

| MEMBERS 1ST FEDERAL CREDIT UNION |

# **MEMBERSHIP AND ACCOUNT AGREEMENT**

The logo for Members 1st Federal Credit Union, featuring a large white 'M' with a smaller '1st' to its upper right, all on a dark grey square background.

**M<sup>1st</sup>**  
®

## Membership and Account Agreement

Please note that this Agreement applies to consumer accounts established primarily for personal, family, or household purposes. Members 1st Federal Credit Union offers member accounts maintained for business purposes, which are subject to separate agreements and disclosures.

Any financial service or product offered by us may be used for any purpose permitted by law. You agree that illegal use of any financial service will be deemed an action of default or breach of contract. Use of any financial product or service in a manner not permitted by law may cause that service or related services to be terminated at our discretion. We reserve the right to decline any transaction that we consider fraudulent, suspicious or illegal.

As used in this Agreement, the words "we" "our" and "us" means Members 1st Federal Credit Union (also referred to as the "Credit Union"), and the words "you" and "your" mean you, the account owner(s) (also referred to as "owner(s)", and includes persons or entities, user(s) of a service, and any "signer") or "agent" appointed by or on behalf of you to sign on the account and to conduct transactions or use a Credit Union service in a representative capacity. The words "your account" refer to each and every one of your accounts at the Credit Union.

**YOU UNDERSTAND THAT THIS AGREEMENT CONTAINS AN AGREEMENT BY BOTH PARTIES TO RESOLVE DISPUTES THAT ARISE BY AN INDIVIDUAL ARBITRATION PROCEEDING HELD IN ACCORDANCE WITH THE PROVISIONS OF SECTIONS 27 AND 28, AND THAT THE PARTIES HAVE AGREED NOT TO RESOLVE SUCH DISPUTES AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS ACTION PROCEEDING.**

"Account" means any savings share, checking share draft, or certificate share account that you own at the Credit Union.

"Agent" means a person or entity who is not an owner of the account, but who has been duly authorized, or we reasonably believe to be duly authorized, by the owner or owners to conduct transactions on the account.

"Agreement" means this Membership and Account Agreement, the Disclosures and the Signature Card. The Disclosures and the Signature Card are incorporated into this Agreement by this reference to them and all references to the term "Agreement" is intended to include the Signature Card and Disclosures.

"Business day" means Monday through Friday, excluding federal holidays as designated by the Federal Reserve.

"Disclosures" means any agreements or disclosures with respect to your account or the services in connection with the account, which shall be made available to you at any Credit Union branch office, and are also available at <http://www.members1st.org>, which may include, but shall not necessarily be limited to, the Funds Availability Policy, the Substitute Check Policy, the Electronic Funds Transfers Agreement and Disclosures, the Privacy Policy, the Truth in Savings and Rate and Fee Disclosures, and the Mobile Deposit Service Disclosure.

"Entity" means a corporation, partnership, association, business, society, charity, trust, club, or similar organization or group.

"Member in Good Standing" means a member who (1) maintains a minimum of \$5.00 in the member's primary savings share account (known as par value); (2) has no negative or overdrawn savings balances for a period of more than 30 days; (3) if the member has loans outstanding, all such loans are current by their terms; (4) complies with all rules of membership set forth in the Credit Union's Bylaws and in this Agreement; and (5) has not caused the Credit Union to suffer a loss.

"Notice to the Credit Union" means contacting the Credit Union by one of the following methods (unless the particular context requires a more specific method of notice): (a) by writing to us at 5000 Louise Drive, P.O. Box 40, Mechanicsburg, PA 17055; (b) by calling our Customer Service Team at (800) 237-7288; or (c) by visiting us in person at one of our branch locations. If Notice to the Credit Union is provided via telephone or in person, the Credit Union's records shall be the sole conclusive evidence as to whether and when such notice was received by the Credit Union.

"Person" means a natural person.

"Signer" means any person who has the authority to make withdrawals from, write checks on and obtain information about an account.

"Transaction" means any action, instruction, order, or request that would increase or decrease the balance in an account or would impose a lien or security interest on funds in the account, and any other request for services or information in connection with the account.

**1. AGREEMENT BETWEEN YOU AND THE CREDIT UNION.** You understand that in executing the Signature Card in connection with your account, which incorporates this Agreement, you are entering into a legally binding contract with us, and the specific terms, responsibilities, and liabilities of membership, account ownership, and related services with us are set forth in this Agreement. Each of you (a) applying for membership, (b) signing the signature card for an account, (c) using an account, or (d) requesting or later adding products and/or services connected to an account acknowledges receipt of this Agreement and agrees to the terms set forth in the Agreement, as amended from time to time. The current version of this Agreement supersedes all prior versions, discussions and agreements and contains the terms governing your account(s) with the Credit Union. This Agreement cannot be modified orally. If there is a conflict between this Agreement and something said by an employee, officer, or agent of the Credit Union, the provisions of this Agreement will be followed. Please read and keep this Agreement so that you can refer to it when you have a question about your membership, account(s) or service(s). You understand and acknowledge that you can also access the effective version of this Agreement anytime on our website at <http://www.members1st.org>. Should you have any questions about a matter addressed in this Agreement, please contact us at (800) 237-7288 or visit us at your local branch.

**2. INCORPORATION OF DISCLOSURES.** The Disclosures are important documents about your account and all parties' rights and obligations in connection with your account(s). These Disclosures will be provided to you upon the opening of your account and are available at any Credit Union branch office, and are also available at <http://www.members1st.org>. We may change or modify the content of these Disclosures at our discretion and in accordance with applicable law, and we will provide notice of these changes or modifications to you only as required by applicable law. Such changes and modifications will be binding on you, effective as of the time the change or modification is made by us. All changes and modifications will be available at any Credit Union branch office, and are also available at <http://www.members1st.org>, and at any time, it is the most recent version of the Disclosures that is incorporated into this Agreement, without regard to what version was effective when you entered into this Agreement.

**3. MEMBERSHIP AT THE CREDIT UNION.** To join the Credit Union, you must meet the membership requirements, including the purchase and maintenance of the minimum required shares (par value), as set forth in the Credit Union's bylaws. You authorize us to check your account, credit and employment history, and obtain reports from third parties, including credit reporting agencies, to verify your eligibility for the accounts and the services that you request. You specifically acknowledge that your use of the account(s) and any related services pursuant to this Agreement constitutes a permissible purpose for the Credit Union to obtain your credit report, without any further authorization from you. During the course of your membership, you must remain a Member in Good Standing. If you cease to be a Member in Good Standing, your membership privileges may be revoked by the Credit Union.

**4. OPENING AN ACCOUNT.**

**a. Identification** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. As a result, when you open an account, we will ask for your name, street address, date of birth and other information that will allow us to identify you for this purpose. We may also ask to see and copy your driver's license or other identifying documents.

**b. Federal Identification Number** – Federal law requires U.S. persons to provide a Federal Tax Identification Number (TIN) at the time of account opening. Unless we receive your certified TIN, we reserve the right to refuse to accept your initial deposit, pay interest on the balance or permit withdrawals. Interest paid prior to receipt of your certified TIN will be subject to backup withholding under IRS regulations. You must certify that the TIN you have provided is correct and that you are not subject to backup withholding. For a foreign person(s), documentation, including a W-8 form, is required. If you have questions regarding your tax status, consult your tax advisor or legal counsel.

**5. ACCOUNT TYPES.** You may open an account either by yourself, referred to as an "individual account," or with one or more persons as a "joint account."

**a. Individual Account** – An individual account is an account owned by you alone, which you as the account owner use during your lifetime. Generally, in the event of your death, the funds in your account will go to your estate, subject to the terms of this Agreement and applicable law. Subject to the terms of applicable law and this Agreement, you can specifically designate a person, persons or entity as a beneficiary of the account, known as a payable on death (POD) or Totten Trust account. In such case, upon proof of death and the payee's proper identification in compliance with the terms of this Agreement and the Credit Union's policies and procedures, the funds in your account shall transfer to your named beneficiary in accordance with the applicable laws governing POD and Totten Trust accounts. If you designate more than one beneficiary on the account, each will be entitled to his or her proportionate share of the funds in the account (which will be determined by dividing the amount of the funds in the account by the number of beneficiaries designated on the account), and will own those funds without a right of survivorship. If a beneficiary predeceases you, it is your responsibility to notify us and make any changes to the account. This procedure does not apply to Individual Retirement Accounts, which have separate beneficiary designations.

**b. Joint Account** – A joint account is an account owned by two or more persons.

i. Unless otherwise stated on the Signature Card you executed, a joint account includes the right of survivorship. A right of survivorship means that when one owner dies, all sums in the account will pass to the surviving owners. A surviving owner's interest is subject to the Credit Union's statutory, contractual and common law lien for the deceased owner's obligations, and to any security interest or pledge granted by a deceased owner, even if a surviving owner did not specifically consent to it. When only one surviving owner remains on a joint account subject to the right of survivorship, that account is designated as an individual account, subject to the terms of this Agreement and applicable law with respect to individual accounts. For a joint account without a right of survivorship, the deceased owner's interest passes to his or her estate in accordance with applicable law.

ii. Any owner is authorized and deemed to act for any other owner and may instruct us regarding transactions and other account matters, including the request of future services in connection with the account. Each owner guarantees the signature of any other owner. Any owner may withdraw or transfer funds, including all funds on deposit, pledge to us all or any part of the shares, or stop payment on items without the consent of any other owner, without regard to the proportionate share of the funds on deposit attributable to such owner. While any individual account owner may change or close any account acting alone except the primary savings share, we may require all account owners to consent in writing to the addition or removal of any owner on the account, and we reserve the right to require written consent of all owners for any change to or termination of an account. We have no duty to notify any owner about any transaction, or changes to or closure of the account. If we receive Notice to the Credit Union of a dispute between owners or inconsistent instructions from them, we may suspend or terminate the account and require a court order or written consent from all owners in order to permit the withdrawal of funds from the account or to take any other actions. Notice provided by us to any one joint owner shall be considered notice to all joint owners.

iii. All account owners, both alone and together, are jointly and severally liable for all transactions on, changes to, and closure of the account and for any charges, fees, losses, or liabilities incurred with respect to any transaction on, changes to, or closure of the account regardless of which owner conducted or benefitted from the transaction, change or closure. You agree that if any account owner owes us money for any reason, we may enforce our rights against all funds in any account in which that account owner is an owner, including joint accounts, regardless of which owner deposited the funds in the account.

**c. Trust Account** – To establish a deposit account for a trust, you must provide us a copy of the document governing the trust or a Certificate of Trust if compliant with and permitted by applicable law. Such trust instrument must be in writing and approved by the Credit Union. Shares may be issued to either a revocable or irrevocable trust, subject to the following: (a) when shares are issued in a revocable trust, the settlor must be a member of the Credit Union in his or her individual capacity; or (b) when shares are issued in an irrevocable trust, either the settlor or the beneficiary must be a member of the Credit Union in his or her individual capacity. The name of the beneficiary must be stated in both a revocable and irrevocable trust. The grantor, trustee, and all beneficiaries must all be eligible for membership in the Credit Union.

The person who opens a trust account will be designated the trustee and is the only person who may access the account and the only person who signs a Signature Card. A trust account will be administered in accordance with the terms of its governing trust instrument. You acknowledge that the Credit Union may request an opinion of your legal counsel should it be necessary, in the sole discretion of the Credit Union, for the Credit Union to maintain a trust account. If we request a legal opinion, you will provide one at your expense. For purposes of this section, shares issued pursuant to a pension plan authorized by the rules and regulations will be treated as an irrevocable trust unless otherwise indicated in the rules and regulations.

**d. Minor's Account** – Any person under the age of 18 may open and own an account with us and may conduct transactions on the account, subject to the terms, responsibilities, liabilities, and conditions of this Agreement. We may require any account established by a person under the age of 18 to be a joint account with an owner the age of 18 or older who shall be jointly and severally liable to us for any returned item, overdraft, or unpaid charges or amounts on such account. We may pay funds directly to the person under the age of 18 without regard to his or her age. 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 person reaches the age of 18 or older unless the change is authorized in writing by all account owners.

**e. PUTMA Account** – As a member, you may open and own an account to hold the funds of a minor under the Pennsylvania Uniform Transfers to Minors Act ("PUTMA"). Under PUTMA, a person under the age of 21 is a minor. This account must be designated and titled in accordance with PUTMA, in which you as the custodian hold funds for the exclusive right and benefit of the minor, subject to the requirements of PUTMA. As the custodian, you are the only person who is entitled to conduct transactions on the account, change, and/or close the account. When the minor reaches the age of 21, it is your sole responsibility to pay the funds in the account to the minor. If you die, we may suspend the account until we receive instructions from any person authorized by law to withdraw funds or a court order authorizing withdrawals. As the custodian, you agree to indemnify and hold us harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney's fees, which we may suffer or incur arising out of any action or claim by any beneficiary or other custodian with respect to your actions in handling or dealing with the account.

**f. Representative Payee Account** – A representative payee is an individual appointed by the Social Security Administration to receive Social Security benefits for someone who cannot manage or direct someone else to manage his or her money. A representative payee account is an account maintained by the representative payee on behalf of and for the benefit of such individual. The representative payee will be personally liable to us for any deficiency or amount owed in connection with such Account. The representative payee agrees and acknowledges that this liability to us will subject accounts of the representative payee held in his or her individual capacity to our lien rights and rights of setoff contained in this Agreement.

**g. Accounts subject to a Power of Attorney** – The person executing a power of attorney will be referred to as the "principal" and the person acting for the principal as the "agent." An agent has no ownership interest in the account(s) or Credit Union voting rights. We may refuse to comply with a power of attorney, and such refusal will be without any liability to you, even a power of attorney that has been previously presented to the Credit Union and honored for reasonable cause, until we receive an affidavit from the agent stating that to the best of the agent's knowledge, the principal is alive and that the relevant powers of the agent have not been altered or terminated. An agent's power will cease to exist upon the principal's time of death, or otherwise as provided for by applicable law. You agree to indemnify and hold us harmless for honoring any power of attorney, or copy thereof, that we accept in good faith and believe valid and authorized by you. You agree that we have no obligation to monitor an agent's transactions on the account. The agent under any power of attorney in connection with your Account shall be subject to the terms and conditions of this Agreement.

**h. Agents appointed to Joint Accounts** – Each joint account holder may appoint his or her own agent or attorney-in-fact to transact business on the joint account, without the knowledge or consent of the other joint account holder(s).

**i. Fiduciary Accounts** – When you open an account to hold the funds of an estate, a trust, a guardianship, conservatorship, court ordered arrangement, or any other legal or fiduciary relationship (collectively, “Fiduciary Relationship”), you understand and acknowledge that we are only providing you, as the fiduciary, with an account to hold funds for that Fiduciary Relationship, and that we have no fiduciary duty to any party with respect to such account. You further understand and acknowledge that you as the fiduciary are completely responsible for fulfilling the duties and responsibilities of that Fiduciary Relationship, and we need only rely on and adhere to terms, responsibilities and obligations of this Agreement. Furthermore, you and all persons associated in any way with the Fiduciary Relationship agree to indemnify, defend, and hold us harmless for any loss damage, claim or liability asserted against us for our actions taken pursuant to this Agreement that occurs as a result of opening, using and closing the account. We reserve the right to require such documents and authorization as we may deem necessary or appropriate to satisfy us that you or any other person requesting or directing the withdrawal of funds held in the account have the authority to withdraw funds. We may require you to substantiate your authority to negotiate a check not specifically made payable to you before accepting it for deposit, and may require you to deposit the check into an account titled in the name of the payee. Notwithstanding the foregoing, in our sole discretion, we may refuse to take any action you request with respect to the account if we know or believe in good faith that you are breaching or otherwise violating your fiduciary duty with respect to the account, although we have no obligation whatsoever to independently investigate whether you are complying with your fiduciary duties related to the account.

**j. Certificate Accounts** – Any time deposit, term share, share certificate, or certificate account which we offer is subject to the terms of this Agreement, the Disclosures, and the document governing the terms of such certificate account, which is incorporated in this Agreement by reference.

## **6. ACCOUNT ACCESS AND TRANSACTIONS.**

**a. Authorized Signatures** – Your signature on a Signature Card or electronic authentication authorizes your account access. Any person who signs the Signature Card as an account owner, signer or agent may conduct transactions on the account or use or request services in connection with the account. We may require you to provide us with your signature and current government-issued picture identification to conduct a transaction. We will not be liable for refusing to honor any check, draft, order, item or instruction if we believe the signature is not genuine or altered. We will not be responsible for reviewing signatures on checks presented for payment. If you have authorized the use of a facsimile signature, we may honor any check or draft that appears to bear your facsimile signature, even if it was made by an unauthorized person. You authorize us to honor transactions initiated by a third person to whom you have given your account number, account information, account access code (including, but not limited to Personal Identification Numbers), even if you do not authorize any particular transaction by that person or any particular transaction by that person is not for your benefit or according to your instructions. You agree that we may disregard all information on a check, including notes, and legends except for your signature, the amount of the check and the information contained in the Magnetic Ink Character Recognition line at the bottom of the check, which contains your account number and check number.

**b. Unauthorized Endorsements** – If you suspect or become aware of an unauthorized, missing or forged endorsement on a check, draft or other item drawn on your account, or that the payee did not otherwise receive the funds represented by said check, draft or other item, you agree to provide Notice to the Credit Union immediately. If you fail to provide Notice to the Credit Union within thirty (30) days of such time that you knew or should have known of the unauthorized, missing or forged endorsement and such failure results in our inability to recover on the check, draft or other item, we will not be liable to you, and will have no obligation to re-credit your account, for such check, draft or other item. You further agree to cooperate with our investigation and to provide us with any information we require at our discretion as part of our investigation. Such information may include an affidavit from the payee regarding the allegations. In any case, we will not be obligated to reimburse you for the check, draft or other item or credit your account until our investigation is concluded and we have determined such reimbursement or credit is appropriate. If you reimburse the payee of the item prior to the conclusion of our investigation and we determine that you were

not legally obligated to do so, we will not be liable to you for the check, draft or other item. You further agree to notify law enforcement authorities of any criminal act, or any act reasonably believed to be criminal, related to the claim. You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure or otherwise reimburse you for your loss. You will pursue your rights, or at our option, assign them to us so that we may pursue them. In no event will we be liable for any special or consequential damages, including loss of profits or opportunity, or attorneys' fees incurred by you, and our liability will be reduced by the amount you recover or are entitled to recover from other sources.

**c. Access Options** – You may withdraw or transfer funds from your account in any manner we permit, which may include, for example, checks, Automatic Teller Machines (“ATMs”), in person, by mail, by telephone, automatic transfer, internet, or mobile devices as applicable. We may return as unpaid any check or draft drawn on a form we do not provide, and you are responsible for any loss we incur handling such check or draft. If we require you to use a specific form to conduct or complete a transaction, and you fail to use that form, you agree that we may refuse to honor, execute or complete the transaction. Whether a transaction is honored, executed or completed, you are responsible for any loss or liability incurred by us as a result of your failure to use a required form or adhering to the terms and responsibilities of this Agreement.

**d. Electronic Transfers** – We offer wire transfers or automatic clearing house (ACH) transfers that allow you to send or receive debits or credits to or from your account. Should you utilize these services and receive funds either by wire or ACH transfer, you agree to verify the transfers by reviewing your periodic statement and agree that we have no duty to notify you when the funds are received. In addition to reviewing your statement, you may contact us to determine whether a payment has been received.

i. **Wire Transfers** – Except as amended by this Agreement, wire transfers we permit will be subject to applicable Federal and Pennsylvania laws and regulations. When you order a wire transfer, we will debit your account for the amount of the payment order and will charge your account for any fees related to the transfer. We reserve the right to refuse to execute any wire transfer to or from your account. We are not obligated to execute any payment order to transfer funds out of your account if the amount of the requested transfer plus applicable fees exceeds the available funds in your account. We are not liable for errors, delays, interruptions, or transmission failures caused by third parties or circumstances beyond our control, including mechanical, electronic or equipment failure. Payment orders we accept will be executed within a reasonable time of receipt but may not necessarily be executed on the date they are received. Cutoff times may apply to the receipt, execution and process of a fund transfer, payment order, cancellation, or amendment. If a request for a fund transfer, payment order, cancellation, or amendment is received after a cutoff time, it may be treated as having been received on the next business day. Please contact us to inquire about cutoff times. From time to time, we may need to suspend processing of a transaction for greater scrutiny or verification in accordance with applicable law, in our sole discretion, and this action may affect settlement or availability of the transaction. When you institute a wire transfer, we may require that you identify the recipient, the recipient's address, any financial institution by name and by account or identifying number, and purpose of the wire. The Credit Union and any other financial institutions facilitating the transfer may rely strictly on the account or identifying number, even if the number identifies a different person or financial institution. Any account owner may amend or cancel a payment order, even if that person did not initiate the order. We may refuse any request to amend or cancel a payment order that we believe will expose the Credit Union to liability or loss. Any request that we accept to amend or cancel a payment order will be processed within a reasonable time after it is received. You agree to hold us harmless from and indemnify us for all losses and expenses, including attorneys' fees, resulting from any actual or attempted amended or canceled payment order. We may require you to follow a security procedure to execute a payment order or certain electronic fund transfer transactions. We will notify you of any such security procedures, and you agree that our security procedures are commercially reasonable. You further understand and agree that if the Credit Union verifies your wire transfer order pursuant to these security procedures, then you will be liable for any wire transfers made from your account, whether or not you authorized them.

ii. **ACH Transfers** – Except as amended by this Agreement, ACH transfers

we permit will be subject to the Electronic Funds Transfer Act and its implementing regulations and the National Automated Clearing House Association ("NACHA") Rules, which are incorporated in this Agreement. While we may temporarily credit your account for an ACH transfer, if we do not receive final settlement for the transfer we may reverse the credit to your account with no liability to you for such action. In the alternative, you agree to reimburse us for the amount of the reversed transfer.

iii. **Conversion of Checks to Electronic Transfers** – In some circumstances, a person, merchant or other entity to whom you have issued a check can convert your check or check information to an electronic funds transfer and debit your account. This conversion of your check to an electronic funds transfer is covered by this Agreement, the NACHA Rules and our Electronic Funds Transfer Agreement and Disclosures. You authorize us to honor the electronic funds transfer and debit your account just as if the original check was presented for payment. You understand that if we dishonor and return your check to a merchant for insufficient funds, a merchant may attempt to re-present the check electronically as an electronic funds transfer, and that this electronic funds transfer, which represents the dishonored check, will be treated as a re-presented check under this Agreement.

iv. **Remotely Created Checks** – A remotely created check is a check or draft created by someone other than the person on whose account the check or draft is drawn. A remotely created check is generally created by a third party payee as authorized by the owner of the account on which the check or draft is drawn. Authorization is usually made on the telephone or through an online communication. The owner of the account does not sign a remotely created check. In place of the owner's signature, the remotely created check usually bears a statement that the owner authorized the check or bears the owner's printed or typed name. If you authorize a third party to draw a remotely created check against your account, you may not later revoke or change your authorization. It is your responsibility to resolve any authorization issues directly with the third party. We are not required to credit your account and may charge against your account any remotely created check for which the third party has proof of your authorization.

v. **Other Types of Electronic Transactions** – The terms of electronic funds transfer transactions, including Visa® Debit Card and ATM transactions, in connection with your account are governed by the Electronic Funds Transfer Agreement and Disclosures.

**e. Withdrawal Restrictions** – We will pay checks or drafts, permit withdrawals and make transfers from available funds in your account. The availability of funds in your account may be delayed as set out more fully in the Funds Availability Policy Disclosure. You must have sufficient funds available in your account, or be eligible for and enrolled in overdraft protection in connection with your account, in order to withdraw funds from your account. If a check, draft, item, or other transfer or payment order is presented against insufficient funds, we are entitled to dishonor the check, draft, item, or other transfer or payment order, unless you are eligible for and enrolled in our overdraft services, and you will be assessed a fee as specified in the Disclosures.

In addition to the foregoing, there are a number of circumstances in which you may not be able to withdraw funds from your account, including, but not limited to occasions when (1) you attempt to withdraw or make a transfer request by any method we do not permit; (2) you, a signer, an agent, or any person fails to present authoritative documentation or identification we require to access the account or make a withdrawal; (3) disputes or uncertainty occur over who owns the account or the funds held in the account; (4) funds from deposits are not yet available for withdrawal or deposited checks have been returned unpaid and we have charged them back against the account; (5) funds are held for debit card authorizations for purchases made but not yet settled; (6) the funds in the account are held as security (collateral) for an obligation to us or to a third party subject to a valid deposit account control agreement to which we are a party; (7) the funds are held or offset under our consensual security interest, statutory lien rights, common law lien rights, or contractual lien rights provided for in this Agreement because you or another owner owes money to us; (8) we have been served with a garnishment, levy or other similar legal process or notice affecting the account; or (9) we reasonably believe such withdrawal limitations may be necessary to prevent a loss to us.

Additionally, we may require you to provide written Notice to the Credit Union of your intent to make a withdrawal from your account at least seven (7) days and up to sixty (60) days prior to the time that you would like to make the withdrawal.



**f. Transfer Limitations** – We may limit the dollar amount or the number of transfers from your account. Please consult your Disclosures. Additionally, we may limit the amount of cash withdrawals at our ATMs. Our current limitations on ATM cash withdrawals are set forth in your Disclosures.

**g. Postdated and Stale Dated Checks** – You agree not to issue any check that is payable on a future date (that is, postdated). If you do issue a check that is postdated, and we pay it before that date, you agree that we shall have no liability to you for such payment, and such check is not properly payable against your account. You agree not to deposit checks, drafts or other items before they are properly payable. We are not obligated to pay any check drawn on your account that is presented more than six (6) months past its date.

**h. Order of Payments** – Checks and other items may not be processed in the order that you make them or in the order that we receive them. We may, at our discretion, and in accordance with applicable law, pay a check or item and execute other transactions on your account in any order we choose. The order in which we process checks or items and execute other transactions on your account may affect the total amount of overdraft fees that may be charged to your account. Please contact us if you have questions about how we pay checks and process transfers and withdrawals.

**i. Right to Refuse Payment** – You agree that we will have no liability to you for refusing to honor any check, item, order, or instruction if we believe in good faith that any signature, instruction, provision, term, or the form itself is not genuine or is altered and that such nonpayment or non-action is not wrongful.

**j. Non-member presenting your check** – You understand that we may require any non-member asking us to cash your check to provide that person's current government-issued picture identification. You agree that if a non-member presenting your check fails to comply with these presentment requirements, we will have no liability whatsoever for refusing to pay the check and that such nonpayment is not wrongful. Additionally, we may refuse to accept any check drawn on your account that is presented for payment in person. Such refusal shall not constitute a wrongful dishonor of the check, and we shall have no liability for refusing payment.

**7. DEPOSITS TO YOUR ACCOUNT.** Funds may be deposited into your account by any means we permit, which may include, for example, checks, ATMs, in person, by mail, by telephone, automatic transfer, internet, or mobile devices as applicable and in accordance with the terms of the Disclosures. We are not responsible for any deposit which we do not receive, and our records will be the sole conclusive proof of receipt or non-receipt of a deposit. Deposits made by mail, at night depositories, or at unstaffed facilities (including ATMs) are not our responsibility until we receive such deposit. We reserve the right to refuse any deposit.

**a. Availability of Deposits** – The availability of funds in your account in connection with a deposit may be delayed as set out more fully in the Funds Availability Policy Disclosure.

**b. Endorsements** – We may accept transfers, checks, drafts and other items for deposit into any of your accounts if they are made payable to, or to the order of, one (1) or more account owners, even though such transfer, check, draft and other item is not endorsed by all payees. Each party to a multiple-party account authorizes every other party to endorse and to deposit to the account any item payable to one, both or all of them, and authorizes us to accept for deposit any item payable to one, both or all of them with or without endorsement. If a check, draft or item that is payable to two (2) or more persons is ambiguous as to whether it is payable to either or both, as determined in our sole discretion, we may process the check, draft, or item as though it is payable to either person. Notwithstanding the foregoing, if an insurance, government or other check or draft requires an endorsement, we may require an endorsement as set forth in the item without limiting our rights set out in this subsection.

You agree not to knowingly deposit any transfers, checks, drafts and other items into your account that do not have either a true original signature of the person on whose account it is drawn or an authorized mechanical reproduction of that person's signature. You agree not to deposit any transfers, checks, drafts and other items into your account that are missing any required endorsement or that contain an unauthorized or forged endorsement. We may require you to verify an endorsement

on any transfers, checks, drafts and other items through the appearance in person of the endorser with proper identification and by providing us with an endorsement guarantee.

All endorsements must appear on the back of the checks or other item within the first 1½ inches from the left side of the check or other item. You are also responsible to make sure at the time you issue any check that the format is such that there will be no writing whatsoever on the reverse side of the check placed beyond an area located 1½ inches from the left edge of the check when looking at it from the front. It is your responsibility to ensure that these requirements are met and you are responsible for any loss incurred by us for failure of an endorsement to meet this requirement. While we may at our discretion accept non-conforming endorsements, you will be responsible for any loss incurred by us due to the delay in processing or returning the check or other item for payment. Checks deposited by mobile deposit must include the restrictive endorsement "For Mobile Deposit Only at Members 1st Federal Credit Union" in addition to your endorsement.

**c. Restrictive Legends** – We are not required to honor any restrictive legends or any language on an item that purports to place restrictions, limits or conditions on the payment or negotiation of such item. Examples of legends are "must be presented within ninety (90) days" or "not valid for more than \$1,000.00" or "two or more signatures required". We may pay or accept checks and other items bearing restrictions or notations (e.g., "Void After 90 Days," "Without Recourse," "Paid in Full," "Void Over \$100"), whether on the front or back, in any form or format. We may disregard any information on a check or draft other than the signature of the drawer, the amount, and any magnetic encoding. Such notations shall have no effect on us, and you agree (1) that we do not fail to exercise ordinary care in paying a check solely because our procedures do not provide for a sight examination of these items, and (2) to assume all risks and losses resulting from our acceptance or payment of checks or items that may not conform to the purportedly restrictive language. You agree to indemnify, defend and hold us harmless for our acceptance or payment of such checks or items.

**d. Collection of Items** – We only act as your agent and we are not responsible for handling items for deposit or collection beyond the exercise of ordinary care. We are not liable for the negligence of any correspondent (or other third party providing services on our behalf) or loss in transit, and each correspondent or other third party providing services on or behalf will only be liable for its own negligence. We may send any item for collection. You waive any notice of nonpayment, dishonor or protest regarding items we purchase or receive for credit or collection to your account. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor financial institution extra time beyond any midnight deadline limits imposed by applicable law. We reserve the right to refuse or return any check, draft, item, or funds transfer taken for deposit, to place a reasonable hold on the check, draft, or item or to send the check, draft, or item for collection. We also reserve the right to charge your account for any check, draft, or item taken for deposit in the event it becomes lost in the collections process.

**e. Direct Deposit** – We may offer preauthorized deposits (for example, payroll checks, Social Security or retirement checks, or other government checks) or preauthorized transfers from other accounts. You must authorize direct deposits or preauthorized transfers by enrolling with the initiator of the deposit. You must notify us at least thirty (30) days in advance to cancel or change a direct deposit or transfer option. If your account is overdrawn, you authorize us to deduct the amount your account is overdrawn from any deposit, including deposits of government payments or benefits. Upon a bankruptcy filing (either by you or by any payee of a preauthorized transfer), unless you cancel the authorization, we will continue applying payments from direct deposits in accordance with your authorization on file with us. In addition to any other rights we have under this Agreement, if we are required to reimburse any federal or state government any portion of a benefit payment deposited into your account, you agree that we may deduct the amount returned to the government from that account or any other account you have with us without prior notice to you, unless such deduction is prohibited by law.

**f. Time of Deposits** – Deposits made or received by us after 11:00 p.m. Eastern Time and deposits made on any days other than our business days will be considered to have been deposited on our next business day. Deposits made at night depositories or at ATMs that are not located at one of our branches shall be considered to have

been deposited when we retrieve the deposit. Credit to your account for funds deposited, whether via check, draft, item, or other transfer, is provisional until we receive final settlement for the item. If a financial institution obligated to pay an item dishonors any item which you have deposited, we may charge your account for the amount of such check, draft, item, or other transfer and impose a return charge on your account as specified in the Disclosures. Any collection fees we incur may be charged to your account(s).

**g. Deposit Errors** – If we mistakenly credit your account(s) for funds to which you are not the rightful owner, even if such mistake is solely attributable to our actions, we will deduct those funds from your account(s), even if this causes your account(s) to be overdrawn. In the alternative, in order to recover such funds, we may exercise our right of setoff against any other account owned solely or jointly by you under our statutory lien rights, common law lien rights, or contractual lien rights provided for herein.

**h. Limitation on Deposits** – We may limit the number of items deposited and/or the frequency of deposits and other transactions that you can make each day. The date we use to determine the frequency of transactions is the date a transaction is completed by us rather than the date you initiate the transaction. Should the transactions on your account exceed the limitations we established, we may limit your account transaction activity, impose a fee as specified in the Disclosures, or close your account.

**8. ADVERSE CLAIMS.** If we receive conflicting instructions with respect to your account, or notice of an adverse claim of ownership, right to control, or access funds in your account, or notice that the funds in your account may have been obtained through fraudulent or criminal acts, you agree that we may place a hold on the funds in the account, until all appropriate parties (as determined in our sole discretion) provide us with joint written instructions with respect to disposition of the funds. We are not required to determine if the dispute has merit.

Additionally, if we receive Notice to the Credit Union indicating a dispute between two or more joint account owners, we may require the signature of all joint account owners for all transactions until the dispute is resolved to our satisfaction.

Additionally, we shall have the right to close the account and deposit the funds held in the account into the registry of a court of proper jurisdiction, where the appropriate parties shall be interpleaded or joined to the action for purposes of resolving the dispute regarding the funds.

If we elect to take any action described in this Agreement or available to us under applicable law, you agree that we shall not be liable to you for damages of any kind, and you agree to pay and reimburse us for our reasonable costs and expenses including, without limitation, attorneys' fees and court costs from the funds in any account of yours prior to any distribution.

If you ask us to follow instructions that we believe, in our sole discretion, might expose us to any claim, liability or damages, we may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify us. You agree to be liable to us, to the extent permitted by law, for any loss, costs, attorney fees or expenses that we may incur as a result of any dispute or legal proceeding involving your account or our relationship with you. You authorize us to deduct any such loss, cost, attorney fees or expense from your account(s) pursuant to our statutory, common law or contractual right of setoff without prior notice to you or to bill you separately. This liability includes, but is not limited to, disputes involving situations in which there are disputes between you, any agent you have authorized, a joint owner or third party claiming an interest in your account. It also includes, but is not limited to, situations where any action taken on your account by you, your agent, a joint owner, or a third party causes us to seek the advice of an attorney, whether or not we actually become involved in a dispute. Any action by us for reimbursement from you for any costs, attorney fees or expenses may also be brought against your estate, heirs and legal representatives, who will be liable for any claims made against and expenses incurred by us.

**9. DIVIDENDS, INTEREST AND FEES.** We pay account earnings dividends (interest), and assess fees against your account as set forth in the Disclosures. We may change any of the Disclosures at any time and make our rates available via our website or by contacting us. We will notify you when fees change in accordance with the terms hereof and the requirements of applicable law.

## **10. STOP PAYMENT ORDERS.**

**a. Stop Payment Order Request** – Any owner may stop payment of any check drawn or ACH debit drawn on the owner's account. To be binding, a stop payment order must accurately describe the check, or transaction, including the exact account number, the check or draft number, and the exact amount of the check. If we receive incorrect or incomplete information, we will not be responsible for failing to stop payment on the check. In addition, you must provide sufficient advance Notice to the Credit Union for a stop payment order to allow us a reasonable opportunity to act on it. 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 assign us all of your rights against the payee or other holders of the check, and to assign us any legal action.

**b. Duration of Order** – Oral stop payment orders will lapse within 14 calendar days unless confirmed in writing within that time. Written stop payment orders will be effective for six (6) months and may be renewed for additional six (6) month periods by requesting in writing that the stop payment order be renewed within a period during which the stop payment order is still in effect. We are not required to notify you when a stop payment order expires.

**c. Credit Union Checks** – You may not stop payment on any certified check, cashier's check, teller's check, money order, or any other check, draft or payment guaranteed by us that you have requested or is associated with legal process in connection with your account. If such a check in your possession is lost, stolen or destroyed, you agree to provide us with a signed declaration of loss and indemnity agreement. At our option, we may wait to repay or reissue the check a minimum of thirty (30) days and a maximum of ninety (90) days after it was originally issued. If the original check is properly presented before the ninety (90) day period expires, regardless of whether you have provided us with a signed indemnity agreement, we will pay the check, and if we have repaid the amount of the check to you, you will be liable to us for the amount so paid.

**d. Liability** – Fees for stop payment orders are set out in the Disclosures. Although payment of an item may be 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 attorneys' fees, damages or claims related to our refusing payment on an item, including claims of any joint account owner, payee, or endorser in failing to stop payment on an item as a result of incorrect information provided by you.

**11. ACCOUNT INSURANCE COVERAGE.** Your account is insured up to the limit established by the National Credit Union Share Insurance Fund ("NCUSIF").

**12. ACCOUNT SECURITY AND YOUR OBLIGATIONS.** In addition to obligations contained elsewhere in this Agreement, or incorporated herein, including, but not limited to, the Electronic Funds Transfer Disclosures, you should at all times (a) safeguard account materials and information such as account numbers, checkbooks, electronic access devices, passwords, and identification numbers; (b) review carefully all account materials including checks, checkbooks, check stock, statements and e-statements for unauthorized activity; (c) maintain control over facsimile signatures and e-signatures; (d) be vigilant with regards to releasing account information to unknown parties; and (e) issue checks or other funds transfers with care to avoid alterations and forgeries. You are responsible for securing any computer and network used to access your online account against intrusion or manipulation.

You must provide Notice to the Credit Union immediately whenever you become aware that any of your checks or debit cards are lost or stolen or of any unauthorized use of your account. If you fail to immediately notify us of such situations, it may limit our ability to prevent a loss, which will result in you being solely liable for any and all loss suffered in connection with such theft or unauthorized use of your account.

If you claim a credit or refund because of forgery, alteration or any unauthorized activity, you must cooperate with us in the investigation of the loss, including giving us an affidavit containing statements that will enable us to pursue legal prosecution to prevent or recover any loss. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss.

We may require that you notify law enforcement authorities and aid in the investigation and prosecution of any criminal act related to your account. We may deny a claim of monetary loss due to forged, altered or unauthorized checks if you did not

maintain proper control over your account. We may also require a bond of indemnity in an amount satisfactory to us against all claims and expenses we may incur.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure or otherwise reimburse you for your loss. You will pursue your rights, or at our option, assign them to us so that we may pursue them. In no event will we be liable for any special or consequential damages, including loss of profits or opportunity, or attorneys' fees incurred by you, and our liability will be reduced by the amount you recover or are entitled to recover from other sources.

Use of the PIN (Personal Identification Number), card PIN(s), and/or online banking password are the agreed security methods to access your account(s). We will rely on instructions received under your PIN or password. You agree that the use of these security methods will have the same effect as your signature in authorizing any transaction. You are responsible for keeping your PIN, password, account number and other account data confidential.

Where you have authorized any other person to use your PIN(s) or password in any manner, your authorization is considered by us to be unlimited in amount and duration of effectiveness. Granting another person access to your account via the PIN(s) or password will make you financially liable for any loss incurred or misuse of the account. Your authorization will be effective until (1) you have provided written Notice to the Credit Union that you have revoked the authorization; (2) you have changed your PIN(s) or password via the telephone or online account access; and (3) we have had a reasonable opportunity to act upon a request to change your PIN or password.

To maintain secure communications and reduce fraud, you agree to protect the security of your account number(s), PIN(s) and password. We reserve the right to block access to your account(s) and services if we believe in good faith your PIN or password has been or is being used by an unauthorized person.

### **13. MEMBERSHIP, ACCOUNT, SERVICE AND TRANSACTION INFORMATION.**

We are dedicated to protecting the privacy of your personal information. As such, only an account owner, signer, or agent specifically named on an account is entitled and can have access to information concerning membership, the account, a service, or a transaction related to the account. If there are multiple account owners, signers, or agents on an account, you agree that any owner, signer, or agent may obtain all information about the entire membership relationship, including any and all accounts, services, or transactions. We agree not to disclose account information to third parties except as stated in the Privacy Policy Disclosure. Upon request, we will give you the name and address of each agency from which we obtain a credit report regarding your account.

**14. CREDIT UNION LIABILITY.** We exercise ordinary care if our actions or inactions are consistent with applicable state law, Federal Reserve regulations and operating circulars, clearinghouse rules, and general financial institution practices followed in the area that we serve. You grant us the right, in making payments of deposited funds, to rely exclusively on the type of the account, the titling of the account, and the terms of the Agreement. Except as otherwise expressly provided by applicable law, rule or regulation, you agree that neither we nor any entity or person who provides services or products to us ("Service Providers") will be liable for any loss, injury or damage, including, but not limited to, indirect, incidental, special, consequential or punitive damages, whether under contract, tort or any other theory of liability, arising out of or relating to any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus, line failure or unauthorized interception or access to your communications with us, even if we or the Service Providers are aware of the possibility of such events. To the extent any law, rule or regulation provides for us to be liable for any such loss, injury or damage, but permits our liability to be limited or eliminated by agreement, this paragraph limits or eliminates our liability to the fullest extent permitted.

**15. NO LIABILITY FOR SYSTEMS.** We will not be responsible for indirect losses resulting from your inability to access our computer systems data. We will also not be responsible for direct, special, indirect or consequential damages or losses attributable to or arising out of (a) an act of nature; (b) physical damage to or destruction of tangible property, including loss of use thereof; (c) an unexplained or indeterminable failure, malfunction or slowdown of the computer system, including electronic data, and the inability to access or properly manipulate the electronic data; (d) an interruption in normal computer function or network service or function due to insufficient capacity to process transactions or due to an overload of activity on the computer system or

network; (e) a complete, substantial or material failure, disablement or shutdown of the Internet, regardless of the cause; (f) the reduction in or surge of power; (g) the malfunction or failure of any satellite; or (h) any action by a governmental or quasi-governmental authority or agency, including the seizure or destruction of property by order of such authority or agency.

**16. TRANSFERS AND ASSIGNMENTS.** You cannot assign or transfer an interest in your account unless we agree in writing. Your successors and assigns are bound by this Agreement. Any actual or purported assignments of the account remain subject to our security interest and right of setoff. We must approve any pledge of your account as security for a debt, and any pledge remains subject to our security interest and right of setoff, unless we specifically agree otherwise, in writing. We may assign this Agreement in connection with a merger, consolidation, or a sale of all or substantially all of our assets.

**17. NOTICE.** Written notice that we provide to you is effective at the time of mailing to you, first class mail, posted prepaid, at the current record address we have for you. Notice to any account owner is effective notice as to all account owners. You are responsible for providing Notice to the Credit Union of any name or address change, and we may require you to provide such notice in writing, to be effective. In the alternative, if you have consented to receive notices electronically, notice to you shall be effective when we have provided electronic notice in accordance with our established procedures. Any Notice to the Credit Union is effective when we receive it. The Credit Union's records shall be the sole conclusive evidence as to whether and when such notice was received by the Credit Union.

**18. ACCOUNT STATEMENTS.**

**a. Contents** – If we provide a periodic statement for your account, you will receive a periodic statement of transactions and activity on your account during the statement period as required by applicable law. If a periodic statement is provided, you agree that only one (1) statement is necessary for joint accounts, mailed or emailed to the address of record provided for in connection with the account. For share draft or checking accounts, you understand and agree that your original check or draft, when paid, becomes the property of the Credit Union and may not be returned to you, but copies of the check or draft may be retained as required by law by us or by payable-through financial institutions and may be made available upon your request for a fee as set forth in the Disclosures. You understand and agree that statements are made available to you on the date they are sent to you, whether by mail or by electronic notice that statements are available for viewing. You also understand and agree that checks, drafts, or copies thereof are made available to you, even though the checks or drafts do not accompany the statement.

**b. Examination** – You are responsible for examining each statement immediately upon receipt, and reporting any irregularities to us. If we suffer a loss because of your failure to promptly report any unauthorized signature on or alteration of a check to us, you are precluded from asserting any claim against us for that unauthorized signature or alteration. You will also be precluded from making a claim against us for any unauthorized signature or alteration by the same wrongdoer if you do not report the first unauthorized signature or alteration by that wrongdoer within a reasonable period of time, not to exceed sixty (60) days, from the date when we made available to you the statement showing the wrongdoer's first unauthorized signature or alteration. If you fail to report any irregularities such as forged, altered, unauthorized, unsigned, counterfeit, erroneous or otherwise fraudulent checks, drafts, items, payments or transactions drawn on your account or other discrepancies reflected on your statement (each, an "Irregularity") within sixty (60) days of the date we made the statement available to you, we will not be responsible for your loss in connection with such Irregularity reflected on your statement and will have no obligation to re-credit your account for the amount of the Irregularity. We also will not be liable for any items that are forged or altered in a manner not detectable by a reasonable person, including the unauthorized use of a facsimile signature machine. You agree not to institute any legal proceeding or action against us for any claim which you may have regarding any such irregularities unless (1) you have given us written Notice to the Credit Union of the irregularity within the time frame described above, and (2) such legal proceeding or action has been commenced within one (1) year after the date when such statement or advice was mailed or made available to you. The terms of our Electronic Funds Transfer Agreement and Disclosures will control the process and time frame for

reporting unauthorized or erroneous electronic funds transfers.

**c. Statement Concerns** – You agree that the Credit Union's retention of checks or drafts does not alter or waive your responsibility to examine your statements or the time limit for notifying us of any irregularity. The statement will be considered correct for all purposes, and we will not be liable for any payment made or charged to your account unless you provide Notice to the Credit Union in writing within the time limit provided for in this Agreement for notifying us of any irregularities. If you fail to receive a periodic statement, you agree to provide Notice to the Credit Union within 14 days of the time you regularly receive a statement. If you do not receive a statement from us because you have not supplied us with a correct address, we may stop sending your statements until you supply us with a proper address, and we will have no liability to you for such failure to provide a statement.

**19. MODIFICATION OF THIS AGREEMENT.** We may change the terms of this Agreement from time to time, and we will notify you of any changes we make to this Agreement or the Disclosures that affect your accounts, services, and if applicable, loans, in accordance with the requirements of applicable law and the notice requirements in this Agreement. You agree that unless applicable law provides otherwise, we may notify you of a change, amendment or modification to this Agreement or the Disclosures by such notice of the change, amendment or modification as we determine is appropriate, such as by statement message or enclosure. You agree that such notice will be sufficient and effective, and your continued use of any account shall constitute your consent to such change, amendment or modification. These changes may include, but are not necessarily limited to a change or supplement to, or deletion of, existing provisions and the addition of new provisions, whether or not the subject of the amendment was addressed in previous versions of this Agreement or other agreements governing your account. Unless a longer period is required by applicable law, such change shall be immediately effective upon notice to you. At any time, it is the most recent version of the Agreement that is in effect, without regard to what version was effective when you entered into this Agreement. You may only change the terms of this Agreement by modifying the information provided for in the Signature Card, with our express written consent, subject to fulfilling our information requests in connection with such requests, and obtaining the signatures of any other joint owners of the account, if necessary in our sole discretion.

**20. SECURITY INTEREST/RIGHT OF SETOFF.** Unless prohibited by law, you pledge and grant to us a lien and consensual security interest and agree and acknowledge that we shall have a contractual right of setoff in all shares, dividends, deposits and interest, if any, in all accounts you have with us now and in the future (whether such accounts are jointly owned or multiple-party accounts) for any and all obligations, liability or debt owed by you to us, whether joint or individual, whether direct or contingent, whether now or hereafter existing, and whether arising from overdrafts, guarantees, loans, attachments, garnishments, levies, or attorney's fees. If the account is a joint or multiple-party account, each account owner authorizes us to exercise the lien rights or rights of setoff granted in this Section against the full amount of the funds deposited into the account for any and all obligations owed to us by any individual account owner. This applies even if the obligation is not joint between the owners of the account, and without regard to the proportion to the net contributions by each account owner to the sum on deposit. We may exercise the rights granted under this Section without liability to you, even if it results in an interest penalty or dishonor of subsequent checks, drafts, transfers and other items with respect to your account. Except to the extent prohibited by law, this right applies to all funds on deposit in any account you have with us, regardless of its source, including, for example, but not limited to, federal or state benefit payments.

If you pledge a specific dollar amount in your account for a loan, we will freeze the funds in your account to the extent of the outstanding balance of the loan, or, if greater, the amount of the pledge if the loan is a revolving loan. Otherwise, funds in any pledged account may be withdrawn unless you are in default.

In addition to the pledge contained herein, applicable law gives us a lien on all shares and dividends and all deposits of interest, if any, in accounts you have with us now and in the future. Except as limited by applicable law, the statutory and common law lien gives us the right to apply the balance of all your accounts to any obligation on which you are in default. After you are in default, we may exercise our statutory and common law lien rights without further notice to you.

If we do not apply the funds in your account to satisfy your obligations, liabilities or debts owed to us, we may place an administrative freeze on your account in order to protect our statutory and common law lien rights and may apply the funds in your account to the amount you owe us at a later time. The statutory and common law lien and pledge do not apply to IRA accounts or any other account that is prohibited by applicable law from the right of setoff. By not enforcing our rights to apply funds in your account to your obligations, liabilities or debts owed to us that are in default, we do not waive our rights to enforce these rights at a later time.

**21. FULL PAYMENT CHECKS.** If you are repaying or making a payment on a loan or other obligation that you owe us, please direct such payment according to the documents evidencing your loan or to the person at the Credit Union who contacted you about the obligation. You agree that if you attempt to write or negotiate with a "full payment" legend (such as "paid in full" or "without recourse") or other language intended to repay in full any of your outstanding obligations to us, that such legend alone shall not be effective to constitute repayment of the obligation in full and we may accept such check without consenting to the repayment of the obligation in full.

**22. GARNISHMENTS, ATTACHMENTS AND LEVIES.** If your account is attached, garnished, or otherwise subject to levy or seizure, in whole or in part, by legal action, we shall not be liable to you for any sums we may be required to pay from your account because of such attachment, garnishment, levy or seizure, even if paying the money from your account leaves insufficient funds to pay a check you have written. You hereby authorize us to comply with any legal process. We may accept and act on any legal process that we believe to be valid without any liability to you, whether served in person, by mail or by facsimile transmission at any of our offices. "Legal process" includes a subpoena, restraining order, injunction, writ of attachment or execution, levy, garnishment, tax withholding order, search warrant, forfeiture or other similar court or administrative law order relating to your account. Where permitted by applicable law, we may charge your account a legal process fee for each order, which is set forth in the Disclosures. Where permitted by applicable law, any garnishment, attachment or other levy against your account is subject to our right of setoff and any security interest we have in the account. You agree to reimburse us for any expenses we incur in connection with any legal process related to your account. Such expenses include, without limitation, research, copying of documents, filing fees, administrative and legal costs, and to the extent not prohibited by law, outside counsel and in-house counsel attorneys' fees. Any such expenses become immediately due and payable when incurred and may be charged to or setoff against your accounts, as provided for in the section titled Security Interest/Right of Setoff. Our right of setoff for the standard fees for processing legal documents accrues at the time we are served with such process.

**23. ENFORCEMENT.** In the event we incur any loss, related expenses, fees, attorneys' fees, charges, and/or liability on an account or as a result of any transaction, dispute, uncertainty, or membership matter concerning you, any owner on the account, your signer, or your agent, you agree that you are jointly and individually liable to us for the full repayment of that loss, related expenses, fees, attorneys' fees, charges, and liability. You agree that we may deduct any loss, related expenses, fees, attorneys' fees, charges, and/or liability from your account without notice to you. Additionally, you agree to pay any other reasonable charges, fees or expenses we may incur in conjunction with providing you membership, an account, or any transaction or related services that are not covered by the Agreement. In the event that the Credit Union is required to initiate legal action to enforce or interpret any of the terms, responsibilities, or liabilities of the Agreement, you agree that the Credit Union, if successful, is entitled to payment by you of its reasonable attorneys' fees and costs, including those incurred on any appeal, bankruptcy proceeding, and/or post judgment action unless otherwise limited or prohibited by applicable law. You (and you successors and assigns, including, but not limited to your estate) agree to hold us harmless from and agree to indemnify and defend us against any claim or legal action arising from the exercise of our right to recover for any loss, related expenses, fees, attorneys' fees, charges, and liability we incur as a result of providing you membership, an account, or any transaction or related services that are not covered by the Agreement.

**24. INACTIVE AND DORMANT ACCOUNTS.** If you have not made any transactions over a period specified in the Disclosures, we may classify your account as inactive



or dormant. Unless prohibited by applicable law, we may charge a service fee, as set forth in the Disclosures, for processing your inactive account. If we impose a fee, we will notify you as required by applicable law, at your last known mailing address or by email, at your last email address of record. You authorize us to transfer funds from any other account of yours to cover any service fees, if applicable. To the extent allowed by applicable law, we reserve the right to transfer the account funds to an account payable and to suspend further account statements. If a deposit or withdrawal has not been made on the account and we have no other sufficient contact with you within the period specified by Pennsylvania or other applicable state law, the account will be presumed to be abandoned. Funds in abandoned accounts will be reported and remitted to the appropriate Commonwealth or state agency based on the last known address of the Member in accordance with applicable law. We may charge a fee, as disclosed in the Disclosures, for processing accounts that are subject to unclaimed property. Once funds have been turned over to the Commonwealth of Pennsylvania or applicable state, we have no further liability to you for such funds, and if you choose to reclaim such funds, you must apply to the appropriate agency.

## **25. TERMINATION.**

**a. Termination of your Account/Suspension of Services** – We may terminate your account or suspend services at any time without notice to you or may require you to close your account and open 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 return unpaid checks, drafts, items or transactions; (6) there has been any misrepresentation or any other abuse of your account; (7) we reasonably deem it necessary to prevent a loss to us; (8) you have engaged in objectionable conduct toward us, our employees, our members, or our vendors, as “objectionable” as determined in our sole discretion; (9) suspicious activity has occurred in connection with your account; (10) you have not given us the information we deem necessary to verify your identity; (11) you violate laws, rules, regulations or Credit Union policies, contracts or agreements; (12) you are delinquent or in default of obligations to the Credit Union; or (13) any owner dies. You may terminate an individual account by providing Notice to the Credit Union; we reserve the right to require such notice be provided in writing or in-person at our sole discretion. We reserve the right, but are not obligated, to require the consent of all owners to terminate a joint account. We are not responsible for payment of any check, draft, withdrawal, transaction or other item after your account is terminated; however, if we pay a check, draft, withdrawal, transaction or other item after termination, you agree to reimburse us.

**b. Termination of your membership** – You may terminate your membership by providing Notice to the Credit Union, or by withdrawing your minimum required membership shares and closing all your accounts. We may unilaterally terminate your membership (and all accounts and services) for causing a loss to the Credit Union, by violating this Agreement, for any of the reasons listed in Subsection (a) of this Section, or for any reason as permitted by applicable law.

**26. APPLICABLE LAW.** Your account, this Agreement and the interpretation of this Agreement are governed by and construed pursuant to our Bylaws, applicable Federal law, regulations, and Operating Circulars, and the laws of the Commonwealth of Pennsylvania, without regard to Pennsylvania’s conflicts of law provisions, unless otherwise explicitly provided for herein.

**27. DISPUTE RESOLUTION-MANDATORY ARBITRATION. READ THIS PROVISION CAREFULLY AS IT WILL HAVE A SUBSTANTIAL IMPACT ON HOW LEGAL CLAIMS YOU AND WE HAVE AGAINST EACH OTHER WILL BE RESOLVED.**

**Except as expressly provided herein, any controversy, dispute or claim (“Claim”) arising out of or relating to this Agreement, your account, and/or the relationships of the parties hereto shall be resolved or otherwise settled by binding arbitration administered by the American Arbitration Association (“AAA”), under the AAA Consumer Rules in effect at the time the Claim is filed. Such arbitration shall take place in Cumberland County, Pennsylvania.** The arbitrator’s decision shall be final, binding and non-appealable. Any judgment upon the award may be entered and enforced in any court having jurisdiction. This clause is made pursuant to a transaction involving interstate commerce and shall be

governed by the Federal Arbitration Act. The arbitrator shall determine the prevailing party, and the costs and expenses of the arbitration proceeding, including the arbitrator's fees, shall be borne by the non-prevailing party, unless otherwise required by law. This mandatory arbitration provision shall survive the closing of your Account and the termination of this Agreement. No provision of this Agreement, nor the exercise of any right under this Agreement, shall waive the arbitration requirement.

Notwithstanding anything contained herein to the contrary, the arbitration shall not limit the right of either party to (1) obtain provisional or ancillary remedies, such as injunctive relief, writ of attachment, or protective order from a court having jurisdiction before, during or after the pendency of any arbitration; (2) exercise permissible self-help remedies, such as setoff; (3) evict, foreclose against or sell any real or personal property collateral by the exercise of a power of sale under a mortgage or other security agreement or instrument, a deed of trust or applicable law; or (4) to proceed with collection of amounts owed by you to us in connection with this Agreement through all other legal methods, including, but not limited to, proceeding to court to obtain judgment. Additionally, notwithstanding the foregoing, this Section 27 is not intended to apply to Claims arising in connection with our extensions of consumer credit to "covered borrowers" as such term is defined in the Military Lending Act.

To the extent a court has jurisdiction as explicitly agreed to in this Section, the court with exclusive jurisdiction shall be the Court of Common Pleas located in Cumberland County, Pennsylvania or the United States District Court for the Middle District of Pennsylvania. **THE PARTIES UNDERSTAND THAT THEY WOULD HAVE HAD THE RIGHT TO LITIGATE THROUGH A COURT AND TO HAVE A JUDGE OR JURY DECIDE THEIR CASE. HOWEVER, THEY UNDERSTAND AND CHOOSE TO HAVE ANY CLAIMS DECIDED THROUGH AN ARBITRATION. IF THE PARTIES PURSUANT TO AN EXCEPTION EXPRESSLY PROVIDED HEREIN PROCEEDS TO LITIGATION, THE PARTIES EXPRESSLY AGREE TO WAIVE THE RIGHT TO TRIAL BY JURY.**

**28. CLASS ACTION WAIVER.** Any Claim against the Credit Union must be brought in the respective party's individual capacity and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiffs or similar proceeding ("Class Action"). The parties expressly waive any ability to maintain a Class Action in any forum. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action, nor make an award to any person or entity not a party to the arbitration. Any claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void, or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. The parties agree that the court with exclusive jurisdiction shall be the Court of Common Pleas located in Cumberland County, Pennsylvania or the United States District Court for the Middle District of Pennsylvania. **THE PARTIES UNDERSTAND THAT THEY WOULD HAVE HAD THE RIGHT TO BE A PARTY TO A CLASS OR REPRESENTATIVE ACTION. HOWEVER, THEY UNDERSTAND AND CHOOSE TO HAVE ANY CLAIMS DECIDED INDIVIDUALLY THROUGH AN ARBITRATION.**

**29. DEATH OR INCOMPETENCE OF ACCOUNT OWNER.** We may continue to honor all checks, items, drafts, transfer orders, withdrawals, deposits, and other transactions on an account until we know of a member's death or incompetence. Once we know of a member's death or incompetence, we may pay checks, items, drafts, transfer orders, withdrawals, and other transactions authorized by that member for a period of ten (10) days after that date unless we receive instructions from any person claiming an interest in the account to stop payment on the checks, items, drafts, transfer orders, withdrawals, and other transactions. We may require anyone claiming a deceased or incompetent owner's account funds to indemnify us for any losses resulting from our honoring that claim. This Agreement will be binding upon the heirs or other legal representatives of any account owner. Upon death of a member or joint owner, we may provide the Commonwealth of Pennsylvania the account balances or other information as required by law.

### **30. GENERAL.**

**a. No Waiver** – If we allow or honor a nonconforming transaction, we are not required to allow or honor future nonconforming transactions. You agree that we may waive, in our sole discretion, any fee, charge, term or condition set forth in this Agreement at the time the account is opened or subsequent thereto, on a one-time basis or for any period or duration, without changing the terms of the Agreement or your obligation to be bound by the Agreement, and we are not obligated to provide similar

waivers in the future or waive our rights to enforce the terms of this Agreement.

**b. No Legal Advice** – Neither the Credit Union nor any of its affiliates give tax or legal advice. If you have tax or legal questions, consult with your tax or legal advisor for information specific to your situation.

**c. Compliance with Laws and Unlawful Internet Gambling** – You agree to comply with all local, state, and federal laws, rules and regulations, as amended from time to time, including without limit to, the Bank Secrecy Act, the USA PATRIOT ACT, the federal anti-money-laundering statutes, and any laws or regulations that are enforced or administered by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC). All deposits and credits to your Account, including, without limitation, wire transfers and other electronic payments, are subject to review for compliance with applicable law, including, without limitation, regulations enforced by OFAC. Any financial service provided by the Credit Union may be used for any transaction permitted by law. You agree that you will not use your account(s) or any other financial service, including, but not limited to, your debit card, for any illegal transactions or activity. You warrant and represent that all transactions initiated or conducted by you are legal and not in violation of any law. You agree and acknowledge that illegal use of any account or financial service will be deemed an action of default and/or breach of contract and such service and/or related services may be terminated at the Credit Union's discretion. You further agree, should you engage in any illegal use of any account(s) or financial service, to waive the right to sue the Credit Union in connection with such illegal activity or activity directly or indirectly related to it. You also agree 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.

Specifically, but without limiting the foregoing, you hereby acknowledge and agree that you will not use your debit card to purchase goods or services on the Internet that involve unlawful gambling of any sort. Such transactions include, but are not limited to, online gambling transactions, including the purchase of casino chips, or off-track betting and wagering. You agree that you are not engaged in unlawful internet gambling. You agree that you will not use your account(s) or any services provided by us for unlawful internet gambling.

Notwithstanding the foregoing, you acknowledge that in the event that a charge or transaction described in this Section is approved and processed, you will still be liable for the charge.

**d. Relationship between the Parties** – You acknowledge and agree that the relationship between you and the Credit Union created in this Agreement is of a debtor and creditor and that the Credit Union is not in any way acting as a fiduciary for you or your benefit, your account is a general account, and that no special relationship exists between you and the Credit Union.

**e. Severability** – If a court finds any provision of the Agreement to be invalid or unenforceable, such finding will not make the rest of the Agreement invalid or unenforceable. If feasible, any such offending provision will be deemed to be modified to be within the limits of enforceability or validity; however, if the provision cannot be so modified, it will be stricken and all other provisions of the Agreement in all other respects will remain valid and enforceable.

**f. Force Majeure** – We shall not be liable for any loss or damage to you caused by our failure to provide any service or delay in providing such service resulting from an act of God, act of governmental authority, legal constraint, war, terrorism, fire, catastrophe, or electrical, computer, mechanical or telecommunications failure, or failure of any agent or correspondent or any other cause beyond our control.



**MEMBERS 1<sup>st</sup>**  
FEDERAL CREDIT UNION  

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WE PUT OUR MEMBERS FIRST

▶ **MEMBERS1ST.ORG | (800) 283-2328**

5000 Louise Drive, P.O. Box 40  
Mechanicsburg, PA 17055

Federally insured by NCUA.

We do business in accordance with the Federal Fair Housing Law  
and Equal Credit Opportunity Act.