

ALPENA ALCONA AREA CREDIT UNION

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TERMS AND CONDITIONS OF YOUR SHARE DRAFT ACCOUNT

This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully. If you sign the signature card or open or continue to have your account with us, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

As used in this document, the words "we," "our," and "us" mean the financial institution, and the words "you" and "your" mean the account holder(s) and anyone else with authority to deposit, withdraw, or exercise control over the funds in the account.

You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You have authorized Alpena Alcona Area Credit Union to establish a share draft account for you.

The credit union is authorized to pay share drafts signed by you or honor any other properly authorized payment requests and to charge all such payments against the shares in this account. It is further agreed that:

1. Only share draft blanks (and other methods) approved by the credit union may be used to make withdrawals from this account.
2. All non-cash payments received in this account will be credited subject to final payment of such items.
3. The credit union is under no obligation to pay a share draft or honor any other payment request that exceeds the fully paid and collected share balance in this account. However, we may, at our discretion, pay such an item. If we pay such an item, it is agreed that the credit union shall be immediately reimbursed by you to the extent that such an item exceeds the share balance in this account. Such reimbursement shall be in cash, unless another manner of reimbursements has been authorized below.
4. The credit union may pay a share draft on whatever day it is presented for payment, notwithstanding the date (or any other limitation on the time of payment) appearing on the share draft unless we have, prior to presentment and with reasonable time for us to act, received a separate notice of postdating or stop payment order concerning the share draft.
5. When paid, share drafts become the property of the credit union and will not be returned either with the periodic statement of this account or otherwise. Copies of such share drafts will be provided, if requested, and the credit union may charge a fee for providing such copies.
6. The credit union is not liable for any action it takes regarding the payment or nonpayment of a share draft or other payment except if its own negligence has directly resulted in a loss, in which case, it may be liable depending on other relevant facts.
7. Any objection respecting any item shown on a periodic statement of this account is waived unless made in writing to the credit union before the end of 60 days after the statement is mailed.
8. This account is subject to the credit union's right to require advance notice of withdrawal, as provided in our bylaws.
9. This account is also subject to such other terms and conditions as the credit union may establish from time to time. Such other terms and conditions include, without limitation, service charges for stop payment orders, drafts, and other items returned for insufficient funds, and any other services as designated by the credit union. We may change the terms and conditions of this account upon giving a 30-day written notice. Notice may be given by U.S. mail, first class, postage prepaid, to my/our last know address, as reflected in the credit union's records. Notice to any one owner shall be notice to all owners.

The Terms and Conditions addressed above directly affect your share draft account. They are in addition to and by no means do they replace the "Terms and Conditions of Your Account" disclosure received upon opening your membership with Alpena Alcona Area Credit Union.

OVERDRAFT PRIVILEGE DISCLOSURE

We believe it is important for you to use your share draft/checking account responsibly and to never intentionally overdraw your account; however, we realize that financial shortfalls happen from time to time and we have several options available for you. As a benefit to our members, we offer these useful services to cover you in the event that you overdraw your share draft/checking account.

Overdraft Protection Options:

TRANSFER FROM ANOTHER ACCOUNT – If you have other accounts with us, you can authorize us to transfer the funds needed to cover your overdraft.

LINE OF CREDIT – A line of credit is available to cover overdrafts. This service requires you to complete an application and approval is based on your credit worthiness. The amount of your limit varies.

OVERDRAFT PRIVILEGE – Overdraft Privilege is a service we add to your share draft/checking account to cover overdrafts to a set limit, subject to the eligibility criteria as explained below. With Overdraft Privilege we will generally pay your overdraft items up to \$500.00. Both the amount of the overdraft and all applicable fees, including but not limited to the \$25.00 overdraft fee(s), are included in this limit. Whether your overdrafts will be paid is discretionary, and we reserve the right not to pay. For example, we typically do not pay overdrafts if your account is not in good standing, you are not making regular deposits, or you have too many overdrafts. When we pay overdraft items for you, you will be charged our normal overdraft fee which is currently \$25.00 for each item that is presented, and more than one fee may be charged against your account each day. (Effective August 1, 2011, the credit union will not assess an overdraft privilege fee on any item of \$5.00 or less that is presented through our overdraft privilege program.)

COMPARISON OF OPTIONS – To ensure full understanding of the above mentioned overdraft payment options the following example is being provided: 4 checks, each written for \$25.00, attempt to clear your account and funds are not available.

- Through overdraft privilege, you will be charged a \$25.00 per item overdraft privilege fee or in this instance \$100.00 in fees.
- With an overdraft line of credit, your 4 checks at \$25.00 each would clear with no fees. The \$100.00 you were short would be transferred from your line of credit. You would only pay the interest on the amount your account was short.

Eligibility: All consumer share draft accounts are eligible for participation at our discretion which is based on members managing their share draft/checking account in a responsible manner. ODP may be denied, suspended, or permanently removed from the member's account based on the following criteria:

- Account has been opened less than 30 days or if they were overdrawn for more than 5 consecutive days during the first 30 days that their account was open.
- Account is not brought to a positive balance within 30 days of becoming overdrawn.
- More than 30 days past due on any loan or delinquent on any other obligation to us.
- Subject to any legal or administrative orders, levy, or are currently a party in a bankruptcy proceeding.
- Have a current outstanding balance in an overdraft repayment plan.
- Account is being reviewed for fraudulent activity or transactions.
- Primary account holder is a minor (less than 18 years old).
- A ChexSystems or any other negative indicator is present.
- Account is classified as dormant.
- Account is a business or organizational account.
- Account is a "special" account such as a fiduciary trust, escrow, representative payee, guardian, etc.

- The credit union believes the member is not managing their account in a responsible manner which may harm them or us.

Transactions Covered by Overdraft Privilege:

Overdraft privilege will be available for checks, in-person withdrawals, ACH transactions, preauthorized automatic transfers, internet banking, and telephone banking. Overdraft privilege will not be available for ATM and everyday debit card transactions unless you authorize the credit union by completing an ATM/Debit Card Consent Form or "Opt-in."

*If you have consented to overdraft privilege for ATM transactions, please verify your balance before initiating an ATM cash withdrawal. All overdrafts will be subject to our \$25.00 overdraft fee for each withdrawal until the account returns to a positive balance.

**Please be aware that holds placed against electronic transactions (i.e. hotel or rental car deposits) may cause your account to become overdrawn.

Payment Order of Items: The order in which items are presented may affect the total fees incurred by a member. The first items we pay are any checks cashed by our employees or you have written to us. We then pay any items submitted electronically, such as ATM withdrawals, ACH items, any debit card transactions, preauthorized automatic transfers, telephone initiated transfers, and any other electronic transfers. Finally, we pay the remaining items based on lowest to highest dollar amount.

Opt Out: You may never need to take advantage of the Overdraft Privilege option, but you may find it useful in the event of a temporary shortfall. If you do not want to have Overdraft Privilege, simply contact us. We will provide you with an opt-out form to remove this benefit from your account.

Additional Information: Your account agreement describes the duties, obligations, and rights of depositors, authorized signatories, and the credit union with regard to your deposit accounts. That account agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your account agreement and this disclosure shall be construed so as to minimize conflicts between them.

Waiver: The credit union's forbearance from, or delay in, exercising any of the credit union's rights, remedies, privileges, or right to insist on your strict performance of any provisions of your account agreement, this Overdraft Privilege disclosure, or any other provision related to your account, shall not be construed to be a current or future waiver of the credit union's rights, remedies, or privileges.

You and the credit union agree the exclusive remedy and forum for all disputes arising out of the overdraft privilege or your or credit union's performance there under, except for matters you or credit union take to small claims court, is arbitration by an independent arbitrator pursuant to the applicable rules of the American Arbitration Association except as prohibited by law.

TRUTH-IN-SAVINGS DISCLOSURE

SHARE DRAFT ACCOUNT

Minimum Account Balance: No minimum balance requirements apply to this account.

Transaction Limitations: No transaction limitations apply to this account unless otherwise stated in the common features section; however, a fee may be assessed as applicable for overdrafts created by checks, in-person withdrawals, ATM withdrawals or by other electronic means.

Fees and Charges: See separate fee schedule.

HEALTH SAVINGS (CHECKING) ACCOUNT

The following is a description of a Health Savings Account (HSA) at this credit union. Alpena Alcona Area Credit Union follows the standard set by the Internal Revenue Service and abides by their rules and regulations.

Rate Information: The interest rate and annual percentage yield may change every month as determined by the credit union management and in accordance with market conditions.

Compounding and Crediting: Interest will be compounded every month. Interest will be credited to your account every month.

Effect of Closing an Account: If you close your account before interest is paid, you will not receive the accrued interest.

Minimum Balance Requirements: No minimum balance requirements apply to this account.

Daily Balance Computation Method: Interest is calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day.

Accrual of Interest on Non-Cash Deposits: Interest will begin to accrue on the business day you deposit noncash items (e.g. checks) to your account.

Transaction Limitations: There are no automatic transfers allowed into this checking account to cover possible overdrafts. This account is also not eligible to have an overdraft loan advanced into it. No other transaction limitations apply to this account unless otherwise stated in the common features section.

Other Features: The HSA may not be pledged, transferred or assigned. This account is not subject to any pledge that you have signed or may sign in the future.

Overdraft protection features do not apply to this account.

The use of HSA funds is the responsibility of you, the member. Alpena Alcona Area Credit Union will report all withdrawals from the account whether by check, ATM/Debit or cash to the IRS as normal distributions. You should complete a withdrawal form for all other transactions, such as withdrawing an excess contribution before the early withdrawal deadline.

By opening the account, you agree to all the terms and conditions.

Fees and Charges: See separate fee schedule.

COMMON FEATURES

Bylaw Requirement: You must complete payment of one share in your Regular Share account as a condition of admission to membership.

Transaction Limitation: We reserve the right to, at any time, require not less than seven days notice in writing before each withdrawal from an interest bearing account (other than a time deposit) or from any other savings account as defined by Regulation D.

Nature of Dividends: Dividends are paid from current income and available earnings after required transfers to reserves at the end of a dividend period.

National Credit Union Share Insurance Fund: Member accounts in this credit union are federally insured by the National Credit Union Share Insurance Fund.