Application for Membership card, or Designated Joint Owners/Beneficiaries for Specific Accounts card, and accepted by Hughes. If you ask Hughes to follow any instructions that Hughes believes might expose Hughes to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, Hughes may refuse to follow your instructions or may require you to indemnify Hughes.

37. Notices.

a. Name or Address Change. It is your responsibility to notify Hughes when you have a change of address or a change of name. Hughes is only required to attempt to communicate with you at the most recent address you have provided to the Credit Union. Hughes will accept an oral notice of a change in address, but only with an acceptable means of identification. Hughes will require any other notice from you to be provided in writing at the address listed on the inside front panel and back of this brochure. Hughes Visa[®] or MasterCard credit card holders must also contact the Credit Union directly to change their address. Statements returned for a bad address will be held until address notification is received from the member.

b. Notice of Amendments. Except as otherwise prohibited by applicable law, the terms of this Share Agreement are subject to change at any time. Hughes will notify you of any changes in terms, rates, or fees as required by law. Hughes reserves the right to waive any term or condition in this Share

Agreement. Any such waiver shall not affect Hughes's right to enforce said term or condition in the future.

c. Effect of Notice. Any written notice you give to Hughes is effective when it is actually received by the Credit Union. Any written notice Hughes gives to you is effective when it is deposited in the U.S. Mail, postage prepaid, and addressed to you at your statement mailing address. Notice to any one account owner is considered notice to all owners of the account.

38. Statements.

a. Contents. Hughes provides a periodic statement of your account. You will receive a periodic statement of transactions and activity on your account during the statement period as required by applicable law. You agree that only one statement is necessary for joint owner accounts. You also understand and agree that statements are made available to you on the date they are mailed to you. Copies of your statement(s) may be obtained from Hughes. A Statement Copy fee as set forth in the *Rates & Fee Schedule* shall be assessed for each page requested. Hughes provides a periodic statement of your account. You will receive a periodic statement of transactions and activity on your account during the statement period as required by applicable law. You agree that only one statement is necessary for joint owner accounts. You also understand and agree that statements are made available to you on the date they are mailed to you. Copies of your statement(s) may be obtained from Hughes. eStatements are available instead of receiving a hard copy statement. Please refer to the Hughes Federal Credit Union eStatement Agreement in eBranch Online Banking at *HughesFCU.org* for more information.

b. Examination. You are responsible for examining each statement and reporting any irregularities to Hughes. Hughes will not be responsible for any forged, altered, or unauthorized items drawn on your account if: (1) you fail to notify Hughes within thirty three (33) days of the mailing date of the earliest statement regarding any forgery, alteration, or unauthorized signature on any item described in the statement; or (2) any items are forged or altered in any manner not detectable by a reasonable person, including the unauthorized use of a facsimile signature machine. You agree that if you authorize the use of stamp/facsimile signature or electronic signature; we shall not be liable for honoring any transactions or instrument that appears to bear your stamp/facsimile or electronic signature, even if made by an unauthorized person. You are solely responsible to ensure that you maintain the security and possession of any stamp or other facsimile signature.

c. Notice to Credit Union. You agree that Hughes's retention of drafts does not alter or waive, (1) your responsibility to examine your statements, or (2) the time limit for notifying Hughes of any errors. The statement will be considered correct for all purposes, and Hughes will not be liable for any payment

made or charged to your account, unless you notify Hughes in writing within thirty three (33) days of any error as noted above. If you fail to receive a periodic statement, you agree to notify us within fourteen (14) days of the time you regularly receive a statement.

39. Interim Account Status/Activity Computer Printouts. Hughes will provide at your request, between scheduled statements, interim computer printouts of your share account status and activity. However, for excessive usage, Hughes may impose a fee equal to the Statement Copy fee as set forth in the *Rates & Fee Schedule*. Excessive usage is considered more than three (3) requests per month or more than ten (10) pages per request.

40. Account Research. Hughes may impose a fee whenever it is requested to research an account for whatever reason. This Account Research fee as set forth in the *Rates & Fee Schedule* shall be charged to you or your account whenever requested or authorized by you or your agent possessing proper legal authorization. This fee shall be waived when it has been determined that Hughes processed a transaction incorrectly within the last three (3) months, or when the law specifically prohibits a fee to be imposed. Refer to the disclosures in this brochure and to the back of your statement for certain rights you may have.

41. Inactive/Dormant Accounts. If you have not made a withdrawal from, a deposit to, or a transfer involving your account for more than fifteen (15) months, and Hughes has been unable to contact you by regular mail during that period, Hughes may classify your account as an inactive/dormant account. Hughes will notify you, as required by law, at your last known address. An inactive/dormant Account Fee as set forth in the *Rates & Fee Schedule* shall be charged monthly to inactive/ dormant accounts after 15 months of inactivity. To avoid a fee, accounts can be reactivated by making a withdrawal, deposit or transfer involving your account or by contacting the Credit Union at the information provided on the back of this brochure. If a deposit or withdrawal has not been made on the account and Hughes has had no significant contact with you for three (3) years, the account will be presumed to be abandoned. Funds in abandoned accounts will be reported and remitted in accordance with Arizona Revised Statutes. Once funds have been turned over to the state of Arizona, Hughes has no further liability to you for such funds. If you choose to reclaim such funds, you must apply to the Arizona Department of Revenue Unclaimed Property Unit.

42. Termination of Account. Hughes may terminate your account at any time without notice to you or may require you to close your account and apply for a new account if: **(1)** there is a change in owners or authorized signers; **(2)** there has been a forgery or fraud reported or committed involving your account;

(3) there is a dispute as to the ownership of the funds in the account; (4) any share drafts are lost or stolen; (5) there are excessive returned unpaid items not covered by an Overdrawn Protection Plan; (6) there has been any misrepresentations or any other abuse; or (7) Hughes reasonably deems it necessary in order to prevent a loss to Hughes. You may terminate any single party account at any time by notifying Hughes in writing. Hughes reserves the right to require the consent of all joint owners to terminate a joint owner account. Hughes Main Share Savings accounts may not be terminated by the owner(s) until all previously contracted loans, credit cards, and moneys owed to Hughes by the owner(s) have been paid in full. Hughes is not responsible for payment of any draft, withdrawal, loan draft, credit card charge, or other item after your account has been terminated; however, if Hughes pays an item, or discovers a loan or credit card balance, after termination, you agree to reimburse Hughes for the payment.

43. Termination of Membership. You may terminate your membership at Hughes after giving notice of your intent to withdraw from membership. However, your termination of membership may be delayed or denied until all loan balances have been repaid or categorized as a charge-off. You will not be eligible to rejoin Hughes until a minimum of six (6) months have elapsed since your official termination date and you have made full restitution of any and all losses you may have caused Hughes to suffer. At that point you will need to qualify for membership the same as any potential member. You may be denied services or expelled from membership for delinquent loans, negative accounts, or any reason allowed by applicable law, which includes causing Hughes to suffer a loss.

44. Death of Account Owner. Hughes may continue to honor all transfers, withdrawals, deposits and other transactions on the account until Hughes is notified of a member's death. Once Hughes has been notified of a member's death, Hughes may continue to pay drafts or honor other payments or transfer orders authorized by the deceased member, unless Hughes receives instructions to stop payment on the drafts or other items from any person claiming an interest in the account.

Hughes may require a court order giving specific instruction concerning the disbursement and processing of funds in the account upon the account owner's death when there is no joint owner, no surviving joint owners, and no beneficiary or surviving beneficiaries. You agree that Hughes can require anyone who claims funds in your account after your death, to indemnify Hughes of any losses resulting from honoring that claim. This Share Agreement will be binding upon any heirs or legal representatives of any account owner.

45. Share Life Insurance. All members who join the Credit Union on and after January 1, 2003 are not eligible for Life Savings Insurance Coverage. Members joined prior to January

1, 2003 can convert Share Life Insurance coverage to a guaranteed issue Primary Protection Plan, up to \$2,000 by July 31, 2014. Call 855-728-5205 to receive more information, request an application, or speak with a licensed insurance representative. Members are responsible for premium payments, and the new policy will be effective after completing the application process. Premiums are based on age at the time of application.

46. Severability. In the event that any portion of this Share Agreement is held by a court to be invalid or unenforceable for any reason, the remainder of this Share Agreement shall not be invalid or unenforceable and will continue in full force and effect. All headings are intended for reference only and are not to be construed as part of this Share Agreement.

47. Enforcement. You agree to be liable to Hughes for any loss, cost, or expense that Hughes incurs as a result of your failure to follow this Share Agreement. You authorize Hughes to deduct any such loss, cost, or expense from your account without prior notice to you. In the event Hughes brings a legal action to enforce this Share Agreement or collect any amount due under this Share Agreement, Hughes shall be entitled, subject to applicable law, to payment of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions.

48. Governing Law. This Share Agreement is governed by the Bylaws and policies of Hughes, federal laws and regulations, the laws of the state of Arizona including applicable principles of contract law, and Local Automated Clearinghouse Rules, as amended from time to time. As part of the consideration for the execution of this Share Agreement by Hughes, and to the extent permitted by applicable law, you agree that any and all legal actions and/or proceedings arising directly from this and any other contract agreement with Hughes shall be litigated only in courts within the state of Arizona; and you further consent to the jurisdiction of Pima County, Arizona.

TRUTH-IN-SAVINGS DISCLOSURES

1. General. The disclosures set forth below are categorized into account groups and specific accounts. Disclosures in turn will pertain to all accounts, to a group of accounts, or to a specific account. The major groupings are All Share Accounts; Non-Term Accounts which include Savings accounts, Checking (Share Draft) accounts and Individual Retirement accounts; and Term accounts which includes our Certificate Accounts.

2. All Share Accounts.

a. Balance Information. The minimum balance required to open an account and the minimum daily balance that must be maintained in the account each day to obtain the disclosed annual percentage yield are the same, and are set forth and titled "Minimum Balance" in the *Rates & Fee Schedule*. Hughes

uses the daily balance method to calculate dividends. Using this method, dividends are calculated by applying a daily periodic rate to the principal in the account each day.

b. Par Value. The par value of a share in Hughes is \$50.00 and must be maintained in the Main Share Savings account. A member who fails to complete payment of one share within six (6) months of his/her admission to membership, or within six (6) months from an increase in the par value in shares, or a member who reduces his/her Main Share Savings account balance below the par value of one share and does not increase the balance to at least the par value of one share within six (6) months of the reduction, may be terminated from membership.

c. Accrual of Dividends on Non-cash Deposits. Dividends will begin to accrue on the business day you deposit noncash items (e.g. checks) to your account. Refer to section *Funds Availability Disclosure Regulation CC* as to what day Hughes considers the business day of deposit.

d. Fees. Fees associated with Hughes share accounts that may be assessed to your accounts are set forth in the *Rates & Fee Schedule*. Additional information and descriptions concerning those fees has been provided in various subsections of the Share Agreement.

e. Transaction/Account Limitations. Transaction and account limitations are stated and described in subsection 3.d., Non-Term Accounts, 'Transaction/Account Limitations' within this disclosure and in various subsections throughout the Share Agreement.

3. Non-Term Accounts.

a. Rate Information. The rate Hughes expects to pay (called prospective dividend rates) on your share accounts along with the prospective annual percentage yields are set forth in the *Rates & Fee Schedule*. You may call the number listed on the back of this brochure to obtain current rate information.

The dividend rate and APY may change at any time based on the determination of the Hughes board of directors with no limits to the amount of change.

b. Nature of Dividends. The Hughes board of directors declares dividends based on current income and available earnings of Hughes after providing for required reserves at the end of each month. The dividend rates and annual percentage yields set forth in the *Rates & Fee Schedule* reflect the earnings the Credit Union anticipates having available for distribution as dividend for the dividend period also stated in the *Rates & Fee Schedule*.

c. Compounding and Crediting. Dividends will be compounded and credited as set forth in the *Rates & Fee Schedule*. The dividend periods are either monthly or quarterly. Monthly

periods begin on the first day of the month and end on the last day of the month, for example January 1 through January 31. Quarterly periods begin on the first day of the calendar quarter and end on the last day of the calendar quarter; for example, January 1 through March 31. All dividend periods follow these same examples of dates. Dividends are credited to the accounts the first day of the succeeding month or quarter; for example, dividends for January's dividend period are credited February 1 and dividends for the first quarter's dividend period are credited April 1. If you close your share account before dividends are credited, you will not receive the accrued dividends.

d. Transaction/Account Limitations. Hughes has designated its Holiday Club Savings account, Escrow account, Individual Retirement Account, Main Share Savings account, You Name It Savings, Ultimate, Premium and High Yield Money Market Savings accounts as nontransactional and/or nontransferable as defined by *Federal Regulation D - Reserve Requirements for Depository Institutions - 12 CFR Part 204*. These share accounts are "not transferable except as collateral for a loan or as otherwise permitted by regulations of the Federal Reserve Board." For these share accounts, during any month, you may make up to six (6) preauthorized, automatic, telephonic, Online Banking, Bill Pay, Overdrawn Protection, auto transfers on non-payroll dates, or Voice Response transfers to another account of yours or to a third party during any calendar month. A preauthorized transfer includes any arrangement with the Credit Union to pay a third party from the member's account upon oral or written orders including orders received through the Automated Clearing House (ACH). There is no limit on the number of transactions you may make in the following manner: **(1)** transfers to any loan account with the Credit Union; **(2)** transfers to another Credit Union account or withdrawals (funds paid or checks mailed directly to you) when such transfer or withdrawal is initiated in person, by mail, or at an ATM; or **(3)** withdrawals initiated by telephone with a check mailed directly to you. Transfers or withdrawals in excess of these limitations may not be honored and your account may be converted into an account that permits such transfers, subject to applicable fees as set forth in the *Rates & Fee Schedule*, or subject to closure. Individual Retirement Accounts have additional restrictions and may not be assigned as collateral on any loan.

e. Minimum Balance Requirements. Should the Main Share Savings account balance fall below the required minimum daily balance (par value of one share), your Main Share Savings account will cease accruing dividends for such day(s). You have six (6) months to bring your account balance back up to the required minimum balance. Should the minimum balance not be obtained within the six (6) months, you will no longer be considered a member of Hughes and you will be denied all services. You will not be considered for membership again until a period of not less than six (6) months has elapsed from the date your

membership was forfeited, providing you are still within our field of membership. Minimum balance share accounts (except for the Main Share Savings account) that have their balance fall below the required minimum balance will be closed and any uncredited accrued dividends will be forfeited.

No member may withdraw shareholdings that are pledged as security on loans, except to the extent that such shares exceed the member's total primary and contingent liability to Hughes. No member may withdraw any share holdings below the amount of his/her primary or contingent liability to Hughes if he/she is delinquent as a borrower, or if borrowers for whom he/she is a co-maker, endorser, or guarantor are delinquent.

4. Term Accounts.

a. Rate Information. The dividend rate on Hughes's Certificate Accounts along with the annual percentage yields are set forth in the *Rates & Fee Schedule*. You may call the number listed on the back of this brochure to obtain current rate information.

The dividend rate and annual percentage yield on Certificate Accounts are fixed and will not change during the specified period. The annual percentage yield is based on the assumption that dividends will remain in the account until maturity. Exercising the automatic dividend disbursement option will reduce the annual percentage yield to equal the dividend rate.

b. Early Withdrawal Penalties. We will impose a penalty if you withdraw any of the principal or dividends, except as provided by the automatic dividend disbursement option, from your account before the maturity date. The penalty of early redemption shall equal the greater of:

- A loss of \$20.00 or 30 days dividends on an original term less than 122 days;
- A loss of \$35.00 or 90 days dividends on an original term 123 days to 366 days;
- A loss of \$50.00 or 180 days dividends on a term greater than 367 days. Partial withdrawals are not allowed.

Youth Certificate Accounts:

- A loss of 30 days dividends on an original term, less than 122 days;
- A loss of 90 days dividends on an original term of 123 to 366 days;
- A loss of 180 days dividends on a term greater than 367 days. Partial withdrawals are not allowed.

c. Compounding and Crediting. Dividends will be compounded and credited as set forth in the *Rates & Fee Schedule*. The dividend periods are monthly. The monthly period begins on the first day of the month and ends on the last day of the month; for example, January 1 through January 31. Dividends are credited the first day of the succeeding month; for example, dividends for January's dividend period are credited February

1. Dividends for the last dividend period, will be credited on the maturity date.

d. Renewal Policies. Hughes provides Certificate Accounts that both renew and do not renew automatically. All term shares are automatically renewable at the time of account opening unless you request a non-renewable term share. For Automatically Renewable Certificate Accounts, your account will automatically renew at maturity. You will have a grace period of ten (10) calendar days after the maturity date to withdraw the funds in the account without being charged an early withdrawal penalty. For example, for a Certificate Account maturing on January 5, you will have until the close of Hughes's business day January 15 to withdraw the funds. Should January 15 not be a business day, you will have until the close of Hughes Federal Credit Union's next business day following January 15.

Should the Certificate Account be redeemed during the grace period, no dividends will accrue or be paid from the maturity date through and including the day of redemption. Certificate Accounts will renew at the highest rates offered during the ten (10) day grace period and will renew for the same time period as the original.

For Non-Automatically Renewable Certificate Accounts, the account will not renew automatically at maturity. If you do not renew the Certificate Account by the maturity date, or by the close of Hughes's business day prior to the maturity date should the maturity date be a Hughes nonbusiness day, funds in your Certificate Account will be automatically transferred to your Main Share Savings account effective the calendar day following the maturity date and will earn dividends in accordance with the Main Share Savings account. Does not apply to IRA Certificate Accounts.

e. Transaction Limitations. After the account is opened, you may not make deposits into the account until the maturity date of the Certificate Account.

ELECTRONIC FUND TRANSFERS DISCLOSURE REGULATION E

1. Coverage. You may have established at least one account with Hughes Federal Credit Union which is set up to handle "Electronic Fund Transfers." These are transactions which are initiated without a paper document such as a check or deposit slip. Examples of Electronic Fund Transfers are: direct deposit of Social Security, retirement or payroll checks; electronic check conversion transaction; prearranged bill payments such as insurance premiums or house payments; deposits, withdrawals, and transfers at Automatic Teller Machines (ATMs) through the use of a card and an identification number; Point-of-Sale transactions using your Card and identification number;

and transfers through Hughes's Voice Response System and Online Banking and Bill Pay.

The Electronic Fund Transfers you can accomplish with us are indicated below. Please read this disclosure carefully because it tells you your rights and obligations for this class of transaction.

Throughout this disclosure, to try to eliminate confusion because most ATMs refer to your Share Draft account as a Checking account, we have used the word "Checking" to mean "Share Draft."

2. Types and Limitations of Transfers.

a. Automated Teller Machines (ATMs). You may use your ATM/Debit Card to make:

- Cash withdrawals from your Checking or Savings accounts.
- Deposits to your Checking or Savings accounts.
- Transfers of funds between your Checking or Savings accounts.
- Loan payments.

Some of the services may not be available on non-proprietary (non-Hughes owned) ATMs. There are no limitations on frequency of use but cash withdrawals are limited up to \$519.00 per day. The \$19.00 is intended to cover merchant surcharges.

b. Point-of-Sale. You may use your ATM/Debit Card to pay for purchases at participating merchants and networks that have agreed to accept our Card.

c. Hughes's Voice Response System. You may use your Voice Response System Identification Number to:

- Transfer funds between Checking and Savings accounts.
- Make loan payments.
- Receive advances deposited to your Checking or Savings accounts from your Line of Credit account.

There are no limitations on frequency of use or dollar amount except to the extent of your available funds and credit limit.

d. Prearranged Transfers. You may have arranged for us to:

- Accept certain direct deposits to your Checking or Savings accounts.
- Pay certain recurring bills from your Checking or Savings accounts.

e. One-Time Electronic Fund Transfer. You may authorize a merchant or other payee to make a one-time electronic fund transfer from your checking account using the information from your check to pay for purchases or pay bills.

3. Charges for Electronic Fund Transfers. Hughes may charge a fee for Electronic Fund Transfers. However, charges

for withdrawal and deposit activity at nonproprietary ATMs may have a fee imposed and withdrawals may cause non-sufficient funds (NSF) penalties to be applied. Refer to Share Accounts Information and Agreement section 18 'Automatic Teller Machine (ATM) Card' within this brochure for additional information and to the Rates & Fee Schedule for actual fees.

4. Right to Documentation.

a. Teller Machines. You can get a receipt at the time you make any transfer to or from your account using one of our teller machines.

b. Direct Deposits. If you have arranged to have direct deposits made to your account at least once every sixty (60) days from the same person or company, you can call us at the telephone number listed on the back of this brochure to find out whether or not the deposit has been made.

c. Statements.

- You will get a monthly account statement from us, unless there are no transfers in a particular month. In any case you will get a statement quarterly.
- You will get a quarterly statement from us on your savings account if the only electronic transfer to or from the account is a preauthorized deposit.
- Your statement will be mailed to the address on record; or if you have elected to receive your statement through eStatement, you will be notified your statement is viewable and printable via email.
- It is important you notify the Credit Union of your address and email address change.

5. Stop Payment Procedures and Notice of Varying Amounts.

a. Right to Stop Payment and Procedure for Doing So. If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how: Call or write us at the telephone number or address listed on the back of this brochure, in time for us to receive your request three (3) business days or more before the payment is scheduled to be made. If you call, we will also require you to put your request in writing and get it to us within fourteen (14) days after your telephone notification. The stop payment notification must specify the originator and the exact amount. The stop payment will remain in effect for six (6) months from date of placement by Hughes. To permanently stop a third party preauthorized electronic transfer, you must notify the responsible third party and they must agree to do so. Hughes cannot permanently stop such third party preauthorized transfers. Hughes can only stop specific individual payment requests, which must match on exact amount. Should the third party change the amount even by a penny, you must notify us of the change in amount.

b. Notice of Varying Amounts. If these regular payments vary in amount, the person you are going to pay will 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.

c. Liability for Failure to Stop Payment of Preauthorized Transfer. If you order us to stop one of these payments 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.

6. Hughes Obligations.

a. Liability for Failure to Make Transfers. If we do not complete a transfer to or from 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 the transfer would go over the credit limit on your overdraft line.
- If the automated teller machine where you are making the transfer does not have enough cash.
- If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- There may be other exceptions stated in our agreement with you.

7. Disclosure to Third Parties.

a. Account Information Disclosure. We will disclose information to third parties about your account or the transfer you make:

- 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 government agency or court orders; or
- If you give us written permission.

8. Unauthorized Transfers.

a. Liability Disclosure. Tell us AT ONCE if you believe your Card 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 you believe your Card has been lost or stolen, or that someone has transferred or may transfer money from your account without your permission, call or write us at the tele-

phone number or address listed on the back of this brochure. If you tell us within two (2) business days after you learn of the loss or theft, you can lose no more than \$50 if someone used your Card without your permission.

b. Non Reissue. If we feel you do not properly protect your access device, we have the right to revoke your card or not reissue a card.

If you do NOT tell us within two (2) business days after you learn of the loss or theft of your Card, and we can prove we could have stopped someone from using your Card without your permission if you had told us, you could lose as much as \$500. Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, you may not get back any money you lost after the sixty (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 periods.

c. Unauthorized Access. If you grant access or authority to any person (such as a family member, co-worker or friend) who exceeds the authority given, you are fully liable for the transactions.

9. Inappropriate Transactions. You warrant and agree that you will not use any credit union accounts or services to make or facilitate any illegal transactions as determined by applicable law; and that any such use including any such authorized use, will constitute a breach of the agreement. Certain federal and/or state laws or card service provider rules may limit or prohibit certain transactions such as (but not limited to) those coded as possible gambling transactions. The Credit Union may decline to accept, process or pay any transactions that we believe to be illegal or otherwise under applicable law; or which is otherwise limited or prohibited, including but not limited to any transaction involving or relating to any gambling activity.

Such prohibition or limitations may affect some otherwise proper or allowable transactions such as debits, charges or other transactions at or relating to a hotel-casino. You understand and agree such limitations/prohibitions are not within the Credit Union's control and that the Credit Union will not have any liability, responsibility or culpability whatsoever for any such use by you or any authorized user(s); or for declining to accept, process, or pay any such transactions. You further agree to indemnify and hold the Credit Union harmless from any suits, liability, damages or adverse action of any kind that results directly or indirectly from any such use of your account.

10. Business Day Closure. Hughes branches are open Monday through Friday except holidays. Designated branches

are also open Saturdays. Every day is a business day except Saturdays, Sundays, and federal holidays. Branch hours and holiday schedules may be obtained through our website or by contacting us at the telephone number or address listed on the back of this brochure.

11. Error Resolution. In case of errors or questions about your electronic transfers, call or write us at the telephone number or address listed on the back of this brochure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

- Tell us your name and account number.
- Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is in error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we require that you send us your complaint or question in writing within ten (10) business days. We will tell you the results of our investigation within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question. If we decide to do this, we will re-credit your account within ten (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 our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not re-credit your account. If we decide that there was no error, we will send you a written explanation within three (3) business days after we finish our investigation. You may ask for copies of the documents that we used in our investigation.

FUNDS AVAILABILITY DISCLOSURE REGULATION CC

1. Coverage. Hughes's general policy on your ability to withdraw funds at Hughes is to make funds from your deposits available to you at the time we receive your deposit. At that time, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

Regulation CC applies to transaction accounts ONLY, which are Checking and Daily Savings Accounts.

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 closing time as published at the branch (4:30 p.m. at Voyager branch) on a business day we are open, Hughes will consider that day to be the day of your deposit. However, if you make a deposit after the stated times

or on a day we are not open for substantially all banking functions, Hughes will consider that deposit was made on the next business day we are open.

2. Longer Delays May Apply. In some cases, Hughes may not make all the funds that you deposit by check available to you on the day of deposit. Depending on the type of check that you deposit, funds may not be available until the **second business day** after the day of your deposit. However, the first \$225 you deposit by check to a transaction account will be available on the first business day after the date of deposit.

If Hughes is not going to make all of the funds from your deposits available at the time you make your deposit, we will notify you at the time you make your deposit. Hughes will also tell you when funds will be made 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:

- New account opening.
- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525.00 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six (6) months.
- There is an emergency, such as failure of communications or computer equipment.

Hughes 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. We may delay any deposit (cash or check) until the next business day if we suspect suspicious activity.

3. 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, cash deposits and the first \$5,525.00 of a day's deposit of cashier's, certified, teller's, traveler's, U.S. Treasury, and state and local government checks will be available at the time of deposit, if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525.00 may not be available until the **ninth business day** after the day of your deposit.

4. Deposits Made at Automated Teller Machines (ATMs). Funds from deposits (checks) made at automated

teller machines (ATMs) that are not owned or operated by HFCU may not be available until the **fifth business day** after the day of your deposit.

For deposits made at Hughes ATMs prior to the posted cut-off times on a business day we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after the posted cut-off times or on a day we are not open or on a day not considered a business day, we will consider that the deposit was made on the next business day we are open. Funds from deposits made at Hughes ATMs will be available at the time we process your deposit on the business day previously described. However, longer delays may apply on some items.

5. Check 21.

a. What is a substitute check? To make check processing faster, federal law permits banks and credit unions 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 checks. 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 laws with respect to those transactions.

Substitute checks will not be accepted for immediate credit. To negotiate a substitute check, you can cash it at the financial institution that the check is drawn on, or the Credit Union will send the substitute check for collection.

b. 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

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.

c. 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 using our phone number or address on the back of this brochure. You must contact us within number of days, not less than forty (40) 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 be in writing and 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/or] the following information to help us identify the substitute check: (identifying information, for example the check number, the name of the person to whom you wrote the check, the amount of the check).

USA PATRIOT ACT

1. Identity Verification Notice. In order to comply with the USA PATRIOT Act, effective Oct. 25, 2002, Hughes Federal Credit Union is required to verify the identity of members applying for and opening new accounts or services with the Credit Union. Information we are required to obtain include name, mailing and residence address, tax identification number, date of birth and a copy of a government issued photo ID. Additional data may also be gathered depending on the type of account applied for or opened. Data on existing member will be gathered as they open or use additional services offered by the Credit Union. The Act requires us to maintain records of the identification verification and periodically update this information. For your protection and that of the Credit Union you agree that we may retain a copy or image of your government issued identification. Confidentiality of the information maintained by the Credit Union will be maintained as required under the Privacy Act.

PRIVACY NOTICE

FACTS

WHAT DOES Hughes DO WITH YOUR PERSONAL INFORMATION?

Why?	<p>Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.</p>
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none">• Social Security number and income• Account balances and payment history• Transaction history and credit history
How?	<p>All financial companies need to share members' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their members' personal information; the reasons Hughes Federal Credit Union chooses to share; and whether you can limit this sharing.</p>

Reasons we can share your personal information	Does Hughes share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes—to offer our products and services to you	Yes	No
For joint marketing with other financial companies	Yes	No
For our affiliates' everyday business purposes—information about your transactions and experiences	Yes	Yes
For our affiliates' everyday business purposes—information about your creditworthiness	No	Do Not Share
For our affiliates to market to you	Yes	Yes
For nonaffiliates to market to you	No	Do Not Share

<p>To limit our sharing</p>	<ul style="list-style-type: none"> • Call 520-794-8341 ; 800-253-8245 or • visit us online: <i>HughesFCU.org</i> <p>Please note: If you are a new member, we can begin sharing your information days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice.</p> <p>However, you can contact us at any time to limit our sharing.</p>
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<p>Questions?</p>	<p>Call 520-794-8341 : 800-253-8245 or go to <i>HughesFCU.org</i></p>
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<p>Who we are</p>	
<p>Who is providing this notice?</p>	<p>Hughes Federal Credit Union</p>

<p>What we do</p>	
<p>How does Hughes protect my personal information?</p>	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p>
<p>How does Hughes collect my personal information?</p>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • Open an account or deposit money • Pay your bills or apply for a loan • Use your credit/debit cards

<p>Why can't I limit all sharing?</p>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> • sharing for affiliates' everyday business purposes—information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<p>What happens when I limit sharing for an account I hold jointly with someone else?</p>	<p>Your choices will apply to everyone on your account</p>

Definitions	
<p>Affiliates</p>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • HFCU Financial Services
<p>Nonaffiliates</p>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • Hughes does not share with nonaffiliates so they can market to you.
<p>Joint marketing</p>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • Our joint marketing partners include investments, insurance and other financial services companies.