

Direct Debit and Credit Payment Program Disclosures

Direct Credit Payment Program. There is an initial setup fee of \$10 for each direct credit that is setup through the Direct Credit Payment program. This program offers a reliable, secure and convenient way to make recurring transfers from Tower accounts to non-Tower personal accounts within the U.S. There is a \$2,500 daily maximum transfer limit and a \$5,000 monthly maximum limit for transfers. The Direct Credit Payment program is available to Tower members in good standing. An original signature is required when submitting the form and no faxes will be accepted. When necessary, you authorize adjusting entries to be made to correct any returned transfer.

Direct Debit Payment Program. This program offers a secure way to make recurring transfers to any of your Tower loan accounts, using funds debited from your non-Tower personal account within the U.S. The Direct Debit Payment program is free to Tower members in good standing. An original signature is required and no faxes will be accepted. When necessary, you authorize entries to be made to correct any returned transfer.

Preauthorized Deposits and Payments

Preauthorized Deposit Verification. 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 may, or may not, receive proof of the payment from the person or company making the payment. If such person, or company, normally gives you notice of payment, you will not receive any other notice from the Credit Union. If the person, or company, does not give such notice, you can call the Credit Union at 301-497-7000 or 800-787-8328 in order to find out whether or not the deposit was made.

Stop Payment of Preauthorized Payments. You may stop preauthorized payments or transfers from your account to persons or companies other than the Credit Union. Payments to the Credit Union are governed by the terms of the automatic payment authorization form. If you have authorized the Credit Union, in advance, to make regular payments out of your account to other persons or companies, you can stop any of these payments. You will call the Credit Union at 301-497-7000 or 800-787-8328 or write Tower Federal Credit Union, Attn: ACH and Check Operations, P.O. Box 123, Annapolis Junction, Maryland 20701-0123 in time for the Credit Union to receive the request three (3) business days, or more, before the payment is scheduled to be made. That this request is effective for six (6) months only, whether given in writing or orally, unless renewed in writing before it expires, and that the debit will be paid (assuming that the account has sufficient funds) if presented on or after the date that the request expires. The Credit Union will assess a charge for each stop payment order placed by the member.

Notice of Varying Amount of Preauthorized Payments. If preauthorized payments to persons or companies vary in amount, the person or company you are going to pay should notify you ten (10) days before each payment as to when it will be scheduled and the amount. Instead you may choose, by notifying the payment recipient, to receive this notice only when the payment would differ by more than a certain amount from a previous payment, or when the amount would fall outside certain limits set by you.

Liability for Failure to Stop Payment of Preauthorized ACH Transfers. If you order the Credit Union to stop one of these payments five (5) business days, or more, before the transfer is scheduled, and the Credit Union does not do so, the Credit Union will be liable for your losses or damages as provided in the Electronic Funds Transfer Act.

ACH and Wire Transfers. If we provide the service, you may initiate or receive credits or debits to your account through wire or Automated Clearing House (ACH) transfer. You agree that if you receive funds by a wire or ACH transfer, we are not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement. We may provisionally credit your account for an ACH transfer before we receive final settlement. We may reverse the provisional credit or you will refund us the amount if we do not receive final settlement. When you initiate a wire transfer, you may identify either the recipient or any financial institution by name and by account or identifying number. The Credit Union (and other institutions) may rely on the account or other identifying number as the proper identification even if it identifies a different party or institution.

Account Limitations. For Prime Share (Savings), Money Market, Holiday Club, and "You Name It" Club accounts, no more than six (6) pre-authorized, automatic, or telephone transfers may be made from each account to another account or to a third party in any month. If you exceed these limitations, your account may be subject to a fee or be closed. For Holiday Club accounts, the entire balance will be transferred to

account may be subject to a fee or be closed. For Holiday Club accounts, the entire balance will be transferred to another account of yours on or after October 1st and the account will remain open. For all accounts, cash withdrawals of \$2,500 or more require advance notice of at least five (5) business days. This will insure that sufficient cash is available to satisfy your withdrawal request. Notwithstanding any other provision, the Credit Union may, at any time, require at least sixty (60) days prior written notice of an intention to withdraw or transfer funds from the account.

Electronic Funds Transfer and Automated Clearing House (ACH) Transactions

Under the operating rules applicable to automated clearing house ("ACH") transactions involving an account, the Credit Union is not required to give next day notice of receipt of an ACH item, and will not do so. The Credit Union may provide notice of the receipt of ACH and other electronic payments in periodic statements. If periodic statements are not provided for your account, the Credit Union is not obligated to provide notice of receipt of payments, unless otherwise required by law.

ACH operating rules provide that credit given for ACH credit entries is provisional until the Credit Union receives final settlement for the entry through a Federal Reserve Bank or otherwise receives final payment. If final payment is not received, the Credit Union is entitled to a refund of the amount credited to you in connection with the entry, and the party that originated the payment shall not be deemed to have made payment. You agree to be bound by these rules.

The Credit Union will exercise reasonable and ordinary care in performing its obligations in connection with electronic funds transfers and will be responsible for any loss sustained by you only to the extent such loss is caused by the Credit Union's gross negligence or willful misconduct and as otherwise required by applicable state and federal law; however, any liability will extend only to the resulting direct loss, and not to any consequential or special losses or damages. Under no circumstances will the Credit Union be responsible for any liability, loss, or damage resulting from any delay in the performance of, or failure to perform, its obligations in connection with any electronic funds transfer which is caused by any: act of God, fire or other catastrophe; electronic or computer failure; acts of, or delays or failure to act by, any agent operating between the Credit Union and other recipients of transferred funds and their personnel; or, without limiting the generality of the foregoing, any other cause beyond its control. If the Credit Union is obligated to pay dividends with respect to any electronic funds transfer, it is agreed that dividends are payable for three (3) days only. You agree to waive any statutory right to recover attorneys' fees from the Credit Union in connection with funds transfers.

If a funds transfer entry includes transmission through a funds transfer system that nets obligations multilaterally and has a loss-sharing agreement among participants, and the system fails to complete settlement, the Credit Union is entitled to a refund of the amount credited to you.