

MEMBERSHIP / ACCOUNT AGREEMENT
MICHIGAN EDUCATIONAL CREDIT UNION
TERMS AND CONDITIONS OF YOUR
ACCOUNT

MEMBERSHIP/ACCOUNT AGREEMENT

This is the Agreement between you, the member, and **MICHIGAN EDUCATIONAL CREDIT UNION**, a Michigan Credit Union, of 9200 N. Haggerty Road, Plymouth, Michigan 48170, regarding your accounts with the Credit Union. By establishing an account with the Credit Union, you agree that this Agreement is a binding contract between you and the Credit Union.

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

Membership

Membership in Michigan Educational Credit Union is open to those that live, work, or worship in Wayne, Washtenaw, Oakland, Macomb, Livingston, or Jackson counties.

Becoming a Member. To become a member of the Credit Union, you must complete a Membership Agreement and open a **Primary Savings** Account. The basic share deposit that you must always keep in your **Primary Savings** Account to retain membership is **\$5.00**. There is also a one-time membership fee of \$1.00.

Primary Savings Account

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

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

Withdrawing Money from Your Primary Savings Account. As long as you have money in your account, and subject to

any applicable state or federal laws and regulations, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union.

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

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

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

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

Minimum Balance to Earn Dividends. You earn dividends on your **Primary Savings** Account each day that your account balance is **\$\$5.00** or more. We reserve the right to adjust minimum deposit balance requirements from time to time. If you do not maintain the minimum deposit balance requirement, we may charge you a quarterly maintenance fee.

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

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

Checking Account

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

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

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

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

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

For this account type, the dividend period is **monthly**. For example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such

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

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

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

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

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

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

OVERDRAFTS -

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

If we offer standard overdraft services, this service allows us to authorize payment for the following types of transactions regardless of whether your share or deposit account has sufficient funds: (1) share drafts/checks and other transactions made using your checking account, except as

otherwise described below; (2) automatic bill payments; and (3) ACH transactions. For ATM and one-time debit card transactions, you must affirmatively consent to such coverage. Without your consent, the Credit Union may not authorize and pay an ATM or one-time debit card transaction that will result in insufficient funds in your account. If you have established a service linking your share or deposit account with other individual or joint accounts, you authorize us to transfer funds from other another account of yours to cover an insufficient item, including transfers from a share or deposit account, an overdraft line-of-credit account, or other account you so designate. Services and fees for these transactions are shown in the document the Credit Union uses to capture your affirmative consent and the Schedule of Fees and Charges.

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

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

b. How Transactions are Posted to Your Account.

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

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

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

- **Checks.** When you write a check, it is processed through the Federal Reserve system. We receive data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and paid each day. We process the payments in the order contained in the data file.
- **ACH Payments.** We receive data files every day from the Federal Reserve with automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions for your account are posted throughout the day in order of receipt.
- **PIN-Based Debit Card Purchase Transactions.** These are purchase transactions using your debit card for which a merchant may require you to enter your personal identification number (PIN) at the time of sale. They are

processed through a PIN debit network, immediately at the time of the transactions. However, depending on the merchant, a PIN-based transaction may not be immediately presented for payment.

- **Signature-Based Debit Card Purchase Transactions.**

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

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

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

c. Understanding Your Account Balance.

Your checking account has two kinds of balances: the **actual balance** and the **available balance**. Your actual balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written that are still outstanding or transactions that have been authorized but are still pending. Your available balance is the amount of money in your account that is available for you to use. Your available balance is your actual balance less: (1) holds placed on deposits; (2) holds on debit card or other transactions that have been authorized but are not yet posted; and (3) any other holds, such as holds related to pledges of account funds and minimum balance requirements or to comply with court orders. We use your available balance to determine whether there are sufficient funds in your account to pay items, including checks and drafts, as well as ACH, debit card and other electronic transactions. Pending transactions and holds placed on your account may reduce your available balance and may cause your account to become overdrawn regardless of your actual balance. In such cases, subsequent posting of the pending transactions may further overdraw your account and be subject to additional fees. You should assume that any item which would overdraw your account based on your available balance may create an overdraft. You may check your available balance online at Michigan Educational Credit Union, at an ATM, by visiting a Credit Union branch or by calling us at 734-455-9200.

Truncated Checks; Statements. Your canceled checks will not be returned to you, they will become Credit Union property

and be held by us ("truncated") for you. Your monthly statement will itemize your canceled checks by number, date of clearing and the amount of the draft. Any objection respecting any item shown on a periodic statement is waived unless made in writing to the Credit Union before the end of sixty (60) days after the statement is mailed. A copy of any check will be available to you as required by law. There may be a small fee to obtain a copy of a check (see the Rate Sheet for a list of fees). When a copy of a check is requested, the Credit Union reserves the right to provide you with a substitute check. Upon issuance, the Credit Union will provide you with a disclosure regarding your rights regarding substitute checks and how you may make a claim for a refund for losses related to a substitute check.

Stop Payments.

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

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

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

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

Additional Savings Accounts (Maximum of 8)

Establishing Account and Rate. Additional Savings Accounts may be established by a member designating the appropriate option on the Membership Card and making a deposit. Rates are variable. Refer to the Rate Sheet for current interest rates and APY. Withdrawals from these account will reduce earnings.

Deposits. After you have established additional Savings Accounts at any time and in any amount. We may establish minimum amounts for deposits in these Accounts from time to time.

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

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

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

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

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

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

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

Funds Availability. Funds from deposits you make into your additional Savings Accounts may not always be immediately

available for withdrawal. Information about our funds availability policy is discussed below in the "Other Terms and Conditions" section of this Agreement.

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

Individual Retirement Account

Establishing Account and Rate. An Individual Retirement Account (IRA) may be established by a member designating the appropriate option on the Membership Card, completing an IRA application form, and making a contribution. These accounts are savings accounts that generally earn a higher rate of interest than **Primary Savings** Accounts and may provide tax benefits to the account owner. Only the individual designated as the primary member on the Membership Card may be an owner of an IRA. This Account is not a multiple party account. The interest rate and Annual Percentage Yield for your IRA is variable and is subject to change quarterly. Refer to the Rate Sheet for current interest rates and APY. You may also call **734-455-9200** for rate information. Withdrawals from this account will reduce earnings.

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

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

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

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

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

Crediting Dividends. Dividends will be credited monthly. Dividends are not available to you until they have been

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

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

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

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

Term Share Certificate of Deposit Account

Establishing Account and Rate. 3—month Certificate of Deposit Accounts, 6-month Certificate of Deposit Accounts, 12-Month Certificate of Deposit Accounts, 18-Month Certificate of Deposit Accounts, 24-Month Certificate of Deposit Accounts, 30-Month Certificate of Deposit Accounts, 36-Month Certificate of Deposit Accounts, 48-month Certificate of Deposit Accounts and 60-Month Certificate of Deposit Accounts (we will refer to these as "Certificates") may be established by a member signing appropriate documentation and making the required minimum deposit. Certificates are savings accounts (also known as "Term Share Accounts") that generally earn a higher rate of interest than other savings accounts. The interest rate and APY for Certificates is fixed. Once you purchase a Certificate, your interest rate will not be changed or recalculated during the term of that certificate. The APY assumes that interest earned will remain on deposit until maturity. A withdrawal from this account will reduce earnings. Refer to the Rate Sheet for current Interest Rates and Annual Percentage Yields. You may also call 517-622-6600 for rate information.

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

Withdrawing Money from Your Term Share Certificate of Deposit Account. As long as you have money in your account, and subject to any applicable state or federal laws and regulations, the transaction limitations in this Agreement, including the Truth in Savings Disclosure, and the Credit Union's Bylaws, money can be withdrawn from your account by any method approved by the Credit Union. If you withdraw any principal before the maturity date of the Certificate, you will be assessed a penalty of all accrued interest for terms of 3 months and 6 months certificates, 6 months of accrued interest for term of 12 months to 30 months, and 9 months of accrued interest for terms of 36 months to 60 months.

Rate and Annual Percentage Yield ("APY"). Your Account will earn dividends, at rates established by the Credit Union's Board from time to time. The Credit Union reviews the annual

percentage yield (APY) it pays on your Term Share Certificate of Deposit Account each dividend period. Refer to the Rates and Fees Schedule for our current rates. The dividend rate and APY may change every **month** as determined by the Board. **Rates are variable.** The dividend rates will be available each business day at our office and online.

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

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

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

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

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

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

Renewal Policy. If a Certificate account is not withdrawn within 10 days after it matures, it will automatically renew, from its last maturity date, unless we give you notice that it will not renew at least 10 days before maturity. Renewed certificates will be reinvested in another Certificate of equal term at the interest rate and annual percentage yield in effect on the date of maturity. The interest rate for the renewed Certificate shall be determined by the Credit Union's Board of Directors on or before maturity, and that information will be available upon maturity. Within ten days after the maturity date, you may call the Credit Union during regular business hours at **734-455-**

9200 to find out the interest rate and APY that will apply to the Certificate if it is renewed. All other terms and conditions, including the term length of the Certificate, shall be the same as the previous Certificate unless the Credit Union shall, prior to renewal, give written notice of a change in such terms and conditions. For automatically renewing Certificates, there will be a ten (10) calendar day grace period for withdrawals after maturity, during which time no early withdrawal penalty will apply. Interest will be earned during the grace period on funds withdrawn during the grace period.

Other Terms and Conditions

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

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

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

Funds Availability. If you make a non-cash deposit into any share account, that money may not be available to you right away. We will advise you when such funds will be available at the time you make such a deposit. A minimum hold of at least **two business** days will apply to any personal check presented and accepted for deposit within the first **thirty** days an account open. We reserve the right to extend all such holds at our discretion. If you make a deposit by authorizing us to receive funds from another account (for example, from a savings account at another credit union or bank), that deposit will not be available, nor will it earn dividends, until we actually receive the funds. Refer to the Funds Availability Disclosure below for information regarding the availability of funds deposited into an account.

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

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

Return of Deposits/Closed Accounts. We may, at any time, in our sole discretion, refuse to accept any deposit, or close any or all of your accounts with us without prior notice to you. However, we may not terminate your membership in the Credit Union without satisfying the notice provisions of the Federal Credit Union Act and related Bylaw Provisions and regulations. If we close an account, we will notify you and send you a check for any balance in your account after

deducting all applicable charges. Any withdrawal that reduces the amount in an account to zero (other than a **Checking Account**) may automatically close that account. We are not liable for any check, withdrawal or other payment order after an account is closed. Any checks, or other payment orders presented after your account has been closed will be returned unpaid. We reserve the right to advise consumer reporting agencies and other third parties of accounts closed for misuse.

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

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

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

Dormant Accounts. The Credit Union will consider your account dormant after **three** years of no deposits or withdrawals on your account. This excludes interest or dividends credited to your account by the Credit Union. Michigan Escheats Law permits the Credit Union to turn these funds over to the State after three years of no activity and requires the Credit Union to turn these funds over to the State after three years of no activity. Before turning funds from inactive accounts over to the State of Michigan, the Credit Union will send notices as required by Michigan law advising you of your rights.

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

statements for accounts we consider inactive, or for those accounts for which we do not have a valid address on file.

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

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

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

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

MICHIGAN EDUCATIONAL CREDIT UNION
9200 N. Haggerty Road
Plymouth, MI 48170

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

purpose of any transaction. All account restrictions related to a minor's status will expire when minor reaches the age of majority (minor's 18th birthday).

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

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

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

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

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

Termination or Suspension of Account. Notwithstanding any other provisions in this Agreement, we may terminate or suspend your account or any service at any time without notice to you, or we may require you to close your account and apply for a new account if: (1) there is a change in owners or authorized signers; (2) there has been a forgery or fraud reported or committed involving your account; (3) there is a dispute as to the ownership of the account or of the funds in the account; (4) any checks are lost or stolen; (5) there are excessive returned unpaid items not covered by an overdraft protection plan; (6) there has been any misrepresentation or any other abuse of any of your accounts; (7) we reasonably suspect or detect covered financial exploitation, as that term is defined in the Michigan Financial Exploitation Prevention Act (MCL 487.2081, *et seq.*), of a member or customer or (8) we reasonably deem it necessary to prevent a loss to us. You may terminate a single party account by giving written notice. We reserve the right to require the consent of all owners to terminate a multiple party account. We are not responsible

for payment of any check withdrawal, or other item after your account is terminated, however, if we pay an item after termination, you agree to reimburse us.

Termination of Membership. You may terminate your membership by giving us notice with signature or notice through online banking. If you terminate your membership within one year of membership, you will be charged a fee of **\$5.00**.

As provided in the Michigan Credit Union Act, your membership may be terminated for any reason allowed by applicable law, including but not limited to causing a loss to the Credit Union, committing fraud or another misdeed against the credit union or against a person on the premises of the credit union, or engaging in inappropriate behavior involving another individual, such as physical or verbal abuse of another member or an employee of the credit union.

Reopening of Membership. If you choose to reopen your membership after terminating it, an additional fee of **\$21.00** will be required along with a valid Michigan photo ID. The **\$21.00** fee includes the one-time membership fee of **\$1.00**, the **\$5.00** you must always keep in your **Primary Savings Account** to retain membership, and a **\$15.00** fee to reestablish membership.

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

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