Section 3 – Regulation E: Electronic Funds Transfer

Purpose, Scope, and Exemptions

Purpose

The Electronic Funds Transfer Act (EFTA) was enacted in 1978 and became effective in May 1980. The act provides the basic framework of rights, liabilities, and responsibilities of the parties involved in an electronic funds transfer (EFT). Adopted in the wake of significant problems surrounding the early attempt to automate social security deposits, the legislation attempted to provide the ground rules for developing EFT technology.

Initially, coverage was aimed at automated teller machines, telephone bill-payment services, point-of-sale transfers in stores, and preauthorized transfers to or from a consumer’s account (federal recurring payments like Social Security). By establishing a regulatory framework in advance of the technology, Congress was attempting to provide the degree of certainty needed to allow EFT development and experimentation while trusting the Federal Reserve Board (FRB) to exercise its discretion in drafting regulations that did not stifle that development.

Scope

Regulation E provides the definitions, exemptions from coverage, initial disclosure requirements, change-in-terms requirements, rules for issuing an EFT access device, transactional and periodic statement documentation requirements, preauthorized transfer requirements, and error resolution requirements for electronic funds transfers. Although patterned after the disclosure and error resolution format of Truth In Lending (Regulation Z), there are significant substantive differences in the credit union’s and member’s rights and responsibilities under the two regulations.

An electronic funds transfer is any transfer of funds initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a credit union to debit or credit a share draft/checking, share/savings, or other member asset account. The term “account” includes payroll accounts established by employers to deliver compensation to employees via EFT on a recurring basis. Additionally, an ACH (Automated Clearinghouse) transfer where a member has provided a check to allow a merchant to capture the routing, account, and serial numbers to initiate the transfer is also an electronic fund transfer. These transactions are called “electronic check conversions.” The term includes the following transactions:

- point-of-sale (POS) transfers
- automated teller machine (ATM) transfers
- direct deposit or withdrawal of funds
- telephone transfers
• transfers resulting from debit card transactions, whether or not initiated through an electronic terminal

• electronic check conversion

For electronic check conversions, the check can be retained by the member, the merchant or other payee, or the payee’s financial institution. In addition, a payment made by a bill payer under a bill-payment service that is available to a member via a computer or other electronic means is also an electronic funds transfer. This is true unless the terms of the bill-payment service explicitly state that all payments must be made solely by check, draft, or similar paper instrument drawn on the member’s account.

Specifically excluded are payments initiated by check, draft, or other paper instruments like share drafts, including payments made at an electronic terminal by check, draft, or other paper instrument. For example, an electronic re-presentation of a returned check is not covered by Regulation E because the transaction originated by check. Regulation E does apply when members authorize a fee to be debited electronically from an account when a check is returned due to insufficient funds. See Regulation E §1005.3(b) and (c)(1).

The term **electronic terminal** means an electronic device, other than a telephone operated by a member, through which a member may initiate an EFT. For instance, point-of-sale terminals, automated teller machines, and cash dispensing machines are covered. Machines that are “electronic terminals” must be able to provide a paper receipt for each transaction that meets the requirements of the regulation. It is primarily for that reason telephones and personal computers are not considered electronic terminals.

An **“access device”** is a card, code, or other means a member may use to initiate an electronic funds transfer. For example, a PIN is an acceptable access device for an audio-response system. The term access device does not include a check or draft used to capture the MICR (Magnetic Ink Character Recognition) encoding to initiate a one-time ACH debit. Even though the check is not an access device under Regulation E, the transaction is covered by the regulation. In order for a member to be held liable for his or her use of an access device it must be an “accepted” device. An access device becomes an accepted access device when the member to whom the device was issued: (1) requests and receives, or signs, uses, or authorizes another to use, the device in the manner intended; (2) requests validation of an unsolicited access device; or (3) receives an access device that is a renewal or substitution for an accepted access device.

**Exemptions**

Regulation E provides important relief for credit unions through specific exemptions. Without this, many typical credit union transactions affected by computer would be covered, and the compliance burden imposed — particularly on smaller credit unions — would far outweigh any possible benefit to credit union members.

• **Check guarantee, wire transfers, commodities, and securities transactions.** Any check guarantee or autho-
rization service that does not directly result in a debit or credit to a member's asset account is not covered by the regulation. For instance, when a store calls the credit union and verifies that a share draft will be honored, an EFT does not occur as long as the credit union merely flags the member's account for the amount specified without actually transferring the funds. See Regulation E §1005.3(c)(2). Wire transfers using either the federal reserve wire transfer system or a similar wire transfer system are exempt unless the wire transfer is an outgoing international wire, then it is subject to the remittance transfer portion of the Regulation E rules. For example, if a member sends a wire transfer from his or her credit union account to another domestic financial institution, the transaction is exempt. However, ACH transfers are covered. See Regulation E §1005.3(c)(3).

Transfers for the purchase or sale of a security or commodity are not covered if the security or commodity is: (1) regulated by the Securities and Exchange Commission (SEC) or Commodity Futures Trading Commission (CFTC), (2) purchased or sold through a dealer regulated by the SEC or CFTC, or (3) held in book-entry form by a Federal Reserve Bank or federal agency. See Regulation E §1005.3(c)(4).

- **Certain automatic transfers.** The exemption for automatic transfers minimizes the compliance burden on all credit unions and covers a host of relatively common transfers that had historically provided little problem for members. Under these exemptions, any transfer made under an agreement between the member and the credit union that provides for a transfer, without specific request from the member, will be exempt if it is: (1) a transfer between a member's accounts at the credit union (from share to share draft or to a joint account), (2) from the member's account to the credit union (a loan payment), (3) into the member's account (crediting a dividend), or (4) to another family member's account at the credit union. See Regulation E §1005.3(c)(5).

- **Certain telephone transfers.** Credit unions have historically allowed members to call the credit union and request that funds be transferred between accounts or that a check be sent to the member. These transactions are exempted where the transfer of funds is (1) initiated by telephone and (2) not under a telephone bill-paying agreement or other prearranged plan or agreement for periodic or recurring transfers. See Regulation E §1005.3(c)(6). Generally, to be covered, the agreement to make transfers must be a part of a specific written agreement covering the service.

  **Note:** Even though telephone transfers may be exempt under Regulation E, such transfers are not exempt from the transaction limitations under the FRB’s Regulation D (12 CFR Part 204). Regulation D limits the number of telephone transfers per month from a savings account. The National Automated Clearing House Association (NACHA) has rules for ACH transfers that mirror many of the Regulation E requirements. However, there are no exempt classes of ACH transactions.
• **Preauthorized transfers to small financial institutions.** There is a limited exemption for preauthorized EFTs. Credit unions with less than $100 million in assets (as of the preceding December 31) do not have to comply with Regulation E for preauthorized transfers to or from their members’ accounts. Thus, most direct deposits, whether received from the federal government or a private employer, are not covered by the regulation. However, other EFT services, such as ATM or telephone bill payment under a written plan or agreement, remain covered even when offered by a small credit union. See Regulation E §1005.3(c)(7).

**General Disclosure Requirements**

Regulation E imposes disclosure requirements on institutions when a consumer initially contracts for EFT services, initiates an EFT at an electronic terminal (ATM/Point-of-sale), on each periodic statement, and when there are any changes in the terms of the initial EFT agreement.

Regulation E disclosures must be clear and readily understandable, in writing, and in a form the consumer may keep. Credit unions may use commonly accepted or readily understandable abbreviations in complying with all the of regulation’s disclosure requirements. Credit unions may also provide the disclosures in a language other than English as long as disclosures are made available in English upon the consumer’s request.

Credit unions are permitted to deliver Regulation E disclosures to consumers in electronic form, subject to compliance with the consumer consent provisions of the Electronic Signatures in Global and National Commerce Act (ESIGN). Please note that ESIGN generally preempts state e-signature laws, except with regard to a state that has adopted the Uniform Electronic Transactions Act (UETA) as approved by the National Conference of Commissioners on Uniform State Laws (NCCUSL). So, be sure to check with your state league to see if UETA or ESIGN is the controlling statute in your state.

**Disclosure of Initial Terms and Conditions**

**Initial disclosure delivery**

The credit union is required to provide the initial Regulation E disclosures to members requesting an EFT service at the time the member contracts for the service or on or before the time they can first use the EFT service.

**Content of initial disclosures**

Regulation E requires disclosure of the initial terms and conditions for an electronic fund transfer service. These disclosures must be written in readily understandable terms, and can be provided in any language other than English, as long as the English version is available upon the member’s request. The rule includes model clauses that ensure compliance with the regulation. These clauses can be found in Appendix A to the regulation.
Consumer liability

A summary of the member’s liability under the EFT Act for unauthorized electronic funds transfers is required. The disclosure may also include a recommendation that a loss or theft be reported promptly. This disclosure may not be used to increase the member’s responsibility beyond that provided in the law.

**Note:** For credit unions offering debit and POS cards through the Visa or MasterCard network, these networks have adopted liability standards more protective of the member than what is provided in Regulation E. Therefore, the applicable limitations may need to be incorporated in the disclosure.

Credit union telephone number and address

The credit union must disclose a telephone number and address the member may use to notify the credit union of a loss or theft of an access device or when an unauthorized use is suspected.

Credit union’s business days

The credit union must disclose the business days it is open to serve its members. These business days would not include times when only back-office functions are being performed. The disclosure is important since it affects the time within which the member must notify the credit union about a loss or theft of an access device to avoid additional liability and the time the credit union has to correct unauthorized transfers.

Types of transfers and applicable limitations

The credit union must disclose the types of electronic funds transfer services it is offering to the member under the agreement. Also, the credit union must disclose any limitations on the frequency or dollar amount of transfers permitted under the agreement. (For example, if a member can only receive up to $200 in ATM withdrawals in a day, such limitation must be disclosed.) Details on any limitations related to the security of the EFT system need not be disclosed if the confidentiality is essential to maintain the security of the credit union’s EFT system. For example, the credit union need not notify the member that limitations will not be in effect during periods when the system is offline.

When listing the types of permissible transfers, don’t forget to add electronic check conversions (ECK) to your initial Reg E disclosures if you haven’t done so already. The model disclosures include language that credit unions may use to inform members that they may allow a merchant or other payee to make a one-time payment from a checking account using information from a check to pay for purchases or to pay bills. See Appendix A-2.

Fees and charges

Any fees or charges the credit union imposes for electronic funds transfers or the right to make the transfers must be disclosed. If another financial institution charges a surcharge for conducting an EFT at an ATM, the financial institution owning or operating the ATM is responsible for disclosing the surcharge fee prior
to the transfer.

**Note:** A credit union imposing a surcharge at its ATMs must disclose its surcharging policy at the ATM.

**Member’s right to documentation**

The credit union must disclose the member’s right to receive documentation regarding EFTs, including documentation at electronic terminals (for example receipts), on periodic statements, and on notices when preauthorized credits are received or payments made.

**Member’s right to stop payments**

The credit union must disclose the member’s right to stop a preauthorized payment along with the procedure for stopping the payment by giving the credit union advance notice at least three business days before the scheduled date of payment (other than an exempt payroll deduction loan payment). A sample Loanliner® EFT Agreement and Disclosure form is included as **Appendix 3-A** to this section.

**Note:** Credit unions offering electronic bill payment services through an audio response or PC service generally permit members to stop or cancel bill payments prior to transmission. These types of bill payments are generally not regarded as “preauthorized” payments subject to these stop payment rules. The credit union must carefully distinguish these services in its EFT agreement and disclosure.

**Credit union liability for not making or stopping a payment**

The disclosure must inform the member of the credit union’s statutory liability for actual and consequent damages resulting from the credit union’s failure to make an EFT or failure to stop an electronic fund transfer in accordance with the agreement or the member’s stop payment request.

**Confidentiality**

Credit union practices on the transfer of any information to third parties about the member or the member’s account must be disclosed. The FRB has provided a broadly worded model disclosure that should fit most credit unions’ practices.

**Error-resolution procedure notice**

The initial disclosure must include a notice concerning the credit union’s error-resolution procedures and the member’s rights concerning errors. The notice should be substantially similar to the text of the disclosure provided in **Appendix A of Regulation E**. Credit unions should be aware that the time frame for investigation of errors and notification to members is extended for new accounts and EFT transactions not initiated in the U.S.

**Note:** Credit unions should be aware that the member’s rights and the error-resolution procedures under this regulation differ substantially from the rights, error procedures, and disclosures under Truth In Lending and, therefore, a single combined disclosure satisfying both laws is almost impossible.
ATM surcharge notice

The initial disclosure must include a notice that a fee may be imposed by an ATM operator when a member initiates an EFT or makes a balance inquiry at an ATM operated by another institution and by any network used to complete the transaction. The Federal Reserve Board’s model language suggests the following:

When you use an ATM not owned by us, you may be charged a fee by the ATM operator [or any network] (and you may be charged a fee for a balance inquiry even if you do not complete a funds transfer).

Subsequent EFT Documentation

Change in terms

If the credit union changes a term or condition originally disclosed to the member in a way that restricts the EFT services available, increases fees or charges, increases the member’s liability, or places stricter limits on the dollar amount or frequency of transfers permitted, then the credit union must mail or deliver to the member a written notice of the change at least 21 days before the change becomes effective.

The credit union need not give prior notice if an immediate change in terms or conditions is necessary to maintain or restore the security of an account or an EFT system. For example, if a credit union determines that a security risk exists and must therefore restrict a member’s ATM access to his or her accounts.

If, however, the change is made permanent, subsequent notice must be given, unless continued secrecy is essential to maintain the security of the system. For example, the credit union need not notify the member that certain limitations will not be in effect during periods when the system is offline.

Annual error notification

A credit union must either provide an annual long-form notice of its error resolution procedures or it may incorporate a short-form notice in each periodic statement. The required text of both notices is specified in Appendix A of Regulation E, and examples of the notices are shown as Appendix 3-B and 3-C of this section.

Documentation of transfers

Receipts at electronic terminals

At the time a transaction is initiated at an electronic terminal (for example ATM or EFT kiosk), the credit union must ensure the member receives a written receipt, including the following information about the transaction:

• The amount of the transfer
• The calendar date of the transfer
• Type of transfer and the type of accounts involved
• A number or code that uniquely identifies the member, the member’s account, or the access device used to make the transfer
• The location of the terminal
• The name of any third party to whom or from whom funds are transferred

NOTE:

Error resolution notice must be provided:
• Long-form, once per year; or
• Short-form, on each periodic statement
EFTs of $15 or less do not require receipts.

**Periodic statement requirements**

A periodic statement must be sent to a member for each month during which an EFT has occurred. If no EFT activity occurs, a statement must be sent at least quarterly.

For each EFT, the following disclosures are required on the statement, as applicable:

- The amount of the transfer
- The date the transfer is posted
- The type of transfer and the type of account
- For ATM-type transfers, the location of the terminal
- The name of any third party receiving or sending funds

The periodic statement must also include:

- The account number(s) for which the statement is issued
- The amount of fees and charges assessed during the statement period for EFTs, the right to make transfers, or account maintenance
- Beginning and ending balances on each account
- The address and telephone number for inquiries and error notification
- The telephone number to call to find out whether a preauthorized transfer to the member’s account has occurred

Where a direct deposit is the only EFT service provided by the credit union, a quarterly periodic statement, rather than monthly, is permitted.

**Note:** A periodic statement must be provided for each monthly or shorter cycle in which an EFT has occurred.

**Disclosures at ATMs**

If a credit union charges a fee to non-members for conducting transactions on ATMs it operates, the credit union must disclose that a fee will be imposed and the amount of that fee either on the ATM screen or as a paper notice the nonmember receives before agreeing to complete the transaction. No fee may be charged unless the nonmember receives the fee notice and then elects to continue the transaction. Some states also require that the credit union post a notice on or at the ATM.

Credit unions may disclose on ATM signage that a fee will be imposed or that a fee “may” be imposed on consumers initiating an EFT or balance inquiry if there are circumstances under which some consumers would not be charged for such services. However, if a fee will be imposed in all instances, the notice must state that a fee “will” be imposed.

**Consumer Authorization for Electronic Check Conversions**

The credit union will also have to follow certain rules if it initiates an electronic check conversion transaction (for example, the credit union converts a check to an EFT from another institu-
tion provided as payment for a mortgage loan). These rules generally apply to merchants, but also cover any other payee that initiates one of these transactions.

An electronic check conversion transaction can only proceed when it has been authorized by the consumer. A consumer authorizes the transaction when he receives the appropriate notice and then “goes forward with the transaction” (formerly “completes the transaction”). The credit union must notify the consumer that:

• The check will be processed as a one-time EFT; and
• The funds may be debited from the consumer’s account as soon as the same day payment is received, and, as applicable, that the consumer’s check will not be returned by the financial institution holding the account.

For point-of-sale (POS) transactions, a notice must be posted in a prominent and conspicuous location, and a copy of the notice must be provided to the consumer at the time of the transaction, such as on the receipt. For accounts receivable conversion (ARC) transactions, the notice will typically be on a billing statement or invoice. The credit union need not obtain the member’s written authorization to conduct the transaction.

Model Clauses for Authorizing One-Time EFT Using Information from a Check (Reg E Appendix A-6)

**Notice About Electronic Check Conversion:**
When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

[You authorize us to collect a fee of $ ___ through an electronic fund transfer from your account if your payment is returned unpaid.]

**Alternative Notice about Electronic Check Conversion (Optional):**
When you provide a check as payment, you authorize us to use information from your check to make a one-time electronic fund transfer from your account. In certain circumstances, such as for technical or processing reasons, we may process your payment as a check transaction.

[Specify other circumstances (at payee’s option).]

[You authorize us to collect a fee of $ ___ through an electronic fund transfer from your account if your payment is returned unpaid.]

**Notice for Providing Additional Information about Electronic Check Conversion:**
When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day [you make] [we receive] your payment [, and you will not receive your check back from your financial institution].

**Preauthorized Transfers**

**Transfers to a member’s account**

If a member’s account will be credited by the same payor at least once every sixty days, then the credit union
must provide a means for the member to determine whether or not the payment has been received. The credit union may use one of the following three methods to meet this requirement: (1) provide oral or written notice within two business days every time the transfer occurs; (2) provide notice within two business days of the scheduled payment date that the transaction did not occur; or (3) provide a toll-free phone number for the member to call to verify receipt of the deposit. A toll-free number must be “readily available” so that the member does not consistently get a busy signal. It must also be at no cost to the member, if the member lives within the primary service area of the credit union or a branch of the credit union electing to use the telephone notification option.

Preauthorized transfers to a member’s account must be posted as of the day the funds are received.

Transfers from a member’s account

Preauthorized transfers from a member’s account may only be authorized in writing. Under the Electronic Signatures in Global and National Commerce Act (ESIGN), written authorizations may be provided electronically. (See the Electronic Communication section.) These include regular, recurring transfers from a member’s account. For example, the preauthorized payment of an insurance premium, utility bill, or health club fees. In contrast, periodic payments under an electronic bill payment generally are not preauthorized transfers.

The party obtaining the authorization must provide the member a copy of the authorization. If a copy is provided by a third-party payee (for example an insurance company) the credit union does not need to obtain a copy of the authorization from the third-party payee. Included as Appendix 3-D of this section is Loanliner® Automatic Transfer Authorization which satisfies the written preauthorized, transfer-authorization requirements.

A member may stop payment on a preauthorized debit by notifying the credit union either orally or in writing, at any time up to three business days before the scheduled date the transfer is to be stopped. Credit unions receiving such notice should ascertain whether the member wishes to stop only the current payment or wishes to stop all future payments. If the member is revoking the authorization, all future payments should be blocked. The credit union receiving an oral stop payment request may, at the time the oral request is received, require a written confirmation of the order which must be provided within fourteen days of the member’s oral notification. If the member fails to provide the written confirmation, the credit union cannot be held liable for violations of Regulation E or the EFT Act due to the failure to stop an electronic fund transfer. If the member fails to provide the written confirmation, the credit union cannot be held liable for failing to make a stop payment.

When a preauthorized debit varies in amount, the party receiving the payment must notify the member of the amount of the current debit, in writing, at least ten days before the debit is scheduled to occur. The credit union does not violate
Regulation E if the designated payee fails to provide notice of the varying amount. Under limited circumstances, the member may elect to receive notice only when the debit will vary by more than a previously agreed-upon amount from the previous payment.

Error-Resolution Procedures for EFTs

The error-resolution procedures in the EFT Act parallel those of Truth In Lending (Regulation Z). However, the time frames are different and reflect the fact that when an error occurs, the member has already lost the use of the funds — they have been withdrawn from the account. In addition, keep in mind that the error-resolution procedures for an EFT differ from the error-resolution procedures for a remittance transfer under Regulation E.

To the extent there are any errors with respect to a transaction or billing statement, the credit union has specific duties to investigate and resolve such errors. The definition of an error is complex. Under Regulation E, an error includes any of the following seven items:

1. An unauthorized EFT
2. An incorrect EFT to or from a member’s account
3. An omission from a periodic statement of an EFT that should have been included
4. A computational error relating to an EFT
5. Receipt by the member of an incorrect amount of money at an electronic terminal
6. An incorrectly identified EFT
7. A member’s request for additional information concerning an EFT other than a routine balance inquiry

Error notification by member

The member’s notice of an error may be oral or in writing and is timely if it is received by the credit union within 60 days of the first transmittal of a periodic statement that reflects the error. Certain events such as loss or theft or being out of the country may trigger slightly different timing rules.

The notice must include enough information to enable the credit union to identify the member’s name and account number and, to the extent possible, the type, date, and amount of the error. Where the notification of the error is made orally, the credit union may require written confirmation within 10 business days. If confirmation is not received, then the credit union need not provisionally recredit any amount claimed but must still investigate the error, report the results of the investigation to the member, and correct the error, if actually found.

Error investigation

After receiving notification of an EFT error, the credit union must promptly investigate the error and report the results within 10 business days (20 business days for new accounts less than 30 days old). If the investigation cannot be completed within this time frame, the credit union may take up to 45 calendar days to complete the investigation on condition that it:
1. Provisionally recredit the funds to the member’s account by the end of 10 business days of receiving the error notice (20 business days for new accounts)

2. Advises the member of the provisional recrediting within two business days of the recrediting

3. Give the member full use of the provisionally recredited funds during the investigation

If the EFT transaction was not initiated in the U.S. or involves a point-of-sale debit card or a new account less than 30 days old, the investigation period is extended to 90 calendar days instead of 45 calendar days. These longer time limits were added because of the difficulty encountered in getting remote or nonfinancial institutions outside the U.S. to provide needed data and to help reduce the risk of fraud involved with new accounts.

What if the notice is late? The credit union is not required to comply with these requirements for any notice of error from the member that is received later than 60 days from the date on which the periodic statement first reflecting the error was sent. However, the Fed has clarified that where the member’s assertion of an error involves an unauthorized EFT, the credit union must comply with the provisions on liability for unauthorized transfers before it may impose any liability on the member.

**Extent of the investigation**

Regulation E permits the credit union to limit an error investigation to “a review of its own records” where the allegation involves a transfer to or from a third party with whom the credit union has no agreement for the type of EFT involved. This is commonly referred to as the “four walls” rule (for example - the investigation is limited to the four walls of the institution). A credit union does not have an agreement with a third party solely because it participates in transactions that occur under the federal recurring payments programs, or that are cleared through an ACH or similar arrangement for the clearing and settlement of fund transfers generally, or because it agrees to be bound by the rules of such an arrangement.

The extent of the investigation required may vary depending on the facts and circumstances. However, the credit union may not limit its investigation solely to the payment instructions where additional information within its own records pertaining to the particular account in question could help to resolve a member’s claim. Information that may be reviewed as part of an investigation might include:

- The ACH transaction records for the transfer;
- The transaction history of the particular account for a reasonable period of time immediately preceding the allegation of error;
- Whether the check number of the transaction in question is notably out of sequence;
- The location of either the transaction or the payee in question relative to the consumer’s place of residence and habitual transaction area;
• Information relative to the account in question within the control of the institution’s third-party service providers if the financial institution reasonably believes that it may have records or other information that could be useful; or

• Any other information appropriate to resolve the claim.

Notification of resolution to the member

If, after investigation of an error, the credit union determines that an error has occurred, it must — within one business day — correct the error, credit any interest, and refund any charges. The credit union must provide the member with an oral or written report of the correction within three business days after the investigation has been completed. If applicable, the credit union must notify the member that a provisional credit has been made final within three business days after completing its investigation.

If the credit union’s investigation reveals that no error occurred, or that the error is different in manner or amount from the one the member described, then the credit union must provide the member a written explanation within three business days after concluding its investigation. The notice must inform the member of his right to request the written documentation relied upon by the credit union in making the determination that an error did not occur.

Upon debiting a provisionally recreditied amount, the credit union must provide the member the date and amount of the debit and inform the member that share drafts and preauthorized debits will be honored for five business days if they are payable to third parties. This is designed to allow the member the opportunity to replace funds where items have been drawn on provisionally recreditied amounts. Also, if the account for which an error report is investigated has a credit feature, such as an overdraft line of credit, the error-resolution procedures of Regulation E, rather than Regulation Z (Truth In Lending), apply.

Member Liability for Unauthorized Transfers

Members are only responsible for EFTs they authorize and make. If an EFT is not authorized and the member properly informs the credit union, the member cannot be held liable for the transaction. An unauthorized electronic funds transfer includes any EFT from a member’s account initiated by a person without actual authority to do so and from which the member does not benefit. A credit union employee making a transfer affecting the account requested by the member does not fall under this definition, even though an error may result. Likewise, a member may alert the credit union that a previously authorized user is no longer authorized to use the account and that further use, if permitted by the credit union, is considered an unauthorized EFT. Further, the term “unauthorized EFT” does not include a transaction initiated with fraudulent intent by the member or any person acting together with the member.

And finally, the reversal of a direct deposit made in error is not an unauthor-
ized EFT when it involves any of the following:

- a credit to the wrong member’s account,
- a duplicate credit to a member’s account,
- a credit for the wrong amount (for example, the amount credited to the member’s account differs from the amount in the transmittal instructions)

Preconditions to asserting liability

A member may be held liable within the limits described for unauthorized use of an access device only if (1) the access device has been accepted, (2) the credit union provided a means by which the member could be identified, and (3) the credit union provided the following disclosures: a summary of the member’s liability for unauthorized EFTs; the telephone number and address for reporting unauthorized EFTs, and a disclosure listing the credit union’s business days. A member may be held liable within the limitations described for all other unauthorized EFTs involving the member’s account only if the credit union disclosed a summary of the member’s liability for unauthorized EFTs; the telephone number and address for reporting unauthorized EFTs, and a disclosure listing the credit union’s business days.

Liability after loss or theft

If the member notifies the credit union within two business days of discovering a loss or theft of an access device, the member will be liable for the lesser of $50 or the amount of money or property obtained through the unauthorized use before the credit union was notified. The two-business day period does not include the day the member discovers the loss or theft or any day that is not a business day. Two 24-hour segments are used to calculate the two-business day period without regard to the credit union’s business hours or the time of day the member discovers the loss or theft.

An extension can be made to the two-day period under special circumstances:

- the member is in the hospital or
- the member is away from home and does not discover the loss or theft until returning

Example: Mary Smith’s ATM card is stolen on Monday but she doesn’t discover the loss until Wednesday. During that time the thief made a withdrawal of $100 from a nearby ATM. If Mary notifies her credit union within two business days of discovering that her card was stolen (by midnight Friday), the $50 liability limit would apply. If a member notifies the credit union more than two business days after discovering the loss or theft, greater liability occurs. That liability would be the lesser of:

- $500 or
- the sum of
  1. $50 or the amount of the unauthorized transfers that occurred within the two business days (whichever amount is less) and
  2. the amount of unauthorized transfers
that occurred after two business days and before the credit union was notified if the credit union can establish that it would have prevented additional losses if the member provided timely notification.

**Example:** John Clark’s ATM card was stolen on Monday and he discovers the theft that same day. John reports the theft to his credit union on Friday. During that time $600 worth of withdrawals have been made. The $500 liability limit would apply because John failed to notify the credit union within two business days of discovering his card was stolen. The two-day deadline expired on midnight Wednesday.

Exactly how much a member is liable for depends on when the unauthorized transfers take place. **Example:** Betty’s ATM card is stolen on Tuesday but she doesn’t report the theft to her credit union until the following Monday. A $100 unauthorized transfer is made on Tuesday (the day the card was stolen) and a $600 unauthorized transfer on Thursday of that same week. Betty is liable for $500 – $50 of the $100 transfer on Tuesday plus $450 of the $600 transfer on Thursday to reach the $500 maximum.

However, if $600 was taken on Tuesday and $100 on Thursday, Betty’s liability would only be $150 – $50 of the $600 transfer on Tuesday plus the full $100 transfer on Thursday.

**Unauthorized use reflected on periodic statement**

If a periodic statement shows an unauthorized transfer made with a lost or stolen access device, the member must notify the credit union within 60 calendar days after the periodic statement was sent. If notification is not made within that time period, the member faces unlimited liability for all unauthorized transfers made after the 60-day period. The member’s liability for unauthorized transfers before the statement is sent and up to 60 days following will be as follows: 1) up to $50 if the member notifies the credit union within two business days of learning of the loss or theft of the access device or 2) up to $500 if the member notifies the credit union after two business days of learning of the loss or theft.

If a periodic statement shows an unauthorized transfer that does not involve an access device, the member must notify the credit union within 60 calendar days after the statement is sent.

**Example:** Frank is reviewing the statement he just received and notices an ACH debit from his share draft account for $200 that he did not authorize. Frank calls his credit union and points out this erroneous debit within a week of the date of his statement. Because Frank called within the 60-day deadline, he has zero dollars liability.

However, if a member fails to report an unauthorized transfer within that 60-day time period, the member may be liable for any transfers occurring after the close of the 60 days and before the notice is given to the credit union.

**Example:** Samuel receives his periodic statement dated June 25 and notices a $200 ACH debit to his share draft account that he did not authorize. Samuel doesn’t call his credit union about this debit until September 15 (he missed the 60-day deadline).
On September 5 another erroneous ACH debit of $400 hits his share draft account. Because Samuel did not notify his credit union about the $200 debit until September 15 (21 days past the 60-day deadline) he may be liable for the $400 debit.

**Different rules for Visa and MasterCard debit cards**

Visa and MasterCard have implemented operating rules that adopt stricter limits than those imposed by Regulation E. The Visa and MasterCard rules for debit card (for example, point-of-sale) transactions reduce the member’s liability to zero dollars if notice is received within two business days of the discovery of the loss unless the member was grossly negligent. For other assertions of unauthorized transactions, the Regulation E maximum liability of $50 will apply.

**Payroll cards**

The Federal Reserve Board issued an interim final rule on payroll cards effective July 1, 2007. Under the interim rule, payroll cards are considered “accounts” for purposes of Regulation E. The rule covers accounts that are directly or indirectly established by an employer to which electronic fund transfers of the consumer’s wages or other compensation are made on a recurring basis (one-time payments, such as a final paycheck or emergency situation would not be covered).

Payroll card accounts are covered by Regulation E whether the funds are held in individual employee accounts, or in a pooled account with some form of sub-accounting maintained by a depository institution or third party. A credit union will be required to comply with this rule if it directly or indirectly holds a payroll card account, or issues an access device to a consumer for use in initiating an EFT from a payroll card account.

**Periodic statements**

The Fed has modified the Regulation E disclosure requirements for payroll card accounts so that credit unions have flexibility in how to provide certain account transaction information to payroll card users. Credit unions may elect to provide periodic statements as they normally would for other accounts, or may use an alternative means to provide the account information.

Instead of providing periodic statements, institutions may:

- Provide access to the account balance through a readily available telephone line;
- Provide access to an electronic history (such as through an Internet website) of the member’s account transactions that covers at least 60 days preceding the date the member electronically accesses the account (for example - enters a user identification code or a password or otherwise complies with a security procedure used by an institution to verify a consumer’s identity); and
- Provide promptly upon the member’s oral or written request, a written history of the member’s account transactions that covers at least 60 days...
preceding the date of receipt of the request.

**Initial disclosures**

If the credit union uses the above method of providing account information (rather than the customary periodic statement), it must provide in its initial disclosure the means by which a member can access information about his payroll card account, including the telephone number that he may call to obtain his account balance, and information on how the member can electronically obtain a history of account transactions. This could include the address of an Internet website.

Credit unions must also include a summary of the member’s right to obtain a written history of account transactions upon request, including a telephone number to request a history. Instead of the current Regulation E initial and annual notice for error-resolution rights, the credit union must provide an initial and annual notice explaining the error resolution rights associated with payroll card accounts. There are model forms that credit unions may use to facilitate compliance with this interim final rule.

**Model Clauses For Financial Institutions Offering Payroll Card Accounts (Reg E, Appendix A-7)**

(a) Disclosure by financial institutions of information about obtaining account information for payroll card accounts. § 1005.18(c)(1).

You may obtain information about the amount of money you have remaining in your payroll card account by calling [telephone number]. This information, along with a 60-day history of account transactions, is also available on-line at [Internet address].

You also have the right to obtain a 60-day written history of account transactions by calling [telephone number], or by writing us at [address].

(b) Disclosure of error-resolution procedures for financial institutions that provide alternative means of obtaining payroll card account information ($1005.18(c)(1)(ii) and (c)(2)).

In Case of Errors or Questions About Your Payroll Card Account, Telephone us at [telephone number] or write us at [address] or E-mail us at [electronic mail address] as soon as you can, if you think an error has occurred in your payroll card account. We must hear from you no later than 60 days after the earlier of the date you electronically access your account or the date we sent the FIRST written history on which the error appeared. You may request a written history of your transactions at any time by [calling us at (telephone number)] [writing us at (address)]. You will need to tell us:

- Your name and [payroll card account] number.
- Why you believe there is an error, and the dollar amount involved.
- Approximately when the error took place.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 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 45 days to
investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have 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 10 business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three 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 need more information about our error-resolution procedures, call us at [telephone number] or visit [Internet address].

**Liability limitations and error reporting**

If the credit union opts not to provide a paper periodic statement, the interim final rule specifies two different triggers for beginning the 60-day period for limiting liability for unauthorized EFTs. The two triggers depend on when and how the consumer has obtained a history of his or her account transactions.

If the member obtains transaction information electronically, the 60-day period begins on the date the account is electronically accessed. If the member has requested a written history, the 60-day period begins on the date the credit union sends the written history.

For members who review their account history both electronically and with a written history, the 60-day period begins to run with the earliest of the two dates outlined above.

**Electronic Communication**

Regulation E no longer mandates any particular means of electronic delivery of disclosures, such as sending and re-sending disclosures via e-mail. These requirements were eliminated because of concerns about data security, identity theft, and “phishing” (using fraudulent e-mail requests to obtain consumers’ confidential personal or financial information). The Fed also eliminated the provisions regarding retention of electronic disclosures posted on a website for at least 90 days, since industry practice is to retain the information for much longer.

Credit unions are now simply permitted to deliver Regulation E disclosures to consumers in electronic form, subject to compliance with the consumer consent provisions of the Electronic Signatures in Global and National Commerce Act (ESIGN). See also “General Disclosure Requirements” earlier in this section.
Opt-in Notice for ATM and One Time Debit Card Overdrafts

The Reg E overdraft rule (Sec. 1005.17) covers ATM and one-time debit card overdrafts. The regulation does not cover overdrafts related to check, ACH, or recurring debit transactions (e.g., preauthorized electronic fund transfers).

Reg E requires a credit union to provide an opt-in notice and obtain the member’s affirmative consent before charging any fees for paying ATM and one-time debit card overdrafts “pursuant to the institution’s overdraft service.” The term “overdraft service” means: “a service under which a financial institution assesses a fee or charge on a consumer’s account held by the institution for paying a transaction (including a check or other item) when the consumer has insufficient or unavailable funds in the account.” Under the broad definition, a credit union has an overdraft service if it ever charges fees for paying ATM/POS overdrafts.

The term “overdraft service” does not include any payment of overdrafts via a line of credit subject to Reg Z, including transfers from a credit card account, home equity line of credit, or overdraft line of credit; or a the transfer of funds from another account held individually or jointly by the member, such as a savings account.

Four-step opt-in requirement

A credit union cannot charge a fee on a member’s account for paying an ATM or one-time debit card overdraft, unless the credit union:

1. Provides the member with a notice in writing (or electronically, if the member agrees) segregated from all other information, describing the credit union’s overdraft service(s).

2. Provides a reasonable opportunity for the member to affirmatively consent, or opt in, to the service for ATM and one-time debit card transactions. A credit union can provide a form to fill out and return in person or mail back to the credit union; a readily available telephone line that members can call to opt-in; or for members who have agreed to do business electronically, a Web-based form where members can click on a check box and then click a button to confirm their choice.

3. Obtains the member’s affirmative consent, or opt-in, to the credit union’s payment of ATM or one-time debit card transactions. Note that the consent must be obtained separately from other consents or acknowledgements, including the consent to receive disclosures electronically.

4. Provides the member with confirmation of his consent in writing (or electronically, he agrees), which includes a statement informing the member of the right to revoke such consent. The credit union can provide a copy of the member’s completed form or send a separate letter acknowledging that the member has elected to opt into the overdraft service. Credit unions cannot assess an overdraft fee until they send the written confirmation.
**Affirmative consent and revocation**

The member may affirmatively consent to the credit union’s overdraft service at any time in the manner described in the opt-in notice, and may revoke consent at any time in the same manner used to provide consent. The member’s affirmative consent to the credit union’s overdraft service is effective until revoked by the member (unless the credit union terminates the service). And, the credit union must implement the member’s revocation of consent as soon as “reasonably practicable.”

For joint accounts, the credit union must treat the affirmative consent of any of the joint account owners as affirmative consent for that account. Similarly, the credit union must treat a revocation of affirmative consent by any of the joint account owners as revocation of consent for that account.

**Opt-in notice**

Section 1005.17(d) of Reg E contains specific content and format requirements for the consumer opt-in notice. The notice must be substantially similar to the Model Form A-9 set forth in Appendix A of the regulation and include (as applicable):

- a brief description of the credit union’s overdraft service and the types of transactions covered by the service, including ATM and one-time debit card transactions;
- the dollar amount of any fees or charges assessed by the credit union for paying an ATM or one-time debit card transactions;

- the maximum number of overdraft fees or charges that may be assessed per day, or, if applicable, that there is no limit;
- an explanation of the member’s right to opt-in to the credit union’s overdraft service for the payment of ATM and one-time debit card transactions, including the methods by which the member may consent to the service; and
- any alternative plans for covering overdrafts (e.g., line of credit or funds transfer from another account to cover overdrafts), if available.

The credit union may modify the content to:

- Indicate that the member has the right to opt-in to, or opt-out of, the payment of overdrafts under the institution’s overdraft service for other types of transactions, such as checks, ACH transactions, or automatic bill payments;
- Provide a means for the member to exercise this choice; and
- Disclose the associated returned item fee and that additional merchant fees may apply.

- Disclose the member’s right to revoke consent.

The credit union may tailor Model Form A-9 to whatever methods it offers members to opt-in to the service. For example, the credit union need not provide the tear-off portion or the form if it is only permitting members to opt-in via telephone or electronically.

The credit union may use any reason-
able method to identify the account for which the member submits the opt-in notice. For example, the credit union may include a line for a printed name and an account number. Or, it may print a bar code or use other tracking information.

**Exception to the notice and opt-in requirements**

The regulation provides an exception to the notice and opt-in requirement for institutions that have a policy and practice of declining to authorize and pay ATM and one-time debit card transactions that they reasonably believe would overdraft the consumer’s account. Credit unions may apply this exception on an account-by-account basis.

This is not an exception to the fee prohibition. The credit union still cannot charge a fee unless it has provided the proper notice, and obtained the member’s affirmative consent/opt-in—even in cases where the credit union doesn’t have a formal overdraft program but pays an authorized ATM/debit card transaction that overdraws a member’s account. The credit union can, however, deduct the amount overdrawn from the members account.

Further, without a member’s opt-in, the credit union cannot charge a fee for declining to pay an ATM/debit card transaction.

**Cannot condition opt-in or vary account terms**

Credit unions cannot require the member to opt-in to the overdraft service for ATM/debit card transactions in order to have checks, ACH and other types of transactions paid. Credit unions also cannot decline to pay check, ACH and other transactions because the member hasn’t opted in to the ATM/debit card overdraft service.

Credit unions must provide members who don’t opt-in with the same account terms, conditions and features as provided to consumers who do opt in. For example, interest/dividend rates paid, fees assessed, type of debit card provided, minimum balance requirements, account features like access to online bill payment, etc.

**Gift cards**

Regulation E restricts fees and expiration dates that apply to gift cards, certificates and general use prepaid cards that are sold or issued to consumers primarily for personal, family or household purposes.

Regulation E defines “gift card” as a card, code or other device that is:

- Issued on a prepaid basis primarily for personal, family or household purposes to a consumer in a specified amount that may not be increased or reloaded in exchange for payment; and
- Redeemable upon presentation at a single merchant or an affiliated group of merchants for goods and services.

The term includes store gift cards as well as network-branded (e.g., Visa, MasterCard), general-use prepaid cards that are redeemable at any merchant that accepts the card brand. The regulation also applies when a physical card is not issued if the device or means of access otherwise acts as a gift card, such as when funds are accessible via
The rule does not apply to cards where the end use is a business purpose, such as travel expenses or office supplies. However, the rules will apply if a business purchases cards and resells or distributes them to consumers primarily for personal, family, or household purposes.

The regulation excludes certain prepaid products, for example:

- Prepaid cards received through loyalty, award, or promotional programs are not subject to the rule’s restrictions on imposing dormancy, inactivity, or service fees, or expiration dates. However, to avoid consumer confusion, the card must state on the front that it is issued for loyalty, award, or promotional purposes, and any funds expiration date that may apply. In addition, all fees must be disclosed on or with the card or certificate.

- Reloadable cards that are not marketed or labeled as gift cards, for example cards provided to the “unbanked” as a substitute for a traditional account, as well as cards that substitute for traveler’s checks.

- Certificates issued solely in paper form where only the paper itself may be used to purchase goods and services. This exclusion does not apply if the certificate has a bar code or certificate number that may be used to purchase goods and service, or if it’s sent electronically and then reproduced on paper.

- Cards not marketed to the general public, prepaid telephone service cards, and cards redeemable for admission to certain events or venues.

**Restrictions on dormancy, inactivity, or service fees**

Under the regulation, no “person” may impose a dormancy, inactivity or “service fee” with respect to a gift certificate, store gift card, or general use pre-paid card, unless three conditions are satisfied:

1. These fees may only be imposed if there has been no activity on the gift card or certificate within the one-year prior to the imposition of the fee;

2. Only one such fee may be assessed in a given calendar month;

3. Disclosures regarding dormancy, inactivity or service fees must be clearly and conspicuously stated on the gift card or certificate, and the person issuing or selling the card/certificate must provide these disclosures to the purchaser before the card or certificate is purchased.

“Service fees” are defined as periodic fees that are assessed in connection with the card, as opposed to a one-time fee (e.g., a replacement card fee). The issuer/seller may not retroactively assess dormancy, inactivity, or service fees after the one-year period for prior time periods.

**Expiration date restrictions**

The regulation also restricts expiration dates. Gift cards or certificates may not be sold or issued unless the expiration date of the funds underlying the certificate or card is no less than five years after the date of issuance (in the case
of a gift certificate); or five years after the date of the last load of funds (in the case of a store gift card or general use pre-paid card), which would be the date when the card and funds were activated. The gift card issuer/seller won’t have to restart the five-year period if it issues or activates a replacement card.

Prior to purchase, the issuer/seller must clearly and conspicuously disclose on the card or certificate: whether the funds underlying the card or certificate may expire; any difference between the expiration date of the actual card/certificate and that of the underlying funds; and that the consumer may contact the issuer/seller for a replacement card.

If the expiration date of the card is different from the expiration date of the underlying funds, the issuer or seller must establish policies and procedures to insure that a consumer has a reasonable opportunity to purchase a card with an expiration date that is at least five years from the date of purchase.

No fees are allowed for replacement cards when the expiration date of the card occurs before the expiration of the underlying funds. However, fees may be charged to replace lost or stolen cards if otherwise permitted by law.

The regulation doesn’t require the replacement of lost, stolen, or expired cards. The issuer/seller may send the remaining balance to the consumer instead. However, no fee may be charged for sending the remaining balance unless the card was lost or stolen.

Additional disclosure requirements

In addition to the restriction on dormancy, inactivity and service fees, the regulation requires the disclosure of all other fees imposed in connection with a gift certificate, store gift card or general use pre-paid card. Disclosures include the type of fee, the amount and how it is determined, and the conditions in which the fee may be imposed. Such fees must be “clearly and conspicuously” disclosed on or with the card or certificate prior to purchase. The regulation also requires the disclosure of a toll-free telephone number and website if one is maintained that consumers may use to obtain information on fees or replacement cards.

The required disclosures must be in written or electronic form, in a retainable or printable form. For electronic disclosures, the consent and other requirements under the Electronic Signatures in Global and National Commerce Act (ESIGN) will not apply. However, the disclosures still must be provided prior to purchase. Therefore, consumers should not be able to bypass electronic disclosures provided via hyperlink.

Special Credit Union Rules and Concerns

Issuance of access devices

Regulation E governs the issuance of access devices, including those connected with pre-existing overdraft accounts or the addition of EFT capabilities to an existing credit card.

In general, an access device may be issued only upon the specific request of a member or as a renewal or substitution for an accepted access device. However, an unsolicited access device may be issued to a member if: (1) it is not vali-
dated, (2) it is accompanied by a clear explanation that the access device is not validated and how the member may dispose of it if validation is not desired, (3) it is accompanied by a complete initial Regulation E disclosure, and (4) it may be activated only upon oral or written request from the member and after verification of the member’s identity by some reasonable means. Where audio response permits access to a line of credit, the PIN may be a credit card so an advance PIN request is strongly suggested.

Compulsory use per Regulation E §1005.10(e)

The statute prevents a credit union from requiring a member to use electronic funds transfers to repay a loan, except for credit extended under an overdraft credit plan or extended to maintain a specified minimum balance in the member’s account. Remember, however, not all payroll deduction plans are actually electronic funds transfers. Also, there is no prohibition on encouraging the use of EFT as a means of repayment by offering another incentive like a lower rate.

Waiver of rights

The statute prohibits credit unions from including anything in their EFT agreement that would constitute a waiver of any right provided under the EFT Act.

Record retention

The credit union must keep documentation of compliance with Regulation E for at least two years.

State law

Some states have adopted EFT laws that have specific differences from the EFTA and Regulation E. Credit unions should consult with their state leagues for guidance on any state law requirements.

Remittance transfers

In February 2012, the CFPB published amendments to Regulation E to provide new protections to consumers who send remittance transfers to consumers or businesses in foreign countries. The amendments implement Dodd-Frank requirements and are scheduled for mandatory compliance to occur in 2013. The rules cover credit unions, banks and money transmitters that offer remittance transfers (i.e., international money transfers). Small dollar transfers of $15 or less are excluded from the rule’s coverage.

A “remittance transfer” is an electronic funds transfer requested by a sender (i.e., consumer in the United States) to a designated recipient (in a foreign country) that is sent by a remittance transfer provider. The definition is quite broad, but generally covers EFTs like international wire transfers and cross-border ACH transactions. It also covers transfers where a consumer provides cash or another method of payment to the credit union and requests that funds be sent to a specified location or account in a foreign country. And, under certain circumstances, the definition can also cover electronic bill payments scheduled in advance.

A “remittance transfer provider”
(“provider”) is a “person” that provides “remittance transfers” for consumers in the “normal course of business” (regardless of whether the consumer holds an account with such person). Whether a credit union provides remittance transfers in the normal course of business depends on the facts and circumstances, including the total number and frequency of remittance transfers provided by the institution. If an entity provided 100 or fewer remittance transfers in the previous calendar year, and provides 100 or fewer transfers in the current calendar year, that entity is not considered to be providing remittances transfers for consumers in the “normal course of business.” If an entity exceeds the safe harbor level, the entity has up to six months to come into compliance with the remittance regulation.

A credit union will not be considered to be acting as a remittance transfer provider when it performs activities as an “agent” on behalf of a remittance transfer provider (e.g., credit union provides remittances under a contract with Western Union).

**Required disclosures**

The final rule requires a remittance transfer provider to provide a pre-payment disclosure and a receipt. Disclosures must be clear and conspicuous, generally be provided in writing, and must be in a retainable form. **Model forms** are found in Appendix A to the regulation.

**Pre-payment disclosure:** A provider must provide a written pre-payment disclosure to a sender when the sender requests the remittance transfer, before a payment is made. An oral pre-payment disclosure is permitted if the transaction is conducted entirely by telephone. The pre-payment disclosure must include:

- The amount in the currency in which the funds will be transferred;
- Any fees and taxes imposed by the provider, in the currency in which the funds will be transferred;
- The total amount of the transaction, which is the sum of the transfer amount and fees, in the currency in which the funds will be transferred;
- The exchange rate used by the provider for the remittance transfer (rounded consistently for each currency to no fewer than two decimal places and no more than four decimal places);
- The amount that will be transferred in the currency in which the funds will be received, but only if covered third-party fees are imposed;
- covered third-party fees (covered third-party fees are any fees imposed on the remittance transfer by a person other than the remittance transfer provider, except for noncovered third-party fees);
- The amount that will be received, in the currency in which the funds will be received; and
- A statement indicating that non-covered third-party fees or taxes collected on the remittance transfer by a person other than the provider may apply.

**Note:** A non-covered third-party fee is any fee imposed by the designated recipient’s...
institutions for receiving a transfer into an account except if the institution acts as an agent of the remittance transfer provider.

**Receipt disclosure:** A provider must also generally provide a written receipt when payment is made for the remittance transfer. The written receipt must include:

- All the required pre-payment disclosures;
- The date of availability of funds to the designated recipient. A provider may provide the latest date on which funds will be available, along with a statement that funds may be available earlier;
- The name and telephone number and/or address of the designated recipient, if applicable;
- A statement about the rights of the sender regarding the resolution of errors and cancellation. See model form A-37;
- The name, telephone number, and website of the provider; and
- A statement that the sender can contact the state agency that regulates the provider and the CFPB for questions or complaints about the provider.

**Combined disclosure:** A provider may provide both the pre-payment disclosure and receipt in a single disclosure before the payment is made. However, the provider still must provide proof of payment when payment is made for the remittance transfer.

**Electronic disclosures:** The provider may provide the pre-payment disclosure in electronic form without regard to ESIGN’s consumer consent provisions. The receipt may also be provided in electronic form, but must comply with ESIGN. In the case of a combined notice, ESIGN also applies.

**Foreign language disclosures:** Disclosures must generally be provided in English, and in each of the foreign languages that the provider principally uses to advertise, solicit, or market remittances at a particular office (where the sender conducts a transaction or asserts an error); or the foreign language the sender primarily used to conduct the transaction, provided that the language is one of the foreign languages that the provider principally uses to advertise, solicit, or market remittance transfer services. If the language used to conduct the transaction is not one of the languages the provider principally uses, the disclosures should be in English.

**Remittance transfers conducted entirely by telephone:**

- Oral pre-payment disclosure — An oral pre-payment disclosure (or via mobile application or text message) is permitted if the transaction is conducted entirely by telephone in the language primarily used by the sender. However, a provider must send a required written receipt (and any error resolution communication) with the same language used on the telephone, even if it is not a language the provider principally uses.
- Written receipts — For a transaction conducted entirely by telephone, a written receipt may be mailed or delivered to the sender no later than 1 business day after the date on which payment is made. For a transaction
conducted entirely by telephone and involves the transfer of funds from the sender's account held by the provider, the written receipt may be provided on or with the next scheduled periodic statement or within 30 days after payment if a periodic statement is not required.

**Estimates on disclosures**

A transfer will qualify for estimated information if it meets one of these two exceptions:

- There is a temporary exception for transfers sent from a deposit account at a federally-insured credit union or other depository institution that cannot determine certain disclosed amounts for reasons beyond their control (e.g., international wire transfers). This exception expires on July 21, 2015. The Dodd-Frank Act permits the CFPB to extend this exception for another 5 years, but the statute requires this exemption to expire after 10 years from the enactment of the Dodd-Frank Act (unless the legislation is later amended to extend this exemption).

- There is a permanent exception for international ACH transfers where the provider cannot determine certain amounts to be disclosed because of the laws of a recipient country, or the method by which transactions are made in a recipient country (e.g., the government of a foreign country sets the exchange rate after a transfer, or the exchange rate is set by law when funds are picked up).

**Methods of estimation**

In disclosing the exchange rate, an estimate must be based on one of the following:

- For international ACH transactions, the most recent exchange rate set by the recipient country's central bank and reported by a Federal Reserve Bank;

- The most recent publicly available wholesale exchange rate; or

- The most recent exchange rate offered by the person making funds available directly to the designated recipient.

The estimated exchange rate will also be used to estimate the following:

- Estimated amount in the currency to be received by the designated recipient—This amount should be based on the estimated exchange rate above.

- Estimated other fees by intermediaries—A provider should use its most recent remittance to the recipient's institution or a representative transmittal route identified by the provider.

- Estimated other taxes in the recipient country—A provider should use an estimated exchange rate and estimated fees from intermediaries to calculate the estimated taxes.

- Estimated total to recipient—A provider should disclose the estimated total amount to be received based on the estimated exchange rate, fees, and taxes.

**Error resolution**

Regulation E requires error resolution rights, standards for resolving errors and
recordkeeping, and cancellation and refund policies for all remittance transfers, including those with an estimated exchange rate, fees, and taxes. An “error” includes:

• An incorrect amount paid by a sender in connection with a remittance transfer;

• A computational or bookkeeping error made by the remittance transfer provider relating to a remittance transfer;

• The failure to make available to a designated recipient the amount of currency stated in the disclosure provided to the sender unless:

  • the disclosure stated an estimate of the amount received;

  • the failure resulted from extraordinary circumstances outside the remittance transfer provider’s control; or

  • the difference results from the application of non-covered third-party fees or taxes collected on the remittance transfer by a person other than the provider.

• The failure to make funds available to a designated recipient by the date of availability stated in the disclosure provided to the sender unless the failure resulted from:

  • extraordinary circumstances outside the provider’s control that could not have been reasonably anticipated;

  • delays related to the provider’s fraud screening procedures or BSA, OFAC, or similar requirements;

  • the remittance transfer being made with fraudulent intent by the sender or any person acting in concert with the sender; or

• the sender provided an incorrect account number or recipient institution identifier for the designated recipient’s account or institution (if other conditions are met).

• The sender’s request for documentation or for additional information or clarification concerning a remittance transfer, including a request a sender makes to determine whether an error exists.

An error does not include:

• An inquiry about the status of a remittance transfer, except where the funds from the transfer were not made available to a designated recipient by the disclosed date of availability;

• A request for information for tax or other recordkeeping purposes;

• A change requested by the designated recipient; or

• A change in the amount or type of currency received by the designated recipient from the amount or type of currency stated in the disclosure provided to the sender under if the remittance transfer provider relied on information provided by the sender as permitted.

**Notice of error:** A sender must provide a timely notice of an error to the provider within 180 days of the disclosed date of availability, or within 60 days after receiving additional requested information from the provider. The notice of error must enable the provider to identify the sender (e.g., name, address, or telephone) and the particular remittance transfer, and must also state why...
the sender believes an error exists.

**Time limit and extent of investigation:** A provider must investigate the claim and correct any error within 90 days after sender provides a notice of error. The provider must report the results to the sender, including notice of any remedies available for correcting an error, within 3 business days after completing its investigation.

**Remedies:** Generally, if the provider determines an error occurred, the provider should correct the error, within 1 business day or as soon as reasonably practicable, by refunding the amount of funds in connection with a remittance transfer not properly transmitted or other appropriate amount, or making available, without additional cost, an appropriate amount to resolve the error and refunding any fees if the error was based on funds availability. Credit unions should review section 1005.33(c)(2) for specific remedies depending on the type of error.

**Results of investigation:** If a provider determines that no error occurred or that another type of error occurred, the provider should provide a written explanation of its findings, note the sender’s right to request the documents that the provider relied on, and respond to the specific complaint. Upon the sender’s request, the provider should promptly provide copies of the documents on which the provider relied in making its error determination.

**Recordkeeping:** A provider must develop and maintain written policies and procedures designed to ensure compliance with the error resolution requirements. The provider must also take steps designed to ensure that an agent complies with the policies and procedures. With respect to record retention, a provider must retain any notices of error and documentation from the sender, and findings of the provider. A provider does not have to maintain records of individual disclosures to each sender but does need to retain records that will help the sender determine if an error exists. A provider should retain documentation, including documentation related to error investigations, for a period of not less than 2 years.

**Reassertion of error:** A provider that has fully complied with the error resolution requirements has no further responsibilities should the sender later reassert the same error, unless there is new information. The provider has no further error resolution responsibilities if the sender voluntarily withdraws the notice. However, a sender who has withdrawn a notice of error has the right to reassert the allegation unless the provider had already complied with all of the error resolution requirements.

**Relation to other laws regarding error resolution:** If the sender provides an EFT error notice to the account-holding institution, the institution must comply with:

- Remittance transfer error resolution requirements if the institution is also the remittance transfer provider; or
- Regulation E’s standard error resolution provisions if is not also the remittance transfer provider.

- Regulation Z, if an alleged error involves an extension of credit (e.g., member used credit card to pay for remittance transfer).

**Unauthorized remittances**

Regulation E’s provisions regard-
ing the liability of the consumer for unauthorized transfers will apply to the account-holding institution in connection with a remittance and Regulation Z’s provisions will apply to a creditor in connection with an unauthorized use of a credit card.

Cancellation and refund procedures

A sender may provide an oral or written request to cancel a remittance transfer no later than 30 minutes from payment in connection with the remittance transfer, provided that the provider could identify the particular transfer and the transferred funds have not been received or deposited into the recipient’s account. The 30 minute requirement must be provided regardless of the provider’s normal business hours. A provider must refund the total amount of funds, including all fees (including any fees from third-parties), within 3 business days and may not charge an additional fee for the refund.

Liability due to actions of agents

A provider is liable for any violation under the final rule by an agent when an agent acts for the provider. The EFTA provides that enforcement agencies may consider, in any action or other proceeding against a provider, the extent to which the provider had established and maintained policies or procedures for compliance, including policies, procedures, or other appropriate oversight.

Transfers scheduled in advance

For transfers scheduled in advance, including preauthorized transfers, the remittance transfer rule has different timing and disclosure requirements.

Transfers scheduled in advance and the first transfer is a series of preauthorized transfers

Pre-payment disclosures and receipts for one-time transfers scheduled five or more business days before the date of transfer and the first in a series of preauthorized remittance transfers are to be provided in the same manner as they are provided for all other remittance transfers.

Estimates—Certain estimated information may be used on the pre-payment disclosure and receipt for a one-time transfer scheduled five or more business days in advance and the first in a series of preauthorized remittance transfers. However, if a remittance transfer provider uses estimates on the pre-payment disclosure or receipt, it must provide the sender with an additional receipt with accurate figures, which generally must be provided no later than one business day after the date on which the transfer is made.

Subsequent transfers in series of preauthorized transfers

Receipt—Although a pre-payment disclosure is not required for a subsequent transfer in a series of preauthorized transfers, if certain information becomes inaccurate, an updated receipt must be sent within a reasonable time prior to the scheduled date of the next subsequent transfer. This updated receipt may also contain estimated information; however, if estimates are provided, another updated, accurate receipt generally must be mailed or delivered no later than one business day after the date of the transfer.

Additional Disclosures—For subsequent preauthorized remittance transfers,
the remittance transfer provider must disclose the date or dates (identified as the “future transfer date(s)” on which the provider will make the subsequent transfers in the series, along with certain other information including a statement about the rights of the sender regarding cancellation.

This “future transfer date(s)” disclosure must be received by the sender no more than 12 months and no less than 5 business days prior to the date of any subsequent transfer to which it pertains. However, if the date of transfer is four or fewer business days after payment is made for the transfer, the future transfer dates must be provided on or with the receipt given for the first transfer in the series of preauthorized transfers.

Cancellation and Refund Disclosures—
For any transfer scheduled at least three business days before the transfer date, including preauthorized remittance transfers, the sender must notify the remittance transfer provider either orally or in writing at least three business days before the scheduled date of the transfer to cancel the transfer.

RESOURCES
The CFPB has additional resources that will assist with compliance. The resources include:
- A compliance guide
- A compliance video
- The safe harbor countries list
Appendix 3-A

EFT Agreement and Disclosure

ABC FEDERAL CREDIT UNION
123 Credit Union Street
Anytown, State 12345
(000) 123-4567
WWW.ABCFCU.COM

ELECTRONIC FUND TRANSFERS AGREEMENT AND DISCLOSURE

This Electronic Fund Transfers Agreement and Disclosure is the contract which covers your and our rights and responsibilities concerning the electronic fund transfers (EFT) services offered to you by ABC Credit Union ("Credit Union"). In this Agreement, the words "you," "your," and "yours" mean those who sign the application or account card as applicants, joint owners, or any authorized users. The words "we," "us," and "our" mean the Credit Union. The word "account" means any one (1) or more share and share draft accounts you have with the Credit Union. Electronic fund transfers are electronically initiated transfers of money from your account through the EFT services described below. By signing an application or account card for EFT services, signing your card, or using any service, each of you, jointly and severally, agree to the terms and conditions in this Agreement and any amendments for the EFT services offered. Furthermore, electronic fund transfers that meet the definition of remittance transfers are governed by 12 C.F.R. part 1005, subpart B—Requirements for remittance transfers, and consequently, terms of this agreement may vary for those types of transactions. A "remittance transfer" is an electronic transfer of funds of more than $15.00 which is requested by a sender and sent to a designated recipient in a foreign country by a remittance transfer provider. Terms applicable to such transactions may vary from those disclosed herein and will be disclosed to you at the time such services are requested and rendered in accordance with applicable law.

1. EFT SERVICES — If approved, you may conduct any one (1) or more of the EFT services offered by the Credit Union.

a. ATM Card. If approved, you may use your card and personal identification number (PIN) in automated teller machines (ATMs) of the Credit Union, Cirrus networks, and such other machines or facilities as the Credit Union may designate. For ATM transactions, you must consent to the Credit Union’s overdraft protection plan in order for the transaction amount to be covered under the plan. Without your consent, the Credit Union may not authorize and pay an overdraft resulting from these types of transactions. Services and fees for ATM overdrafts are shown in the document the Credit Union uses to capture the member’s opt-in choice for overdraft protection and the Schedule of Fees and Charges.

At the present time, you may use your card to:
- Make deposits to your share and share draft accounts.
- Withdraw funds from your share and share draft accounts.
- Transfer funds from your share and share draft accounts.
- Obtain balance information for your share and share draft accounts.
- Make loan payments from your share and share draft accounts.
- Make point-of-sale (POS) transactions with your card and personal identification number (PIN) to purchase goods or services at POS terminals that carry Cirrus network logo(s).
- Line of Credit

The following limitations on ATM Card transactions may apply:
- There is no limit on the number of cash withdrawals you may make in any one (1) day.
- You may withdraw up to a maximum of $305.00 in any one (1) day, if there are sufficient funds in your account.
- There is no limit on the number of POS transactions you may make in any one (1) day.
- You may purchase up to a maximum of $305.00 from POS terminals per day, if there are sufficient funds in your account.
- For security purposes, there are other limits on the frequency and amount of transfers available at ATMs.
- You may transfer up to the available balance in your accounts at the time of the transfer.
- See Section 2 for transfer limitations that may apply to these transactions.

Because of the servicing schedule and processing time required in ATM operations, there may be a delay between the time a deposit (either cash or check) is made and when it will be available for withdrawal.

b. Debit Card. If approved, you may use your card to purchase goods and services from participating merchants. However, you may not use your card to initiate any type of gambling transaction. If you wish to pay for goods or services over the Internet, you may be required to provide card number security information before you will be permitted to complete the transaction. You agree that you will not use your card for any transaction that is illegal under applicable federal, state, or local law. Funds to cover your card purchases will be deducted from your share draft account. For one-time debit card transactions, you must consent to the Credit Union’s overdraft protection plan in order for the transaction amount to be covered under the plan. Without your consent, the Credit Union may not authorize and pay an overdraft resulting from these types of transactions. Services and fees for overdrafts are shown in the document the Credit Union uses to capture the member’s opt-in choice for overdraft protection and the Schedule of Fees and Charges.

For other types of transactions, if the balance in your account is not sufficient to pay the transaction amount, the Credit Union may pay the amount and treat the transaction as a request to transfer funds from other deposit accounts, approved overdraft protection accounts, or loan accounts that you have established with the Credit Union. If you initiate a transaction that overdraws your account, you agree to make immediate payment of any overdrafts together with any service charges to the Credit Union. In the event of repeated overdrafts, the Credit Union may terminate all services under this Agreement. You may
use your card and personal identification number (PIN) in ATMs of the Credit Union, PLUS, Cirrus, and CU24 networks, and such other machines or facilities as the Credit Union may designate. In addition, you may use your card without a PIN for certain transactions on the Visa or MasterCard, Cirrus, and CU24 networks. However, provisions of this Agreement relating to Visa or MasterCard transactions do not apply to transactions processed through non-Visa or MasterCard networks. To initiate a Visa or MasterCard Debit transaction, you may sign a receipt, provide a card number or swipe your card through a point-of-sale (POS) terminal and choose to route the transaction over a Visa or MasterCard network. Please refer to the Member Liability section of this Agreement for terms and conditions.

At the present time, you may also use your card to:
- Make deposits to your share and share draft accounts.
- Withdraw funds from your share and share draft accounts.
- Transfer funds from your share and share draft accounts.
- Obtain balance information for your share and share draft accounts.
- Make loan payments from your share and share draft accounts.
- Access your Line of Credit accounts.
- Make point-of-sale (POS) transactions with your card and personal identification number (PIN) to purchase goods or services at merchants that accept Visa and MasterCard.
- Order goods or services by mail or telephone from places that accept Visa and MasterCard.

The following limitations on Debit Card transactions may apply:
- There is no limit on the number of Debit Card purchases you make per day.
- Purchase amounts are limited to the amount in your account.
- You may purchase up to a maximum of $2,500.00 per day.
- There is no limit to the number of cash withdrawals you may make in any one (1) day from an ATM machine.
- You may withdraw up to a maximum of $505.00 in any one (1) day from an ATM machine, if there are sufficient funds in your account.
- There is no limit on the number of POS transactions you may make in any one (1) day.
- You may purchase up to a maximum of $505.00 from POS terminals per day, if there are sufficient funds in your account.
- For security purposes, there are other limits on the frequency and amount of transfers available at ATMs.
- You may transfer up to the available balance in your accounts at the time of the transfer.
- See Section 2 for transfer limitations that may apply to these transactions.

### c. Health Savings Account (HSA) Debit Card

If you will be using your debit card to access a Health Savings Account (HSA), portions of this Agreement governed by Regulation E will not apply. A HSA account is defined by the IRS as a trust account, and therefore is not covered under Reg E. But portions of this Agreement such as Visa “0” liability for unauthorized use for example, do apply. Funds to cover your card purchases will be deducted from your Health Savings Checking account. You may use your card and personal identification number (PIN) in ATMs of the Credit Union, PLUS, Cirrus, and CU24 networks, and such other machines or facilities as the Credit Union may designate. In addition, you may use your card without a PIN for certain transactions on the Visa or MasterCard networks. However, provisions of this Agreement relating to Visa or MasterCard transactions do not apply to transactions processed through non-Visa or MasterCard networks. To initiate a Visa or MasterCard Debit transaction, you may sign a receipt, provide a card number or swipe your card through a point-of-sale (POS) terminal and choose to route the transaction over a Visa or MasterCard network. Please refer to the Member Liability section of this Agreement for terms and conditions.

At the present time, you may also use your card to:
- Make deposits to your Health Savings Checking accounts.
- Withdraw funds from your Health Savings Checking accounts.
- Transfer funds from your Health Savings Checking accounts.
- Obtain balance information for your Health Savings Checking accounts.
- Make point-of-sale (POS) transactions with your card and personal identification number (PIN) to purchase goods or services at merchants that accept Visa and MasterCard.
- Order goods or services by mail or telephone from places that accept Visa and MasterCard.

The following limitations on Health Savings Account (HSA) Debit Card transactions may apply:
- There is no limit on the number of Health Savings Account (HSA) Debit Card purchases you make per day.
- Purchase amounts are limited to the amount in your account.
- You may purchase up to a maximum of $500.00 per day.
- There is no limit to the number of cash withdrawals you may make in any one (1) day from an ATM machine.
- You may withdraw up to a maximum of $305.00 in any one (1) day from an ATM machine, if there are sufficient funds in your account.
- There is no limit on the number of POS transactions you may make in any one (1) day.
- You may purchase up to a maximum of $305.00 from POS terminals per day, if there are sufficient funds in your account.
- For security purposes, there are other limits on the frequency and amount of transfers available at ATMs.
- You may transfer up to the available balance in your accounts at the time of the transfer.
- See Section 2 for transfer limitations that may apply to these transactions.
d. Audio Teller. If we approve Audio Teller for your accounts, a separate personal identification number (PIN) will be assigned to you. You must use your personal identification number (PIN) along with your account number to access your accounts. At the present time, you may use Audio Teller to:

- Withdraw funds from your share and share draft accounts.
- Transfer funds from your share and share draft accounts.
- Obtain balance information for your share, share draft, loan, IRA, money market, club, and certificate accounts.
- Make loan payments from your share and share draft accounts.
- Access your Line of Credit account.
- Make bill payments to preauthorized creditors.
- Determine if a particular item has cleared.
- Obtain tax information on amounts earned on share and share draft accounts or interest paid on loan accounts.
- Verify the last date and amount of your payroll deposit.

Your accounts can be accessed under Audio Teller via a touch-tone telephone only. Audio Teller service will be available for your convenience 24 hours per day. This service may be interrupted for a short time each day for data processing.

The following limitations on Audio Teller transactions may apply:

- There is no limit to the number of inquiries, transfers, or withdrawal requests you may make in any one (1) day.
- There is a limit of 5 transactions per call and certain limits on the account history information available.
- The maximum withdrawal or transfer amount is $5,000.00 per day and no transfer or withdrawal may exceed the available funds in your account.
- See Section 2 for transfer limitations that may apply to these transactions.

The Credit Union reserves the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. All checks are payable to you as a primary member and will be mailed to your address of record. The Credit Union may set other limits on the amount of any transaction, and you will be notified of those limits. The Credit Union may refuse to honor any transaction for which you do not have sufficient available verified funds. The service will discontinue if no transaction is entered after numerous unsuccessful attempts to enter a transaction and there may be limits on the duration of each telephone call.

e. Preauthorized EFTs.

- Direct Deposit. Upon instruction of (i) your employer, (ii) the Treasury Department or (iii) other financial institutions, the Credit Union will accept direct deposits of your paycheck or federal recurring payments, such as Social Security, to your share and/or share draft account.
- Preauthorized Debits. Upon instruction, we will pay certain recurring transactions from your share and share draft account.
- See Section 2 for transfer limitations that may apply to these transactions.
- Stop Payment Rights. If you have arranged in advance to make electronic fund transfers out of your account(s) for money owed to you, you may stop payment on preauthorized transfers from your account. You must notify us orally or in writing at any time up to three (3) business days before the scheduled date of the transfer. We may require written confirmation of the stop payment order to be made within 14 days of any oral notification. If we do not receive the written confirmation, the oral stop payment order shall cease to be binding 14 days after it has been made. A stop payment request may apply to a single transfer, multiple transfers, or all future transfers as directed by you, and will remain in effect unless you withdraw your request or all transfers subject to the request have been returned.
- Notice of Varying Amounts. If these regular payments may vary in amount, the person you are going to pay is required to tell you, ten (10) days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.
- Liability for Failure to Stop Payment of Preauthorized Transfers. If you order us to stop payment of a preauthorized transfer three (3) business days or more before the transfer is scheduled and we do not do so, we will be liable for your losses or damages.

f. Electronic Check Conversion/Electronic Returned Check Fees. If you pay for purchases or bills with a check or draft, you may authorize your check or draft to be converted to an electronic fund transfer. You may also authorize merchants or other payees to electronically debit your account for returned check fees. You are considered to have authorized these electronic fund transfers if you complete the transaction after being told (orally or by a notice posted or sent to you) that the transfer will be processed electronically or if you sign a written authorization.

g. Online Banking. If Online Banking is activated for your account(s), you will be required to use secure login information to access the account(s). At the present time, you may use Online Banking to:

- Withdraw funds from your share and share draft accounts.
- Transfer funds from your share and share draft accounts.
- Obtain balance information for your share and share draft accounts.
- Make loan payments from your share and share draft accounts.
- Access your Line of Credit accounts.
- Determine if a particular item has cleared.
Your accounts can be accessed under Online Banking via personal computer. Online Banking will be available for your convenience 24 hours per day. This service may be interrupted for a short time each day for data processing. We reserve the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. All checks are payable to you as a primary member and will be mailed to your address of record. We may set other limits on the amount of any transaction, and you will be notified of those limits. We may refuse to honor any transaction for which you do not have sufficient available verified funds. The service will discontinue if no transaction is entered after numerous unsuccessful attempts to enter a transaction and there may be limits on the duration of each access.

The following limitations on Online Banking transactions may apply:

- There is no limit to the number of inquiries, transfers, or withdrawal requests you may make in any one (1) day.
- The maximum withdrawal or transfer amount is $9,999.99 per day, and no transfer or withdrawal may exceed the available funds in your account.
- See Section 2 for transfer limitations that may apply to these transactions.

h. Mobile Banking. If Mobile Banking is activated for your account(s), you will be required to use secure login information to access the account(s). At the present time, you may use Mobile Banking to:

- Withdraw funds from your share and share draft accounts.
- Transfer funds from your share and share draft accounts.
- Obtain balance information for your share, share draft, loan, IRA, money market, club, and certificate accounts.
- Make loan payments from your share and share draft accounts.
- Access your Line of Credit accounts.
- Determine if a particular item has cleared.
- Obtain tax information on amounts earned on share and share draft accounts or interest paid on loan accounts.
- Verify the last date and amount of your payroll deposit.
- Make bill payments to preauthorized creditors.

Your accounts can be accessed under Mobile Banking via mobile device or other approved access device(s). Mobile Banking will be available for your convenience 24 hours per day. This service may be interrupted for a short time each day for data processing. We reserve the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. All checks are payable to you as a primary member and will be mailed to your address of record. We may set other limits on the amount of any transaction, and you will be notified of those limits. We may refuse to honor any transaction for which you do not have sufficient available verified funds. The service will discontinue if no transaction is entered after numerous unsuccessful attempts to enter a transaction and there may be limits on the duration of each access.

The following limitations on Mobile Banking transactions may apply:

- There is no limit to the number of inquiries, transfers, or withdrawal requests you may make in any one (1) day.
- The maximum withdrawal or transfer amount is $9,999.99 per day, and no transfer or withdrawal may exceed the available funds in your account.
- See Section 2 for transfer limitations that may apply to these transactions.

i. Bill Payment. We will process bill payment transfer requests only to those creditors the Credit Union has designated in the User Instructions and such creditors as you authorize and for whom the Credit Union has the proper vendor code number. We will not process any bill payment transfer if the required transaction information is incomplete.

We will withdraw the designated funds from your share draft account for bill payment transfer by the designated cutoff time on the date you schedule for payment. We will process your bill payment transfer within a designated number of days before the date you schedule for payment. You must allow sufficient time for vendors to process your payment after they receive a transfer from us. Please leave as much time as though you were sending your payment by mail. We cannot guarantee the time that any payment will be credited to your account by the vendor.

The following limitations on Bill Payment transactions may apply:

- There is no limit on the number of bill payments per day.
- The maximum amount of bill payments each day is $9,999.99, if there are sufficient funds in your account.

2. TRANSFER LIMITATIONS — For all share accounts, you may make no more than six (6) transfers and withdrawals from your account to another account of yours or to a third party in any month by means of a preauthorized, automatic, or Internet transfer, by telephonic order or instruction, or by check, draft, debit card or similar order. If you exceed these limitations, your account may be subject to a fee or be closed.
3. CONDITIONS OF EFT SERVICES —

a. Ownership of Cards. Any card or other device which we supply to you is our property and must be returned to us, or to any person whom we authorize to act as our agent, or to any person who is authorized to honor the card, immediately according to instructions. The card may be repossessed at any time at our sole discretion without demand or notice. You cannot transfer your card or account to another person.

b. Honoring the Card. Neither we nor merchants authorized to honor the card will be responsible for the failure or refusal to honor the card or any other device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your account in lieu of a cash refund.

c. Foreign Transactions.

- Visa. Purchases and cash withdrawals 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 the applicable central processing date, which rate 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 of 1.00% of the amount of the transaction, calculated in U.S. dollars, will be imposed on all multiple currency foreign transactions, including purchases, cash withdrawals and credits to your account. A fee of 0.80% of the amount of the transaction, calculated in U.S. dollars, will be imposed on all single currency foreign transactions, including purchases, cash withdrawals and credits to your account. A foreign transaction is any transaction that you complete or a merchant completes on your card outside of the United States, with the exception of U.S. military bases, U.S. embassies or U.S. consulates.

- MasterCard. Purchases and cash withdrawals made in foreign currencies will be debited from your account in U.S. dollars. The exchange rate used to convert foreign currency transactions to U.S. dollars is either a government-mandated exchange rate or a wholesale exchange rate and is selected by MasterCard. The rate MasterCard uses for a particular transaction is the rate MasterCard selects for the applicable currency on the day the transaction is processed. This rate may differ from the rate applicable on the date the transaction occurred or was posted to your account.

A fee of up to 1.00% will be charged on all transactions completed outside of the United States, where the cardholder’s country code differs from the merchant’s country code. All fees are calculated based on the transaction amount after it is converted to U.S. dollars. These fees are charged except where excluded.

d. Security of Access Code. You may use one (1) or more access codes with your electronic fund transfers. The access codes issued to you are for your security purposes. Any access codes issued to you are confidential and should not be disclosed to third parties or recorded on or with the card. You are responsible for safekeeping your access codes. You agree not to disclose or otherwise make your access codes available to anyone not authorized to sign on your accounts. If you authorize anyone to use your access codes, that authority shall continue until you specifically revoke such authority by notifying the Credit Union. You understand that any joint owner you authorize to use an access code may withdraw or transfer funds from any of your accounts. If you fail to maintain the security of these access codes and the Credit Union suffers a loss, we may terminate your EFT services immediately.

e. Joint Accounts. If any of your accounts accessed under this Agreement are joint accounts, all joint owners, including any authorized users, shall be bound by this Agreement and, alone and together, shall be responsible for all EFT transactions to or from any share and share draft or loan accounts as provided in this Agreement. Each joint account owner, without the consent of any other account owner, may, and is hereby authorized by every other joint account owner, make any transaction permitted under this Agreement. Each joint account owner is authorized to act for the other account owners, and the Credit Union may accept orders and instructions regarding any EFT transaction on any account from any joint account owner.

4. FEES AND CHARGES — There are certain fees and charges for EFT services. For a current listing of all applicable fees, see our current Schedule of Fees and Charges that was provided to you at the time you applied for or requested these electronic services. From time to time, the charges may be changed. We will notify you of any changes as required by applicable law.

If you use an ATM not operated by us, you may be charged a fee by the ATM operator and by any international, national, regional, or local network used in processing the transaction (and you may be charged a fee for a balance inquiry even if you do not complete a funds transfer). The ATM surcharge will be debited from your account if you elect to complete the transaction or continue with the balance inquiry.

5. MEMBER LIABILITY —

Visa Liability. You are responsible for all transactions you authorize using your EFT services under this Agreement. If you permit someone else to use an EFT service, your card or your access code, you are responsible for any transactions they authorize or conduct on any of your accounts.

TELL US AT ONCE if you believe your card or access code has been lost or stolen. If you believe someone has used your card or access code or otherwise accessed your accounts without your authority, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping
If you believe your card or access code has been lost or stolen or that someone has transferred or may transfer money from your accounts without your permission, call:

(123) 111-1111

or write to:

ABC Credit Union
123 Any St.
Testing, CA 12345

You should also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission.

6. RIGHT TO RECEIVE DOCUMENTATION —

a. Periodic Statements. Transfers and withdrawals made through any ATM or POS terminal, debit card transactions, HSA debit card transactions, audio response transactions, preauthorized EFTs, online/PC transactions, mobile access device transactions or bill payments you make will be recorded on your periodic statement. You will receive a statement monthly unless there is no transaction in a particular month. In any case, you will receive a statement at least quarterly.

b. Terminal Receipt. You can get a receipt at the time you make any transaction (except inquiries) involving your account using an ATM and/or point-of-sale (POS) terminal.

c. Direct Deposit. If you have arranged to have a direct deposit made to your account at least once every 60 days from the same source and you do not receive a receipt (such as a pay stub), you can find out whether or not the deposit has been made by calling (123) 111-1111. This does not apply to transactions occurring outside the United States.

7. ACCOUNT INFORMATION DISCLOSURE — We will disclose information to third parties about your account or the transfers you make:

- As necessary to complete transfers;
- To verify the existence of sufficient funds to cover specific transactions upon the request of a third party, such as a credit bureau or merchant;
- If your account is eligible for emergency cash and/or emergency card replacement services and you request such services, you agree that we may provide personal information about you and your account that is necessary to provide you with the requested service(s);
- To comply with government agency or court orders; or
- If you give us your written permission.

8. BUSINESS DAYS — Our business days are Monday through Friday, excluding holidays.

9. CREDIT UNION 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 may be liable for your losses or damages. However, we will not be liable for direct or consequential damages in the following events:

- If, through no fault of ours, there is not enough money in your accounts to complete the transaction, if any funds in your accounts necessary to complete the transaction are held as uncollected funds pursuant to our Funds Availability Policy Disclosure, or if the transaction involves a loan request exceeding your credit limit.
- If you used your card or access code in an incorrect manner.
- If the ATM where you are making the transfer does not have enough cash.
- If the ATM was not working properly and you knew about the problem when you started the transaction.
- If circumstances beyond our control (such as fire, flood, or power failure) prevent the transaction.
- If the money in your account is subject to legal process or other claim.
- If funds in your account are pledged as collateral or frozen because of a delinquent loan.
- If the error was caused by a system of any participating ATM network.
- If the electronic transfer is not completed as a result of your willful or negligent use of your card, access code, or any EFT facility for making such transfers.
- If the telephone or computer equipment you use to conduct audio response, online/PC, or mobile banking transactions is not working properly and you know or should have known about the breakdown when you started the transaction.
- If you have bill payment services, we can only confirm the amount, the participating merchant, and date of the bill payment transfer made by the Credit Union. For any other error or question you have involving the billing statement of the participating merchant, you must contact the merchant directly. We are not responsible for investigating such errors.
- Any other exceptions as established by the Credit Union.

10. NOTICES — All notices from us will be effective when we have mailed them or delivered them to the appropriate address in the Credit Union’s records. Notices from you will be effective when received by the Credit Union at the address specified in this Agreement. We reserve the right to change the terms and conditions upon which this service is offered. We will mail notice to you at least 21 days before the effective date of any change. Use of this service is subject to existing regulations governing the Credit Union account and any future changes to those regulations.

The following information is a list of safety precautions regarding the use of ATMs and night deposit facilities:

- Be aware of your surroundings, particularly at night.
- Consider having someone accompany you when the ATM or night deposit facility is used after dark.
- Close the entry door of any ATM facility equipped with a door.
- If another person is uncomfortably close to you at the time of your transaction, ask the person to step back before you complete your transaction. If it is after the regular hours of the financial institution and you are using an ATM, do not permit entrance to any person you do not know.
- Refrain from displaying your cash at the ATM or night deposit facility. As soon as your transaction is completed, place your money in your purse or wallet. Count the cash later in the safety of your car or home.
- If you notice anything suspicious at the ATM or night deposit facility, consider using another ATM or night deposit facility or coming back later. If you are in the middle of a transaction and you notice something suspicious, cancel the transaction, take your card or deposit envelope, and leave.
- If you are followed after making a transaction, go to the nearest public area where people are located.
- Do not write your personal identification number (PIN) or access code on your ATM card.
- Report all crimes to law enforcement officials immediately. If emergency assistance is needed, call the police from the nearest available public telephone.

11. BILLING ERRORS — In case of errors or questions about electronic fund transfers from your share and share draft accounts or if you need more information about a transfer on the statement or receipt, telephone us at the following number or send us a written notice to the following address as soon as you can. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem appears. Call us at:

(123) 111-1111

or write to:

ABC Credit Union
123 Any St.
Testing, CA 12345

- Tell us your name and account number.
- Describe the electronic transfer you are unsure about and explain, as clearly as you can, why you believe the Credit Union has made an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.
We will determine whether an error has occurred 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 45** days to investigate your complaint or question. If we decide 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 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 30 days after you make the first deposit to your account, we will have 20 business days instead of ten (10) business days to investigate the error.

** If you give notice of an error within 30 days after you make the first deposit to your account, notice of an error involving a point-of-sale (POS) transaction, or notice of an error involving a transaction initiated outside the U.S., its possessions and territories, we will have 90 days instead of 45 days to investigate the error.

NOTE: 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 (5) business days unless we determine that the circumstances or your account history warrant a delay, in which case you will receive credit within ten (10) business days.

12. TERMINATION OF EFT SERVICES — You may terminate this Agreement or any EFT service under this Agreement at any time by notifying us in writing and stopping your use of your card and any access code. You must return all cards to the Credit Union. You also agree to notify any participating merchants that authority to make bill payment transfers has been revoked. We may also terminate this Agreement at any time by notifying you orally or in writing. If we terminate this Agreement, we may notify any participating merchants making preauthorized debits or credits to any of your accounts that this Agreement has been terminated and that we will not accept any further preauthorized transaction instructions. We may also program our computer not to accept your card or access code for any EFT service. Whether you or the Credit Union terminates this Agreement, the termination shall not affect your obligations under this Agreement for any electronic transactions made prior to termination.

13. GOVERNING LAW — This Agreement is governed by the bylaws of the Credit Union, federal laws and regulations, the laws and regulations of the state of California, and local clearinghouse rules, as amended from time to time. Any disputes regarding this Agreement shall be subject to the jurisdiction of the court of the county in which the Credit Union is located.

14. ENFORCEMENT — You are liable to us for any losses, costs or expenses we incur resulting from your failure to follow this Agreement. You authorize us to deduct any such losses, costs or expenses from your account without prior notice to you. If we bring a legal action to collect any amount due under or to enforce this Agreement, we shall be entitled, subject to applicable law, to payment of reasonable attorney’s fees and costs, including fees on any appeal, bankruptcy proceedings, and any postjudgment collection actions.
Appendix 3-B

Model Form for Initial and Annual Error-Resolution Notice per Regulation E §§1005.7(b)(10) and 1005.8(b)

In Case of Errors or Questions About Your Electronic Transfers

Telephone us at [insert telephone number]
or
Write us at [insert address]
or
e-mail us at [insert electronic mail address]

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 60 days after we send the first statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or 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 orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 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 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 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 10 business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or questions. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three 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.
Appendix 3-C

Model Form for Error-Resolution on Periodic Statements per Regulation E §1005.8(b)

In Case of Errors or Questions About Your Electronic Transfers

Telephone us at [insert telephone number]
or
Write us at [insert address]
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 days after we send the first statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or 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.

We will investigate your complaint and will correct any error promptly. If we take more than ten business days to do this, we will credit your account 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.
Appendix 3-D

Automatic Transfer Authorization

Member/Owner:
Date of Request:
Processed by:

☐ New ☐ Update ☐ Cancel

I authorize the Credit Union to transfer funds from my account(s) with the following frequency:

☐ Monthly ☐ Semi-Monthly ☐ Bi-Weekly ☐ Weekly Day(s)/Date(s):

Total Amount to Transfer: $

From Account No:

Distribution:

Amount: $ To: ☐ Savings/Share ☐ Checking/Draft ☐ Loan Acct. No./Suffix:

Amount: $ To: ☐ Savings/Share ☐ Checking/Draft ☐ Loan Acct. No./Suffix:

Amount: $ To: ☐ Savings/Share ☐ Checking/Draft ☐ Loan Acct. No./Suffix:

I understand it is my responsibility to maintain a balance in my account to enable the transfer to be made on the specified date. If there are not sufficient funds in the account on the transfer date, available funds will be used to make a partial transfer in any order determined by the Credit Union. The transfers will continue until I notify the Credit Union in writing to cancel or update the transfer or if the Credit Union notifies me the transfer will be discontinued. The Credit Union must receive the written request for cancellation seven (7) business days prior to the transfer.

Signature Date
\[
\times
\]

Signature Date
\[
\times
\]
Regulation E: Electronic Funds Transfer

Quiz/Study Guide

1. Regulation E defines an “electronic funds transfer” as any transfer of funds initiated through certain mediums for the purpose of ordering, instructing, or authorizing a credit union to debit or credit a share draft/checking, share/savings, or other member asset account. What are the four methods for transferring funds provided in this definition?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

2. In order for a member to be held liable for the use of an access device it must be an “accepted access device.” How does Reg E define an “accepted access device”?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

3. Certain automatic transfers are exempt from Reg E. List the four exempt transactions.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

4. When must the credit union provide initial Reg E disclosures to members?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
5. Regulation E requires that specific items be included in the initial disclosure of terms and conditions. List six of them.

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

6. What type of changes to EFT services would require the credit union to mail a change in terms notice? When must this notice be mailed?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

7. Before a member can be held liable for a transaction made with an access device as defined by Regulation E, the device must be an “accepted access device.” What are the three ways in which an access device becomes “accepted”?

_____________________________________________________________________
_____________________________________________________________________

8. If your credit union charges a fee to nonmembers who use an ATM you operate, you must disclose (on the screen) the fact that a fee will be charged along with the amount of the fee. What option must be given to the nonmember along with the on-screen fee notice?

_____________________________________________________________________
9. What transaction-specific information must appear on the member’s receipt for each EFT transaction made at an electronic terminal?
_____________________________________________________________________
_____________________________________________________________________

10. What are the Regulation E requirements regarding when member periodic statements must be sent?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

11. If a member notices an error in a funds transfer from their account, what are the requirements for reporting that error to the credit union?
_____________________________________________________________________
_____________________________________________________________________

12. What is the time frame for a credit union to investigate a member notification of an EFT error?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

13. What is the credit union’s responsibility if the investigation determines that an error has occurred? Is it different if no error occurred?
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

14. If a member notifies the credit union within two business days of discovering a loss or theft of an access device, what is the member’s liability?
_____________________________________________________________________
_____________________________________________________________________
15. Generally an access device can only be issued to a member by a specific request or as a renewal or substitution. Under what four conditions can an unsolicited access device be issued to a member?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

16. An electronic check conversion transaction can only proceed when it has been authorized by the consumer. How does the consumer authorize the transaction?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

17. What can credit unions provide to payroll account card users instead of the customary periodic statement?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

18. A credit union cannot charge a fee on a member’s account for paying an ATM or one-time debit card overdraft, unless the credit union does the following (list the 4-step opt-in requirement):

1) ___________________________________________________________________

2) ___________________________________________________________________

3) ___________________________________________________________________

4) ___________________________________________________________________

19. The gift card provisions prohibit dormancy, inactivity, and service fees on gift cards unless:

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

20. What disclosures are required when a credit union provides remittance transfer services to a consumer?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

21. Disclosures must generally be provided in English, and in each of the foreign languages that the provider principally uses to ____________, ____________, or ____________ remittance transfer services at a particular office where the sender conducts a transaction or asserts an error.

22. A sender of a remittance transfer must provide a timely notice of an error to the provider within _____ days of the disclosed date of availability, or within _____ days after receiving additional requested information from the provider.

   The credit union must investigate the claim and correct any error within _____ days after sender provides a notice of error; and report the results to the sender within _____ business days after completing its investigation.

   If the credit union determines an error occurred, it should correct the error, within _____ business day or as soon as reasonably practicable.

23. A sender may provide an oral or written request to cancel a remittance transfer no later than _____ minutes from payment in connection with the remittance transfer.

24. To cancel a transfer scheduled at least three business days in advance, including a preauthorized transfer, how many days before the date of the transfer must the sender notify the remittance transfer provider that he/she wants to cancel?

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
Regulation E: Electronic Funds Transfer

Answer Key

1. Any transfer of funds initiated through 1) an electronic terminal, 2) telephone, 3) computer, or 4) magnetic tape. (Page 3-2)

2. An access device becomes an accepted access device when the member to whom the device was issued: 1) requests and receives, or signs, uses, or authorizes another to use the device in the manner intended, 2) requests validation of an unsolicited access device, or 3) receives an access device that is a renewal or substitution for an accepted access device. (Page 3-3)

3. Transfers: 1) between a member’s accounts at the credit union, 2) from the member’s account to the credit union (loan payments), 3) into the member’s account (crediting a dividend), and 4) to another family member’s account at the credit union. (Page 3-4)

4. When a member contracts for an EFT service on or before the time the EFT service is first used. (Page 3-5)

5. Consumer liability, the credit union’s telephone number and address, the credit union’s business days, the types of transfers and applicable limitations, any fees and charges, the member’s right to documentation, the member’s right to stop payment, confidentiality, the error-resolution procedure notice; the credit union’s liability regarding stop payments; ATM surcharge notice; and electronic check conversions. (Page 3-5 to 3-8)

6. A change in terms notice is required when the credit union changes a term or condition disclosed in the initial disclosure if the change restricts EFT services, increases fees or charges, increases member liability, places stricter limits on the dollar amount or frequency of transfers permitted. Must be mailed 21 days before the change becomes effective. (Page 3-8)

7. An access device becomes an “accepted access device” when: 1) the member requests and receives, or signs, uses, or authorizes another to use the device in the intended manner, 2) the member validates an unsolicited access device, and 3) the member receives the access device as a renewal or substitution for another accepted access device. (Page 3-3)

8. The nonmember must be given the option of canceling the transaction and no fee can be charged to their account. (Page 3-9)
9. The amount of the transfer; the date of the transfer; the type of transfer and type of account involved; a number or code that uniquely identifies the member, the account, or the access device used; the location of the terminal; name of any third party receiving or sending funds. (Page 3-9)

10. A statement must be sent each month an EFT occurs or quarterly if there is no EFT activity. (Page 3-9)

11. The error notification can be made either orally or in writing and must be made within 60 days of the date of the periodic statement or transmittal containing the error. (Page 3-12)

12. The reported error must be investigated promptly and the results reported to the member within 10 business days (20 business days for new accounts less than 30 days old).

The investigation can take up to 45 days if: 1) the funds are provisionally re-credited to the member’s account by the end of the initial 10 business days, 2) the member is notified of the credit within two business days of the recrediting, 3) the member has full use of the recredited funds during the investigation. (Page 3-12 to 3-13)

13. Within one business day, the credit union must: 1) correct the error, 2) credit any interest due, 3) refund any charges made to the account, and 4) provide an oral or written report of the correction to the member. If there was a provisional credit made to the account, the member must be notified that the provisional credit is final within three business days after completing the investigation.

If it is determined that no error occurred or the error was for a different amount or happened in a different manner, the member must be notified in writing within three business days after the investigation is completed. (Page 3-14)

14. The lesser of $50 or the amount of money or property obtained through unauthorized use before the notification was made to the credit union. (Page 3-15)

15. An unsolicited access device can be issued if it: 1) is not validated, 2) is accompanied by a clear explanation that the access device is not validated and how it can be disposed of if the member does not wish to use the device, 3) is accompanied by a complete initial Reg E disclosure, and 4) can be activated only upon the oral or written request of the member and only after verification of the member’s identity. (Page 3-25)
16. A consumer authorizes the transaction when he receives the appropriate notice, and then “goes forward with the transaction.” The notice must tell the consumer that:

- The check will be processed as a one-time EFT; and
- The funds may be debited from the consumer’s account as soon as the same day payment is received, and, as applicable, that the consumer’s check will not be returned by the financial institution holding the account. (Page 3-10)

17. Credit unions can provide the following instead of the customary periodic statement for payroll account card users:

1. Provide access to the account balance through a readily available telephone line;

2. Provide access to an electronic history (such as through a website) of the member’s account transactions that covers at least 60 days preceding the date the member electronically accesses the account (i.e., enters a user identification code or a password or otherwise complies with a security procedure used by an institution to verify a consumer's identity); and

3. Provide promptly upon the member’s oral or written request, a written history of the member’s account transactions that covers at least 60 days preceding the date of receipt of the request. (Page 3-17)

18. A credit union cannot charge a fee on a member’s account for paying an ATM or one-time debit card overdraft, unless the credit union (list the 4-step opt-in requirement):

1. Provides the member with a notice in writing (or electronically, if the member agrees) segregated from all other information, describing the credit union’s overdraft service(s).

2. Provides a reasonable opportunity for the member to affirmatively consent, or opt in, to the service for ATM and one-time debit card transactions.

3. Obtains the member’s affirmative consent, or opt-in, to the credit union’s payment of ATM or one-time debit card transactions.

4. Provides the member with confirmation of his consent in writing (or electronically, he agrees), which includes a statement informing the member of the right to revoke such consent. (Page 3-20)
19. The gift card provisions prohibit dormancy, inactivity, and service fees on gift cards unless:  

   (Page 3-23)

   1. there has been at least one year of inactivity on the card;
   2. no more than one such fee is charged per month; and
   3. the consumer is given clear and conspicuous disclosures about the fees.

20. Reg E requires the credit union to provide a prepayment disclosure and a receipt, which can be combined into a single disclosure and provided before the payment is made. However, the credit union still must provide proof of payment when payment is made for the remittance transfer.  

   (Page 3-26)

21. Disclosures must generally be provided in English, and in each of the foreign languages that the provider principally uses to advertise, solicit, or market remittances at a particular office where the sender conducts a transaction or asserts an error.  

   (Page 3-27)

22. A sender of a remittance transfer must provide a timely notice of an error to the provider within 180 days of the disclosed date of availability, or within 60 days after receiving additional requested information from the provider.  

   The credit union must investigate the claim and correct any error within 90 days after sender provides a notice of error; and report the results to the sender within 3 business days after completing its investigation.  

   If the credit union determines an error occurred, it should correct the error, within 1 business day or as soon as reasonably practicable.  

   (Page 3-29 to 3-30)

23. A sender may provide an oral or written request to cancel a remittance transfer no later than 30 minutes from payment in connection with the remittance transfer.  

   (Page 3-31)

24. For a transfer scheduled at least three business days before the transfer date, a sender must notify the remittance transfer provider at least three business days before the scheduled date of the transfer to cancel the transfer.  

   (Page 3-31)