



## BUSINESS ACCOUNT AGREEMENT AND DISCLOSURE Including Funds Availability and Electronic Communications

The terms and conditions of this Account Agreement and Disclosure for Business Accounts ("Disclosure") apply to all LAFCU business accounts. You have agreed by signing the Business Account Agreement ("Agreement") and/or by using your account on or after the opening date, to be legally bound by the terms of this Disclosure. You should keep a copy of this Disclosure and anything else we send to you about your account for your records. When used in this Disclosure, the terms "you" and "your" refer to your business or its authorized representative; the terms "we", "our," and "Credit Union" refer to LAFCU. The term "Account(s)" refers to your LAFCU business deposit account(s).

The purpose of this section is to state the terms and conditions that apply to all of your accounts, account services or other relationships with us, including without limitation loan, safe deposit and other services. You understand that the agreements, terms, conditions, rules and regulations applicable to your loans, and any other applicable account(s) or service(s) remain in full force and effect and continue to be applicable, except as specifically modified by this Disclosure. Further, except as expressly stated below in regard to third party service providers, to the extent that the terms of a specific Disclosure (i.e., Funds Availability) vary from the terms set forth in this Disclosure, the specific terms and conditions of the specific Disclosure will govern our relationship with you but only to the extent necessary to avoid inconsistency with this Agreement. Transactions on your account may also be governed by agreements with third parties such as NACHA's (The National Automated Clearing House Association) Operating Rules, which agreements will also be binding upon you and the Credit Union. To the extent that the terms of any such third party agreements provide for specific processing, reporting or other time periods, or require you to make any claims or provide any notifications or responses, then the third parties' requirements and rules shall govern despite any other general or specific terms or conditions set forth in the entirety of this Disclosure.

### I. MEMBERSHIP AND ACCOUNTS

1. **Membership Eligibility.** To be eligible for membership in the Credit Union, you must be an individual or entity qualifying within the Credit Union's field of membership and you must satisfy the membership requirements set forth in the Credit Union's Bylaws. You authorize us to check your account, credit and employment history, and obtain a credit report from third parties, including credit reporting agencies, to verify your eligibility for the accounts and services you request or for collections purposes.
2. **Commercial Use Only.** You represent, warrant and guaranty that all accounts and/or other services, including any particular transaction shall be for commercial use, and no service or transaction shall otherwise be used for any consumer, household or familial purpose whatsoever. We may require that the Business designate an Account Administrator who will serve as our contact with regard to all business and transactions relating to or arising from the account(s) of the business. We may also require other documentation to show the validity or good standing of the business organization, and may require updated signature cards or other documentation; and reserve the right to restrict any and all transactions if such information or documentation is not provided.
3. **Illegal/Inappropriate Transactions.** You warrant and agree that you will not use any Credit Union accounts or services, including but not limited to loans, to make or facilitate any illegal transaction(s) as determined by applicable law; and that any such use, including any such authorized use, will constitute a breach of this Agreement. Certain federal and/or state laws or third party service providers' rules may limit or prohibit certain transactions such as, but not limited to, those coded as possible gambling transactions. The Credit Union may decline to accept, process or pay any transaction that we believe to be illegal or unenforceable (regarding your obligation to pay us or otherwise) under applicable law; or which is otherwise limited or prohibited, including but not limited to, any transaction involving or relating to any gambling activity. Such prohibition or limitations may affect some otherwise proper or allowable transactions such as debits, charges or other transactions at or relating to a hotel-casino. You understand and agree such limitations/prohibitions are not within the Credit Union's control and that the Credit Union will not have any liability, responsibility or culpability whatsoever for any such use by you or any authorized user(s); or for declining to accept, process, or pay any such transaction. You further agree to indemnify and hold the Credit Union harmless from any suits, liability, damages or adverse action of any kind that results directly or indirectly from any such use of your account and/or access devices.
4. **Deposits To Your Account.** You may make deposits in any amount to your Account during normal business hours at any LAFCU branch or by mail. If the service is available, you may also make deposits by automatic transfers from other accounts or by telephone transfer. You may also use our night depository by agreeing to and signing the appropriate contract for such services.
  - a. **Endorsements** The law allows and you specifically agree that we may supply any missing endorsement to a deposited check, draft, or any other instrument. However, we reserve the right to refuse to accept for deposit any item which does not bear a proper endorsement, which is payable to someone other than you or, in our sole discretion, under any other circumstances. Federal law specifies locations on checks for your and our respective endorsements. If our endorsement is illegible because you have endorsed a check in the wrong location, you will be liable for any resulting losses.
  - b. **Multiple Payees.** Unless any check, share draft or other instrument expressly indicates that the item is payable to conjunctive payees, the instrument shall be deemed payable in the alternative. If there is any ambiguity, the instrument shall be deemed payable in the alternative. For example, a check payable to "A and B" is a conjunctive instrument. A check payable to "A or B;" "A, B;" "A/B", where "A and B are listed on separate lines;" or otherwise, where not expressly conjunctive are payable in the alternative.
  - c. **Deposited – not cashed.** Checks made payable to you must be deposited to your Account and are subject to verification and our Funds Availability schedule. Under no circumstances will checks made out to a business be cashed. You should retain your copy of any receipt or other document which evidences your deposit. If you claim that a deposit was not properly credited to your Account, we may ask you to show us your receipt or other document which evidences your deposit. You should not mail cash deposits. We will not be liable for any deposit that we do not receive. We reserve the right to make adjustments to your Account upon verification of your deposit or for computation or other errors related to your Account.
  - d. **Final Payment** All non-cash deposits are posted to your Account subject to our receipt of "final payment" from the party on which the item is drawn. If we receive notice that an item is being returned to us unpaid, or if we do not receive final payment on a deposited item, because, for example, the drawer has placed a stop payment or the item is returned "insufficient funds" or "account closed"; or if an item is returned after final payment, we will charge your Account for the amount of the item, for any dividends carried on the item and for our applicable charges, even if the amount of the item has already been made available to you and even if we do not actually receive the returned item. If the charge-back of a returned item or a fee or other charge creates an overdraft, you agree to pay us the amount of the overdraft immediately, and we may charge your Account a service charge for the overdraft.

We receive final payment for deposited items at different times depending on the location of the parties who will pay the items. In addition, our receipt of final payment may be delayed further due to circumstances beyond our reasonable control. For more information, please see our Funds Availability Policy, which is incorporated herein by reference and which may be amended from time to time. If we must pay any fees to collect an item you have deposited, we will charge the fees to your Account and we may impose a service charge for the collection. If you receive a credit to your Account through the Automated Clearing House (ACH) network, the rules of the National Automated Clearing House Association permit us to notify you of the credit on your next regular Account statement.

If we credit your Account for an automated clearinghouse credit entry or for any other fund transfer or payment order (fund transfer), the credit we give you is provisional until we receive final settlement for the fund transfer through a Federal Reserve Bank. If we do not receive final settlement or payment, you agree that you must refund to us the amount we credited to you for the fund transfer and that we may charge your Account for such amount. In such case, the person making the payment to you will be considered not to have paid you the amount of the fund transfer.

- e. **Funds Transfers.** When we process incoming fund transfers, we rely on the account numbers given to us by the financial institutions or other persons who send the funds transfers to us. We will have no duty to determine if the account numbers provided to us are consistent with the name or other information given to us and we will not be liable to you if we credit a funds transfer intended for you to another member's account because the sender instructed us to credit an incorrect account number. We reserve the right to refuse or to return all or part of a deposit at any time.

We automatically redeposit returned items under \$100.00.

- f. **Substitute Checks.** You agree that you shall not deposit, without our express written consent, a document that you or someone on your behalf created or printed from an image or other electronic record of an original paper check ("substitute check document"). Our acceptance for deposit of a substitute check document from you shall not be deemed as a waiver of the foregoing prohibition on the deposit of substitute check documents. You also shall not identify us as a "reconverting bank" or "truncating bank" on a substitute check document you deposit at any other financial institution or transfer to any other person. You hereby agree to indemnify us for any loss that we incur directly or indirectly from your deposit or transfer of a substitute check document in violation of the limitations set forth in this paragraph.

For checking accounts, you understand that when paid, your original check (or any substitute check) becomes property of the Credit Union and may not be returned to you. We have no obligation to retain the originals of any checks or other documentation. You agree to keep a copy of your original check in order to verify its validity. If you request us to provide you with an original check or sufficient copy, you agree that we may provide an electronic image of the original check or sufficient copy if you have agreed to receive account information or statements electronically. Further, the Credit Union may charge you a fee as set forth in the Schedule for each requested item and /or for research as applicable.

5. **Withdrawals From Your Account.** Money may be withdrawn from your Account in different ways, as permitted for each type of Account. We are required to permit a withdrawal only if you have sufficient available funds in your Account to cover the entire amount of the withdrawal. Checks or other debit items presented against insufficient or available funds are subject to a non-sufficient funds fee. If there are sufficient funds to cover some but not all of your withdrawal orders, we will honor those withdrawals which can be paid, in any order convenient to us. If, in our sole discretion, we permit withdrawals for which there are not sufficient available funds, or you otherwise overdraw the available funds in your Account, you agree to repay us immediately the funds advanced to you. We will assess your Account a non-sufficient funds fee. We may also assess your Account a negative balance fee, which will be separately disclosed to you, each day your account remains negative after 10 (ten) consecutive days. At no time shall we be required to allow you to overdraw your Account, even if we allowed such activity on one or more previous occasions.

In accordance with applicable law, we reserve the right to require you to provide written notice of any intended withdrawals from any account(s) of not less than seven (7) but not more than sixty (60) days before the intended date of withdrawal. We may refuse to allow a withdrawal, and will advise you when required by applicable law if; for example: (1) there is a dispute between account owners; (2) a legal garnishment, attachment or levy is served on us; (3) the account(s) secures any obligation owed to us; (4) any required documentation has not been provided to us; or (5) you are delinquent or fail to pay a loan or any other obligation owed to us when due.

In addition to the foregoing if any person should instruct the Credit Union to make a large cash withdrawal (the definition of which shall be within the Credit Union's sole discretion) in lieu of other methods of transferring funds offered by the Credit Union, the Member hereby releases the Credit Union from any and all liability, claims and demands whatsoever which arise from or in any way relate to the Member's possession of any large sums of cash from the moment possession of same is made available to the Member; and Member will execute and deliver any further releases the Credit Union may require in connection with any such withdrawal.

## 6. **Checking Accounts.**

- a. **Post- and Stale-Dated Checks.** We strongly suggest that you date checks with a current date. WE WILL NOT BE LIABLE TO YOU FOR PAYING CHECKS WHICH ARE POST-DATED, STALE DATED (OLDER THAN SIX MONTHS) OR DO NOT BEAR A DATE. If you do not wish us to pay a check you have issued, you must place a stop payment order with us and renew it every six months. (Please refer to the Stop Payment section of this Disclosure).
- b. **Approved Check Stock.** You agree to use only check forms supplied or approved by us, and we will have no duty or liability whatsoever where you choose to use other items. Our duty is to use ordinary care in examining checks when they are presented to us for payment. Unless we have specifically agreed with you in writing, our duty will not include monitoring nonstandard instructions or other legends appearing on checks. We shall be deemed to have exercised ordinary care if we process your checks only by automated means or if any unauthorized signature, counterfeit check, or alteration could not be detected by a reasonably careful examination of the item. You agree that we do not have to notify you if we refuse to pay a check you have written, if we pay a check that overdraws your Account, or if we impose a fee in connection with either of these events.

If you make withdrawals by check, the check must be properly completed and signed by the person(s) whose authority is on file with us. We may refuse to honor a withdrawal if we receive conflicting instructions from two or more authorized signers or if there is reasonable doubt as to who is authorized to make a withdrawal.

We reserve the right to refuse to cash or to impose a charge on anyone who asks us to cash a check that you have written. Even if your check is otherwise properly payable, we will not be liable to you for dishonor of your check, or otherwise, as a result of such refusal.

- c. **Check Presentment.** Your Account may be debited on the day an item is presented by electronic or other means, or at an earlier time based on notification received by us that an item drawn on your account has been deposited for collection in another financial institution. A determination of your account balance for purposes of making a decision to pay or return an item or debit due to insufficiency of available funds may be made at any time between the receipt of such presentment or notice and the time of payment or return of the item or debit, and no more than one such determination need be made.

7. **Facsimile Signatures.** If you choose to use facsimile signatures, you agree that it is impossible for us to determine whether or not a facsimile signature is genuine. We may honor any and all checks, drafts or other orders for the payment or withdrawal of money bearing or appearing to bear an authorized facsimile signature, even if the facsimile signature was made by an unauthorized person or the item on which a facsimile signature appears is itself a counterfeit item, or the facsimile signature is counterfeit. You assume full responsibility and will indemnify us for all items paid over a forged or unauthorized facsimile signature.

8. **Transaction Limitations.**

- a. **Limitations on Money Market Accounts.** You may make unlimited withdrawals or transfers by mail, ATM (if available) or in person from Money Market Accounts. You may not, however, make more than a total of six transfers to other accounts or to third parties during each monthly statement period when these are made by pre-authorized or automatic agreement or telephone transfer.

We reserve the right to prevent transfers which exceed the above limits or to monitor these transactions after they occur. When we observe that the number of transactions exceeds the above limits, we will contact you for corrective action. If excessive transactions continue to occur, we reserve the right to close your Account or convert it to an Account without transfer limitations.

- b. **Transaction Limitations and the Credit Union's Business Days.** Except as may be otherwise specifically provided in our Agreements, all transactions after our "daily cut-off time" and made on days that are not our business days as set forth in the Schedule will be treated, transmitted, recorded, etc., as applicable and appropriate as if received on the next business day that we are open. Deposits, orders, instructions, requests, etc., received by mail, electronically, at an unstaffed facility, or outside depository will be processed and credited only when actually received by us, and we shall have no responsibility until we actually receive the item.

9. **Stop Payments.** You may stop payment on a preauthorized electronic funds transfer, a withdrawal order or on any check, except for cashiers' checks, official checks or other cash equivalent items. We must receive your stop payment order at a time and in a manner which gives us a reasonable opportunity to act on it prior to payment of the item. A stop payment order is effective for six (6) months from the date the order is received and may be renewed for additional six-month periods. We will accept stop payment orders issued by any person with signing authority on your Account, regardless of who initiated the check or other withdrawal order, and even if more than one signature is required on a check or withdrawal order.

If you give an oral Stop Payment Order that is not confirmed in writing by you within 14 days, your Stop Payment Order will expire and the instrument may thereafter be paid by us. Stop payment orders are subject to our current charge for that service. You may place a stop payment order at any branch office, by calling us at the telephone number on your statement, by writing to us at the address shown on your statement, through our home banking service, or by any other notice method we agree to honor. We will request information about the check or other withdrawal order to be stopped, which may include your account number, the name of the party to be paid, the amount, the date, your check number, and your name and address.

STOP PAYMENT ORDERS ARE PROCESSED BY COMPUTER. UNLESS THE AMOUNT OF THE ITEM AND OTHER INFORMATION ARE REPORTED ABSOLUTELY ACCURATELY, WE CANNOT ASSURE YOU THAT THE ITEM YOU WANT STOPPED WILL NOT BE PAID.

In the event that we inadvertently pay an item over your valid stop payment order, we may refuse to re-credit your Account if you owed the money to the payee(s). You will be required to provide evidence satisfactory to us of the amount of your loss. If we re-credit your Account, you shall be deemed to have assigned to us all of your rights against the payee(s), both on the item and on the underlying claim, and we may require you to sign an affidavit that you did not receive full value from the transaction for which the check was issued and otherwise cooperate in our recovery efforts.

10. **Dividends.** Dividends are subject to the approval of the Credit Union's Board of Directors and are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period. The dividend period is monthly. These accounts are variable rate accounts and the rate may change after the account is opened. The Annual Percentage Rate may change monthly as determined by the Board of Directors.

Not all business products pay dividends. You should refer to your LAFCU Business Account Dividend Rate and Annual Percentage Yield Schedule, which is incorporated herein by reference, to assess current dividends (if any), costs, fees and other charges.

Dividends will be calculated on your dividend bearing Account and credited directly to your Account as set forth below.

- a. **Payment and Balance Computation.** Your dividend rate and annual percentage yield may change. At our discretion, we may change the dividend rate and Annual Percentage Yield on your Account any time without notice to you. We may also change the manner in which dividends are calculated and/or credited to you, by posting the change in our branch offices, by making such information available upon request in our branch offices, or in any other manner required or permitted by law. If you desire current dividend rate and annual percentage yield information, please ask in any branch office, visit [lafcu.com](http://lafcu.com), or telephone our office at 517-622-6600.

We reserve the right to calculate dividends for those dividend bearing Accounts which are used for business or other non-personal purposes, in a manner different from those dividend-bearing Accounts which are used for personal, household or familial purposes. We must report dividends on certain non-corporate Accounts to the appropriate governmental agencies. It is your responsibility to give us your correct tax identification number and to make certain written certifications to us as required by law. If you fail to give us your number or the required certifications, we may withhold and pay to the government a percentage of the dividends earned on your Account, as required by law. You may also be subject to government penalties.

A Daily Balance Method of computing dividends applies a daily periodic rate to the balance in the account each day.

The minimum balance requirement is based on the daily balance method. Dividends will only be paid on those days the Minimum Daily Balance is met.

11. **Statements.** We will make available or send a monthly statement to the last address that you have specified for your Account. This statement will list all activity that relates to your Account during the statement period and any other information required by law. Upon receipt, you should review your statement carefully.

- a. **Your Duty to Notify Us** If you fail to notify us, within 30 days of receipt or availability of the statement or other written or electronic report of your account transactions, of any problem or discrepancy that appears on the statement or report, such as an unauthorized transaction or the forgery or alteration of any item charged to your account, you may lose certain legal rights. In no event will we be liable for any unauthorized transaction or any forgery, unauthorized signature or alteration of an item on your account that is not brought to our attention within 90 days of the date on which your statement or report was received or made available to you.

Notwithstanding the foregoing, the time period for notifying us or making a claim under the Check 21 Act, with respect to a substitute check or an image of a substitute check that is sent with a statement or that appears on a statement, will be as set forth in the Check 21 Act.

If your statement is returned to us, we will suspend further mailings until a current address is received. Your account may be charged a Bad Address fee as shown on the Business Account Fee Schedule. You will be deemed to have received any information we mail to you five (5) business days after the information is mailed, even if it is returned to us as undeliverable. You will be deemed to have received information we hold at your request at the time we make such information available for you to pick up. You will be deemed to have received information we make available to you electronically on the date we make the information available for access by you.

12. **Fees.** Your Account may be subject to various charges, including but not limited to item charges, a monthly service charge, and charges for the use of certain Account services, as set out in the LAFCU Business Account Fee Schedule, statement or other fee disclosure we provide to you, and which are made part of this Disclosure. Unless otherwise agreed, these charges will be deducted from your Account balance automatically and may cause you to become overdrawn or your outstanding checks to be returned unpaid.

If funds in your Account are attached, garnished, or levied against, or if we are prohibited by law from paying on your Account, we may assess a legal process charge. We will debit your Account for any expenses we may incur as a result of any such legal action. Any such legal action may reduce your Account balance and cause your outstanding checks to be returned unpaid.

We reserve the right to charge a fee for cashing checks you write. This fee will be collected from the payee at the time the check is cashed. If the payee refuses to pay our check cashing fee, we may refuse to cash your check, even if your check is otherwise properly payable, and we will not be liable to you for dishonor of your check, or otherwise, as a result of such refusal.

13. **Change In Account Information.** You should notify us immediately of any change in the officers of your business or signing authority for your Account. We may ask you to execute and deliver to us new account resolutions and signature cards before the change is made effective. You should also notify us in writing of any change in your address. We may continue to honor instructions we receive until we (1) actually know of the change in the officers or signing authorities and (2) have had a reasonable opportunity to act on that knowledge.

- a. **Death Of Sole Proprietor.** Following the death of a sole proprietor of an unincorporated business, the balance in the Account shall be payable in accordance with applicable law upon presentation of appropriate qualification documents and any required tax release. We may make or pay checks drawn on or before the date of death or legal incompetency for up to ten (ten) days after the death or legal incompetency unless ordered to stop payments by someone claiming an interest in the account.
- b. **Transfer Of Ownership.** YOUR ACCOUNT IS NOT ASSIGNABLE OR TRANSFERABLE EXCEPT ON OUR RECORDS. 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 set off, unless we otherwise agree in writing. If you wish to transfer ownership of your Account, we may require that your Account be closed and a new one be opened by and in the name of the new owner(s). You should also promptly notify us if the business merges into another entity, if the business is dissolved, or if the business ceases operations for any reason.
- c. **Closing Your Account.** You or the Credit Union may close your Account at any time for any reason and without prior notice. If we close the Account, we will mail you a check for the final balance. You will still be liable to us for any service charges, returned checks or overdrafts, which may occur after the Account is closed.

14. **Inactive Accounts.** If you do not conduct any transactions on your account and you have not otherwise communicated with us about your Account for the period provided by law, we will be required to transfer the balance of your Account as "abandoned property" to the appropriate state authority. If your Account is inactive for the period of time specified in our business fee schedule, we reserve the right to impose an inactivity charge on your Account. You also agree that if it becomes inactive, your Account will be subject to any new fees or fee increases which go into effect during the period of inactivity.

15. **Adverse Claims To Funds In Your Account.** Without any obligation or liability, we may place a hold on your Account in the amount of any funds for which there may be an adverse claim when we investigate the claim or until ownership of the funds is established to our satisfaction.

16. **Cross collateralization/Right of Set Off.** Except to the extent otherwise agreed with you in writing, any loans, charges, service or analysis charges, overdrafts or other obligations or other indebtedness now or hereafter owed to us by you may be charged in whole or in part to the Account, to any other account(s) in your name, or to accounts of co-owners and of certain individuals, to the extent permitted by law. You grant us a security interest in the balance in the Account and in any other account(s) in your name, to pay all loans, charges, service or analysis charges, overdrafts or other obligations or other indebtedness now or hereafter owed to us by you. In addition, we may exercise our right of set off without advance notice to you and without regard to any other right that we may have against you or any other party. Such set off shall be effective immediately upon the occurrence of the event giving rise to the set off rights even though we may enter the set off on our books at a later date.

Our security interest and right of set off shall prevail and take priority over any adverse claim, change of ownership, pledge, attachment, garnishment, levy, court order or other legal process of any kind whatsoever. Should one of these events occur, we may take any action permitted or required by law.

17. **Our Standard Of Care.** Our responsibility to you is limited to our exercise of ordinary care in performing the services covered by this Disclosure. Substantial compliance with our standard procedures shall be deemed to be the exercise of ordinary care. We will have no liability to you for taking or not taking any action permitted but not required. We will not be liable for the action or inaction of any third party in handling items deposited to or withdrawn from your Account. NO THIRD PARTY SHALL HAVE ANY RIGHTS OR CLAIMS AGAINST US UNDER THIS AGREEMENT.
18. **information.** You agree to cooperate with us in any record keeping and reporting which we believe to be necessary to fulfill government requirements. We may record conversations we have with you about your account.
19. **Amendments/waivers.** We reserve the right to make changes to our fees and other charges, and amend this Disclosure from time to time, including the right to convert your Account from one product to another. Where practicable, we will post notice of any amendment in our branch offices, or we will mail notice of an amendment to the last address which you have specified for your Account, or notify you otherwise as required or permitted by law.

Any waiver by us of any term or condition stated in this Disclosure must be in writing and signed by a Credit Union officer and shall not be considered a waiver of any other or future obligation or right.

In connection with your Account, we may give to you certain disclosure statements or policies, and may revise them from time to time. All such statements, policies and revisions shall be considered to be a part of this Disclosure.

20. **Severability.** In the event that any paragraph of this Disclosure or any portion thereof is held by a court to be invalid or unenforceable for any reason, the other paragraphs and portions of this Disclosure not held by the court to be invalid or unenforceable will continue in full force and effect.
21. **Waiver Of Jury Trial.** You irrevocably waive any and all rights you may have to a trial by jury in any action, proceeding or claim of any nature relating to this agreement or your account, any documents executed in connection with this agreement or your account, any transaction contemplated in any of such documents, or any other agreements, transactions or relationships you may have with us now or in the future. You acknowledge that the foregoing waiver is knowing and voluntary.
22. **Governing Law.** This Disclosure is governed by the laws and regulations of the State of Michigan. This Disclosure is also at all times governed by the laws and regulations of the United States of America.

Further, you represent and agree that you shall perform all transactions, undertakings and all of your obligations under this Disclosure in accordance with all applicable laws and regulations. This includes, but is not limited to sanctions enforced by the Office of Foreign Assets Control (OFAC). You shall indemnify the Credit Union against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

23. **Mandatory Arbitration Of Disputes And Claims.** Arbitration is a method of deciding disputes outside the court system. The parties agree and understand that they choose arbitration instead of litigation to resolve all claims and disputes not specifically excluded. This provision governs when and how any disputes you and we may have will be decided. Unless specifically prohibited by applicable law all disputes, claims, damages, choses in action, claims for injunctive relief or controversies arising from or relating in any way to the agreements, relationships, accounts, loans, or security agreements between you and us; the relationships which result or arise as a result of this Disclosure; any rights, privileges or services you receive from us now or in the future; any claims or disputes arising in or ancillary to any bankruptcy or other insolvency proceeding; or the validity of this clause (together referred to collectively as Disclosure), shall be resolved by binding arbitration by a single arbitrator chosen with the mutual consent of the parties. The arbitrator must be an attorney with more than ten (10) years experience or a retired judge. If for any reason the parties do not consent to an arbitrator within thirty (30) days from the date that notice of a claim or intent to arbitrate is provided to the other party, then an arbitrator will be selected pursuant to the Rules of the American Arbitration Association ("AAA"). This arbitration Disclosure is made pursuant to a transaction in Interstate Commerce, and shall be governed by the Federal Arbitration Act ("FAA") at 9 USC § 1, et seq., as amended from time to time. It is understood and agreed that your Credit Plan Disclosure(s), your Accounts, all transactions on your Accounts, and any dispute defined herein shall involve Interstate Commerce. If any dispute between us does not involve Interstate Commerce, such dispute shall be governed by the Arbitration Act for the State set forth in this Membership Disclosure., as amended from time to time, in which case all references to the FAA herein shall be to said State Act. If the State has no Arbitration Act, then the parties will be governed by the Rules of the American Arbitration Act in any matter not involving interstate commerce. The parties agree and understand that the arbitrator shall have all power provided by the law and this Disclosure to make and enter findings of fact and determination of judgment based on the parties' Agreements and applicable law, including but not limited to the rights of possession, off-set, property rights, money damages, declaratory relief, and injunctive relief. No arbitrator shall have the jurisdiction or authority to add to, take from, nullify or modify any of the terms the Disclosure. The arbitrator shall be bound by the facts and evidence submitted to him. Arbitration will be subject to the rules of procedure and evidence consistent with the Rules of the American Arbitration Association, and the Arbitrator will not apply federal or state rules. The decision of the arbitrator shall be final and binding and may be enforced in accordance with the terms of either the Federal or applicable State Law, except for any specific appeal right regarding a judgment under the FAA or a judgment for more than \$100,000. For these judgments, any party may appeal to a three-arbitrator panel appointed by and under the rules of the AAA. The decision of the panel will be by majority vote and will be final and binding except for any specific appeal right under the FAA. All provisions of this Arbitration Disclosure will apply to the panel. Judgment upon the award rendered may be entered in any court having jurisdiction.

WITH THE EXCEPTION EXPLAINED HEREIN, THE PARTIES AGREE AND UNDERSTAND THAT ALL DISPUTES (INCLUDING ALL LEGAL AND EQUITABLE RIGHTS AND REMEDIES) ARISING UNDER CASE LAW, STATUTORY LAW, AND ALL OTHER LAWS INCLUDING, BUT NOT LIMITED TO, ALL CONTRACT, TORT, REGULATORY, AND PROPERTY DISPUTES WILL BE SUBJECT TO BINDING ARBITRATION IN ACCORD WITH THIS AGREEMENT. Notwithstanding anything hereunto the contrary, the Credit Union retains an option to use judicial or non-judicial relief to enforce a security agreement relating to any collateral pledged to secure the Agreements between the parties, to enforce all monetary obligations by you to the Credit Union so long as there is no dispute that is subject to mandatory arbitration, or to foreclose on any collateral securing your obligations to us by way of replevin, claim and delivery, or otherwise. The initiation and maintenance of an action for judicial relief in a court [on the foregoing terms] shall not constitute a waiver of the right of any party to compel arbitration regarding any other dispute or remedy subject to arbitration in this Disclosure, including the filing of a counterclaim in any action brought by the Credit Union pursuant to this provision.

Any arbitration proceeding will take place in the federal judicial circuit where the Credit Union maintains a branch that is the closest Credit Union branch to your primary place of business. Each party must bear all of their own expenses, including the party's own attorneys, experts, and witnesses, regardless of who wins the arbitration, except to the extent that applicable law specifically requires otherwise. The rules of the AAA will be applied to any arbitration between the parties, except in the event of any inconsistency between this Disclosure and the rules of the AAA, in which case this Disclosure will govern.

24. **Costs, Expenses And Attorneys' Fees.** All owners of account(s) or service(s) with us agree, jointly and severally, to pay us for all costs and expenses, including attorneys' fees we may incur: (1) If it is necessary for us to bring any legal or other action to collect any sum you owe the Credit Union; (2) If we incur any costs or expense as a result of any order or instruction received from any owner or any owner's agent under this Disclosure, any adverse claim, legal process; your failure to comply with any obligation in this Membership Disclosure or otherwise; (3) If we incur any expense as a result of any dispute, adverse or inconsistent claims; (4) If we bring any action contemplated in this Disclosure; (5) If we successfully defend any claim against the Credit Union brought by any owner, agent, personal representative, executor, heir or other party in interest brought via any formal or informal process (including but not limited to arbitration or mediation) involving your accounts or services with us; or (6) If we deem it necessary to seek the advice or opinion of legal counsel or other professionals regarding the bona fides or legality of any transaction(s) to/from your accounts or involving any services with us, or any request for information or documentation regarding any of your accounts and/or services with us. If you are responsible to pay us any costs of collection or legal expenses incurred in collecting any amount you owe; in enforcing or protecting our rights under this Disclosure or otherwise; or as provided in this subsection, including but not limited to costs of repossession, repair, appraisal, and all other costs or expenses, you agree to pay us the actual amount of such costs and expenses together with reasonable attorneys' fees. In the case of any collection action you agree that 20% of the unpaid balance or such greater sum as may be appropriate based on the circumstances shall be a reasonable amount, unless applicable law specifically provides otherwise. Further, you agree to pay the Credit Union an additional sum for any costs, legal expenses or attorneys' fees incurred in any appellate, bankruptcy or post-judgment proceedings, except as limited or prohibited by applicable law. Any costs, expenses or fees hereunder will be paid from any of your account(s) with the Credit Union before payment to any owner or other party. If the amounts in your account(s) are not sufficient, then the owner(s) of the affected account(s) or parties to any applicable services will immediately pay any difference.
25. **Indemnity.** 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 may require a bond or other protections. An example of the kind of protection asked for would be your promise to protect the Credit Union against any claims (an indemnity).

## II. FUNDS AVAILABILITY POLICY

Regulation CC (12 CFR 229) implements the Expedited Funds Availability Act. It affects transaction and similar accounts that facilitate payments or transfers to third persons. This means that transaction accounts such as all checking accounts and, at LAFCU, your primary savings accounts are covered under the regulation, and the Credit Union must follow the specified funds availability schedules, disclosure requirements, return rules, and other provisions. Accounts such as club accounts, secondary savings (i.e., S21), and money market deposit accounts are not covered under the act. Regulation CC applies to both consumer and commercial accounts.

It will be the policy of our Credit Union to comply with the requirement of Regulation CC and with all state laws regarding funds availability; however, in general Regulation CC preempts state law unless the state law provides for faster availability. The purpose of this policy is to describe LAFCU's check hold policy for transaction accounts. The Credit Union's objective is to make funds available as expeditiously as good business practices mandate.

**Same Day Availability.** Our general policy is to make funds from your cash deposits, checks drawn on LAFCU, and electronic direct deposit available to you on the day we receive your deposit. At that time, you can withdraw the funds in cash and we will use the funds to pay checks you have written. Generally, the first \$100 is available immediately from most checks.

**Next Day Availability.** Generally, the balance from cashier's, certified, teller's, United States Treasury, state or local government, Federal Reserve Bank, Federal Home Loan Bank, and United States Postal Service money orders will be available on the next business day following the day of your deposit. The remaining balance may not be available until the seventh (7<sup>th</sup>) business day following the day of your deposit.

**Longer Delay.** We may delay the funds you deposit for a longer period of time. Generally, the first one hundred dollars (\$100) of your deposit will be available on the day of your deposit and the next \$4,900 will be available on the second business day after the day of your deposit. The balance will usually be available on the seventh (7<sup>th</sup>) business day after the day of your deposit.

We may delay your ability to withdraw funds deposited by check into your account for the following reasons:

- We have a reasonable cause to doubt the collectability of the check.
- You deposited checks totaling more than \$5,000 on any one day.
- You deposited a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available.

**Wires 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.

Please remember that even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving 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 notify you at the time you make your deposit. We will also 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 take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

**Holds on Other Funds.** If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of

check that you deposited. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it instead of cashing it.

**Business Days.** For determining the availability of your deposits, every day is a business day, except Good Friday, the day after Thanksgiving, Christmas Eve, New Year's Eve, Saturdays, Sundays, and federal holidays. If you make a deposit before our "daily cut-off time" on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after our "daily cut-off time" or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

**Special Rules for New Accounts.** If your account has been open less than 30 days, you are a new member. The following special rules will apply during the first thirty days your account is open. 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 \$100 is available immediately; the next \$4,900 from wire transfers and cashier's checks, certified checks, teller's checks, traveler's checks, United States Postal Service money orders, United States Treasury, state or local government checks will be available the next business day following the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, i.e., at an ATM, the first \$5,000 will not be available until the second business day after the day of your deposit. The excess over \$5,000 of these types of checks will usually be available on the seventh (7<sup>th</sup>) business day after the day of your deposit. For all other checks, the first \$100 is available immediately; the next \$4,900 will be available on the second business day following the day of your deposit with any remainder available the seventh (7<sup>th</sup>) 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 upon which it 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 available the next day.

**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 \$400.00 will be available for withdrawal by cash or similar means on the date funds are otherwise available for withdrawal under this policy.

### III. ELECTRONIC COMMUNICATIONS

**Introduction.** For member convenience, you may choose to receive disclosures electronically. You can download and/or print the disclosures we provide with this Application for Membership, or that we email to the address you provide to us. The following terms and affirmation indicate your consent to receive, and receipt of, these disclosures in an electronic format; and your express representation to the Credit Union that you can access, read, download and/or print the information provided. In this agreement, the singular (account owner) includes the plural (account owners).

Furthermore, this document informs you of your rights when receiving legally required disclosures, notices and information (hereafter referred to as "Disclosures") from the Credit Union. All agreements with the Credit Union are subject to the terms and conditions of your Credit Union Membership Agreement.

**Electronic Communications.** Any Disclosures related to this Commercial Account Agreement will be provided to you electronically. However, if you wish to obtain a paper copy of any of the Disclosures, you may write to us at LAFCU, 106 North Marketplace Blvd, Lansing, MI 48917 with the details of your request. Paper copies will be provided to you at no charge.

**Scope of Consent.** You consent to receive Disclosures and to do business electronically. The following information and disclosures may be provided electronically:

- Membership Agreement
- Electronic Communications
- Funds Availability
- Privacy: What LAFCU does with your Personal Information
- Electronic Funds Transfers

In the future, we may deliver to you other notices and disclosures related to any of the foregoing services together with amendments to this agreement and other agreements/disclosures in an electronic format. Other disclosures may include: periodic account statements, deposit account disclosures, notices regarding changes in account terms and fees, NSF notices, over-the-limit and other fees/charges, notice of a negative share, inactive account/dormancy notices, and privacy notices.

**Hardware and Software Requirements.** To access and retain the Disclosures electronically, you will need to use the following computer software and hardware: Internet Explorer 6.0 with Service Pack 2; Internet Explorer 4.x (all versions); Netscape 4.x and 6.x (all versions); Firefox 3.x.x in its default configuration; Netscape 7.2; and hardware capable of running this software.

**Withdrawing Consent.** You may withdraw your consent to do business electronically with us at no cost to you. If you decide to withdraw your consent, the legal validity and enforceability of prior electronic Disclosures will not be affected.

**Changes to Your Contact Information.** You should keep us informed of any change in your electronic or mailing address. You may contact the Credit Union in writing at 106 North Marketplace Blvd, Lansing, MI 48917, by telephoning 517-622-6600, or visiting any of our branches.