



MEMBERSHIP AGREEMENT

Notice to Members: The laws and regulations governing the financial services we provide are complex. To insure your understanding of our relationship with you, we provide this detailed Agreement which explains both your responsibilities and ours. Please read this document carefully, and feel free to ask any questions regarding these terms and conditions.

NOTICE OF ARBITRATION PROVISION - This Membership Handbook / Membership and Account Agreement contains an Arbitration Provision which provides that you or the Credit Union may elect to have all disputes resolved by BINDING ARBITRATION INSTEAD OF IN COURT. You should read the Arbitration Provision in the agreement below carefully. It provides, among other terms: You GIVE UP YOUR RIGHT TO GO TO COURT to assert or defend your rights under this Agreement (EXCEPT for matters that may be taken to SMALL CLAIMS COURT). Your rights will be determined by a NEUTRAL ARBITRATOR and NOT a judge or jury. You are entitled to a FAIR HEARING, BUT the arbitration procedures are SIMPLER AND MORE LIMITED THAN RULES APPLICABLE IN COURT. Arbitrator decisions are as enforceable as any court order and are subject to VERY LIMITED REVIEW BY A COURT. YOU MAY NOT PARTICIPATE AS A CLASS REPRESENTATIVE OR MEMBER IN ARBITRATION OR IN ANY OTHER CONSOLIDATED PROCEEDING

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MEMBERSHIP/ACCOUNT AGREEMENT

This is the Agreement between you, the member, and LAFCU, a Michigan Credit Union, of 106 N. Marketplace Blvd, Lansing, Michigan, regarding your accounts with the Credit Union. By establishing an account with the Credit Union, you agree that this Agreement is a binding contract between you and the Credit Union.

You should retain a copy of the agreement and feel free to call the Credit Union if you have any questions. By signing a Membership Agreement, you agree to be bound by, and acknowledge receipt of, this Agreement, along with certain disclosures required under the Truth-In-Savings Act and National Credit Union Administration (NCUA) and the Federal Reserve Board regulations and commentary. The words "you" and "your" mean the member and any joint members or co-depositors or co-borrowers. The words "we," "our," "us," "LAFCU" and "Credit Union" mean **LAFCU**.

Membership

Membership in LAFCU Credit Union is open to **Residents of the State of Michigan**.

Becoming a Member. To become a member of the Credit Union, you must complete a Membership Agreement and open a Primary Savings Account. The basic share deposit that you must always keep in your Primary Savings Account to retain membership is \$5.00.

Primary Savings Account

Deposits. After you have established your Primary Savings Account, you may make additional deposits into that account, or establish other types of accounts as described below, at any time and in any amount. We may establish minimum amounts for deposits in your **Primary Savings Account** or other accounts.

You can make deposits in person or by mail. At the present time, you can arrange to have one or more of the following deposits made directly to your Primary Savings Account: (1) payroll deduction deposits, (2) net pay deposits, (3) Social Security deposits, (4) pension plan deposits, (5) stock dividends or (6) other miscellaneous deposits. If you have an automatic teller machine (ATM/Debit) card, you can also make a deposit through one of the automated teller machines equipped to accept deposits. If you have applied for and been given access to our Audio Banking or Online Banking, our Online Banking service, you can also transfer funds from one account to another, whether it be to your account or another LAFCU member.

Withdrawing Money from Your Primary Savings Account. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union.

Rate and Annual Percentage Yield ("APY"). Your Primary Savings Account will earn what are known as dividends. Dividends are like interest, except that the rate of dividends is set by the Credit Union's Board of Directors (the "Board") from time to time, and dividends are not guaranteed. Rates are variable. The Credit Union estimates a prospective dividend rate and prospective annual percentage yield (APY) on your Primary Savings Account for each dividend period. The dividend rate and APY may change every calendar quarter as determined by the Board. The dividend rates will be available each business day at our office. The words "dividend" and "interest" may be used interchangeably in this Agreement. Refer to our current Rates and Fees Schedule for our current dividend rates.

Compounding. We compound your dividends, even though that isn't required by law. Compounding is more favorable to you, because once dividends have been earned by your account they are added to the balance on which you will continue to earn dividends. Because we compound dividends, the actual yield on your account will be somewhat higher than the annual dividend rate. The Annual Percentage Yield (APY) will be posted along with the annual interest (dividend) rate.

For this account type, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31st. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is February 1st..

Crediting Dividends. Dividends will be credited on the last day of the month. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit them to your account until the first day of the subsequent dividend period. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive the accrued dividends.

Minimum Balance to Earn Dividends. You earn dividends on your Primary Savings Account each day that your account balance is \$100.00 or more. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain the minimum deposit balance requirement we may charge you a quarterly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate them on a daily basis. Therefore, if you make a withdrawal, you won't receive any further dividends on that amount from the day you make the withdrawal until the day that dividends are credited.

Funds Availability. Funds from deposits you make into your Primary Savings Account may not always be immediately available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

Checking Account

Deposits. A **Checking Account** is established by a member designating the appropriate option on the Membership Agreement. After you have established your **Checking Account**, you may make additional deposits into that account at any time and in any amount subject to the terms of this Agreement and any other additional disclosures we provide you. You must maintain a basic membership share of **\$5.00** on deposit in your **Primary Savings Account** to retain any of these accounts. For purposes of this Agreement, these accounts will be referred to herein as "Checking Accounts" and share drafts and checks will be referred to simply as "checks."

You can make deposits in person or by mail. At the present time, you can arrange to have one or more of the following deposits made directly to your **Checking Account** (1) payroll deduction deposits, (2) net pay deposits, (3) Social Security deposits, (4) pension plan deposits, (5) stock dividends or (6) other miscellaneous deposits. If you have an automatic teller machine (ATM/Debit) card, you can also make a deposit through one of the automated teller machines equipped to accept deposits. If you have applied for and been given access to our **Audio Banking and Online Banking**, you can also transfer funds from one account to another, provided you are an owner on every account involved in the transfer. **You may also make deposits at a Service Center Branch. If you have applied for and been given access to Remote Deposit Capture, you may deposit to your account using that service.**

Withdrawing Money from Your Checking Account. As long as you have money in your **Checking Account**, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from this account by any method approved by the Credit Union. Checks must generally be ordered through the Credit Union. If checks are not ordered through the Credit Union, the Credit Union will assess a fee whenever problems in clearing such checks in an automated fashion arise. When you order checks through the Credit Union, the Credit Union will charge your account for the cost of those checks, which will vary depending on the style ordered. You may select checks from the current styles available.

Rate and Annual Percentage Yield ("APY"). Your **Checking Account** will earn dividends at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual percentage yield (APY) it pays on your **Checking Account** each dividend period. Refer to the Rates and Fees Schedule for our current dividend rates. The dividend rate and APY may change every month as determined by the Board. Rates are variable. The interest rates will be available each business day at our office.

Compounding. We compound your interest, even though that isn't required by law. Compounding is more favorable to you because once interest has been earned on your account, it is added to the balance on which you will continue to earn interest. Because we compound interest, the actual yield on your account will be somewhat higher than the annual interest rate. The Annual Percentage Yield (APY) will be posted along with the annual interest rate.

For this account type, the dividend period is **monthly**. For example, the beginning date of the first dividend period of the calendar year is **January 1st** and the ending date of such dividend period is **January 31st**. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is **February 1st**.

Crediting Dividends. Dividends will be credited **monthly**. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit them to your account until the first day of the subsequent month. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive any accrued dividends.

Minimum Balance to Earn Dividends. You earn dividends on your **Checking Account** each day that your account balance is more than \$2,499.99. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain any such minimum deposit balance requirements we may charge you a monthly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate it on a daily basis. Therefore, if you make a withdrawal, you won't receive any further interest on that amount from the day you make the withdrawal until the day that interest is credited.

Funds Availability. Funds from deposits you make into your Account may not always be immediately available for withdrawal. Information about our funds availability policy is provided to you in the "Funds Availability" disclosure included further below in this Agreement.

Payment of Checks. The Credit Union is under no obligation to pay a check that is more than 6 months old. Except for negligence, the Credit Union is not liable for any action it takes regarding the payment or non-payment of a check. All checks drawn on your Checking Account may be returned by us unpaid for any reason that checks are normally returned, such as, for example, insufficient funds, uncollected funds, or litigation.

OVERDRAFTS

a. Payment of Overdrafts. If, on any day, the available funds in your share or deposit account are not sufficient to pay the full amount of a check, draft, transaction, or other item, plus any applicable fee, that is posted to your account, we may return the item or pay it, as described below. The Credit Union's determination of an insufficient available account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. We do not have to notify you if your account does not have sufficient available funds in order to pay an item. Your account may be subject to a charge for each item regardless of whether we pay or return the item. We may charge a fee each time an item is submitted or resubmitted for payment; therefore, you may be assessed more than one fee as a result of a returned item and resubmission(s) of the returned item.

If we offer standard overdraft services, this service allows us to authorize payment for the following types of transactions regardless of whether your share or deposit account has sufficient funds: (1) share drafts/checks and other transactions made using your Checking Account, except as otherwise described below; (2) automatic bill payments; and (3) ACH transactions. For ATM and one-time debit card transactions, you must affirmatively consent to such coverage. Without your consent, the Credit Union may not authorize and pay an ATM or one-time debit card transaction that will result in insufficient funds in your account. If you have established a service linking your share or deposit account with other individual or joint accounts, you authorize us to transfer funds from other another account of yours to cover an insufficient item, including transfers from a share or deposit account, an overdraft line-of-credit account, or other account you so designate. Services and fees for these transactions are shown in the document the Credit Union uses to capture your affirmative consent and the Schedule of Fees and Charges.

Except as otherwise agreed in writing, if we exercise our right to use our discretion to pay such items that result in an insufficiency of funds in your account, we do not necessarily agree to pay them in the future and may discontinue coverage at any time without notice. If we pay these items or impose a fee that results in insufficient funds in your account, you agree to pay the insufficient amount, including the fee assessed by us, in accordance with our standard overdraft services or any other service you may have authorized with us, or if you do not have such protections with us, in accordance with any overdraft payment policy we have, as applicable.

If this is a joint account (that is, if two or more people are parties to this account), all of the joint owners are jointly and severally liable to repay the Credit Union the amount of any overdraft and service charges, regardless, which of the parties writes the draft that creates an overdraft.

b. How Transactions are Posted to Your Account. Basically, there are two types of transactions that affect your account: credits (deposits of money into your account) and debits (payments out of your account). It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account.

Credits. Deposits are generally added to your account when we receive them. However, in some cases when you deposit a check, the full amount of the deposit may not be available to you at the time of deposit. Please refer to the Funds Availability Policy Disclosure for details regarding the timing and availability of funds from deposits.

Debits. There are several types of debit transactions. Common debit transactions are generally described below. Keep in mind that there are many ways transactions are presented for payment by merchants, and we are not necessarily in control of when transactions are received.

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments in the order contained in the data file.

- **ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day in order of receipt.

- **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your Personal Identification Number (PIN) at the time of sale. They are processed through a PIN debit network, immediately at the time of the transactions. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.

- **Signature-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card that are processed through a signature-based network. Rather than entering a PIN, you typically sign for the purchase; however, merchants may not require your signature for certain transactions. Merchants may seek authorization for these types of transactions. The authorization request places a hold on funds in your account when the authorization is completed. The “authorization hold” will reduce your available balance by the amount authorized but will not affect your actual balance. The transactions is subsequently processed by the merchant and submitted to us for payment. This can happen hours or sometimes days after the transaction, depending on the merchant and its payment processor. These payment requests are received in real time throughout the day and are posted to your account when they are received.

The amount of an authorization hold may differ from the actual payment because the final transactions amount may not yet be known to the merchant when you present your card for payment. For example, if you use your debit card at a restaurant, a hold will be paid in an amount equal to the bill presented to you; but when the transactions posts, it will include any tip that you may have added to the bill. This may also be the case where you present your debit card for payment at gas stations, hotels and certain other retail establishments. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

This is a general description of certain types of transactions. These practices may change, and we reserve the right to pay items in any order we choose, as permitted by law.

c. Understanding Your Account Balance. Your Checking account has two kinds of balances: the actual balance and the available balance. Your actual balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written that are still outstanding or transactions that have been authorized but are still pending. Your available balance is the amount of money in your account that is available for you to use. Your available balance is your actual balance less: (1) holds placed on deposits; (2) holds on debit card or other transactions that have been authorized but are not yet posted; and (3) any other holds, such as holds related to pledges of account funds and minimum balance requirements or to comply with court orders. We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your actual balance. In such cases, subsequent posting of the pending transactions may further overdraw your account and be subject to additional fees. You should assume that any item which would overdraw your account based on your available balance may create an overdraft. You may check your available balance online at LAFCU.com, at an ATM, by visiting a Credit Union branch or by calling us at 517-622-6600.

Truncated Checks; Statements. Your canceled checks will not be returned to you, they will become Credit Union property and be held by us (“truncated”) for you. Your monthly statement will itemize your canceled checks by number, date of clearing and the amount of the draft. Any objection respecting any item shown on a periodic statement is waived unless made in writing to the Credit Union before the end of sixty (60) days after the statement is mailed. A copy of any check will be available to you as required by law. There may be a small fee to obtain a copy of a check (see the Rate Sheet for a list of fees). When a copy of a check is requested, the Credit Union reserves the right to provide you with a substitute check. Upon issuance, the Credit Union will provide you with a disclosure regarding your rights regarding substitute checks and how you may make a claim for a refund for losses related to a substitute check.

Stop Payments.

Stop Payment Order Request. You may request a stop payment order on any check drawn on your account. To be binding, an order must be dated, signed within 14 days, and describe the account and check number and the exact amount. The stop payment will be effective if the Credit Union receives the order in time for the Credit Union to act upon the order and you state the number of the account, number of the check, and its exact amount. You understand that the exact information is necessary for the Credit Union's computer to identify the check. If you give us incorrect or incomplete information, we will not be responsible for failing to stop payment on the check. If the stop payment order is not received in time for us to act upon the order, we will not be liable to you or to any other party for payment of the check. If we re-credit your account after paying a check over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer to us all of your rights against the payee or other holders of the check, and to assist us in any legal action.

Duration of Order. A stop payment order is effective for six (6) months and may be renewed in writing from time to time. We do not have to notify you when a stop payment order expires.

Liability. Fees for stop payment orders are set forth on the Rate Sheet. You generally may NOT stop payment on any certified check, teller's check or any other check, or payment guaranteed by us. Even if payment of such an item is stopped, you may remain liable to any item holder, including us. You agree to indemnify and hold the Credit Union harmless from all costs, including attorney's fees, damages or claims related to our refusing payment of an item, including claims of any multiple party, account owner, payee, or endorser in failing to stop payment of an item as a result of incorrect information provided by you.

Payment of Checks after Death. The Credit Union may, after the date of your death, pay checks drawn before death unless ordered to stop payment by the Personal Representative or other appropriate person claiming an interest in the account.

Money Market Account

Establishing Account and Rate. A **Money Market** Account may be established by a member designating the appropriate option on the Membership Agreement and making a deposit. **Money Market** Accounts are savings accounts that generally earn a higher rate of interest than other share savings accounts. The interest rate and Annual Percentage Yield for **Money Market** Accounts is variable and is subject to change monthly. Refer to the Rate Sheet for current interest rates and APY. You may also call **517-622-6600** for rate information. Withdrawals from this account will reduce earnings.

Deposits. After you have established your **Money Market** Account, you may make additional deposits into that account at any time and in any amount. We may establish minimum amounts for deposits in Money Market Account.

Withdrawing Money from Your Money Market Account. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union.

Rate and Annual Percentage Yield ("APY"). Your Account will earn dividends, at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual percentage yield (APY) it pays on your **Money Market** Account each dividend period. Refer to the Rates and Fees Schedule for our current dividend rates. The dividend rate and APY may change every **month** as determined by the Board. This is a variable rate account. The dividend rates will be available each business day at our office.

Compounding Dividend. We compound your dividend, even though that isn't required by law. Compounding is more favorable to you, because once dividend has been earned on your account it is added to the balance on which you will continue to earn dividend. Because we compound dividend, the actual yield on your account will be somewhat higher than the annual dividend rate. The Annual Percentage Yield (APY) will be posted along with the annual dividend rate.

For this account type, the dividend period is monthly. For example, the beginning date of the first dividend period of the calendar year is **January 1st** and the ending date of such dividend period is **January 31st**. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is **February 1st**.

Crediting Dividend. Dividend will be credited **monthly**. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit them to your account until the first day of the subsequent month. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive any accrued dividends.

Minimum Balance to Earn Dividend. You earn dividends on your **Money Market** Account each day that your account balance is more than \$2500.00. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain any such minimum deposit balance requirements we may charge you a monthly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate it on a daily basis. Therefore, if you make a withdrawal, you won't receive any further interest on that amount from the day you make the withdrawal until the day that interest is credited.

Funds Availability. Funds from deposits you make into your **Money Market** Account may not always be immediately available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

Holiday Club Accounts

Establishing Account and Rate. A **Holiday Club** Account may be established by a member designating the appropriate option on the Membership Agreement and making a deposit. Rates are variable. Refer to the Rate Sheet for current interest rates and APY. You may also call 517-622-6600 for rate information. Withdrawals from this account will reduce earnings.

Deposits. After you have established your **Holiday Club** Account, you may make additional deposits into that account at any time and in any amount. We may establish minimum amounts for deposits in these Accounts from time to time.

Withdrawing Money from Your Holiday Club Account. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union.

Rate and Annual Percentage Yield ("APY"). Your Account will earn dividends, at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual percentage yield (APY) it pays on your **Holiday Club** Account each dividend period. Refer to the Rates and Fees Schedule for our current rates. The dividend rate and APY may change every month as determined by the Board. This is a variable rate account. The dividend rates will be available each business day at our office.

Compounding Dividends. We compound your dividends, even though that isn't required by law. Compounding is more favorable to you, because once dividends have been earned on your account they are added to the balance on which you will continue to earn dividends. Because we compound dividends, the actual yield on your account will be somewhat higher than the annual dividend rate. The Annual Percentage Yield (APY) will be posted along with the annual dividend rate.

For this account type, the dividend period is **monthly**. For example, the beginning date of the first dividend period of the calendar year is **January 1st** and the ending date of such dividend period is **January 31st**. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is **February 1st**.

Crediting Dividends. Dividends will be credited monthly. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit it to your account until the first day of the subsequent dividend period. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive any accrued dividends.

Minimum Balance to Earn Dividend. You earn dividends on your **Holiday Club** Account each day that your account balance is more than \$0. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain any such minimum deposit balance requirements we may charge you a monthly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate it on a daily basis. Therefore, if you make a withdrawal, you won't receive any further dividends on that amount from the day you make the withdrawal until the day that dividends are credited.

Funds Availability. Funds from deposits you make into your **Holiday Club** Account may not always be immediately available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

Distribution of Accounts. At the end of the club account period, we will pay the balance in your account by transferring the balance to any account designated by you, that we allow.

Individual Retirement Account

Establishing Account and Rate. An Account (IRA) may be established by a member designating the appropriate option on the Membership Agreement, completing an **IRA** application form, and making a contribution. These accounts are savings accounts that generally earn a higher rate of interest than **Primary Savings** Accounts, and may provide tax benefits to the account owner. Only the individual designated as the primary member on the Membership Agreement may be an owner of an **IRA**. This Account is not a multiple party account. The interest rate and Annual Percentage Yield for your **IRA** is variable and is subject to change quarterly. Refer to the Rate Sheet for current interest rates and APY. You may also call **517-622-6600** for rate information. Withdrawals from this account will reduce earnings.

Deposits. After you have established your **IRA**, you may make additional deposits into that account at any time and in any amount. We may establish minimum amounts for deposits in these Accounts from time to time.

Withdrawing Money from Your IRA. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union.

Rate and Annual Percentage Yield ("APY"). Your Account will earn dividends, at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual percentage yield (APY) it pays on your **IRA** Account each dividend period. Refer to the Rates and Fees Schedule for our current rates. The dividend rate and APY may change every monthly as determined by the Board. This is a variable rate account. The dividend rates will be available each business day at our office.

Compounding Dividends. We compound your dividends, even though that isn't required by law. Compounding is more favorable to you, because once dividends have been earned on your account they are added to the balance on which you will continue to earn dividends. Because we compound dividends, the actual yield on your account will be somewhat higher than the annual dividend rate. The Annual Percentage Yield (APY) will be posted along with the annual dividend rate.

For this account type, the dividend period is **monthly**. For example, the beginning date of the first dividend period of the calendar year is **January 1st** and the ending date of such dividend period is **January 31st**. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is **February 1st**.

Crediting Dividends. Dividends will be credited monthly. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit it to your account until the first day of the subsequent dividend period. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive any accrued dividends.

Minimum Balance to Earn Dividend. You earn dividends on your **IRA** each day that your account balance is more than **\$5.00**. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain any such minimum deposit balance requirements we may charge you a monthly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate it on a daily basis. Therefore, if you make a withdrawal, you won't receive any further dividends on that amount from the day you make the withdrawal until the day that dividends are credited.

Funds Availability. Funds from deposits you make into your **IRA** Account may not always be immediately available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

Term Share Certificate of Deposit Account

Establishing Account and Rate. 3-month Certificate of Deposit Accounts, 6-month Certificate of Deposit Accounts, 12-Month Certificate of Deposit Accounts, 24-Month Certificate of Deposit Accounts, 36-Month Certificate of Deposit Accounts, 48-month Certificate of Deposit Accounts and 60-Month Certificate of Deposit Accounts (we will refer to these as "Certificates") may be established by a member signing appropriate documentation and making the required minimum deposit. Certificates are savings accounts (also known as "Term Share Accounts") that generally earn a higher rate of interest than other savings accounts. The interest rate and APY for Certificates is fixed. Once you purchase a Certificate, your interest rate will not be changed or recalculated during the term of that certificate. The APY assumes that interest earned will remain on deposit until maturity. A withdrawal from this account will reduce earnings. Refer to the Rate Sheet for current Interest Rates and Annual Percentage Yields. You may also call **517-622-6600** for rate information.

Deposits. After you have established a Certificate, you may not make additional deposits into that account.

Withdrawing Money from Your Term Share Certificate of Deposit Account. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union. If you withdraw any principal before the maturity date of the Certificate, you will be assessed a penalty of 90 days of dividends for a term of one year or less and 180 days of dividends for terms greater than one year on regular certificates, limited to the dividend earned to date on the Certificate. The penalty is 120 days of dividends for a term of one year or less, and 240 days of dividends for terms greater than one year for jumbo certificates.

Rate and Annual Percentage Yield ("APY"). Your Account will earn dividends, at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual percentage yield (APY) it pays on your Term Share Certificate of Deposit Account each dividend period. Refer to the Rates and Fees Schedule for our current rates. The dividend rate and APY may change every month as determined by the Board. **Rates are variable.** The dividend rates will be available each business day at our office.

Compounding Dividends. We compound your dividends, even though that isn't required by law. Compounding is more favorable to you, because once dividends have been earned on your account they are added to the balance on which you will continue to earn dividends. Because we compound dividends, the actual yield on your account will be somewhat higher than the annual dividend rate. The Annual Percentage Yield (APY) will be posted along with the annual dividend rate.

For this account type, the dividend period is **monthly**. For example, the beginning date of the first dividend period of the calendar year is **January 1st** and the ending date of such dividend period is **January 31st**. All other dividend periods follow this same pattern of dates. Dividends will be compounded daily. The prospective dividend rate for each month will be determined on the last day of the previous month. The dividend declaration date follows the ending date of a dividend period, and for the example above is **February 1st**.

Crediting Dividends. Dividends will be credited monthly. Dividends are not available to you until they have been credited to your account. Even though your account earns dividends every day, we don't actually credit it to your account until the first day of the subsequent dividend period. Dividends that are credited to your account will be added directly into your account. If you close your account before dividends are paid, you will not receive any accrued dividends.

Minimum Balance to Earn Dividend. You earn dividends on your Certificate each day that your account balance is more than **\$500.00 for Term Shares and \$10,000.00 for Jumbo Term Shares**. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain any such minimum deposit balance requirements we may charge you a monthly maintenance fee.

How Withdrawals Affect Dividends. Even though we don't credit your dividends to your account until the date specified above, we calculate it on a daily basis. Therefore, if you make a withdrawal, you won't receive any further dividends on that amount from the day you make the withdrawal until the day that dividends are credited.

Funds Availability. Funds from deposits you make into your Certificate may not always be immediately available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

Renewal Policy. If a Certificate account is not withdrawn within 10 days after it matures, it will automatically renew, from its last maturity date, unless we give you notice that it will not renew at least 10 days before maturity. Renewed certificates will be reinvested in another Certificate of equal term at the interest rate and annual percentage yield in effect on the date of maturity. The interest rate for the renewed Certificate shall be determined by the Credit Union's Board of Directors on or before maturity, and that information will be available upon maturity. Within ten days after the maturity date, you may call the Credit Union during regular business hours at **517-622-6600** to find out the interest rate and APY that will apply to the Certificate if it is renewed. All other terms and conditions, including the term length of the Certificate, shall be the same as the previous Certificate unless the Credit Union shall, prior to renewal, give written notice of a change in such terms and conditions. For automatically renewing Certificates, there will be a ten (10) calendar day grace period for withdrawals after maturity, during which time no early withdrawal penalty will apply. Interest will be earned during the grace period on funds withdrawn during the grace period.

Other Terms and Conditions

The following paragraphs apply to all Accounts opened with the Credit Union, except as specifically modified above.

Share Insurance. Your savings in the Credit Union are insured up to \$250,000.00 by the National Credit Union Administration (NCUA), an agency of the Federal Government, in accordance with regulations promulgated by the NCUA. For more information regarding share insurance, please refer to the NCUA brochure entitled "Your Insured Funds," which can be found at any one of the Credit Union branches. Because we are not authorized to provide legal advice, we cannot counsel you as to how to structure your accounts in order to maximize your account insurance protection.

Accrual of Dividends on Non-Cash Deposits. Dividends will begin to accrue on the business day you deposit non-cash items (for example, checks) to your account.

Funds Availability. If you make a non-cash deposit into any share account, that money may not be available to you right away. We will advise you when such funds will be available at the time you make such a deposit. A minimum hold of at least seven business days will apply to any personal check

presented and accepted for deposit within the first thirty days of account open. We reserve the right to extend all such holds at our discretion. If you make a deposit by authorizing us to receive funds from another account (for example, from a savings account at another credit union or bank), that deposit will not be available, nor will it earn dividends, until we actually receive the funds. Refer to the Funds Availability Disclosure below for information regarding the availability of funds deposited into an account.

Notice of Withdrawals. All of your accounts are subject to the Credit Union's right to require advance notice of withdrawal, as provided in the Credit Union's Bylaws.

Fees. Any account may be subject to service charges in accordance with the fee schedule adopted by the Credit Union from time to time. You agree to pay us fees in connection with your accounts in accordance with the fee schedule then in effect (refer to the Fee Schedule for a current list of fees). We will provide advance notice of any increase in current charges, or any new charges, as required by law. We may deduct any fees owed from any of your accounts. We reserve the right to waive any charges in our sole discretion. Fees may reduce earnings on any of your accounts.

Return of Deposits/Closed Accounts. We may, at any time, in our sole discretion, refuse to accept any deposit, or close any or all of your accounts with us without prior notice to you. However, we may not terminate your membership in the Credit Union without satisfying the notice provisions of the Federal Credit Union Act and related Bylaw Provisions and regulations. If we close an account, we will notify you and send you a check for any balance in your account after deducting all applicable charges. Any withdrawal that reduces the amount in an account to zero (other than a **Checking Account**) may automatically close that account. We are not liable for any check, withdrawal or other payment order after an account is closed. Any checks, or other payment orders presented after your account has been closed will be returned unpaid. We reserve the right to advise consumer reporting agencies and other third parties of accounts closed for misuse.

Final Credit for Deposits. All deposits are subject to proof and verification. If you deposit a check, draft or other non-cash item, we have the right to clear it before we make the money available to you subject to applicable federal regulations. If there are special fees for collecting your deposit, you promise to pay them (see the Fee Schedule for a list of fees). We may deduct them directly from your account. If we feel there is a reason, we may refuse, limit or return any deposit. We have the right to refuse to accept any deposit and we specifically reserve the right to refuse to accept checks for deposit that have more than one endorsement. We reserve the right not to pay interest or dividends on amounts subject to garnishment, levy or other legal process; and we reserve the right not to pay interest or dividends on any deposit that is returned to us unpaid by the financial institution on which it is drawn (even if that means a reversal of credited interest or dividends).

Form of Negotiable Instruments. All negotiable instruments presented for deposit must be in a format that can be processed and/or photographed. The Credit Union may refuse to accept any check or draft that does not meet this requirement.

Endorsement. All endorsements placed on the reverse side of any check or draft which you deposit to your account must be placed so that they are on the left side of the item when looking at it from the front and must be placed so they do not go beyond an area located 1 and ½ inches from the left edge of the item when looking at it from the front. The Credit Union may refuse to accept any item that does not meet this requirement, and, if the credit union does accept it, you agree that you are completely responsible for any loss we incur which is premised on an endorsement not meeting this requirement, including any court costs and reasonable attorney fees.

Inactive Accounts. If you have not made any transactions on your account for twelve (12) consecutive months, we may classify your account as inactive. When your account is inactive, we may charge, and you agree to pay, a monthly inactivity fee as set forth in the Rates and Fees Schedule. If a deposit or withdrawal has not been made on your account and we have had no other sufficient contact from you for three (3) consecutive years, the account will be classified as dormant and presumed abandoned, in accordance with Michigan Escheats Law (The Michigan Uniform Unclaimed Property Act). That law requires us to forward funds in accounts presumed abandoned to the state. Before forwarding funds from dormant accounts to the state, we will send notices as required by law advising you of your rights. When your account is presumed abandoned, we may charge, and you agree to pay, a dormancy fee in the amount set forth in the Rates and Fees Schedule. Once funds have been forwarded ("escheated") to the state, we have no further liability to you for such funds and if you choose to reclaim them, you must apply to the appropriate state agency. Unless prohibited by applicable law, we further reserve the right to transfer your dormant account funds to a general Credit Union account and to suspend any further account statements.

Statement. You will receive a periodic statement (normally monthly) for your **Checking Account**. You will receive a periodic statement (normally quarterly) for your **Primary Savings Account** or other savings accounts unless you have an electronic funds transfer transaction during a monthly period (in which case you will receive a monthly statement), or you will receive a combined statement on a monthly basis if you have a Checking Account and other savings accounts. Each such statement shall show the transactions on your accounts and any charges. We reserve the right not to send statements for accounts we consider inactive, or for those accounts for which we do not have a valid address on file.

You should examine each periodic statement carefully and reconcile the account. If there are any discrepancies, you should notify us immediately. Except as expressly provided for elsewhere, you have the responsibility for any fraud loss if you fail to exercise reasonable care in examining the statement or fail to report forgeries or alterations to the Credit Union within 60 days of the mailing date of the earliest statement containing those items. The Credit Union will not be liable if items were forged or altered such that the fraud could not be detected by a reasonable financial institution.

Agreement. This Agreement shall be effective and shall govern all deposit accounts with us. By signing a Membership Agreement, making deposits or withdrawals, or leaving amounts on deposit, you agree to the terms of this Agreement and to all amendments to this Agreement. This Agreement shall supersede all previous agreements for such accounts.

Amendment. We may change any of the items of this Agreement at any time without prior notice to you if the change is favorable to you. We may make changes that are adverse to you only if we provide you with any notice required by law or required in this Agreement. When we change this Agreement, you may close the account if you do not agree to the changes; if you continue to use the account or keep the account open after the effective date of such change, you will be deemed to have agreed to the changes.

Notice of Name or Address Changes. You are responsible for notifying us of any address or name change. Whenever we are required to send you notice, the Credit Union is only required to attempt to communicate with you at the most recent address you have provided to us in writing. The Credit Union requires all notices of change in address or name to be in writing. Notices to us should be sent to:

LAFCU

P.O. Box 26188

Lansing, MI 48909

Other Notices. All notices regarding the account will be posted in our office lobbies or will be sent to you to the address shown on your statement. In the event of joint ownership, notice by or to any one joint owner shall be deemed notice by or to all. We reserve the right not to send notice for accounts we consider inactive.

Effect of Notice. Any written notice you give us is effective when we receive it. Any written notice we give to you is effective when it is deposited in the U.S. Mail, postage prepaid and addressed to you at your statement mailing address.

Indemnity. If by following your instructions we are exposed to a claim or suit by an adverse claimant, you shall hold us harmless and indemnify us from any such losses, expenses, liabilities or damages including actual attorneys' fees. If you ask us to follow instructions that we believe might expose us to claims, suits, losses, expenses, liabilities or damages, whether directly or indirectly, we may refuse to follow your instructions, or we may require a bond or other protections.

Severability. If any of this Agreement is found by any other court or regulatory body of competent jurisdiction to be invalid or unenforceable in whole or in part for any reason whatsoever, the authority of the remaining provisions or portions hereof shall not be affected thereby.

Accounts not Transferable. None of your accounts are transferable, except on the Credit Union's books and records.

Waiver. We may waive any of these provisions at our sole discretion, but any such waiver will apply only on that occasion. If we chose to waive any provision, we will not be bound to waive the same provision or any other provision on another occasion.

Offset. Except for debts that are secured by your principal residence, if you owe us money as a borrower, guarantor, endorser or otherwise, we have a lien on the funds in any account in which you have an ownership interest, regardless of their source, unless prohibited by law. We may apply these funds in any order to pay off your indebtedness. By not enforcing a lien, we do not waive our right to enforce it later. In addition, you grant the Credit Union a consensual security interest in your accounts and we may use the funds from your accounts to pay any debt or amount now or hereafter owed the Credit Union, except for obligations secured by your residence, unless prohibited by applicable law. We will notify you if we have exercised our right of offset.

Telephone Requests. You agree (for joint accounts, all joint owners agree jointly and severally) that funds in any of your accounts with us can be transferred upon the telephone request of any signer on the account. We shall not be responsible for any loss incurred as a result of our acting upon or executing any request, order or instruction we believe to be genuine. Furthermore, we may refuse to execute any telephone request or order.

Facsimile Signatures. You agree (for joint accounts, all joint owners agree jointly and severally) that the Credit Union may accept and rely on facsimiles of your signature(s) on any deposit or withdrawal form, order or other notices, requests or instructions regarding any account under this Agreement or with the Credit Union. We shall not be responsible for any loss incurred as a result of our acting upon or executing any request, order or instruction we believe to be genuine. Furthermore, we may refuse to execute any facsimile request or order.

Information About Your Accounts and About You. Generally, we will not disclose information to third parties about your accounts or about you without your permission. However, we may disclose information: (1) when it is necessary to complete transfers or transactions, or to send notice of dishonor or nonpayment; (2) to our accountants, attorneys or other professional advisors; (3) to Credit Union or financial institution regulators; (4) to exchange, in the regular course of business, credit information with other financial institutions or commercial enterprises, directly or through credit reporting agencies; (5) to advise third parties of accounts closed for misuse; (6) to furnish information to the appropriate law enforcement authorities when we believe we have been a victim of a crime; (7) to comply with government agency or court orders, or to furnish any information required by statute; (8) to furnish information about the existence of an account to a judgment creditor of yours who has made a written request for such information; (9) when we are attempting to collect an obligation owed to us; or (10) unless otherwise prohibited by law. In addition, you understand and agree that we may, from time to time, request and review credit reports and other information about you prepared by credit reporting agencies or others.

Section Headings. Section headings in this Agreement are for convenience of reference only and shall not govern the interpretation of any of the provisions of this Agreement.

Joint Accounts. If two or more parties have signed a Membership Agreement, you are creating, and intend to create, a "joint tenancy with rights of survivorship." That is, you as the owners of the account agree with yourselves and the Credit Union that all sums paid in shares or other deposits (as applicable), together with all accumulations, prior to now or hereafter, less setoffs as allowed by law for any sums due the Credit Union by any party, shall be owned by all of you jointly with full right of survivorship, and shall be subject to withdrawal or receipt by any of you in whole or in part. Payment to any of you or the survivor(s) of you, or your personal representatives, administrators or assigns of the last survivor(s) of you, shall be valid and discharge the Credit Union from any liability for such payment and amount. Each signer appoints each other signer to be his or her irrevocable attorney in fact: to make deposits to the account; to endorse, for cash or deposit, any checks or other items whether payable to one of the signers alone or with others; and to receive and receipt for all funds all without obligation to us to inquire into the source or application of funds. To induce us to act thereunder, each person signing the signature card jointly and singly agrees to hold the Credit Union harmless and indemnify us from loss, cost, and damage in all respects in connection with any of the foregoing, including court costs and attorneys' fees, except as may be limited by applicable law. Unless specifically prohibited in writing from doing so, any or all of the joint owners may pledge all or part of the shares or deposits in the account as collateral for security on a loan(s). No authority or obligation of the Credit Union may be changed or terminated by one or more of the joint owners without prior written notice to the Credit Union, and no such change or termination shall affect transactions already made. Further, each joint owner is subject to the terms and disclosures of this Agreement, and hereby acknowledges receipt of the Agreement. We may refuse to authorize a withdrawal from a joint account when we have knowledge of a dispute between the joint account holders until the matter is resolved.

Except as modified in this Agreement, joint accounts shall be subject to and governed by PA 41 of the Public Acts of 1968, as amended, being MCLA 490.51, and commonly known as the Credit Union Multiple-Party Accounts Act.

POD Account Designation. A Payable on Death (POD) account designation is an instruction to the Credit Union that a single or multiple party account so designated is payable to the owner(s) during his, her or their lifetimes and, when the last account owner dies, payable to any named and surviving POD beneficiary/payee. Once an account becomes payable, all then-living beneficiaries/payees own the account jointly without rights of survivorship. The Credit Union is not obligated to notify any beneficiary/payee of the existence of any account or the vesting of the beneficiary/payee's interest in any account, except as otherwise provided by law. The Credit Union reserves the right to require documentation in order to confirm that an account has become properly payable.

Accounts for Minors. We may require any account established by a minor to be a multiple party account with an owner who has reached the age of majority under Michigan law and who shall be jointly and severally liable to us for any returned item, overdraft, or unpaid charges or amounts on such account. Except where expressly provided otherwise, we may pay funds directly to a minor without regard to his or her minority. Unless a guardian or parent is an account owner, the guardian or parent shall not have any account access rights. We have no duty to inquire about the use or purpose of any transaction. We will not change the account status when the minor reaches the age of majority, unless authorized in writing by all account owners.

Agency Designation on an Account. An agency designation on an account is an instruction to us that the owner authorizes another person to make transactions as agent for the account owner regarding the accounts designated. An agent has no ownership interest in the account(s) or Credit Union voting rights. We have no duty to inquire about the use or purpose of any transaction made by the agent. The Credit Union shall not be liable for loss resulting from the misappropriation of funds withdrawn from agency account.

Legal Process. If any legal action is brought against your account, we may pay out funds according to the terms of the action or refuse any pay out until the dispute is resolved. Any expenses or attorney fees we incur responding to legal process may be charged against your account without notice, unless prohibited by law. Any legal process against your account is subject to our lien and security interest.

Taxpayer Identification Numbers and Backup Withholding. Your failure to furnish a correct Taxpayer Identification Number (TIN) or meet other requirements may result in backup withholding. If your account is subject to backup withholding, we must withhold and pay to the Internal Revenue Service (IRS) a percentage of dividends, interest and certain other payments. If you have designated on a W-9 or W-8BEN that you have applied for a TIN, you must provide the TIN within 60 days. Upon the expiration of the 60-day period, the Credit Union may begin withholding from your account.

Special Account Instructions. You may request that we facilitate certain business, trust, will, or court-ordered account arrangements. However, because we do not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your business, trust, will, or court order. If you ask us to follow any instructions that we believe might expose us to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, we may refuse to follow your instructions or may require you to indemnify us or post a bond or other protection.

Changes Requested by You. Account changes requested by you, such as adding or closing an account or service, must be submitted in writing, signed, and accepted by us.

Termination of Account. Notwithstanding any other provisions in this Agreement, we may terminate your account at any time without notice to you, or we may require you to close your account and apply for a new account if: (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the account or of the funds in the account; (4) any checks are lost or stolen; (5) there are excessive returned unpaid items not covered by an overdraft protection plan; (6) there has been any misrepresentation or any other abuse of any of your accounts; or (7) we reasonably deem it necessary to prevent a loss to us. You may terminate a single party account by giving written notice. We reserve the right to require the consent of all owners to terminate a multiple party account. We are not responsible for payment of any check withdrawal, or other item after your account is terminated, however, if we pay an item after termination, you agree to reimburse us.

Termination of Membership. You may terminate your membership by giving us notice. You may be denied services or expelled for any reason allowed by applicable law, including causing a loss to the Credit Union.

Arbitration Provision. This Arbitration Provision applies to disputes arising from your deposit account relationships with LAFUCU and/or any other matters arising from or related to your membership in or relationship with the credit union, other than claims specifically arising from your status as a borrower under any loan agreement with the credit union. You or the credit union may elect to have any claim resolved by binding arbitration before a neutral arbitrator instead of in court. The term "claim" means any claim or dispute, in law, equity or otherwise involving your deposit account relationship with the credit union or your membership in the credit union. It includes any claim, dispute or controversy concerning any fees or charges relating to any deposit account and any services relating to any deposit account, including, without limitation, safe deposit box services, wire transfer services, online or telephone banking services, automated teller machine services and debit card services. It includes not only any claim, dispute or controversy directly between you and the credit union, but also any matter with respect to anyone connected with you or claiming through you, such as a joint account holder, account beneficiary, trustee, guardian or other representative or agent. The term "claim" includes initial claims, counterclaims, cross claims and third-party claims. It includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity, including any claim for injunctive or declaratory relief.

The term "claim" does not include disputes about the validity, enforceability, coverage or scope of this Arbitration Provision, including, without limitation, the Class Action Waiver set forth below. The term "claim" also specifically excludes any claim or dispute arising from your status as a borrower under any loan agreement with the credit union. Furthermore, nothing in this Arbitration Provision limits or constrains any right to self-help remedies, such as the right to set-off or the right to restrain funds in a deposit account, the right or obligation to interplead funds in the event of a dispute, the right to exercise any security interest or lien in property, any obligation to comply with legal process, or right to obtain provisional remedies with respect to funds or property.

You and the credit union retain the right to seek individual relief in small claims court so long as the claim is only in the small claims court and is within the jurisdiction of the small claims court. Pursuing a claim in small claims court does not waive any right to see arbitration with respect to claims outside of the jurisdiction of the small claims court, or if the claim is transferred, removed or appealed from the small claims court to a different court.

Arbitrations will be conducted by the American Arbitration Association ("AAA") in accordance with its Consumer Arbitration Rules. You can find the Consumer Arbitration Rules at www.adr.org. If the AAA is not available, you and the credit union will select another arbitration provider agreeable to both parties.

The Arbitration hearing will be conducted before a single arbitrator in a location reasonably convenient to your place of residence, or another location if required by the rules of AAA or other agreed upon arbitration provider. If you and the credit union agree, the arbitration may be conducted by telephone. You will pay an administrative fee and arbitrator's fees. The amount of the fee you must pay will be determined by the amount of the claim that you file, and will be capped by AAA. The credit union will be responsible for administrative fees and arbitrator's fees in excess of these capped amounts. You and the credit union will each be responsible for paying your own attorney's fees, witness fees and experts' expenses, except as otherwise required by law or this Arbitration Provision.

The arbitration award must be a written, reasoned opinion. The arbitrator's decision will be final and binding on you and the credit union, except for (1) a limited right to appeal as permitted under the Federal Arbitration Act and (2) any award of \$100,000 or more may be appealed to a three (3) arbitrator panel selected in accordance with AAA Rules. Any award must be kept confidential.

Before you initiate an arbitration, you agree to provide the Credit Union with written notice at 534 E Front St, Traverse City, MI 49686; P.O. Box 705 Traverse City, MI 49685 (or any changed address that we have provided to you in writing), and give the credit union a reasonable opportunity to resolve your claim. Your notice must provide your name, your account number, a description of your claim including the dollar amount, and describe any information that you require from the credit union.

Before the credit union initiates an arbitration, we will provide you with written notice at your address as shown on our records and give you a reasonable opportunity to resolve our claim. The credit union's notice must describe the credit union's claim including the dollar amount. You and the credit union each have 30 days from receipt of notice to resolve the claim before commencing arbitration.

This Arbitration Provision is governed by the Federal Arbitration Act, 9 USC 1, et seq. and not by any state arbitration law. The arbitrator must apply substantive law consistent with the Act and applicable statutes of limitations and claims of privilege recognized at law. In addition to the Act, this Arbitration Provision is governed by other Federal law. To the extent Federal law does not apply, the law of the State of Michigan will apply. The arbitrator is authorized to award all remedies permitted by the substantive law that would apply if the action were pending in court.

CLASS ACTION WAIVER. OTHER THAN AS EXPRESSLY PROVIDED IN THE ARBITRATION PROVISION ABOVE, YOU AND THE CREDIT UNION AGREE THAT ONLY AN ARBITRATOR MAY RESOLVE CLAIMS. YOU AGREE NOT TO BRING OR PARTICIPATE AS A CLASS REPRESENTATIVE OR A CLASS MEMBER IN ANY CLASS ACTION IN ARBITRATION OR IN ANY OTHER CONSOLIDATED PROCEEDING. ANY CLAIM BETWEEN YOU AND THE CREDIT UNION MUST BE RESOLVED ON AN INDIVIDUAL BASIS. ARBITRATION IS NOT AVAILABLE AND WILL NOT BE CONDUCTED ON A CLASS-WIDE BASIS.

If any portion of this Arbitration Provision (other than the Class Action Waiver) is deemed invalid or unenforceable, it shall not invalidate the remaining portions of this Arbitration Provision, provided that such remaining portions are not then material inconsistent with the terms of this Arbitration Provision prior to such determination.

If the Class Action Waiver portion of this Arbitration Provision is declared unenforceable by a court, the remainder of this Arbitration Provision shall be unenforceable.

This Arbitration Provision shall survive the termination or closing of the deposit account or related services; any changes to the deposit account or related services; any legal proceeding; any use of the right of set-off, exercise of statutory lien or other self-help remedy; any transfer or assignment of the deposit account; and any bankruptcy or any party (to the extent consistent with applicable bankruptcy law).

Governing Law. This Agreement shall be governed by the laws, including applicable principles of contract law, and regulations, of the State of Michigan, except as superseded by federal laws and regulations, by the Credit Union's Bylaws, and by local clearinghouse rules. Unless prohibited by applicable law, any action brought pursuant to this Agreement against the Credit Union must be brought in the local State District Court or State Circuit Court in the jurisdiction of the Credit Union's main office.

ELECTRONIC FUND TRANSFERS (EFT)

YOUR RIGHTS AND RESPONSIBILITIES

Generally. LAFCU Credit Union offers you various "electronic fund transfer" (hereafter, "EFT") services, made possible by our advanced electronic data processing system. Some of these transfers are made by use of a plastic Automated Teller Machine card (ATM card) and/or MasterCard Debit Card (Debit Card) that we issue to certain members. Sometimes two or more persons are furnished such cards relating to a single Credit Union account.

If we also provide a secret Personal Identification Number (called a "PIN") to a member in relation to an ATM Card and/or a Debit Card, the ATM Card and PIN and/or the Debit Card and PIN can be used in any one of a number of Automated Teller Machines (ATMs) to make EFTs. Transfers can be made to, from or between one or more Credit Union accounts. Simply follow the instructions at the machine. EFTs can also be made through our Online Banking and Audio Banking systems once you have been issued secret PINs for that purpose.

This disclosure is furnished to you to meet the requirements of both the federal and Michigan statutes relating to EFTs. It also meets the requirements of the regulation (Reg E) issued by the Federal Reserve Board pursuant to the federal statute, whether such EFTs are made by use of an ATM or in any other manner.

This disclosure is also part of your contract with us. The terms and conditions set out in this section are binding on you and on us as to the making of such EFTs and the use of Online Banking, the Audio Banking system, your ATM Card, or your Debit Card and PINs, or any other EFTs, in the following cases:

- If you use the account(s) covered by this disclosure after receipt of this agreement.
- If you already have an ATM Card and PIN, a Debit Card and PIN, an Audio Banking PIN, and/or Online Banking password provided by us, and you use them to make such transactions after receipt of this agreement.
- If you ask us to provide you with a PIN and you thereafter use it, together with an ATM Card and/or a Debit Card, to make such transactions.
- If you ask us to provide you with a PIN and you thereafter use it to make Audio Banking transactions.
- If you receive an ATM Card or a Debit Card from us without asking for it, but then ask us to provide you with a PIN so that you can use the card(s), and you use the card(s) and PIN to make such transactions.

In any such cases, your use of the account(s) or your making of such transactions constitutes your acceptance of the terms and conditions set out in this disclosure.

Although your account(s) may be subject to EFTs, and in that regard are subject to the terms and conditions of this disclosure, you may continue to use those account(s) to the same extent and in the same manner that you have in the past, insofar as "over-the-counter" and other non-electronic transactions are concerned.

This disclosure is being furnished to all of our members. Members who have not authorized any electronic access to their account(s) in the credit union when they receive this disclosure need not concern themselves with this section of the Agreement.

Accounts Affected. Each of the following-types of accounts in the credit union can be subject to some kind of EFT service:

- Share Savings Accounts
- Checking Accounts
- Special Savings
- Money Market Accounts

These types of accounts are sometimes referred to in this disclosure as “asset account(s)” or simply as your “account(s)”.

You may notify us if you do not want your accounts to be subject to any particular type of “electronic transfer” service, and you may change those instructions in the future. We will, in all cases, follow your instructions to the extent our EFT programs permit at that time.

Account Agreement. The other terms and conditions of the Membership/Account Agreement relating to your accounts with us remain in effect except to the extent modified by this section.

Minimum Balance. You must always maintain a minimum of \$5.00 in your Share Savings account to be entitled to make, by use of ATM, Debit Card, Audio Banking system or Online Banking, EFTs affecting your account(s). PINs for use with electronic access devices will not be issued to members whose loan payments to us are more than 30 days delinquent within the past six (6) months. We reserve the right to increase minimum balance requirements or to impose other restrictions in the future, but if we do so, we will give you at least 21 days advance written notice.

EFT Services. At the present time, you can authorize the following types of EFTs to or from your asset account(s) in the Credit Union:

1. Transfers TO your account(s) (credits):

- Direct deposit of Social Security, pension, disability, or survivorship benefits.
- Direct deposit of Veterans Administration benefits.
- Direct deposit of Railroad Retirement Board benefits.
- Deposits from any third party through the facilities of the Payments Authority (of which we are a member).

2. Transfers FROM your account(s) (debits):

- Payments of your house mortgage payments, insurance premiums and utility bills, as well as other types of payment to third parties, through the facilities of the Payments Authority.

3. AUTOMATED TELLER MACHINE (ATM) Transactions:

- If you have an ATM Card or a MasterCard Debit Card (both types of cards will be referred to collectively in this section as “Card”), along with a PIN, you can use it to make any or all of the following transactions at an ATM. (Some networks may not allow all transaction types.)
 - Deposits to your transaction or share accounts (in Michigan only) (if you have a Classic Checking Account, your ability to make deposits via ATM may be limited);
 - Cash withdrawals from your transaction or share accounts up to your authorized limit;
 - Transfers (non-cash) from your transaction account or share account to your transaction account or loan account (with your Debit Card, in Michigan only);
 - Balance inquiries on your transaction or share accounts (with your Debit Card);
 - Cash payments on loans (with your Debit Card); and
 - Withdrawals or deposits to other subsidiary share accounts (with your Debit Card).

(Some networks may not allow all transaction types.)

4. POINT OF SALE (POS) Transactions:

• Your Card may be used to purchase goods or services from merchants who have arranged to accept an ATM Card or a MasterCard Debit Card as a means of payment. If you have a Debit Card, it may be used to purchase goods and services from any merchant displaying a MasterCard logo. These merchants are collectively referred to as “Participating Merchants” and will display a logo or other symbol that identifies them as a merchant who will accept your Card. Purchases made with your Card, including any purchases where you receive cash back, are referred to as “point of sale transactions” or “POS” transactions. A POS transaction will cause your share draft account to be debited for the amount of the purchase. Only share draft accounts may be used in connection with POS transactions.

There are primarily two ways to use your LAFCU Credit Union MasterCard debit card: (1) with a PIN (Personal Identification Number), also known as a “debit” point of sale; and (2) Signature-based, also known as a “credit,” which sometimes requires your signature. Whenever you use your debit card with a PIN (debit), the money is deducted from your account at that time. Whenever you use your debit card as Signature-based (credit), the money is immediately put on hold in your account until the transaction clears. This means, the money is not available for use and constitutes a preauthorized hold. A preauthorized hold is placed on your account for the amount of your debit card transaction or purchase. The hold can be on your account for up to three business days.

or whenever the purchase transaction actually clears your account, whichever happens first. The important thing to know is that whenever you use your debit card, the money is either immediately withdrawn from your account or put on hold and is not available.

IMPORTANT TO KNOW:

ACCOUNT BALANCE: The Balance is the actual amount of funds in your account. The Available Balance is the balance in your account minus all debit and/or credit transactions pending to clear. Your available balance may be affected by holds placed on deposited check items as well.

DEBIT CARD INFORMATION MAKING RESERVATIONS: Whenever you use your debit card for reservations such as airline, rental car, or hotels, the reservation amount may be placed on hold and reduce your available balance.

OTHER TRANSACTIONS: Many gas station pay-at-the-pump transactions will reflect only a hard hold of \$1.00 until the actual purchase amount clears your account, so it's up to you to know what you've really spent and subtract it from your account balance.

KEEP GOOD RECORDS: It's important to keep a record of your account by subtracting what you've spent from the balance in your account. LAFCU Credit Union offers many ways to help you verify and reconcile your account including Online Banking at www.LAFCU.com, Audio Banking phone account access system 800-968-8145; and ATM balance inquiries.

5. ELECTRONIC CHECK CONVERSION:

- You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to:
 - (i) Pay for purchases.
 - (ii) Pay bills.

6. ONLINE BANKING AND BILL PAYMENT:

- You may also obtain various EFT services by subscribing to our Online Banking and Bill Payment services. A separate agreement governing those types of EFTs will be provided to you at the time you enroll in those services.

Excluded Transactions. We have developed an elaborate electronic data processing system, which makes it possible to offer you many electronic services. However, some of these services do not constitute EFTs for purposes of this disclosure. For example, automatic transfers from your account(s) to pay your loan(s) owing to us and automatic transfers between your own asset accounts in the Credit Union. The terms and conditions of this disclosure only apply to those services and transfers, which are EFTs as described above; they do not apply to other transactions which, although electronic in nature, do not constitute EFTs described in that section.

Illegal Use of a Card or Other EFT Service. You understand and agree that EFT services, including but not limited to use of a Card, may not be used for any illegal transaction. You further understand and agree that illegal use of an EFT service will be deemed an action of default and/or breach of contract, and as a result your account and other related services may be terminated at the discretion of the Credit Union. You further agree, should illegal use occur, to waive any right to sue the Credit Union for such illegal use or any activity directly or indirectly related to it, and, additionally, to indemnify and hold the Credit Union harmless from any suits or other legal action or liability directly or indirectly resulting from such illegal use.

Internet gambling may be illegal in the jurisdiction in which a member is located, including the United States and elsewhere. Display of a payment card logo by an online merchant does not mean that Internet gambling transactions are legal in the jurisdiction in which the member is located. The Credit Union may decline to authorize any transaction the Credit Union believes poses an undue risk of illegality or unlawfulness. The Credit Union will immediately report and comply fully with law enforcement agencies seeking to investigate illegal use of a Credit Union card or other EFT service.

Card Ownership. All ATM Cards, MasterCard Debit Cards, PINs, Online Banking PINs, and Audio Banking PINs remain the property of the Credit Union and may be revoked or cancelled at any time without giving you prior notice. Your use of such services is a revocable privilege. Because we retain ownership of all ATM Cards, MasterCard Debit Cards, PINs, Online Banking PINs, and Audio Banking PINs, we may, in our sole discretion, revoke your access to such privileges for repeated overdrafts, account misuse, loan delinquencies, and other activities deemed adverse to the Credit Union's interests.

If this agreement is terminated, you agree to surrender any card(s) to us. You agree not to use your Card for a transaction that would cause your account balance to go below zero. You also agree not to make a Audio Banking system, Online Banking, or Online Bill Pay transaction that would cause your account balance to go below zero. We will not be required to complete any such transaction, but if we do, you agree to pay us the amount of the improper withdrawal, or transfer, upon request.

PIN Secrecy and Member Responsibility. If we have issued a PIN or password to you, you agree to keep your PIN or password secret, and you also agree that you will not write any PIN on your ATM Card or Debit Card or on any item you keep with your cards. Unless you provide evidence to the contrary, the Credit Union will attribute all PIN-based transactions made on your accounts to your own activities.

EFT Fees. We reserve the right to charge fees, which you agree to pay, for various EFT services. Refer to our Rates and Fees Schedule for specific fees. We reserve the right to change such fees from time to time. We will give you at least 21 days advance written notice before imposing or increasing any such fees.

When you use an ATM that is not owned by us, you may be charged a fee by the ATM operator and/or by an automated transfer network. We will separately publish a list of machines owned and operated by us from time to time. The number and location of ATMs is subject to change.

MasterCard Fees / Foreign Transactions. Purchases, cash advances 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. All MasterCard transactions occurring in foreign countries (which may include internet transactions) will be assessed a Foreign Transaction Fee, and all currency conversions for these foreign country transactions will be assessed an additional Foreign Currency Conversion Fee. Refer to our Rates and Fees Schedule for specific amounts.

Limitations on EFTs Completed at an ATM: You are limited to 15 ATM transactions during any 24-hour day. The dollar amount of deposits or payment transactions you may make at any ATM during its 24-hour operating cycle is \$10,000. To protect against possible losses, your card will not allow you to withdraw more than \$1006.00 cash from an ATM, or as part of a PIN-based transaction, during such a 24-hour cycle while our system is online -- of course, not in excess of the verified balance of the account(s) -- and \$200.00 while our system is off-line, reduced by the amount of any cash withdrawn during the "online" part of the cycle. Different ATMs dispense cash in differing multiples and minimum amounts depending on the brand of the machine. We reserve the right to change these limitations, and we will give you written notice of any such change at least 21 days in advance.

You also have the right to require us to program our system so that no more than \$50.00 cash can be obtained by use of your ATM Card during a single day. Please contact us if you want this option.

Other EFT Limitations. As to transactions other than those made at an ATM, you are limited to 15 PIN-based and 15 signature-based POS transactions per day. In general, there are no limitations as to how often you can make EFTs described above, nor are there generally any restrictions as to the dollar amount of any one EFT, although we may restrict your ability to make some or all types of EFTs when your account is overdrawn, or when legally permissible to do so. We reserve the right to impose any such restrictions in the future as we deem reasonable, but we will give you at least 21 days advance written notice before doing so, when required by law to do so.

EFT Documentation and Transaction Receipts. If you make an electronic funds transfer at an ATM, a receipt describing the transaction will be furnished to you. Usually the ATM will provide it at the time you make the transfer. If the machine fails to provide a receipt at that time, please contact us and we will send you a proper receipt promptly.

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, the person or company making the deposit will tell you every time they send us the money. You can contact Audio Banking, log onto Online Banking, or call us at 1-800-748-0228 to find out whether or not the deposit has been made.

You will get a statement every month of each asset account to which you have authorized any EFT service. Periodic statements we send you on accounts that are subject to EFTs described above and transaction receipts are admissible evidence in resolving a dispute.

Right to stop payments and procedure for doing so. If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here's how:

Call us at 517-622-6600 or write us at the address below in time for us to receive your request 3 business days or more before the scheduled payment. If you call, we may also require you to put your request in writing and send it to us within 14 days after you call. Upon the expiration of the 14 calendar days, we may disregard your stop payment request.

Send written requests to:

LAFCU

P.O. Box 26188

Lansing, MI 48909

If these regular payments vary in amount, the person you are going to pay will tell you, 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.)

If you order us to stop one of these payments 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, following a good faith attempt to reverse the transaction with the payee.

Reversing EFTs. If an EFT authorized by you was a payment of \$50.00 or more for goods or services, you have the right to request that we reverse such transfer and to re-credit your account with the full amount of the transfer if (1) you tell us, within four calendar days after the date of the transfer, to make such a reversal, (2) you notify us that you have made a good faith attempt to resolve your dispute with the third party involved, and (3) you assure us that any returnable goods involved in the dispute will be returned. The Credit Union has the right to require that you submit your dispute to us in writing within 14 calendar days.

If you do these things in writing, you **MUST** send the letter to the address listed above. If you phone us, you **MUST** call 517-622-6600.

If you tell us orally that you want such a transfer reversed, you **MUST** send us a letter, on a form we will provide you, to confirm your reversal request, your notice of attempted resolution of the dispute, and your assurance to return any returnable goods involved. You are required to get this letter back to us within 14 calendar days after the date of your oral request for reversal. We reserve the right to impose a reasonable charge for handling such reversal requests, and to increase such charges thereafter. Should you fail to perform any of these steps, including the written confirmation letter, you will remain liable to the Credit Union for the EFT.

Confidentiality. We will disclose information to third parties about the EFTs you make:

- Where it is necessary for completing transfers, or
- In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant, or
- In order to comply with government agency or court orders, or
- If you give us written permission.

Errors or Questions. In Case of Error or Questions About your EFTs:

Telephone us or write us at the number or address listed above 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 sent 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 (Monday through Friday, except designated holidays).

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 may 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.

We will tell you the results of our investigation within three business days after we finish 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 10 business days.

** 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 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.

Consumer Liability. Tell us **AT ONCE** if you believe your ATM Card, Debit Card, Online Banking or Audio Banking PIN has been lost or stolen, 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 your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days, you can lose no more than \$50.00 if someone used your ATM Card, your Debit Card, your Online Banking PIN, or your Audio Banking system PIN without your permission. If you do NOT tell us within 2 business days after you learn of the loss or theft of your ATM Card, your Debit Card, your Online Banking PIN, or your Audio Banking PIN, and we can prove we could have stopped someone from using your ATM Card or your Online Banking or Audio Banking PIN without your permission if you had told us, you could lose as much as \$500. Also, if your statement shows transfers that you did not make, including those made by card, code, or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we may extend the time periods.

If you believe your ATM Card, Online Banking or Audio Banking PIN, or Online Bill Pay PIN has been lost or stolen, or that someone has transferred or may transfer money from your account without your permission, call the Credit Union at: 517-622-6600. If you believe your MasterCard Debit Card or PIN has been lost or stolen, or that someone has transferred or may transfer money from your account without your permission, after normal business hours call:

Lost or Stolen ATM Card

517-622-6600 or 1-800-748-0228

Lost or Stolen Debit Card

From inside the US, call 517-622-6600 or 1-800-754-4128

From outside the US, call 1-800-754-4128

Callers that are unable to access the 800 number should call the alternate number.

24-Hour Credit Card Services for

Lost or Stolen Credit Card

1-866-820-2905

You should also write:

LAFCU

P.O. Box 26188

Lansing, MI 48909

Special Liability Protection Rules for MasterCard Debit Card. Unless you have failed to use reasonable care to safeguard your Debit Card from risk of loss or theft, or you have reported two or more incidents of unauthorized use to us in the 12 months immediately preceding any report of unauthorized use, or your account is not in good standing, you will not be liable for any unauthorized transactions made with your lost or stolen MasterCard Debit Card, when used for POS transactions (excluding transactions performed at an ATM). If your card or PIN was lost because you failed to use reasonable care to safeguard the card from the risk of loss or theft, or if you have reported two or more incidents of unauthorized use to us in the 12 months immediately preceding any report of unauthorized use, or if your account is not in good standing, these special rules do not apply, and your liability for the unauthorized use of your MasterCard Debit Card is addressed above.

Our Liability for Failure to Make EFTs. If we do not complete an EFT as described above, to or from your accounts, on time, and in the correct amount according to our agreements with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable for loss of a card that is retained or destroyed by an ATM or for the failure to complete a transfer under any of the following circumstances:

- If, through no fault of ours, you do not have enough money in your account to make the transfer;
- If there is not enough money in your account, in excess of amounts you have pledged to us as collateral for a loan, to make the transfer;
- If funds in your account are subject to garnishment or other legal process;
- If we have, because of your default on a loan, exercised our rights against the funds on deposit in an account;
- If the transfer would take the balance on your overdraft loan (if applicable) over the credit limit;
- If the ATM where you made the transfer did not have enough cash;
- If the ATM where you are making the transfer was not working properly and you knew about the breakdown when you started the transfer;
- If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions we have taken;
- If you operate the machine improperly;
- If your line of credit or any other obligation owing to us is delinquent.

We will also be excused from such liability if you fail to observe the terms of this agreement, or our account agreements with you, which relate to such EFTs.

Business Days. Our "business days" are as follows: Monday through Friday, except designated holidays. If a designated holiday falls on a Sunday, the next Monday is not a business day, unless we are open for business.

Regulatory Agency. Regulatory Agencies. This agreement and the EFT services provided hereunder are governed in part by federal and in part by Michigan law. If you believe we may have violated the federal Electronic Funds Transfer Act or its implementing regulation, Regulation E, you may contact:

Federal Trade Commission
Electronic Fund Transfers
Washington, DC 29580

If you believe that we may have violated the Michigan Electronic Funds Transfers Act (Michigan Public Act No. 322 of 1978), you may contact:

State of Michigan
Department of Licensing and Regulatory Affairs
Office of Financial and Insurance Regulation
P.O. Box 30224
Lansing, Michigan 48909

Amendments/Termination. We reserve the right to amend this section of the Agreement at any time. If we do so, we will give you such advance notice thereof as we deem to be reasonable under the circumstances; however, in the specific cases mentioned earlier, we will give you at least 21 days advance written notice. We also reserve the right to terminate this disclosure (agreement) by sending a notice of such termination by first class mail to your last known address on our records, which notice shall be effective when mailed.

Responsibility for Overdraft. If you obtain cash from an ATM which creates a shortage in any share account other than your checking account, the overdrawn amount is due and payable the moment you receive your money, and you agree to pay the full amount of it to us, together with interest at an annual interest rate from the date you received the cash to the date the amount of the overdraft is paid; together with an overdrawn account charge as set forth in the Rates and Fees Schedule. You also authorize us, in such a case, to apply from any other shares or deposits you may have in the credit union any amount necessary to pay such overdraft and fees. If the overdraft is created in your checking account, (1) a transfer will be made from your other share account(s) to cover the overdraft, in accordance with your checking account agreement with us, or (2) if you have an overdraft line of credit, an advance on your line of credit will be made to cover the overdraft, and you will pay that advance in accordance with the conditions of your line of credit plan, depending upon which form of overdraft protection you have selected. If there are not sufficient funds to make a transfer according to (1) or (2) of

this paragraph, or if you have no overdraft protection for your share draft account, then such overdraft will be paid to us as provided in the first sentence of this section.

Crediting of Deposits and Payments. Deposits or payments made in an ATM, whether in cash, check, draft or money order, are subject to verification, and the funds of such deposits and payments to share, share draft or loan accounts may be held until they can be collected from the machine, verified and entered into our accounting systems. Further delay may occur if the transaction is made on or immediately prior to a Saturday, Sunday or holiday on which we are closed. If you place a check, draft or money order in the machine as a deposit or payment, it is subject to collection in accordance with your account agreement with Regulation CC and us.

Warranty. Except where expressly contained herein, the Credit Union makes no warranties, expressed or implied, pertaining to the use of any EFT services.

Wire Transfer Agreement and Notification (Uniform Commercial Code Article 4A)

The following rules shall apply to all wire transfers services provided by the Credit Union.

LAFCU may accept, on your behalf, payments to your account that have been submitted by Fedwire. Your rights and obligations with respect to such transfers shall be governed and construed in accordance with Regulation J, Subpart B—Funds Transfers Through Fedwire. These regulations and state law are applicable to funds transfers involving your account.

If you give us a payment order that identifies a beneficiary (the person to whom you are wiring funds) by name and account or some other identifying number (such as a Social Security, Taxpayer I.D. or driver's license number), we may pay the beneficiary on the basis of the number provided to us by you and consider that number to be proper identification. This will be true even if the number you provided to us identifies a person different from the named beneficiary, unless otherwise provided by law or regulation.

If you give us a payment order that identifies the beneficiary's financial institution in the funds transfer by name and Routing, Routing and Transit ("R/T") or other identifying number, we, as well as the receiving financial institution, may rely on the number provided to us by you as the proper identification. This will be true even if the number provided identifies a financial institution that is different from the named financial institution, unless otherwise provided by law or regulation. Therefore, it is in your best interest to contact the receiving institution to acquire the appropriate wire transfer instructions so that you may feel confident that your money will arrive safely. You, the member, are ultimately responsible for providing accurate information regarding funds transfers and are consequently liable for any losses or expenses should an error occur.

You may not be provided with separate notification each time we receive a wire transfer into your account. We will provide you with notification of an incoming wire transfer as part of your periodic statement. In the event we accept payments to your account through one or more Automated Clearing Houses ("ACH"), the operating rules of the National Automated Clearing House Association ("NACHA") will be applicable to ACH transactions involving your account. These rules do not require that we provide you with next day notice of receipt of an ACH item. Therefore, we will provide you with notification of the receipt of these items as part of your periodic statement.

In addition, if we are ever obligated to pay interest on the amount of the transfer, you will be paid interest on a daily basis equal to the current dividend rate that is otherwise applicable to the account from which the funds transfer should have occurred. In the event we are ever liable to you for damages due to a transfer, your damages will be limited to actual damages only. We will not be responsible for incidental or consequential damages, court costs or attorneys' fees, unless otherwise provided by law or regulation.

We may accept, on your behalf, payments to your account which have been transmitted through one or more Automated Clearing Houses and that are not subject to the Electronic Funds Transfer Act ("Regulation E"). Your rights and obligations with respect to such payments shall be governed and construed in accordance with the applicable Federal Reserve Bank Operating Circular. Whenever an ACH is used as part of a transaction, its rules will govern that part of the transaction. Where none of the above stated rules apply, the transactions contemplated by this agreement shall be governed by the laws of the State of Michigan, including Article 4A of the Michigan Uniform Commercial Code.

Credit given by us to you with respect to an ACH entry is provisional until we receive final settlement for the credit entry through a Federal Reserve Bank. If we do not receive final settlement, you are hereby notified that we are entitled to a refund of the amount credited to you in connection with the credit entry. Moreover, you are hereby notified that the party making payment to you (originator) shall not be deemed to have paid you the amount of the credit entry.

FUNDS AVAILABILITY

Your Ability to Withdraw Funds at

LAFCU Credit Union

The following information describes the Credit Union's policy of holding items deposited into a **Checking Account** (also known as a "transaction account") before funds are made available to you for withdrawal. This is what is called a Funds Availability Policy. Generally, transaction accounts are accounts which would permit an unlimited number of payments by check or other order to third persons, and also an unlimited number of telephone and preauthorized transfers to third persons or other accounts you may have with us. Funds availability policies for accounts that are not transaction accounts are described elsewhere in this Agreement.

In order to determine the availability of your deposits, every day is considered to be a business day except Saturdays, Sundays and federal holidays.

Same Day Availability.

In general, funds from cash deposits, checks drawn on LAFCU if funds are available in the account, and electronic direct deposits will generally be made available to you on the day we receive your deposit.

Next Day Availability

In general, our policy is to make the first \$5,525 of check(s) drawn by local (within Michigan) or by the State of Michigan available to you on the first business day after the day we receive your deposit. If the deposit is made in person to one of the Credit Union's tellers and is made payable to the account holder, the first \$5,525 from the following items are also available on the first business day after the day of deposit: cashier's checks, certified checks, teller checks, Federal Reserve Bank checks, Federal Home Loan Bank checks, and United States Postal Money orders. If the deposit is not made in person to one of the Credit Union's tellers (for example, if the deposit is made through the mail or at a night depository), funds from these deposits will be available on the second business day after the day of deposit. The remaining balance may not be available until the seventh (7th) business day following the day of your deposit.

Other Checks.

Generally, the first \$225 of your deposit of other checks will be available on the next business day following the day of deposit. The next \$5,300 will be available on the second business day after the day of your deposit. The balance will usually be available on the seventh (7th) business day after the day of your deposit.

Longer Delays May Apply

In some cases, we will not make all of the funds available to you on the first business day after the day of your deposit. Depending on the type of check deposited, funds may not be available until the second business day after the day of your deposit. However, the first \$225 of your deposit will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time of your deposit and tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to place a hold after you have left the premises, we will mail the notice to you the day after we receive your deposit.

If you need access to your deposited funds right away, you should ask us at the time of your deposit when the funds will be available.

In addition, funds you deposit by check may be delayed up to seven business days after the day of the deposit under the following circumstances:

- When we believe a check you deposited will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly during the last six months.
- There is an emergency, such as a failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

Notification of Delay

If we are not going to make all of the funds from your deposit available on the day of your deposit, We will generally notify you at the time you make your deposit. We will also tell you when funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

Deposits at ATMs

Funds deposited (cash or checks) at ATMs owned by LAFCU will not be available for a minimum of two business days after the day of your deposit. Funds from any deposits (cash or checks) made at ATMs we do not own or operate will not be available for a minimum of five business days after the day of your deposit. All ATMs that we own or operate are identified as our machines.

Members using ATM cards who have ATM deposit privileges will be limited to one ATM deposit per day with up to \$200 cash withdrawal and the availability of up to \$500 per day to pay checks you have written.

Members using Debit cards will be limited to two ATM deposits per day with up to \$500 cash withdrawal and the availability of up to \$1,000 per day to pay checks you have written.

Wire and ACH Funds

If you initiate a wire or ACH transfer from your account at another institution to your LAFCU account, the funds transferred to your LAFCU account will be available on the day we receive the deposit, at which time you may withdraw the funds in cash and we will use them to pay checks you have written. However, the funds that you transfer by wire or ACH from your account at another institution to your LAFCU account cannot be wired out of your LAFCU account to a non-LAFCU account until the next business day after the day we receive the deposit.

Holds on Other Funds If we cash a check for you or accept for deposit from you a check that is drawn on another financial institution, we may make the funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that are already in another account with us. The funds in the other account will be available for withdrawal at the time funds from the check we cashed would have been available had you deposited it as described elsewhere in this disclosure.

Special Rules for New Accounts

If you are a new member, the following special rules will apply during the first 30 days after you have opened an account.

- Funds from cash, on-us items and electronic direct deposits to your account will be available on the day we receive the deposit.
- The first \$5,525 from a deposit of U.S. Treasury checks will be available on the first business day after the day of your deposit. The excess over \$5,525 will be available on the ninth business day after the day of your deposit.
- Funds from wire transfers into your account will be available on the first business day after the day we receive the transfer.
- The first \$225 of funds from deposits of cashier's, certified teller's, travelers', state and local government checks, U.S. postal service money orders, checks drawn on a federal reserve bank or federal home loan bank will be available immediately; and an additional \$5,300 from such deposits will be available on the first business day after the day of your deposit, if the deposit meets certain conditions. For example, the checks must be payable to you. If your deposit of checks (other than a US Treasury Check) is not made in person to one of our employees, i.e., at an ATM, the first \$5,525 will not be available until the second business day after the day of your deposit. The excess over \$5,525 of these types of checks will be available on the seventh (7th) business day after the day of your deposit. For checks other than those listed in the Next Day Availability section, the first \$5,525 will be available on the second business day following the day of your deposit with any remainder available on the seventh (7th) business day following the day of your deposit.

Foreign Checks

Checks drawn on financial institutions located outside the U.S. (foreign checks) cannot be processed the same as checks drawn on U.S. financial institutions. Foreign checks are exempt from the policies outlined in this disclosure. Generally, the availability of funds for deposit of foreign checks will be delayed for the time it takes us to collect the funds from the financial institution on which an item is drawn. Foreign checks with no routing numbers and payable in foreign currency are not accepted for deposit. These items must be sent as a collection item. Only foreign checks payable through a U.S. bank with routing numbers and payable in U.S. dollars will be accepted for deposit.

Special Rules for Time Period Adjustment for Withdrawals by Cash or Similar Means

The Credit Union reserves the right to extend by one business day the time that funds deposited will be available for withdrawal by cash or similar means. However, an additional \$450 will be available for withdrawal by cash or similar means on the date funds are otherwise available for withdrawal under this policy.

Questions. In case you have any questions regarding our Funds Availability Policy, please contact us at **517-622-6600**.



Federally Insured by NCUA

Revised 2/8/2024