



Remote Deposit Capture (RDC) Policy
Adopted: June 10, 2015

1. General Service Delivery/Terms:

The following terms and conditions apply to Northern Lights Federal Credit Union's (hereinafter "NLFCU") Remote Deposit Capture (RDC) that it may provide to its member(s). Member accepts and agrees that the RDC Service or any portion thereof may be provided by one or more subcontractors. The provisions of NLFCU Membership and applicable service terms are incorporated into this Policy by reference.

2. Third-Party Processor(s) for RDC:

NLFCU is currently contracting with Northern Data Systems to deliver Mobile Banking and RDC. Northern Data Systems is a credit union-approved vendor, who has provided the necessary due diligence to maintain relationships with NLFCU.

3. Overview and definitions.

This policy states the terms and conditions by which NLFCU will deliver to Member, the RDC service as outlined below:

"Member" means a person who has a membership with NLFCU. Due to the fact that RDC is a privilege, NLFCU will limit the use of RDC to Members in good standing, defined as:

- A NLFCU member for at least 90 days;
- Who has not caused NLFCU a loss;
- Who has not experienced repetitive instances of an overdrawn account nor return deposited items within the past (6) months; and
- Who is current on all loan obligations with NLFCU.

"Business Day" means any day which NLFCU is open to conduct substantially all of its services, but does not include Saturday, Sunday or Federal Holidays.

"Image" means utilizing a mobile device that is acceptable to NLFCU that provides for the capture of images from original items and for transmission through the clearing process.

"Item" means acceptable items to include: personal checks, government checks, business checks, money orders, traveler's checks, cashiers or certified checks drawn on a US financial

institution and in US Funds. It is understood that Member will only be transmitting electronic images of the front and back of items. In order for an item to be processed for deposit, it must be restrictively endorsed in the proper location on the back of the item with the following:

Member's Signature(s)

For Mobile Deposit Only to Account #.....(with the correct account number inserted and signed by the payee(s) only).

“Service” means the specific RDC provided by NLFCU. The Service shall only be provided for items received for personal, family, or household purposes that are being deposited into an account at NLFCU.

“Service start date” means the date that the Service is first utilized by the Member.

“Technology” means NLFCU, or its subcontractor(s) deposit capture applications and processes designed to facilitate the electronic clearing of Items. Said applications are accessed through mobile devices acceptable to NLFCU and are proprietary access points to payment processing networks and systems used to complete the clearing of items. Technology may include, but is not limited to, Member support services, reports, software, software tools, user interface designs/documentation, improvements, enhancements or extensions thereof developed or provided by NLFCU or its subcontractors and used in the provision of Services hereunder.

“Access Systems” means all services, hardware, software and other technology (including high speed internet access service) necessary to access the Service.

4. Member Obligations; suspension of Service:

System Requirements. Any mobile device drive by Android or Apple.

Member Responsibilities: To access your account(s) with NLFCU, Member must have an eligible checking account in good standing with NLFCU and have an established high speed Internet email address. When using RDC, Member shall provide, at Member's sole cost and expense, all Access Systems and Member shall be solely responsible for installing, maintaining, securing and supporting all such Access Systems. The Member is responsible for providing a valid Internet email address.

NLFCU is not responsible for any error or failures from any malfunction of any Access Systems, and NLFCU is not responsible for any computer virus or related problems that may be associated with the access to or use of the Service. NLFCU does not guarantee that its RDC will be compatible with all computer systems and Internet browsers, routers or firewalls. Further, NLFCU does not and cannot control the flow of data to or from NLFCU's network, its service providers' networks or other portions of the Internet. Accordingly, NLFCU cannot guarantee that Member's connection to the Internet will not be impaired or disrupted and NLFCU hereby disclaims any and all liability resulting from or related to such events.

Withdrawal of Access/Suspension of Service. NLFCU reserves the right to deny, suspend or revoke access to RDC immediately, in whole or in part, in its sole discretion, without notice if NLFCU believes Member is in breach of this Policy, or otherwise using or accessing the Service inconsistent with the terms and conditions hereof. Further, NLFCU or its subcontractor(s) shall have the right to suspend RDC immediately in the event of an emergency.

Handling of Transmitted Items. Member shall be responsible for safekeeping and destruction of original items which are scanned, transmitted electronically and deposited using RDC and indemnifies and holds NLFCU harmless from any liability with respect to (i) the safe-keeping , use or destruction of the original item(s) after they are scanned, transmitted and deposited

electronically using RDC, or (ii) for any Items being submitted for deposit or presented for payment more than once. There are no laws or regulations that state how long original items should be retained prior to destruction; therefore, retention timeframes are set at the Member's discretion. The member is responsible for verifying that their account has been credited with the RDC Deposit.

Account Statement Examination. Unless Member notifies NLFCU of any errors to deposits made through RDC within 60 days after the applicable account statement is mailed or otherwise provided to Member, such statement regarding all deposits made through RDC shall be deemed to be correct.

Processing of Items. Images of items transmitted by Member are not considered received by NLFCU until Member has received an electronic confirmation of the receipt of the deposit from NLFCU. Receipt of the confirmation from NLFCU does not mean that the transmission was error free or complete. **Items transmitted by the Member and received by NLFCU or its subcontractors by 4 pm Eastern time on any business day, shall be credited to the Member's applicable account on the same Business day upon approval. Items received by NLFCU after 4 pm Eastern time on any business day shall be credited to the member's applicable account on the next successive Business day.**

Funds Availability. Deposited funds will be available in accordance with the Funds Availability Policy disclosure. Any crediting of the Member's Account for items deposited via RDC is *provisional*, subject to verification and final settlement. Any dishonored items will be returned as an image of the original or a substitute check as the charged-back item. Any dishonored item is subject to a fee according to the NLFCU Fee Schedule at the time of the return.

5. Warranties and Disclaimers

Member shall not use RDC in any way that could potentially harm NLFCU's network or sites, or the network or sites of its third party service providers. Member shall not - nor permit others - to abuse or fraudulently use RDC. Member shall not use RDC in any way that: (i) transmits any item or other materials via RDC that is deceptive or fraudulent; (ii) violates any law, statute, ordinance, or regulation (including without limitation the laws and regulation governing banking and criminal activity); (iii) transmits or distributes any viruses, worms, time bombs, Trojan horses, or other destructive software or devices; (iv) attempts to break or circumvent security, or in fact, breaks or circumvents security of any computer network of NLFCU, its subcontractors or service providers.

Disclaimer. NLFCU warrants that RDC shall be performed in a work person like and professional manner consistent with banking industry standards. EXCEPT AS EXPRESSLY SET FORTH IN THIS POLICY, RDC is provided on an "AS IS" basis, and NLFCU hereby disclaims all other warranties of any kind, express or implied, including, but not limited to, warranties or merchantability, fitness for a particular purpose, title and non-infringement.

6. Limitation of Liability

Limitation of Liability. To the extent permitted by applicable law, neither NLFCU nor any of its subcontractors or service providers shall be responsible for any loss, property damage or bodily injury arising out of your use of the service, whether caused by NLFCU, its subcontractors or service providers, as well as Member's use of the service, equipment, or software provided under this policy. In NO event shall NLFCU or any of its subcontractors or service providers be responsible for any direct, indirect, special or consequential, economic, or other damages

arising in any way out of the installation, use or maintenance of RDC, equipment or software used by the Member or NLFCU in connection with operation of the RDC, Equipment or software.

7. Termination

Termination. NLFCU may immediately terminate RDC, or any portion of RDC if it determines that such service or any portion thereof, is in violation of any law or regulation, or in its sole discretion, and without notice, decides to cease providing this service. Except in the event of emergency or to safeguard NLFCU's accounts, networks, or systems, NLFCU shall give written notice of such termination or access limitations (adverse action notice), which may be given by Internet *Secure* message, or sent to you at the address shown on our records, or sent to you via secure email. Member may terminate RDC with notice to NLFCU in person, by phone, written notification through postal mail, or by electronic (email). No minimum time is required by the member for notification to NLFCU.

8. Miscellaneous Provisions

Notices. Member agrees that any notices required or permitted under this Policy may be given electronically.

Governing Law. This Policy will be governed by and interpreted in accordance with federal laws and regulations, and to the extent there is no applicable federal law or regulation, they by the state of Vermont.

Subcontractors. Credit Union may use third party service providers to provide some or all of the RDC service under this policy on behalf of NLFCU.

Amendments. Unless applicable law provides otherwise, this Policy may be amended by notice sent electronically or by mail to Member at Member's last known address to be effective not less than thirty (30) days after the day transmitted or mailed. NLFCU shall not be bound by any modification of this Policy unless NLFCU expressly agrees to the modification in writing. Member shall have the right to terminate the Policy prior to the effective date of the amendment. By choosing to continue using RDC, Member will accept the amendments. This Policy supersedes all prior policies and amendments.

Entire Policy. This Policy constitutes the entire policy of the parties with respect to the subject matter hereof and supersedes all existing policies and other related communications, written or oral.