

SUBJECT: WCUL Membership and Account Forms

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INTRODUCTION

This release applies to all credit unions, state and federal. It describes WCUL (WCUL Services Corp.) credit union membership and account forms.

EXECUTIVE SUMMARY

The WCUL system of membership and account cards includes:

- A *Credit Union Membership Application* (#81056), which is used for organizations and custodians as well as individuals;
- A *Depository Declaration and Agreement* (#81075), which is used to document authorization for an organization to open an account;
- A *Trust-Credit Union Agreement* (#82021), which is used to document authorization for opening a living trust account;
- A *Customer Identification Card* (#81080), for recording identification and verification information about new customers, as an aid for Customer Identification Program compliance;
- Several *Account Ownership Agreement* cards (one for both single or joint ownership by individuals (#82024), and other cards for “special” accounts, like custodial (#81036) and business/organization accounts (#81057), which must always be used in conjunction with the account agreement brochure described below;
- The *Your Account Agreement* brochure (#83006, replacing #82004), which provides the additional account terms for all types of accounts;
- The new *Your Account Agreement, with Arbitration Agreement* brochure (#83005), which provides additional account terms for all types of accounts as well as an arbitration agreement with class action waiver;
- An *Account Information Change Request* (#81034) card, to be used to record a change in information such as name, address, phone, etc.; and
- An *Automatic Transfer Request* (#81035), to be used by members to preauthorize transfers from specified share accounts or lines of credit.

If a member opens multiple accounts at the same time, a separate account ownership agreement card must be used for each separate “sub-account,” but only one account agreement brochure is given at a time. WCUL will not be responsible for any failure to provide a copy of the account agreement brochure to a member at the time of opening an account.

Exhibit A has checklists for the WCUL forms that should be used to open various types of accounts.

To download forms electronically visit The League’s online store at <http://www.theleague.coop/products-solutions/credit-union-forms>.

Please address form order questions to *Jeff Bonk* at 800-242-0833, ext. 4053, and questions about completion of the forms and compliance to *Paul Guttormsson* at ext. 4052.

The League offers an assortment of WCUL forms designed for use in transactions subject to Wisconsin law and applicable federal law.

Please remember that the forms you use are important legal documents. Credit unions are responsible for reviewing forms to determine that they are appropriate for the transaction. Users should read and become familiar with the terms of each form they use and how they must be completed in compliance.

Data processing must be consistent with the terms spelled out in the agreement, as they set the terms of the legal obligation agreed to by the parties.

USE OF WCUL FILLABLE .PDF FORMS

Credit unions may use WCUL fillable .pdfs on their desktops or have them mapped to their data processing systems. It is up to the credit union to forward their licensed .pdf files to the data processor, if they choose, for installation and mapping for use on the credit union's system. *Your data processor will not have the forms until you forward them!*

Laser forms should be printed and reviewed for proper display. Compare printouts of the installed forms to the final proofs available through the links above.

Please keep in mind that the license for WCUL forms permits use of the same .pdf files for manual completion on a desktop. This may be a valuable option during the time it may take for a data processor to map the fields when putting an updated form on the system.

As with paper loan and account agreements, electronic copies cannot be legitimately altered after the member/owner(s) sign them. If members wish to change ownership, beneficiaries, or any other terms they *must* sign new documentation. New terms require new signatures by *all* owners.

CREDIT UNION MEMBERSHIP APPLICATION

WCUL #81056 (rev. 5/15) (8½ x 11-inch, single-sided).

The Credit Union Membership Application (#81056) documents a prospective member’s application to join the credit union, and the credit union’s approval or denial of that application. This membership application form may be used for individuals or businesses that qualify for membership under the credit union's bylaws. Please see *ii Release No. 0001* and your own credit union bylaws regarding the rules for eligibility for membership in a credit union, for both individuals and organizations. The form is to be used for all members – natural persons (including children), businesses, organizations, or trusts.

The Credit Union Membership Application also documents basic member information: member number, name, address, telephone number, date of birth, Social Security/ID number, place of birth, security code, employer, driver’s license number, and basis for membership approval. Although the form has a space for a Social Security Number, this is just for information purposes. There is no IRS certification language on the form. Thus, the taxpayer identification number (TIN), whether in the form of a Social Security Number or Employer Identification Number, must be certified on the various account ownership agreement cards.

The Credit Union Membership Application needs to be completed only once, when the person initially applies for membership. Thereafter it is not necessary to complete the form again. Use the Account Information Change Request card (#81034) to document certain changes in information on the Credit Union Membership Application.

Note however, that the Credit Union Membership Application is not an account agreement. An Account Agreement brochure and a separate account ownership agreement signature card must be used in addition to the Credit Union

Membership Application. WCUL offers ownership agreement cards for single or joint accounts owned by individuals (#82024), organizations (#81057), and custodial accounts (#81036). The League also offers a share certificate form (#82012), which is used with a membership card but serves as its own ownership agreement.

Using the Credit Union Membership Application for Business, Organization, or Trust Accounts

The Credit Union Membership Application can be used for a business or organization that qualifies for membership in the credit union.

For state-chartered credit unions, an organization can join a credit union if either 1) a majority of its directors, owners or members are eligible for membership, or 2) the organization has a business location within any geographic limits of the credit union's field of membership. This does not need to be the organization's main office, just a business location. A trust may become a member of the credit union if a majority of the persons who are settlors, trustees, and beneficiaries are eligible for membership in the credit union.

In federal credit unions, an organization must be composed exclusively of persons within the field of membership unless the credit union's bylaws specifically say that the organization is within the field of membership.

Any space on the Credit Union Membership Application that is not applicable to a business, organization, or trust member, such as date of birth and employer, should be completed with an "NA."

DEPOSITORY DECLARATION & AGREEMENT

Before an organization can join the credit union, you must have proof that those who run the organization have authorized the opening of credit union accounts. This is done using the Depository Declaration and Agreement (#81075).

This form is needed when any of these types of organizations apply to join the credit union:

- Corporations,
- Partnerships,
- Limited liability companies,
- Sole proprietors,
- Cooperatives,
- Unincorporated associations,
- Religious societies,
- Fraternal societies and veterans groups,
- Other credit unions, and
- Foreign organizations.

This form designates exactly who has the right to open an account and to make transactions on that account. It authorizes certain named individuals to do things like signing share certificates, endorsing checks, and transferring funds. It also provides specimen signatures for each authorized person. A credit union should not open an account without this form. (Please note that different types of resolutions are needed to transact other kinds of business, for example, to authorize borrowing.)

Even sole proprietorships (in which a single owner operates the business, which is not a separate legal entity) must provide a completed Depository Declaration and Agreement to certify who owns the business.

The completed Depository Declaration and Agreement would typically be recorded in the member organization's minute book, like any another resolution.

Criminals may forge depository resolutions in order to open accounts for bona fide businesses they are not actually authorized to represent. Therefore, it is important to confirm that the person opening the account has adequate

identification. In addition you may want to verify the identities of an organization's officers, members or managers with a telephone reference.

Note that sometimes, an organization's Depository Declaration and Agreement will require more than one signature to open an account. Credit unions should take care not to accept a Depository Declaration and Agreement requiring more than one authorized signature unless the credit union is capable of monitoring all transactions in that regard. Typically, it is impossible for a credit union to police such a requirement for checks, internet banking, debit cards, or other remote transactions. Even teller transactions have some risk of the credit union failing to enforce a dual signature requirement, and thus facing liability for an unauthorized transaction. (For more information, see *ii Release No. 0161, "Organization Accounts."*)

TRUST-CREDIT UNION AGREEMENT

If the prospective member is a trust, this agreement identifies the trustee(s) authorized to transact business for the trust. It is an agreement between the credit union and the trust. It is not the same as the declaration of trust, which is the legal document that created the trust in the first place.

When completing the Trust – Credit Union Agreement (#82021), have the member provide you with the names of the trustee(s), successor trustee(s), and beneficiary(ies). The names of the beneficiaries are requested to verify eligibility for membership and pass-through share deposit insurance coverage. The credit union, however, is no longer required by state law to obtain the names of the beneficiaries.

If the member does not have the information to fill out the form, ask the member to have the member's lawyer complete it and return it to the credit union. Do not establish an account relationship with the trust until the form has been completed and signed. (For more information about opening accounts for trusts, see *ii Release No. 0116, "Living Trusts"* and *No. 0161, "Organization Accounts."*)

CUSTOMER IDENTIFICATION CARD

WCUL #81080 (rev. 5/15) (8½ x 11-inch, single-sided).

This form is used to record the identifying information that must be obtained before an account opening or loan closing, and the verification of that information with details for required recordkeeping. The form includes spaces to record how the identification was verified, whether by documentary or non-documentary methods, and how any discrepancies were resolved.

Generally, the Treasury Department's Customer Identification Program rules require that you must verify the identity of anyone who opens a new account, including all joint owners. This includes someone opening a deposit or checking account; obtaining a share certificate; obtaining a loan or line of credit; leasing a safety deposit box and other safekeeping service; or opening a cash management, custodian or trust account.

You must verify the identity of the individual who opens an account for anyone who lacks legal capacity, such as a minor. If the account is for an unincorporated group, like a bowling league, class reunion committee, or if it is set up to accept donations for a special cause, verify the identity of the person opening the account.

Proper completion of this form must be in compliance with federal regulations, as well as the credit union's own board-approved customer identification program. Please see *ii Release No. 0159* for guidance on the customer identification program requirements for credit unions.

Use the Customer Identification Card (#81080) to record the numbers of all the accounts that member owns. You do not need to fill out a new Customer Identification Card when an existing member opens new accounts, as long as you have a reasonable belief that you know the true identity of the person. Simply add the new account numbers to this card in the space provided.

The card is also used to record the member's name, street address, date of birth (for individuals) and an identification number:

- For U.S. persons (i.e., an individual who is a U.S. citizen, or an entity established or organized under the laws of a State or the United States) fill in a U.S. taxpayer identification number, which is either a social security number, an individual taxpayer identification number, or an employer identification number.

- For non-U.S. persons, fill in one or more of the following: a U.S. taxpayer identification number; passport number and country of issuance; alien identification card number; or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

Check all the applicable lines to indicate any documents you relied upon to verify the member's identity. You may also use non-documentary methods to verify a member's identity. For example, you could compare the member's information with information from a consumer reporting agency, public database, or other source such as ChexSystems or TeleCheck. You must verify the overall identity of the member using the identifying information you have received. You do not need to establish the accuracy of every element of the identifying information (name, address, birth date, and identification number).

The card also has check boxes to show that you compared the members name against certain lists of suspected terrorists or the Office of Foreign Asset Control's "Specially Designated Nationals and Blocked Persons" list. (See *ii Release No. 0159, "BSA: Customer Identification Program,"* for details on the CIP requirements.)

CDD BENEFICIAL OWNERSHIP RULES

See ii Release No. 0159 for more details.

These CDD rules only apply to "legal entity customers," a term that is defined to mean "a corporation, limited liability company, or other entity that is created by the filing of a public document with the Secretary of State or similar office, a general partnership, and any similar entity formed under the laws of a foreign jurisdiction that opens an account." In other words, the CDD beneficial owner rules apply to most organizations.

However, the definition does not include sole proprietorships, unincorporated associations (such as, scout troops and youth sports leagues), or natural persons opening accounts on their own behalf. The definition also exempts certain types of organizations, such as departments or agencies of federal, state or local government, or businesses whose common stock is listed on one of the stock exchanges. See The League's *ii Release No. 0159* for details on which organizations these CDD rules cover, including when they may apply to certain kinds of trusts.

Whenever a "legal entity customer" opens an account – including a new sub-account if the organization is an existing member – the credit union must identify the organization's "beneficial owners." The CDD rules have a two-pronged definition of "beneficial owner," with an ownership prong and a control prong. The same person(s) may be identified under both prongs.

A credit union can identify the beneficial owners of an organization in several ways. Most credit unions will ask the person signing the account to provide a "Certification of Beneficial Owner(s) – a standard form that is included in the CDD rules. A copy of that form, with FinCEN's instructions, is attached as an exhibit to The League's *ii Release No. 0159*.

After identifying an organization's "beneficial owners," the credit union must verify each of their identities. Generally, this means that the credit union must subject each beneficial owner to CIP. However, a credit union's CDD procedures for verifying the identities of beneficial owners do not have to be identical to its CIP procedures. For example, the credit union can obtain personally identifying information about each beneficial owner from the organization (not necessarily from the owners directly) as long as it has no reason to doubt that the information is reliable. Also, the credit union can use photocopies or other reproductions of the documents.

Credit unions must have procedures for making and maintaining a record of all of the identification and verification information collected in the CDD process, and the records must be retained for certain lengths of time.

ACCOUNT OWNERSHIP AGREEMENT CARD

WCUL #82024 (rev. 6/21) (8½ x 11-inch, two-sided). Instructions.

The Account Ownership Agreement card (#82024) is to be used when the account will be owned by a natural person(s). A different account card is used for accounts to be owned by any form of organization. The Account Ownership Agreement card is not to be used in conjunction with The League's Share Certificate (#82012).

The form documents the owner(s) agreement to essential terms such as the bylaws, setoff, type of ownership, survivorship features, POD beneficiaries, TIN certification, and other issues.

Separate account agreement cards must be used for each separate "sub-account" number. This policy will avoid confusion as to the ownership and designate payable on death (POD) beneficiaries of an account in the event of the death of an account owner.

The card may be used to establish either a single or joint account.

It is important that the credit union always provide the Account Agreement brochure, described below, to the member when it opens a new account or “sub-account.” These two documents, together, create the credit union’s contract with the member for that account.

Single Accounts

The Account Ownership Agreement card may be used to establish a single account for a natural person. The card also allows a single natural person to designate POD beneficiaries. A trust, business or other organization cannot designate a POD beneficiary, since these organizations do not technically “die.” A sole proprietor, however, can designate a POD beneficiary.

See *ii Release No. 0004* for more details about the release of decedent's accounts.

Joint Accounts

The Account Ownership Agreement card may also be used to establish a joint account with up to three account owners. On older forms, the owners could designate how many signatures are necessary to transact business on the account, including withdrawals, transfers, pledges, or closing the account. The latest revision of the form specifies that any one signer may conduct transactions.

Upon the death of a joint owner, ownership of the funds on deposit generally passes to the surviving joint owner(s). Joint account owners also have the option of jointly designating POD beneficiaries. The beneficiary(ies) receives the proceeds of the account only upon the death of the last joint account owner.

See *ii Release No. 0004* for more details about the release of decedent's accounts.

Payable on Death Option

Wisconsin law permits the parties to an account to designate one or more payable on death beneficiaries. The beneficiaries are generally entitled to the sums on deposit in the account upon the death of the owner(s):

- Upon the death of the owner of a *single account* with a POD designation, the ownership of the sums on deposit generally passes to the surviving POD beneficiary(ies).
- Upon the death of an owner of a *joint account* with a POD designation, the ownership of the sums on deposit generally passes to the surviving joint owner(s) – not to the POD beneficiaries. Only upon the deaths of all owners of a joint account does the credit union pay the balance of the account to the surviving POD beneficiary(ies).

All sums paid pursuant to a POD designation are generally distributed by the credit union to the beneficiaries still living at the time of death of the last surviving account owner. Any claim the heirs of an already deceased beneficiary may have to a share of the account funds may be settled outside of the credit union. If a beneficiary dies after the last surviving account owner, their share of the funds is payable to that beneficiary’s estate.

See *ii Release No. 0004* for more details about the release of decedent's accounts.

The form cautions account holders to “consult an attorney before naming minors as P.O.D. beneficiaries.” See *ii Release No. 0004* for more information about minors as POD beneficiaries, including suggested language that might be used on a credit union-created addendum page to the Account Ownership Agreement to name a custodian for the minor’s funds under the Wisconsin Uniform Transfers to Minors Act.

Account Agreement Brochure

The League offers credit unions the choice of two account agreement brochures, described later in this ii Release:

- Your Account Agreement, with Arbitration Agreement (#83005), and
- Your Account Agreement (#83006, replacing the old #82004).

Either form may be used to outline the basic terms and conditions for most accounts and services related to accounts offered by credit unions. They are the same except one includes an arbitration agreement and class action waiver. An account agreement brochure is to be given to the first-named account holder whenever the credit union opens a new account or even a new sub-account. A credit union must develop its own supplement to the Account Agreement

brochure if it desires any special terms and conditions unique to its individual policies or procedures. The credit union must also provide its own account disclosures, such as Truth in Savings, funds availability, privacy, electronic funds transfers, etc.

SAVER'S SWEEPSTAKES ACCOUNT AGREEMENT

Saver's Sweepstakes is The League's prize-linked savings program.

To open a Saver's Sweepstakes accounts, participating credit unions should use the same documents that they would use to open any other savings account – plus the Saver's Sweepstakes Account Agreement. A template for that agreement is in the *Saver's Sweepstakes Resource Center*.

For example, credit unions should still have account holders sign a standard Account Ownership Agreement for the Saver's Sweepstakes account and a Saver's Sweepstakes Account Agreement form. The Saver's Sweepstakes form supplements the standard Account Ownership Agreement, providing additional terms and conditions that only apply to Saver's Sweepstakes accounts. Other terms and conditions that are reflected in your usual account-opening documents still apply, as well.

Credit unions will also need, as applicable:

- A membership application;
- A Customer Identification Program form;
- An account agreement brochure, such as The League's "Your Account Agreement"; and
- All necessary disclosures, including the special Saver's Sweepstakes Truth in Savings template available to participating credit unions in the *Saver's Sweepstakes Resource Center*.

For details, see The League's *ii Release No. 0184 – "Saver's Sweepstakes® Compliance FAQs."*

BUSINESS/ORGANIZATION ACCOUNT OWNERSHIP AGREEMENT CARD

WCUL #81057 (rev. 6/21) (8½ x 11-inch, two-sided). Instructions.

An Business/Organization Account Ownership Agreement card (#81057) does several things. It designates the organization as the owner of the account, certifies the organization's TIN, and records the various disclosures given to the organization when the account is opened. If a member organization opens multiple accounts, a separate account ownership agreement card must be used for each separate "sub-account." (See *ii Release No. 0161, "Organization Accounts,"* for details on how to open these accounts.)

Account Agreement Brochure

The League offers credit unions the choice of two account agreement brochures, described later in this *ii Release*:

- Your Account Agreement, with Arbitration Agreement (#83005), and
- Your Account Agreement (#83006, replacing the old #82004).

Either form may be used to outlines the basic terms and conditions for most accounts and services related to accounts offered by credit unions. They are the same except one includes an arbitration agreement and class action waiver. An account agreement brochure is to be given to the first-named accountholder whenever the credit union opens a new account or even a new sub-account. A credit union must develop its own supplement to the Account Agreement brochure if it desires any special terms and conditions unique to its individual policies or procedures. The credit union must also provide its own account disclosures, such as Truth in Savings, funds availability, privacy, electronic funds transfers, etc.

CUSTODIAL ACCOUNT OWNERSHIP AGREEMENT CARD

WCUL #81036 (rev. 6/21) (8½ x 11-inch, two-sided). Instructions.

The Custodial Account Ownership Agreement card (#81036) establishes an account for a minor under the Uniform Transfers to Minors Act as enacted by Wisconsin. The person holding funds to be transferred to the minor is the transferor who must designate a custodian to manage the account. The custodian may be the transferor, another adult, or a trust company. As required by law, the form includes space for the name of only one minor (who is the member

and owner of the account), and only one custodian, who controls the account for the benefit of the minor until the minor reaches the age of 21. The custodian may designate a successor to assume responsibility for the account in the event the custodian cannot execute his or her duties. (See *ii Release No. 0012.*)

The form documents the owner(s) agreement to essential terms such as the bylaws, setoff, type of ownership, survivorship features, POD beneficiaries, TIN certification, and other issues. The Custodial Account Ownership Agreement must be used in conjunction with the Credit Union Membership Application (#81056). The Account Ownership Agreement card is not used, since the custodial account is necessarily single ownership.

The top of the form allows the credit union to identify whether the account is a share, certificate, or other type of account. A share certificate must be completed if that is the type of account selected.

A separate card is required for each separate account (aka "sub-account") under the membership number.

Account Agreement Brochure

The League offers credit unions the choice of two account agreement brochures, described later in this *ii Release*:

- Your Account Agreement, with Arbitration Agreement (#83005), and
- Your Account Agreement (#83006, replacing the old #82004).

Either form may be used to outline the basic terms and conditions for most accounts and services related to accounts offered by credit unions. They are the same except one includes an arbitration agreement and class action waiver. An account agreement brochure is to be given to the first-named account holder whenever the credit union opens a new account or even a new sub-account. A credit union must develop its own supplement to the Account Agreement brochure if it desires any special terms and conditions unique to its individual policies or procedures. The credit union must also provide its own account disclosures, such as Truth in Savings, funds availability, privacy, electronic funds transfers, etc.

MARITAL ACCOUNT OWNERSHIP AGREEMENT CARD

The WCUL Marital Account Ownership Agreement card (#82081) which allowed Wisconsin spouses to establish their account as a marital account, has been discontinued. There was little demand for the form and much confusion about its proper use.

ACCOUNT AGREEMENT BROCHURES

The 11 x 17-inch, 16-panel *Your Account Agreement* (#82004) brochure is now discontinued. It is replaced by the purchasing credit union's choice of these new forms in two column, 8½ x 11-inch format:

- *Your Account Agreement, with Arbitration Agreement* (#83005, rev. 10/21), 14 pp., *Instructions* or
- *Your Account Agreement* (#83006, rev. 4/21), 12 pp. *Instructions*.

The two new brochures above contain an identical Membership and Account Agreement, which is extensively updated from the old form #82004. The two new forms differ in that #83005 also contains a binding consumer arbitration agreement with a class action waiver and a jury trial waiver.

Please see *Compliance Courier: Part I - Updated League Account Agreement Forms Released for Sale* describing how to use these and other recently updated League account forms, overdraft protection issues, arbitration agreement option, change of terms notices, etc.

Your Account Agreement, with Arbitration Agreement (#83005) was developed because many credit unions are concerned about the threat of costly class action lawsuits. Institutions around the country and within our state have been sued relating to their overdraft protection, NSF fees, debt collection forms, etc. In addition to addressing any arguably deficient practices or disclosures that might give rise to disputes, some credit unions have turned to binding arbitration clauses and jury trial waivers in an effort to reduce the risks.

The binding arbitration agreement and waiver of jury trial that form #83005 offers would apply to consumers in regard to nearly all accounts that a consumer holds at the credit union. It does not apply to loans other than overdraft protection. The form gives account holders a 30-day window after delivery of the arbitration agreement to opt out. The arbitration agreement applies only to consumers, not to businesses.

Credit unions have the choice of whether or not to use The League's arbitration agreement. *Your Account Agreement* (#83006) has the same account terms and conditions as #83005, but without an arbitration clause. Some credit unions may decide not to use an arbitration agreement at all at this time, or else choose to provide their own separate arbitration agreement (with different terms). Many credit unions use account forms offered by other vendors, with or without arbitration agreements.

Subscribing credit unions should discuss with their attorney whether to use an arbitration agreement for their services. If so, they should also discuss with their counsel whether The League's arbitration agreement and jury trial waiver in #83005 meet their needs. If it does not, they could order *Your Account Agreement* (#83006), and supply their own, separate arbitration agreement.

Credit unions should use the same account agreement brochure form, #83005 or #83006, for all accounts. For example, if a credit union decides to use #83005, with the arbitration agreement for consumer accounts, it should use that form for business accounts as well, even though they are excluded from the arbitration agreement. That should simplify accurate recordkeeping and avoid any staff confusion, reducing the risk of errors.

Do not use the new #83005 or #83006 account agreement brochures with old signature cards. Please switch to The League's updated (6/21) account ownership agreements. Older signature cards will not properly document the accountholder's agreement to the terms of the new account agreement brochures.

It is important for credit unions to:

1. Deliver the account agreement brochure it has chosen, to the first-named owner on every existing account. This requires a mass mailing or electronic delivery but can be combined with a statement mailing. Carefully document the delivery; and
2. Deliver the account agreement brochure it has chosen, to the first-named owner on *every new account suffix*, at account opening.

Failure to deliver the form will result in the member not being bound by the terms and conditions or by any arbitration clause that was included. Failure to keep proper documentation will sacrifice the ability to *prove* that the member is bound by the terms and conditions, including any arbitration agreement.

If the credit union uses *Your Account Agreement, with Arbitration Agreement* (#83005), it must also keep accurate records of any opt-out notices it receives from members regarding the arbitration agreement.

For more information on arbitration agreements and issues involved with use of *Your Account Agreement, with Arbitration Agreement* (#83005), please see *Compliance Courier Part II - Updated League Account Agreement Forms Released for Sale*.

CREDIT UNION SHARE CERTIFICATE

WCUL #82012 (rev. 9/15) (8½ x 11-inch, two 2-sided sheets).

This form is used to *certify* that member funds are on deposit at the credit union payable to the named owner(s) on specified terms. The form documents the owner's agreement to essential terms such as the bylaws, setoff, type of ownership, survivorship feature, non-negotiability, POD beneficiaries, early withdrawal penalties, compounding, renewals options, TIN certification, and other issues. It does not require and should not be used with a separate account agreement card for the account suffix that is documented on this share certificate.

This is a traditional certificate form, not a mere receipt or disclosure. The printed certificate form must be endorsed and surrendered for payment. Even payout to the true owner puts the credit union at risk if the original is not surrendered to the credit union at time of payment.

Since this printed form documents an enforceable share certificate redeemable for a large dollar amount, it should be printed on security paper to reduce the risks of counterfeiting, alteration, or other fraud. Security paper may have features such as a pattern that displays the word "VOID" when photocopied.

This share certificate form consists of two distinct two-sided copies which must be duplex-printed.

- The top duplex-printed sheet is the one and only **ORIGINAL**, to be given to the first-named owner of the certificate. It *must be signed* by an authorized credit union staff member in the lower right corner of the front side. That authorized signer is issuing an enforceable instrument certifying that funds are held on deposit in the stated amount. The owner does *not* sign the front of this copy.

The back of the original has a signature line that the authorized number of owners must sign to endorse the instrument *later* when it is surrendered for payment. The owner(s) should not endorse the certificate until ready to surrender it for payment, just as they should not endorse a check until they are ready to deposit it.

- The second duplex-printed sheet is the **CU COPY WITH AGREEMENT**. It is nearly identical to the ORIGINAL but clearly labeled as the credit union's copy. Instead of the authorized credit union staff member signing in the lower right corner to certify that funds are on deposit, this copy requires all of the owners to sign in that corner to agree to the terms disclosed.

The back of the CU COPY WITH AGREEMENT has the spaces for the owners to certify the Taxpayer Identification Number. It has a grayed out *copy* of the Endorsement At Time of Surrender. The owners *cannot* sign this endorsement space to surrender the certificate; they must endorse and surrender their ORIGINAL certificate. That is the enforceable instrument.

Completing the form

When the terms of the certificate are filled in at account opening, complete the first and second sheets identically except for the following:

- One owner certifies the appropriate Taxpayer Identification Number on the back side of the CU COPY WITH AGREEMENT.
- All owners of the account sign the CU COPY WITH AGREEMENT in the lower right corner of the front side to agree to the terms of the account.
- The Credit Union's authorized signer signs the ORIGINAL in the lower right corner. This makes the original an enforceable instrument.
- Do *not* complete the Endorsement At Time Of Surrender section at account opening.

At the time payment is requested, the ORIGINAL *must* be endorsed and surrendered. It is much like a live check that must be presented for payment.

Original certificate must be surrendered for payment

Since the Original share certificate is an enforceable obligation of the credit union, redeemable for cash, do not print an extra Original for the member(s).

As with most traditional share certificates and certificates of deposit, the language requires that the Original certificate must be properly *endorsed and surrendered* for payment, because the certificate is an instrument (as is a check). Failure to obtain surrender of the certificate when paying out *even to a rightful owner* exposes the credit union to the risk of having to pay out again if the Original is later presented for payment by another owner or heir.

When an owner claims the original certificate is claimed to be lost, stolen, or destroyed, be sure to get *all* owners to sign a Certificate of Lost Instrument.

If an owner claims that the original is unavailable because it was lost, stolen, or destroyed, the credit union should protect itself by requiring:

1. An affidavit of lost, stolen, or destroyed share certificate signed by all owners – even if the terms of the certificate normally allow any one owner to surrender the certificate. The affidavit should normally include an indemnification agreement, and
2. If desired by the credit union, an indemnity bond to cover the risk of the credit union being required to pay out again by a party presenting the original certificate.

Credit unions should consider retaining an affidavit of lost, stolen, or destroyed certificate as a permanent record, since a certificate might be found and presented for payment decades later, long after normal retention periods for share certificate documentation.

Share Certificate is not a CD

Please note that although a share certificate issued to a member functions much like a certificate of deposit, the NCUA does not allow the two to be confused. A share certificate is issued to a member, pays dividends rather than interest, and represents owners' equity (shares) in the credit union rather than a debt. The NCUA's commentary to the Truth in Savings rule says: "[T]he term 'certificate of deposit' or 'CD' may not be used to describe share certificates and other dividend-bearing term share accounts."

More information

See *ii Release No. 0015* for more information on share certificates. This share certificate does not include a Truth in Savings disclosure. See *ii Release No. 0101* for Truth in savings disclosure requirements.

ACCOUNT INFORMATION CHANGE REQUEST

The Account Information Change Request card (#81034) documents changes in certain information contained on the original account documentation or on a previous change notice. It allows account owners to change information, such as name, address, employer, or security code, on one or more accounts.

However, the information change card may not be used to change the actual ownership of an account. To change the ownership of an account, the customary procedure requires closing the existing account and opening a new account. To illustrate, a name change due to marriage can be accommodated with the information change card. However, the card may not be used to add a joint owner, transfer the account to a different person, or transfer the account to a different legal entity. New account forms are required in those situations.

AUTOMATIC TRANSFER REQUEST

The WCUL automatic transfer request form (#81035) documents account owners' and borrowers' authorizations for automatic transfers from a particular (1) share account or (2) line of credit they identify to pay any item or transaction drawn on insufficient funds on any account they own. Thus, it may be used to tie a Kwik-Cash line of credit to one or more share or draft accounts for overdraft protection purposes. When used for this purpose, the automatic transfer request should be signed by each Kwik-Cash borrower. Automatic transfers may be made to replenish share draft accounts drawn down by checks or ATM or ACH withdrawals.

If automatic transfers are authorized from both a share account and a line of credit account, the form allows the signers to specify which source of funds will be drawn from first.

The internal transfers authorized by this form are typically governed by Wis. Stats. Ch. 410 (UCC Article 4A), rather than Reg. E. See *ii Release No. 0127 - Funds Transfers Under UCC Article 4A for guidance on that law*.

Please note that *ii Release No. 0101 - Truth in Savings*, *ii Release No. 0120 - Reg. E - Electronic Fund Transfers*, and *ii Release No. 0169 - Overdraft Protection Programs*, each address separate issues relating to overdraft protection programs.

- *ii Release No. 0169* describes Interagency Guidance on all types of overdraft protection programs such as non-contractual discretionary "courtesy pay" programs, contractual ODP line of credit programs such as Kwik-Cash, ODP by use of transfers from savings, as well as arbitrary ODP transfers.
- *ii Release No. 0120* address Reg. E requirements for institutions to comply with opt-in notice rules before charging a fee on a consumer account for paying an overdraft caused by an ATM transaction or a one-time debit card transaction. The Exhibit in this release includes the Reg. E model for consent form for those particular overdrafts as well as the rules and commentary regarding the requirement. Overdraft fee amounts relating to EFTs must be disclosed in Reg. E disclosures and are subject to change of terms notice rules.
- *ii Release No. 0101* describes the Truth in Savings rule for disclosing overdraft fees on periodic statements. Overdraft fee amounts must be disclosed in Truth in Savings disclosures and are subject to change of terms notice rules.

DISCLOSURES

At every account opening, the credit union will have to provide certain disclosures to the member. The credit union must develop its own disclosures for:

- Truth in Savings (See *ii Release No. 0101* for more information.);

- Electronic Funds Transfers (when appropriate) (See *ii Release No. 0120* for more information.);
- Reg. E overdraft services notice and opt-in form (See *ii Release No. 0120* for more information);
- Expedited Funds Availability (when appropriate) (See *ii Release No. 0100* for more information.); and
- Initial Privacy Notice (See *ii Release No. 0152* for more information.).

Organization accounts

Certain regulations, including Reg. E (Electronic Funds Transfers) and CFPB privacy rules (12 CFR 1016) apply only to individual consumers, not to business accounts. So Truth in Savings (TIS), Electronic Funds Transfer (EFT), Reg. E overdraft protection, and privacy disclosures are not required for organization accounts. Giving the organization these disclosures may bind you to certain practices and procedures that would not apply to a business account ordinarily. However, depending upon your credit union's policies and business practices, you may still wish to provide these disclosures. Or, the credit union can develop and use a substitute contract agreed upon by the organization.

Accounts held by sole proprietors, trusts, probate estates, and unincorporated groups can bear a strong resemblance to individual accounts, but most consumer protection laws do not apply to these accounts because they are not owned by a "natural person" or because they are used for business and not consumer purposes. Accordingly, NCUA staff says that TIS does not apply to sole proprietors, trusts opened under a formal written trust agreement, probate estates, and unincorporated non-business associations. (NCUA Rules and Regs., Appendix C, §707.2.)

* * * * *

League publications are designed to provide accurate information with regard to the subject matter covered, with the understanding that The League does not render legal services. If you have general questions regarding this release, please call The League at (608) 640-4050 if local or (800) 242-0833. For specific legal advice, please consult your credit union's attorney.

Legal Affairs Department

PEG/jb

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EXHIBIT A – WCUL ACCOUNT DOCUMENTATION CHECKLIST

Single Accounts – With Or Without Payable On Death Designation

- ☐ Credit Union Membership Application (#81056) (new member accounts only)
- ☐ Customer Identification card (#81080)
- ☐ Account Ownership Agreement (#82024)
 - Check box for single account ownership
 - Separate card required for each sub-account number
 - If POD, check appropriate boxes on card and list beneficiaries
 - Do not use with The League's share certificate form
- ☐ Account Agreement brochure: *Your Account Agreement, with Arbitration Agreement* (#83005) or *Your Account Agreement* (#83006, replacing #82004);
- ☐ Disclosures for Truth in Savings, Electronic Funds Transfers (if appropriate), overdraft services notice and opt-in (if appropriate), Expedited Funds Availability (if appropriate), and Privacy

Joint Accounts – With Or Without Payable On Death Designation

- ☐ Credit Union Membership Application (#81056) (new member accounts only)
- ☐ Customer Identification card (#81080)
 - Verify identities of all account owners
- ☐ Account Ownership Agreement (#82024)
 - Check box for joint account ownership
 - Separate card required for each sub-account number
 - If POD, check appropriate boxes on card and list beneficiaries
 - Do not use with The League's share certificate form
- ☐ Account Agreement brochure: *Your Account Agreement, with Arbitration Agreement* (#83005) or *Your Account Agreement* (#83006, replacing #82004);
- ☐ Disclosures for Truth in Savings, Electronic Funds Transfers (if appropriate), overdraft services notice and opt-in (if appropriate), Expedited Funds Availability (if appropriate), and Privacy

Custodial Accounts (Uniform Transfers to Minors Act)

- ☐ Credit Union Membership Application (#81056) (new member accounts only) (to be completed on behalf of minor, who must be eligible for credit union membership)
- ☐ Customer Identification card (#81080) (identity of custodian must be verified)
- ☐ Custodial Account Ownership Agreement (#81036)
 - Do not use with The League's share certificate form
- ☐ Account Agreement brochure: *Your Account Agreement, with Arbitration Agreement* (#83005) or *Your Account Agreement* (#83006, replacing #82004);

- ☐ Disclosures for Truth in Savings, Electronic Funds Transfers (if appropriate), overdraft services notice and opt-in (if appropriate), Expedited Funds Availability (if appropriate), and Privacy

Business and Organization Accounts

- ☐ Credit Union Membership Application (#81056) (new member accounts only)
- ☐ Customer Identification card (#81080)
 - Verify identity of organization itself
 - Verify identity of individual opening account for entity lacking legal capacity, such as an unincorporated club
- ☐ Business/Organization Account Ownership Agreement (#81057)
 - Title account in the organization's name
 - Separate account required for each sub-account number
 - Designate POD beneficiary only for a sole proprietorship
 - Do not use with The League's share certificate form
- ☐ Depository Declaration and Agreement (#81075)
- ☐ *Certification of Beneficial Owner(s)* or equivalent forms, if account held by a legal entity customer.
- ☐ Account Agreement Brochure: *Your Account Agreement, with Arbitration Agreement* (#83005) or *Your Account Agreement* (#83006, replacing #82004);
- ☐ Disclosures
 - Disclosures for Article 4A Funds Transfers and, if a transaction account, Reg. CC Expedited Funds Availability. Depending on credit union policy, also include Privacy and Truth in Savings.

Living Trust Accounts

- ☐ Credit Union Membership Application (#81056) (new member accounts only)
- ☐ Customer Identification card (#81080)
 - Verify identity of trust itself
- ☐ Business/Organization Account Ownership Agreement (#81057)
 - Title account in the trust's name
 - Separate card required for each sub-account number
 - Do not designate POD beneficiary
 - Do not use with The League's share certificate form
- ☐ Account Agreement brochure: *Your Account Agreement, with Arbitration Agreement* (#83005) or *Your Account Agreement* (#83006, replacing #82004);
- ☐ Trust – Credit Union Agreement (#82021)
- ☐ Disclosures
 - Disclosures for Article 4A Funds Transfers and, if a transaction account, Reg. CC Expedited Funds Availability. Depending on credit union policy, also include Privacy and Truth in Savings.