

# WINTHROP FEDERAL CREDIT UNION

## TRUTH-IN-SAVINGS DISCLOSURE

JULY, 2009

The rates, fees, and terms applicable to your account at the Winthrop Federal Credit Union are provided in the Truth-In-Savings Disclosure. All accounts described in this Truth-In-Savings Disclosure are Share Accounts.

The following factors may affect the amount of dividends you receive on your account.

### RATE INFORMATION

The annual percentage yield is a percentage rate that reflects the total amount of dividends to be paid on an account based on the dividend rate and frequency of compounding for an annual period.

### NATURE OF DIVIDENDS

Dividends may be paid only from current income and accumulated earnings, after required transfers to reserves at the end of each dividend period. The dividend rate and annual percentage yield applicable to an account may therefore change from time to time as determined by the Board of Directors. The dividend period of the credit union is Monthly, beginning on the first calendar day of the period and ending on the last calendar day of the period.

All disclosures concerning the APY applicable to an account (other than term share accounts) assume that the dividend disclosed remains in effect for one year and that dividends are not withdrawn.

### DIVIDEND COMPOUNDING AND CREDITING

Unless otherwise stated in an enclosed disclosure related to a specific type of account, dividends are compounded Monthly and credited Monthly on balances of **\$25.00** or more based on the actual balance in your account at the end of each day, divided by 365 or 366 days, as applicable. The amount of dividends you earn for each day will be added to your principal balance (daily, monthly, etc.)

If you withdraw funds from your account before dividends are paid, you will receive dividends accrued on the funds prior to withdrawal, but such dividends will not be credited to your account until the next dividend declaration date.

If you close your account prior to the dividend declaration date you will not receive any dividends prior to the date the account is closed.

(Different rules apply to early withdrawals from a term share account and are described in another section of this disclosure.)

### MINIMUM BALANCE REQUIREMENTS

Unless otherwise stated in an enclosed disclosure related to a specific type of account, in order for your account to earn dividends you must have an actual balance of at least \$25.00, the par value of a share of the Winthrop Federal Credit Union, (each member on an account must have \$25.00). If your actual account balance falls below \$25.00 on any day you will not earn dividends for that day.

For Share and Money Market accounts there is a minimum daily balance required to earn the annual percentage yield disclosed for the dividend period. If the minimum daily balance is not met each day for the dividend period you will not earn the stated annual percentage yield.

### FEES AND PENALTIES

Your account will be charged any applicable fees, charges and/or penalties as set forth in our fee schedule, a copy of which is included with this disclosure.

### COLLECTION OF NON-CASH DEPOSITS

Every share draft, check, or other item other than cash which is accepted for deposit in your account will be provisionally credited to your account on the day it is deposited. Or in the case of deposits received after closing, on the next business day, and earn dividends from the day it is so provisionally credited to your account. If, however, the credit union is unable in the normal course of business to obtain payment for that item, you will not earn dividends on that deposit.

### ACCOUNT LIMITATIONS

For Share and Money Market Share accounts, no more than six (6) preauthorized, automatic, or telephone transfers may be made from each account to another account or to a third party in a month. If you exceed these limitations your account may be subject to a fee or be closed. For IRA Share accounts, you may not make any preauthorized, automatic, or telephone transfers from your account at any time.

### NOTICE OF CERTAIN CHANGES

We will notify you in writing at least 30 days prior to the effective date of changes of the sort described below which will reduce your APY or otherwise adversely affect your account

- \* The frequency of compounding dividends;
- \* The frequency of crediting dividends;
- \* Minimum balance requirements; or
- \* Fees, charges and penalties.

We will not send you notice, however, of any change in the dividend rate or APY applicable to any account where the dividend rate is subject to change from time to time, although notice of changes in dividend rates will be posted in the Credit Union Offices. Also no notice of changes to fees for printing of share drafts/checks will be sent.

In additions, where there is any change in the information disclosed in this statement, the change will appear in a notice posted in the lobby of our offices.

#### **GENERAL POLICIES AND PROCEDURES**

We may refuse a withdrawal request if any documents or identification we or the law requires in connection with the withdrawal has not been presented to us.

Although non-cash deposits earn dividends from the date first credited to your account, the time when they may be withdrawn or otherwise become available for use is governed by the Credit Union's funds availability policy, a copy of which is available upon request.

By opening and maintaining an account with the Winthrop Federal Credit Union, you have agreed to the Bylaws of the Credit Union and amendments thereto, a copy of which may be obtained at the Credit Union. To open your account, you must deposit at least \$25.00, the par value of a share of the Credit Union, for each member on the account.

By law, the Credit Union may accept deposits only from persons who are members, or who are eligible to become members, or certain other persons or entities.

Our current **FIELD OF MEMBERSHIP** includes:

Anyone who lives, works, worships, or volunteers in Winthrop, East Boston, Chelsea, Revere, and South End of Boston and their immediate family members.

Immediate family members include spouse, children, siblings, parents, grandparents, and grandchildren. The nature of the relationships may be natural, adoptive, foster, or step.

### **SHARE CERTIFICATE ACCOUNTS**

#### **RATE INFORMATION**

The annual percentage yield is a percentage rate that reflects the total amount of dividends to be paid on an account based on the dividend rate and frequency of compounding for an annual period. For all accounts the dividend rate and annual percentage yield are fixed and will be in effect for the initial term of the account. For accounts subject to dividend compounding the annual percentage yield is based on an assumption that dividends will remain on deposit until maturity. A withdrawal of dividends will reduce earnings.

#### **DIVIDEND PERIOD**

For each account the dividend period is the account's term. The period begins on the first day of the term and ends on the maturity date.

Dividends are paid quarterly. Members may request a monthly payment term, but it must be approved by the credit union at opening.

#### **MINIMUM BALANCE**

The minimum balance required to open a Share Certificate is \$500.00 and for an IRA Share Certificate is \$250.00.

#### **TRANSACTION LIMITATIONS**

You may not withdraw all or some of the principal balance of your Share Certificate account prior to maturity. Any withdrawals from your Share Certificate before maturity are subject to the early withdrawal penalties listed below. You will be credited with any dividends earned on funds withdrawn prior to maturity. Such dividends will be credited at the next scheduled dividend declaration date.

Dividends which have been credited to your Share Certificate account may be withdrawn at any time without penalty, but the APY disclosed is based on the assumption that all dividends will remain in the Share Certificate account until maturity. A withdrawal prior to maturity will reduce earnings and your APY therefore will be lower than the disclosed yield.

Any dividends in your Share Certificate at maturity will be considered part of the principal of the account upon any renewal and thereafter become subject to the Credit Union's rules concerning early withdrawal.

Once your Share Certificate is opened, you may not make additional deposits to it. You may, however, open a separate. Share Certificate at the then effective dividend rate.

#### **MATURITY**

Your account will mature as stated on this Truth-In-Savings disclosure or on your Account Receipt or Renewal Notice.

#### **EARLY WITHDRAWAL PENALTY**

We may impose a penalty if you withdraw from you Share Certificate account before the maturity date.

**AMOUNT OF PENALTY**

For all accounts the amount of the early withdrawal penalty is based on the term of your account. The penalty schedule is as follows:

Term of 12 months or less	90 days' dividends
Term of 13 to 59 months	180 days' dividends
Term of 60 months or more	365 days' dividends

These penalties apply regardless of the length of time the funds have been on deposit at the Credit Union.

The penalty is calculated as a forfeiture of part of the dividends that have been or would be earned on the account. It applies whether or not the dividends have been earned. In other words, if the account has not yet earned enough dividends or if the dividend has already been paid, the penalty will be deducted from the principal.

**EXCEPTIONS TO EARLY WITHDRAWAL PENALTIES**

We may pay the account before maturity without imposing an early withdrawal penalty under the following circumstances:

In the event that the sole Share Certificate Account owner dies or becomes mentally incompetent. If the account is in two or more names, however, and one owner dies or becomes mentally incompetent, the Share Certificate will remain in effect until its scheduled maturity under the remaining joint owner's name(s).

If the certificate is an IRA and the owner attains the age of 59 ½ years of age, the withdrawal is made for health/disability emergency, first time home purchase, or higher education expenses.

Withdrawals of earnings from an IRA may be taxable, and a 10% penalty tax may apply.

**RENEWAL POLICY**

You may renew, transfer, or close your Share Certificate at maturity. You will be asked to instruct the Credit Union by mail or in person of your choice.

You will be notified in writing before the maturity date of your Share Certificate. Unless you instruct the credit union prior to maturity that your Share Certificate is not to be renewed, your Share Certificate will, at maturity, automatically be renewed for an identical term at the then dividend rate.

You have a grace period of 10 days after maturity in which to withdraw funds in the account without being charged an early withdrawal penalty.

Every notice of maturity will either state the dividend rate which will apply to the Share Certificate account upon renewal or, if the renewal rate has not been determined, will state the date that the renewal will be set and include a telephone number which you can call to learn what the dividend rate and APY applicable to the Share Certificate account during the renewal term will be.

**YOUR ACCOUNT IS NON-TRANSFERABLE AND NON-NEGOTIABLE.**

^