

Local Government Federal Credit Union
Account Rules and Regulations
Agreement and Disclosure of Share and Deposit Account Rules

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Local Government Federal Credit Union

Account Rules and Regulations

Agreement and Disclosure of Share and Deposit Account Rules

This *Account Rules and Regulations* document (this “Agreement”) is the account agreement between you and Local Government Federal Credit Union (“LGFCU” or the “Credit Union”) governing the accounts referenced below. It provides information to help you understand the terms and conditions of your accounts with LGFCU. When you open, maintain or access an account with the Credit Union, you are consenting to the terms of this Agreement.

Understanding Your LGFCU Share and Deposit Accounts

LGFCU offers a wide variety of account services. This Agreement governs all of the following accounts at LGFCU: Share Accounts (including FAT CAT^{®1} Share Accounts and Zard[®] Share Accounts), Holiday Cash Club Accounts, Salary Advance Cash Accounts (in connection with Salary Advance Loans), Individual Retirement Accounts (IRAs), Coverdell Education Savings Accounts (Coverdell ESAs), Simplified Employee Pension IRAs (SEP IRAs), Health Savings Accounts (HSAs), Checking Accounts (including Zard Checking Accounts), CashPoints[®] Global Accounts (CPGs), Money Market Share Accounts, Receipt and Agreement accounts and Share Term Certificates (STCs).

This Agreement is incorporated into the application, signature form and other account opening agreements, as applicable, (“account signature form”) associated with each of your accounts. The account signature form, along with this incorporated Agreement, and any changes we may later make to either of them, serves as our contract with you governing your deposit and share accounts and sets forth the respective rights and responsibilities of you and the Credit Union concerning your accounts. Read and keep this Agreement so you can refer to it when you have questions about your accounts. When you open, change or access your accounts with LGFCU, you consent to the terms of this Agreement. Please visit www.lgfcu.org for the most up-to-date version of this Agreement. You can also contact your local branch or call us at 888.732.8562 to request a copy. If you have any questions regarding this Agreement, please let us know.

If we issue you a LGFCU Visa^{®2} Debit, CashPoints, CashPoints Global or HSA card to access your account(s), your rights and responsibilities regarding your card are described in the *Supplemental Terms and Conditions for LGFCU Visa[®] Debit, CashPoints[®], CashPoints Global and HSA Cards* (the “Supplement”). The Supplement constitutes a part of this Agreement.

Our *Fees and Terms* disclosure, which is provided separately but incorporated herein, contains some of the important features of, and the fees associated with, our share and deposit accounts as well as related services we offer. We reserve the right to change the terms of our accounts at any time, including our rates and fees, and will provide notice of such changes as discussed in the “Amending This Agreement” section below.

THIS AGREEMENT CONTAINS AN ARBITRATION PROVISION IN THE “GENERAL ACCOUNT TERMS” SECTION, WHICH GOVERNS HOW DISPUTES BETWEEN YOU AND US WILL BE RESOLVED IF A DISPUTE ARISES. YOU HAVE THE RIGHT TO OPT OUT OF THE ARBITRATION PROVISION BY NOTIFYING US WITHIN THE TIME PERIOD SPECIFIED IN THAT PROVISION.

¹FAT CAT, Zard and CashPoints are trademarks of State Employees’ Credit Union and used under license.

²Visa is a registered trademark of Visa International Service Association and used under license.

Local Government Federal Credit Union Member Identification Notice

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means for you: When you open an account, we will ask for your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. We may also ask to see your identifying documents if you change your name or before completing a transaction, such as a withdrawal.

General Provisions

Use of Certain Terms in This Agreement:

"You" or "your" refers to each person signing an account signature agreement, anyone who owns an account or anyone who has access to or control over an account (including your agents, such as attorneys-in-fact and personal agents).

"We," "our," and "us" each refers to LGFCU.

"Item" includes all orders and instructions for the payment, transfer or withdrawal of funds from your account; for example, a check, draft, image, substitute check, everyday non-recurring debit card transaction, recurring debit card transaction, ACH transaction, ATM transaction, preauthorized payment, automatic transfer, telephone-initiated transfer, online transfer including a BillPay transaction, withdrawal slip, and an in-person payment, transfer or withdrawal instruction. A previously presented debit or withdrawal is considered a new Item if presented for payment again and therefore may be subject to additional fees as a new Item.

"Includes," "including," "include" or "for example" are used to introduce a list of some, but not all, situations or items that are covered by a particular provision.

When we refer in this Agreement to "sufficient available funds," "available funds," "funds being available," or similar phrases, we mean the Available Balance plus, if applicable, any funds available to the account through your participation in our Overdraft Transfer Service.

"Representation" occurs when an Item that was returned unpaid is presented again by a merchant or other person for payment. The same Item may be presented for payment multiple times without prior notice to you. Each representation is considered a separate Item.

"Business days" are Mondays through Fridays except Credit Union holidays. LGFCU posts its holiday schedule on the Holiday Closings page of its website (www.lgfcu.org).

All references to time are in Eastern time unless otherwise noted.

Headings: This Agreement uses section and paragraph headings to help you find certain subjects. This is done for convenience only. The headings do not limit the sections and paragraphs.

Governing Law: This Agreement is governed by applicable federal law and by North Carolina law, except that the Arbitration Provision is governed by the Federal Arbitration Act.

Effect of State and Federal Laws and Regulations: If any terms of this Agreement come into conflict with applicable law, those terms will be nullified to the extent they are inconsistent with the law, and the law will govern. Except as set forth in the Arbitration Provision, if any part of this Agreement is found to be invalid, the rest of it will still remain in effect.

Amending this Agreement: We reserve the right to amend the terms of this Agreement, or change the terms of your account, by adding, deleting or amending any provisions at any time. If we amend this Agreement or your account, we will notify you as required by law and as we determine is appropriate, such as by statement message or enclosure, letter, or as posted on our website and/or in your local branch. When we amend this Agreement, the amended version supersedes all previous versions and

governs your account. If you do not agree with an amendment, you may close your account. Your continued use of the account after the effective date of any amendment will constitute your acceptance of the amendment. Any attempt by you to amend this Agreement by striking through, adding language, or making any other written changes is void.

Communications Are Provided in English: "Communications" refers to any written (including electronic) or oral agreements, disclosures, messages, statements, applications, documents, policies, forms, notices, records, instructions, or other information that we provide you or that you sign, complete, agree to or submit to us at our request. We provide official versions of our Communications in English; however, as a service to our members and where possible, we may attempt to assist members who have limited English proficiency, including by making available Communications translated into another language. If there are any discrepancies between the official English version and a version translated into another language, the English version will prevail. Therefore, if you are not fluent in English, you should consider obtaining the services of an interpreter or taking other steps to ensure you understand any Communications, including this Agreement, provided to you in English.

Changes to Your Account: If you ask us to make a change to your account, and we agree, the change will not be effective until we receive a properly completed request and process it.

LGFCU Waiver: The waiver of any of our rights under this Agreement must be in writing and signed by us to be effective. We may delay enforcing or not enforce any of our rights under this Agreement without losing or waiving any of them.

Your Waiver: You agree to waive any notice of nonpayment, dishonor or protest regarding any Items credited to or charged against your account. For example, if a check you deposited or we cashed for you is dishonored and returned to us, we are not required to notify you of the dishonor.

Calls and Messages to Your Telephone or Mobile Device: You agree that we (and our affiliates, agents, and contractors) may monitor or record any calls between you and us. You also agree that we do not need to remind you of this before any phone conversation. If we need to contact you to service your account or to collect amounts you owe us, you authorize us (and our affiliates, agents and contractors) to contact you at any number you have provided to us, from which you called us, or which we obtained and believe we can use to reach you. You must notify us if you change or discontinue using any phone number you provide. We may contact you in any way, such as calling, texting, or email. We may contact you using an automated dialer or using artificial or pre-recorded voice messages. We, our affiliates, agents, and contractors may call or text you about any current or future accounts or applications, and all products you have or may have with us, at any phone number you provide. We may contact you on a mobile, wireless, or similar device, even if you are charged for it by your provider. You may change your preferences regarding certain calls and messages by updating your preferences online through Member Access, contacting your local branch or calling us at 1.888.732.8562 or 919.857.2150 locally in Raleigh. You may also write us at our mailing address: Local Government Federal Credit Union, P.O. Box 27963, Raleigh, NC 27611-8540.

When you give us your telephone number or place a call to us, you agree and expressly consent in advance to these terms and conditions.

Effect of Internal Guidelines: Our internal policies and procedures are only for our own purposes, may not be enforced by you, and do not impose a higher standard of care than otherwise would apply by the law that governs your account.

Truth-In-Savings

The following information is required by the Truth-in-Savings Act and discusses terms and features of your account(s), including dividend rates, fees, account limitations and other account terms.

Rate Information

Current dividend rates along with corresponding annual percentage yields (APYs) for share and deposit accounts are disclosed in the "LGFCU Share & Deposit Account Rate Summary," which may be obtained at any branch office. In addition, you may verify current rates and APYs on our website, www.lgfcu.org, or through our 24/7 voice response phone system, which can be reached by dialing 1.800.328.4543.

Dividend rates for new STCs and other accounts are set by our Board of Directors at its discretion and are subject to change daily without notice.

Dividend Rates for Share and Deposit Accounts: Dividends are paid from current income and available earnings, after required transfers to reserves, at the end of a dividend period. Dividends are paid on Share Accounts (including FAT CAT Share Accounts and Zard Share Accounts), Holiday Cash Club Accounts, Salary Advance Cash Accounts, IRAs, SEP IRAs, HSAs, Coverdell ESAs, Checking Accounts (including Zard Checking Accounts), Money Market Share Accounts and Receipt and Agreement accounts. These accounts are variable rate accounts, which means the dividend rate and APY may change. CPG accounts do not earn dividends.

Dividend Rates for STCs: Dividends are paid on STCs. These accounts are fixed rate accounts, which means the rate will not change during the term of an STC. If an STC is automatically renewed, the dividend rate will be based on the rate for that term on the date of renewal. Rates for new STCs are subject to change daily at the discretion of the Board of Directors.

Compounding, Crediting and Accrual of Dividends

Share and Checking Accounts: Dividends begin to accrue on the business day you deposit cash or non-cash items to your account, regardless of whether a temporary hold is placed on the deposited funds. Dividends for Share Accounts (including FAT CAT Share Accounts and Zard Share Accounts), Salary Advance Cash Accounts, Holiday Cash Club Accounts, IRAs, SEP IRAs, HSAs, Coverdell ESAs, Checking Accounts (including Zard Checking Accounts), Money Market Share Accounts, and Receipt and Agreement accounts are compounded daily. Dividends accrue daily and are credited monthly on the same day the monthly statement is generated (the statement date).

STCs: Dividends are not compounded on STCs; they accrue as simple daily dividends. Dividends are paid monthly by automatic transfer from the STC into an account of your choice at LGFCU; however, if the term is six or 12 months, you may request instead that dividends be paid when the STC matures. Dividends transferred to another account earn dividends at the current rate being paid for that type of account. Dividends begin to accrue on the business day you deposit cash or non-cash items to your account, either when opening the account, or during the grace period. See the Share Term Certificate section.

Balance Information

Share Account Requirement and Minimum Balance: The par value of each share of this Credit Union is \$5. A balance of at least five shares (\$25) in at least one Share Account is required to establish and maintain membership (except FAT CAT-eligible members, described below). The balance in each of your Share Accounts must not be reduced below the value of five shares (\$25) at any given time. We may limit access to your initial five shares (\$25) in each of your Share Accounts, Zard Share accounts, Coverdell ESAs, IRAs, and SEP IRAs.

For FAT CAT eligible members (individuals aged 12 years and younger), a balance of at least one share (\$5) in a FAT CAT Share Account or five shares (\$25) in a Share Account is required to establish and maintain membership. Withdrawals from a FAT CAT Share Account are not allowed until the balance exceeds five shares (\$25). Then, the balance in your FAT CAT Share Account must not be reduced below the value of five shares (\$25) at any given time, and we may limit access to your five shares (\$25).

Minimum Balance to Open an Account: The minimum balance to open a Share Account, Zard Share Account, Coverdell ESA, IRA, or SEP IRA is five shares (\$25). The minimum balance to open a FAT CAT Share Account is one share (\$5). The minimum balance to open a Money Market Share Account or STC is \$250.

Minimum Balance to Avoid a Fee: For Share Accounts, Zard Share accounts, IRAs, Coverdell ESAs, and SEP IRAs, you must maintain \$25 in your account to avoid a service fee. Certain transactions and fees may reduce the balance of these accounts below \$25. If your account balance is below \$25 on the statement date, your account will be subject to a monthly maintenance fee for the statement period. For Money Market Share Accounts, you must maintain \$250 in your account to avoid a fee. If your account balance falls below \$250 during any statement period, your account will be subject to a monthly maintenance fee for the statement period. A minimum balance is not required to avoid a fee on FAT CAT Share Accounts, Holiday Cash Club Accounts, Salary Advance Cash Accounts, HSAs or Receipt and Agreement accounts. A minimum balance is not required to avoid a fee on Checking Accounts or Zard Checking Accounts; however, these accounts are charged a monthly maintenance fee regardless of the balance. There is no minimum balance required to avoid a fee on a CPG Account; however, CPG Accounts are charged a monthly maintenance fee if there is a balance in the account on the statement date.

Minimum Balance to Earn Dividends: You must maintain a minimum daily balance of \$250 in your Money Market Share Account to obtain the disclosed APY. Dividends accrue every day the balance remains at or above \$250. There is no minimum balance requirement to earn dividends on Share Accounts, FAT CAT Share Accounts, Zard Share Accounts, Holiday Cash Club Accounts, Salary Advance Cash Accounts, IRAs, Coverdell ESAs, SEP IRAs, HSAs, Receipt and Agreement accounts, Checking Accounts or Zard Checking Accounts.

Balance Computation Method: Dividends are calculated using the daily balance method which applies a daily periodic rate to the balance in the account each day.

For more information regarding minimum balance requirements and fees, see our *Fees and Terms* disclosure.

Fees

You are responsible for paying any fees associated with your account. These fees, which are deducted from your account, can cause the account to have insufficient funds to pay other items. Fees are subject to change at our discretion and in accordance with applicable laws. For a full list of fees that may affect your account, see our *Fees and Terms* disclosure.

Monthly Maintenance Fee: Checking, Zard Checking CPG Accounts are subject to a monthly maintenance fee. If your account has insufficient funds available to cover the entire monthly maintenance fee, the portion of the fee amount that is available is debited, and the unpaid portion of the fee accrues and is debited from your account when sufficient funds become available. CPG Accounts with a zero balance on the statement date do not incur a monthly maintenance fee for that month.

Transaction Limitations

LGFCU reserves the right to require a member intending to make a withdrawal from any account (except Checking Accounts, CPG Accounts or HSAs) to give written notice of such intent not less than seven days and up to 60 days before such withdrawal.

No checks can be written, and no Automated Clearing House (ACH) debits are allowed, on Share Accounts (including FAT CAT Share Accounts and Zard Share Accounts), CPG Accounts, HSAs, IRAs, Coverdell ESAs, Money Market Share Accounts, or STCs. Payments can be made from CPG Accounts and HSAs online, however, through BillPay.

No transactions are allowed on Receipt and Agreement accounts unless authorized by court order.

No debits are allowed on Holiday Cash Club Accounts, except for the automatic debits agreed to in writing during account opening and debits made to close the account.

Debits are limited from Salary Advance Cash accounts and may cause you to lose your eligibility to obtain future Salary Advance Loans for 12 months.

Transfers and withdrawals from IRAs, SEP IRAs and Coverdell IRAs may be subject to limitations imposed by the Internal Revenue Service.

Share Term Certificates (STCs)

STC Terms: An STC is a fixed-rate account, which means the rate will not change during the term of the STC. You select the amount and term of the STC at the time the account is opened. Available terms are 6, 12, 18, 24, 30, 36, 48 and 60 months. Subsequent deposits or partial withdrawals are not allowed during the term of the STC.

Laddered STCs: Laddered STCs are five certificates opened with graduated maturity dates over five years, allowing you to access an STC once per year (as each STC renews) without penalty. Laddered STCs have terms that initially range from 12 months to 60 months, in 12-month increments. When a 12-month Laddered STC matures, it automatically renews into a new 60-month STC. Similarly, each of the other four STCs automatically renews into a 60-month STC at maturity. If you do not withdraw the funds early, after five years you will have five 60-month STCs, one of which matures each year.

Dividend Payments: For 6- and 12-month STCs, you may choose to have the dividends earned paid to the STC or to another account at LGFCU. Dividends earned for all other STCs must be paid to another account at LGFCU.

Minimum Balance: STCs maintain a minimum balance of \$250 at all times.

Early Withdrawal Penalty: We generally charge an early withdrawal penalty if you withdraw the funds from your STC before the renewal/maturity date. See our *Fees and Terms* disclosure for details.

Renewal/Maturity: You may choose whether you would like your STC to renew or transfer to another account at maturity. If you choose renewal, the STC will automatically renew into a new STC for the same term (except for Laddered STCs) at the then-offered dividend rate for that term unless you specifically request in writing that the balance be transferred into another LGFCU account at maturity. This request must be made prior to maturity. Approximately 14 days prior to maturity or renewal, LGFCU will send you a notice indicating whether the STC will mature or automatically renew. If the STC matures, the STC funds will be paid into the LGFCU account you selected.

Grace Period: An STC may be cancelled without penalty during the grace period, which is the seven calendar days following an automatic renewal. If you choose to cancel the STC during the grace period, the STC will earn dividends for the days from the renewal until the cancellation at the Share Account rate. You can make one partial deposit to or withdrawal from an STC during the seven-day grace period without penalty.

Rules for Specific Account Ownerships, Beneficiaries and Designees

Account Ownership

You select the account ownership type for your account. The type of account ownership is designated on the account signature form associated with your account. You may request that we facilitate certain trust, will, or court-ordered account set-ups or other arrangements. However, we do not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust, will, or court order, and we are not responsible for informing you how the different account ownership types may affect your legal interests.

Joint Accounts

All joint accounts are governed by North Carolina General Statutes § 54-109.58. All joint accounts shall be held by the owners as co-owners with the right of survivorship, regardless of which owner deposited the funds or whose money was deposited. Each joint owner has the right to withdraw any or all of the funds in the account and/or close the account, without the knowledge, consent or joinder of any other joint owner. We may pay the funds in the account to, or on the order of, any of the joint owners named on the account.

Upon the death of one joint owner, the funds remaining in the account belong to the surviving joint owners and will not pass to the heirs of the deceased joint owner or be controlled by the deceased joint owner's will. However, upon the death of one joint owner, funds in the account may be subject to collection by the personal representative of the decedent's estate.

Each joint owner appoints each of the other joint owners as his or her agent to deposit, withdraw and conduct any business on the joint account, including pledging the account. Each joint owner guarantees the signatures of the other joint owners and authorizes the other joint owners to endorse and deposit checks, drafts or other payment orders that are payable to any of the joint owners into the joint account.

Any joint owner may appoint an agent under a power of attorney, and add the agent to the account, but we reserve the right to require the consent of all joint owners. You agree that each joint owner may withdraw or transfer any or all of the funds on deposit, by any means LGFCU makes available, including closing the account, placing or removing a stop payment order, designating the account as a protecting account for LGFCU's Overdraft Transfer Service or, for STCs, changing the renewal option or the account into which dividends or principal upon maturity is paid, all without the knowledge, consent or joinder of any other joint owner. Each joint owner authorizes LGFCU to exercise setoff and enforce its lien on the entire joint account, even if only one, or less than all, of the joint owners is the debtor; these rights exist irrespective of who contributes funds to the joint account. (See the Statutory Lien; Right of Setoff; Security Interest section.) LGFCU is not bound by the knowledge of, and has no duty to inquire as to, the source of funds deposited into the joint account. Each joint owner shall have an equal and undivided interest in the entire account regardless of the source of funds. LGFCU may provide information about the account, including statements and other records documenting the prior history of the account, to any joint owner. Notice provided by LGFCU to any one joint owner is notice to all joint owners.

Removal of a Joint Owner: Joint owners may voluntarily remove themselves from a joint account, at any time, without the authorization of the remaining owners by completing an addendum to the account signature form. You agree that the signatures of the remaining owners are not required in order to remove a joint owner and that the addendum shall validly amend the account signature form, but only to the extent necessary to remove the owner's interest in the account. After a voluntary removal, the account continues in the names of the remaining owners, who will be notified of a change in ownership.

The removing owner relinquishes his or her rights to the account, including the right of survivorship, and will no longer be authorized to make withdrawals, initiate debit transactions, write checks, or obtain information about future activity on the account. The removing owner will remain liable for any debts incurred and checks or debits authorized during the period in which he or she was a joint owner on the account. If the account has been pledged to secure a loan made to or guaranteed by the removing owner, the removing owner's relinquishment of rights will not release the account as collateral or affect the pledge in any manner.

When joint owners voluntarily remove themselves from an account, remaining owners should review and update the statement address, Overdraft Transfer Service, transfer accounts for STCs and Holiday Cash Club Accounts, BillPay records, funds transfers and payroll deductions, as applicable.

If, for any reason, an account signature form with co-owners fails to create a statutory joint account with right of survivorship, you agree that the account shall be held as a joint account with right of survivorship under contract and common law and shall have the characteristics described in this section.

Payable on Death Accounts

Payable on Death (POD) accounts are governed by North Carolina General Statutes § 54-109.57A. POD accounts may have multiple owners and multiple beneficiaries. If there are two or more owners, the owners shall own the account as joint tenants with right of survivorship. Owners may change the beneficiaries any time by completing a new account signature form and returning the form to the Credit Union. We have no obligation at any time to notify the beneficiary(ies) of the existence of, or vesting of interest in, any POD account except as otherwise required by law.

Upon the death of the last surviving owner, the money remaining in the account belongs to the beneficiaries, does not pass to the heirs of the deceased owners, and is not controlled by will. Distribution to beneficiaries, however, is subject to our review of documentation establishing the death of the account owner and the identity of the beneficiaries. If there are multiple beneficiaries, we reserve the right to close the resulting joint account with right of survivorship and distribute the funds in equal shares to the beneficiaries then living.

If, for any reason, an account signature form designating one or more POD beneficiaries fails to create a statutory POD account, you agree that the account shall be held as a POD account under contract and common law and shall have the characteristics described in this section.

Uniform Transfers to Minors Act Accounts

Uniform Transfers to Minors Act (UTMA) accounts are governed by the provisions of the North Carolina Uniform Transfers to Minors Act, Chapter 33A of the North Carolina General Statutes. Transfers to minors under the UTMA are irrevocable gifts to the minors. The account signature form designates a custodian who has the authority to make withdrawals, obtain information, and otherwise manage the account. The custodian does not have any ownership rights or interests in the account. The custodian is responsible for transferring the custodial property to the minor after the minor reaches 18 and before the minor reaches the age of 21.

The custodian may also designate a successor custodian who may act in the event the custodian dies, resigns or becomes incapacitated. If the custodian dies or becomes incapacitated and no successor custodian has been designated, we may suspend withdrawals from the account until we receive instructions from any person authorized by law to withdraw funds or in a court order authorizing withdrawals. We have no duty to inquire about the use or purpose of any transaction; however, we may limit certain withdrawals and transfers from UTMA accounts. For example, the custodian may not be able to complete point of sale debits or ATM withdrawals.

The custodian must notify us in writing immediately upon the occurrence of any of the following events: the death of the minor; the termination of the custodianship; the appointment of a successor custodian; or if the custodian's authority has otherwise been terminated. Before we receive such notice, we may honor any checks or other Items drawn on the account without incurring any liability to the minor or any third party. The custodian will be liable to us for any loss or expense we incur because of the custodian's failure to provide prompt notice.

Accounts by Minors

We may offer accounts to minors. We may require that any account opened by a minor be a joint account with another member who has reached the age of majority under state law and who shall be jointly and severally liable to us for any returned Item, overdraft, or unpaid fees or amounts on such account. We may pay funds directly to the minor without regard to his or her minority status. Unless a guardian or parent is a joint account owner, such guardian or parent shall not have any account access rights. We have no duty to inquire about the use or purpose of any transaction. We will not automatically remove a parent, guardian or other responsible adult as joint owner when the minor reaches the age of majority unless the change is authorized in writing by all account owners.

Personal Agency Accounts

Personal agency accounts are governed by North Carolina General Statutes § 54-109.63. The agent named on the account may sign checks, withdraw funds, make deposits and obtain account information. A personal agent has no ownership rights or interest in the account. If an owner of the account becomes incapacitated or mentally incompetent, you agree that the agent will have the authority to continue acting on behalf of the owners. The personal agent's authority ends upon the death of the last owner and the money remaining in the account will either be released to POD beneficiaries or controlled by the will or inherited by the heirs of the last account owner to die.

Powers of Attorney

We may accept a power of attorney document which allows an agent (also known as an attorney-in-fact) to act on your behalf. Prior to allowing an agent named on a power of attorney to act on your behalf, we may ask for a copy of the document and ask your agent to complete an affidavit stating that the power of attorney document is currently valid, the powers granted can be exercised by the agent, and the agent is not aware of any circumstances, such as revocation, that would cause the power of attorney document to be ineffective. We may continue to recognize the authority of your agent until we receive notice of your death or written notice of revocation of the agent's authority or of the revocation of the power of attorney document, and we have had a reasonable time to act on the notice.

Trust Accounts

LGFCU may open accounts titled in the name of a revocable living trust or an irrevocable trust. We accept no responsibility for determining whether a grantor or trustee is qualified to act or has been duly appointed to act in that capacity, or whether any transaction involving the account is in accordance with or authorized by applicable law or the trust agreement. We also have no obligation at any time to notify the beneficiary(ies) of any trust account of the account's existence or of the vesting of any interest in the account. LGFCU acts only as the depository for the funds. However, we reserve the right to request a copy of a certification of trust or excerpts of the trust agreement if there are questions regarding authority to access the funds.

Other Fiduciary Accounts

LGFCU may open guardianship accounts and estate accounts (including Receipt and Agreement accounts), VA Federal Fiduciary accounts and Social Security Administration Representative Payee accounts. To open these accounts, you must provide documentation of your appointment as the fiduciary from the appropriate authority. We may limit certain withdrawals and transfers from VA Federal Fiduciary accounts, Social Security Administration Representative Payee accounts and guardianship accounts. For example, you may not be able to complete point of sale debits or ATM withdrawals.

Agency Relationships

Any individual who wishes to act as your agent, guardian, conservator, personal representative, trustee, custodian, or in some other fiduciary capacity (each, an agent) generally must provide supporting documentation, adequate to us, in our sole discretion, and be designated to us as such on the account signature form. Notwithstanding the preceding sentence, if you give an individual authority to view or transact on your account, such as by providing the individual with your account information, card, and/or security credentials (e.g., your personal identification number [PIN], username or password), or direct us to grant account access to the person, we may, in our sole discretion, elect to treat such person as an agent with respect to the account, even if the agent's name is not expressly designated on the account.

We may pay funds in your account to or upon the order of your agent. We are authorized to follow the directions of your agents regarding the account without liability to you until we receive written notice that the agency relationship has been terminated and we have had a reasonable time to act upon the notice. You will be responsible for all acts of your agent, even if your agent acts contrary to your specific instructions or your best interest or exceeds his or her authority. We have no duty to monitor your accounts or inquire about the use or purpose of any transaction made by your agent, and we will not be responsible for any breach of fiduciary duty or the misapplication of funds from your account by your agent or fiduciary. You or your agent must immediately notify us when his or her authority has ended.

We may continue to recognize the authority of your agent until we receive notice of your death or written notice of revocation of the agent's authority or of the revocation of the power of attorney document, and we have had a reasonable time to act on the notice.

Electronic Fund Transfers

Regulation E Disclosure

The following sections summarize your rights, liabilities and obligations for electronic fund transfers under Regulation E. An electronic fund transfer is a transfer of funds that is initiated electronically, such as by an LGFCU debit card, through an electronic device (such as a telephone or computer) or converted from a paper item for the purpose of authorizing us to debit or credit your account. By using your card or making any other type of electronic fund transfer, you agree to the terms of this Agreement.

Your use of cards issued by LGFCU is also governed by the Supplement provided to cardholders when a card is issued. This document is also available upon request.

Consumer Liability: Tell us AT ONCE if you believe your card, code or PIN has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus any funds available for overdraft transfer). If you tell us within two business days after you learn of the loss or theft of your card, code or PIN, you can lose no more than \$50 if someone used your card, code or PIN without your permission.

If you do NOT tell us within two business days after you learn of the loss or theft of your card, code or PIN, and we can prove we could have stopped someone from using your card, code or PIN without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, code, PIN or other means, tell us at once. If you do not tell us within 60 days after the date we send the statement or otherwise make it available to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

If you believe your card, code or PIN has been lost or stolen, call us immediately at 888.732.8562, or write to Local Government Federal Credit Union, P.O. Box 28540, Raleigh, NC 27611. You should also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission. For the purposes of these disclosures, our business days are Monday through Friday. Holidays are not included.

Transfer Types and Limitations: You may use your card, code and PIN to:

- Withdraw cash from your accounts
- Make deposits to your accounts
- Transfer funds between your accounts whenever you request
- Pay for purchases at places that have agreed to accept the card, code or PIN
- Pay bills directly from your Checking Account in the amounts and on the days you request

Some of these services are not available with all types of accounts or cards and may not be available at all terminals.

You may authorize a merchant or other payee to make a one-time electronic payment from your Checking Account using information from your check to:

- Pay for purchases
- Pay bills

If you enroll in our Online Services, you can use our BillPay service to make payments from your Checking Account, CashPoints Global Account and HSA at no cost.

For security reasons, there are limits on the dollar amount of transactions you can make using our services, as set forth in our *Fees and Terms* disclosure. If you need these limits adjusted, please contact us.

Confidentiality: We will disclose information to third parties about your account or the transfers you make:

- Where it is necessary for completing transfers and other transactions
- In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant
- In response to legal process which we believe requires our compliance
- If you give us your written permission
- To other third parties as described in our *Consumer Privacy Notice* or as otherwise permitted by applicable law

Documentation: You can get a receipt at the time you make any transfer to or from your account using a CashPoints ATM or in any SECU branch.

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can find out whether or not a deposit has been made by viewing your account online through Member Connect, Mobile Access or our Mobile App or by calling us at 888.732.8562 or calling our Voice Response System (800.328.4543). We will send or otherwise make available to you a monthly account statement unless we consider your account inactive. Your account is inactive if no transactions (including fees and dividend payments) are made in a given month. Inactive accounts will not produce a statement.

Stopping Payment on Pre-Authorized Transactions: If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Call us at 888.732.8562, log on to Member Connect at www.lgfcu.org, or write to us at Local Government Federal Credit Union, P.O. Box 28540, Raleigh, NC 27611, in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

If these regular payments may vary in amount, the person you are going to pay will tell you 10 days before each payment when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set. If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we fail to do so, we will be liable for your losses or damages.

Our Liability for Failure to Make Transfers: If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- If, through no fault of ours, you do not have enough money in your account to cover the transaction, including any amounts available from overdraft transfer sources.
- If the ATM where you are making the transfer does not have enough cash.
- If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- If circumstances beyond our control (such as a power outage, fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- If the funds are subject to legal process.

There may be other exceptions provided by applicable law or stated in your agreements governing your accounts.

Fees: We may charge you fees to use ATMs to make balance inquiries, fund transfers and withdrawals. These fees are disclosed in our *Fees and Terms* disclosure. Please review it carefully. Fees are subject to change at our discretion and in accordance with applicable law.

In addition to any fees we charge, when you use an ATM that is not a CashPoints ATM, you may be charged a fee by the ATM operator for completed and denied transactions and balance inquiries.

Error Resolution: In case of errors or questions about your electronic transfers, telephone us at 888.732.8562 or write us at Local Government Federal Credit Union, P.O. Box 28540, Raleigh, NC 27611 as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after the statement on which the problem or error appeared was sent or made available to you.

- Tell us your name and account number.
- Describe the error or the transfer you are unsure about and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will provisionally credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation and reverse the provisional credit to your account. You may ask for copies of the documents that we used in our investigation.

ACH Transactions

Automated Clearing House (ACH) entries are debits or credits to your account which are transmitted through the ACH system. All ACH entries are subject to the Operating Rules and Guidelines of the National Automated Clearing House Association (NACHA Rules). As the originator or receiver of an ACH

entry, you agree ACH entries are subject to the NACHA Rules. ACH entries are a type of electronic fund transfer. As a result, ACH entries to and from your account are also subject to Regulation E, as described in the Regulation E Disclosure section.

Inconsistency of Receiver Name and Account Number: If we receive an ACH entry that includes a receiver name and account number that are inconsistent, the entry will be credited on the basis of the account number, even if it identifies an account that does not belong to the named receiver. You agree that we have no obligation to identify such inconsistencies and are not responsible if we process an entry that contains your name based solely on the account number.

Notice of Receipt of ACH Items: Under the NACHA Rules, we are not required to give next-day notice to you of receipt of an ACH Item, and we will not do so. However, we will continue to notify you of the receipt of payments in the periodic statements we provide to you.

Early Direct Deposit: If you receive direct deposits to one or more of your Credit Union accounts, you may be able to access your funds up to two days earlier than the ACH Network settlement date. This means if you receive your pay through direct deposit, you may have access to your pay up to two days sooner than your employer's payday. Early access to your funds is not guaranteed, however. Always check your account transactions to confirm your deposit has been credited to your account before you make purchases or pay bills in reliance on early direct deposit.

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

Applicable Law: LGFCU may accept on your behalf payments to your account which have been transmitted through one or more ACH entries and which are not subject to the Electronic Fund Transfer Act, such as a represented check, and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the State of North Carolina and as provided by the NACHA rules.

Wire Transfers

Applicable Law: This section applies to wire transfers you send or receive through us, but does not apply to any aspect of a funds transfer if that part of the transfer is governed by Regulation E (which is addressed in the Regulation E Disclosure section). Wire transfers are subject to Article 4A of the North Carolina Uniform Commercial Code and any rules in effect at the time of the transfer governing the use of the system(s) through which funds are transmitted. However, wire or other fund transfers sent outside the United States that are initiated primarily for personal, family or household purposes (called remittance transfers) are governed by federal law, and not this section; your rights regarding remittance transfers will be disclosed to you in connection with each remittance transfer transaction that you make.

Wire transfers are also governed by the terms set forth on our Wire Transfer Form, which is provided to you when you give us a wire transfer payment order and is available at other times upon request.

Inconsistency of Name and Account Number: If you request a wire transfer that identifies the beneficiary (recipient of funds) by name and account number, payment may be made by the beneficiary's financial institution on the basis of the account number, even if it identifies a person different than the beneficiary. You agree that we have no obligation to identify such inconsistencies and may process your request on the basis of the account number only. If you request a wire transfer that identifies an intermediary or beneficiary's financial institution by both name and identifying number, a receiving financial institution may rely on the number as the proper identification even if it identifies a different financial institution than the named financial institution.

When Funds Are Available for Withdrawal

This section describes our policy for when your deposits are available for withdrawal.

As described in this section, we often make funds from your deposited checks available for your use before we can collect the check. If you have withdrawn the funds, you are still responsible for any problem with the deposit, such as the return of a deposited check. If a check you deposited or cashed is returned to us for any reason, we may charge your account for the amount of the check or you must repay us for the amount of the check.

Your Ability to Withdraw Funds

Our general policy is to make funds from your cash and in-person check deposits available to you on the same business day we receive your deposit. Funds from checks deposited to a CashPoints ATM are generally made available to you on the first business day after the day of your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and days we are closed for observance of holidays. If you make a deposit on a business day at an SECU branch or at a CashPoints ATM before 5:30 p.m., we will consider that day to be the day of your deposit. However, if you make a deposit at an SECU branch or at a CashPoints ATM after 5:30 p.m., or on a day we are not open, we will consider the deposit made on the next business day we are open. For example, if you deposit funds at a CashPoints ATM on a Saturday, and we are closed the following Monday for a holiday, we will consider the deposit made on Tuesday.

Longer Delays May Apply

In some cases, we will not make all of the funds that you deposit by check available to you on the same or next business day of a deposit. Depending on the check you deposit, funds may not be available until the seventh business day after the day of your deposit. The first \$225 of your in-person deposits, however, will be available on the same business day we receive your deposit, and the first \$225 of your deposits to a CashPoints ATM will be available on the second business day.

Generally, if we are not going to make all of the funds from your deposit available on the same business day of your deposit (or the first business day after the day of your deposit for checks deposited to a CashPoints ATM), 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 end of the next business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, funds you deposited by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid
- The check you deposited, or other checks you have previously deposited, has been returned unpaid
- You make a large deposit (however, up to \$5,525 will be available on the same or next business day)
- You make a deposit to a new transaction account
- You have overdrawn one or more of your accounts with us repeatedly in the last six months
- There is an emergency, such as weather emergency, power outage, or failure of computer or communications 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. With respect to deposits made to Checking Accounts, CPG Accounts and HSAs, funds from the deposit will generally be available no later than the fifth business day after the day of your deposit.

Special Rules

Holds on Other Funds – Check Cashing: 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 is 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. For example, if the Credit Union cashes a \$500 check for you, \$500 of funds already in your account may not be available until up to the seventh business day after the day LGFCU cashed the check.

Holds on Other Funds – Other Accounts: 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 deposit.

Holds on Other Deposited Funds

Our Funds Availability policy, as explained above, reflects regulatory requirements under federal Regulation CC (“Reg CC”) and applies primarily to in-person and ATM deposits made to certain types of accounts. Hold times and funds availability regarding deposits made to Share accounts (including IRA Share and Money Market Share accounts) and all deposits made through Mobile Check Deposit (see the paragraph on Mobile Check Deposits under Deposits to and Withdrawals from Your Account – Deposits) are not governed by Reg CC. Therefore, we may place longer holds on funds from these deposits if we believe there is risk the check may not be paid and/or there may not be sufficient available funds in your account to cover the check should non-payment occur. It is also our policy to place a hold on all check deposits of \$1,000 or greater made to IRA accounts. If we place a hold on your deposited check, we will provide you with notice of the hold at the time of deposit (if the deposit takes place in person at a branch), or we will mail you notice as soon as practicable.

Electronic Deposits and Other Credits

Direct Deposits: Funds from electronic direct deposits are available on the effective date or the day we receive the deposit, whichever is later. (However, see Early Direct Deposit under the ACH Transaction section.) Once they are available, you can withdraw the funds in cash, and we will use the funds to pay any debits to your account.

Merchant Credits: When you initiate a merchant return on a debit card point-of-sale transaction, the credit for the transaction will be held and unavailable for use until we receive the credit settlement transaction from the merchant and post it to your account. Until that time, the credit will display in Activity Today (which term is defined in the Account Balance and Posting Order section).

Substitute Check Policy Disclosure

Substitute Checks and Your Rights

What is a Substitute Check? To make check processing faster, federal law permits financial institutions to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What Are My Rights Regarding Substitute Checks? In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, non-sufficient funds fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to dividends on the amount of your refund if your account is a dividend-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus dividends, if your account earns dividends) within 10 business days after we receive your claim and the remainder of your refund (plus dividends) if your account earns dividends) not later than 45 calendar days after we receive your claim. We may reverse the refund (including any dividends on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How Do I Make a Claim for a Refund? If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact your local SECU branch, call us at 888.732.8562, or log on to Member Connect at www.lgfcu.org and send a Secure Message to request a refund. You must contact us within 60 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the date of the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include a description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect), an estimate of the amount of your loss, an explanation of why the substitute check you received is insufficient to confirm that you suffered a loss, and a copy of the substitute check and the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check and the amount of the check.

Deposits to and Withdrawals from Your Account

Deposits

You may make deposits in person, by mail or by any other method we make available to you, including through CashPoints ATMs or through our online mobile application (our "Mobile App"). We will not be responsible for deposits made by or through a depository not staffed by our personnel until we actually receive the deposits. We may, at our discretion, refuse any deposits.

Endorsement of Deposited Items: We may accept checks for deposit into any of your accounts if they are made payable solely to, or to the order of, one or more of the account owners, even if the check is not endorsed by all the payees. If you fail to endorse an Item that you submit for deposit, we have the right, but are not obligated, to supply a stamped endorsement. We may, at our discretion, require that certain checks, including government checks or insurance company checks, be personally endorsed by each payee. You agree to reimburse LGFCU for any loss or expense we incur because you fail to endorse an Item exactly as it is drawn.

Restrictive Legends: Some checks and drafts contain restrictive legends or similar limitations on the front of the Item. Examples of restrictive legends include "two signatures required," "void after 60 days," and "not valid over \$500.00." We are not liable for payment of any check or draft contrary to a restrictive legend or other limitation contained in or on the Item unless we have specifically agreed in writing to the restriction or limitation.

Subsequent Verification of Deposits: All deposits are subject to our subsequent verification and adjustment, even if you have already withdrawn all or part of the deposit. Even though we provide you a receipt or acknowledgement, deposits are still subject to subsequent verification and adjustment.

Return of Direct Deposits: If, for any reason, we are required to reimburse the federal or state government or any other depositor for all or any portion of any payment deposited into your account through a direct deposit plan, you agree that we may, without prior notice to you, deduct the amount returned from your account or from any other account you have with LGFCU, unless the deduction is prohibited by law. This right is in addition to any other rights LGFCU has under this Agreement and at law, including its right of setoff and lien.

Mobile Check Deposit: We offer our Mobile Check Deposit (MCD) service to eligible members who have enrolled in our Online Services and loaded our Mobile App on their mobile device. If an image of an Item you transmit through MCD is submitted and received by us on a business day before 5:30 p.m., we consider the deposit as being made on that date – the “deposit date.” For deposits made after 5:30 p.m. or on a non-business day, the deposit date will be the next business day. Funds deposited through MCD are generally made available the following business day after the deposit date; however, in our sole discretion, we may make funds available sooner or delay availability for a longer period of time under certain circumstances.

Deposits made through MCD are governed by our *Online Services Agreement*, which is incorporated herein by reference. Our *Online Services Agreement* is available on our website. Holds on deposits made through MCD are not subject to federal Regulation CC hold limitations.

Collection of Items

In receiving Items for deposit or collection, LGFCU acts only as your collecting agent and assumes no responsibility beyond the exercise of ordinary due care. Special instructions for handling an Item are effective only if we accept them in writing at the time we receive the Item in question. We are not responsible for errors or delays caused by others in the collection process. Delivery to LGFCU of Items for deposit, collection, credit or payment will constitute your acceptance of these conditions.

Returned Items: If we cash an Item or deposit it into your account and, upon presentment to the obligated party, the Item is not paid for any reason (or we believe it will be returned unpaid), it may be charged back against your account (or any other account you have with us), even if the Item is not returned within any applicable deadlines. We can also charge back any Item drawn on us if, within the normal handling period for such Item, it cannot be honored against the drawer’s account. If an Item is returned to us after it was deposited or cashed because someone made a claim that the Item was altered, forged, unauthorized or should not have been paid for some other reason, we reserve the right to either charge back the amount of such Item to your account or hold the amount of such Item in your account until a final determination as to the validity of that claim has been made. We may also charge back an Item or hold the amount of an Item if there is a problem which, in our judgment, justifies a reversal of credit. We are authorized to pursue collection of previously dishonored Items, and in so doing may permit the payor financial institution to hold an Item beyond the normal deadline to pay or return an Item.

Processing of Items: Items may be sent directly to the financial institution upon which they are drawn or at which they are payable, or they may be sent through collecting agents for collection and remittance.

Negative Balance

If your account has a negative balance for any reason, you agree to pay the amount of the negative balance without notice or demand from us. You agree that we may recover the amount of any negative balance from any deposit or transfer made to the account, without prior notice. You also agree to reimburse us for any costs we incur in collecting the amount of any negative balance, including reasonable attorneys’ fees and the costs of litigation. For joint accounts, each owner agrees that all of the owners are jointly and severally liable for all negative balances. Each owner also agrees that we may debit funds from any other account held by each owner to repay any negative balance. Account services may be restricted and your account may be closed due to account mismanagement.

Checks and Other Withdrawals

We may require you to withdraw funds from your account upon notice. We may refuse any check or other Item or withdrawal request if it is not made in a manner specifically authorized for your type of account.

We utilize automated collection and processing procedures which rely primarily on information encoded onto each Item, whether or not that information is consistent with other information on the Item. You agree that LGFCU does not fail to exercise ordinary care in paying an Item solely because our automated procedures do not provide for sight-review.

Stale and Post-Dated Items

Stale-Dated Items: We maintain the option, at our discretion, to either pay or dishonor any stale-dated Item (that is, a check presented more than six months after the date of the check) upon presentation to LGFCU. We may pay the Item, at our discretion, unless a stop payment order was in effect.

Post-Dated Items: You agree not to issue post-dated Items. You further agree that we will not be liable to you for charging your account before the indicated date on a properly payable but post-dated Item unless you timely request a stop payment and we have reasonable opportunity to act on the request, as described below.

Stopping Payment on Checks

You may request a stop payment order on any check drawn on your account. If the account is a joint account, any joint owner can stop payment of any Item drawn on the account. If you want to stop payment on a check, you must act promptly to ensure we receive your request and have a reasonable opportunity to act on it before the check is paid. As a result of advances in the check collection process, including the electronic exchange of check information, your checks may be presented for payment against your account much more quickly than in the past. Thus, to request a stop payment order we recommend that you contact your local branch, call Member Services at 888.732.8562, or sign in to Member Connect at www.lgfcu.org. You may also send a written request to P.O. Box 26807, Raleigh, NC 27626, but keep in mind that we must receive your order in time to act on it. The stop payment order must describe the check with reasonable certainty (for example, the payee, account number, check number, and exact amount of the check). LGFCU will not be responsible for failing to stop payment of a check if you provide us with untimely, incorrect or incomplete information. We may rely on any stop payment order made by you or any co-owner or agent.

Stop payment orders on checks remain in effect for 12 months. We may pay a check once the stop payment order expires. To continue the stop payment for another 12 months, you must request a new stop payment order. If you want the stop payment order to expire in less than 12 months, you may provide us written notice requesting to cancel the stop payment order. The cancellation request will not be effective until we receive the request and have a reasonable opportunity to act on it. In our sole discretion, we may decline a request to cancel a stop payment unless made by the same person who placed the stop payment.

Remotely Created Checks or Drafts

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

Cashier's Checks

SECU may issue cashier's checks payable to you or to a third party at your direction. Because cashier's checks are guaranteed funds, you may not cancel or put a stop payment on a cashier's check once it is issued. However, if the check becomes lost, stolen or destroyed, we may replace the check according to the following procedures, subject to applicable law.

If you are the remitter or payee on a cashier's check issued by SECU that has been lost, stolen or destroyed while in your possession, you can make a claim and request a replacement check. You may be required to sign a declaration of loss and indemnification agreement and to wait 90 days from the date of the check before a replacement is issued. There are some instances where the issuer is legally required to pay a cashier's check that was reported lost, stolen or destroyed even though a claim was made and the check was replaced. If you receive a replacement cashier's check, and the original cashier's check is presented for payment under circumstances where the issuer is legally required to pay it, you agree to immediately pay the amount of the replacement check.

Account Balance and Posting Order

Account Balance: We use your available balance plus your Overdraft Transfer Balance when we determine if you have enough funds available to pay Items or authorize transactions. Your Available Balance may not reflect every transaction or the final amount of every transaction you have initiated or authorized. For example, your Available Balance may not include the final settlement amounts for debit card transactions when:

- A merchant delays sending us the final settlement;
- A merchant requests authorization before you leave a tip, or
- The final amount is not yet known when the merchant requests authorization for a purchase.

One or more of the following account balances is available to you for review online, by calling 888.732.8562 or by visiting your local branch.

- **Beginning Balance/Ending Balance:** The balance in your account after nightly processing.
- **Current Balance:** The Beginning Balance plus or minus Items in activity that have not yet posted ("Activity Today"). This balance does not include funds in any accounts designated as protecting accounts for LGFCU's Overdraft Transfer Service. Items in Activity Today include transactions that we have received but have not yet posted to your account. The Current Balance does not include Items such as scheduled BillPay transactions and checks you have written but that have not yet cleared your account. If you check your balance using a CashPoints ATM, the Current Balance (but not the Available Balance) will be displayed.
- **Available Balance:** The Current Balance, minus any monetary holds or deposits pending. "Deposits pending" are funds from checks that have been deposited but are not yet available for use. This includes checks deposited at CashPoints ATMs and through MCD, which are not made available until the first business day following the deposit date (the business day of the deposit). Deposits pending also includes merchant credits that have been received by the Credit Union but have not yet posted. "Monetary holds" are funds in an account on hold for any other reason, such as the proceeds of a transit check you deposit where availability of funds is delayed. The Available Balance does not include funds in any accounts designated as protecting accounts for LGFCU's Overdraft Transfer Service. For Share Accounts, Zard Share Accounts, FAT CAT Share Accounts, Coverdell ESAs, IRAs or SEP IRAs, where a minimum balance must be maintained, the Available Balance includes this required minimum balance amount; however, this balance amount cannot be transferred to another account for any purpose.
- **Overdraft Transfer Balance:** The sum of the Available Balance(s) in the protecting account(s), in whole dollars, less any required minimum balance for the protecting account(s) that cannot be transferred to another account for any purpose.

Posting Order: We post credit and debit Items to your account during nightly processing on days we are open for business. For purposes of this section, Items include fees. Credits increase your account balance and debits decrease your account balance. The order Items post to your account may differ from

the order in which the transactions occur or we receive them. The order in which Items are posted may affect the total number of NSF Items you incur if you have insufficient funds to cover all Items.

We reserve the right to process and post Items to your account in any order at our discretion, and we may change the order or categories, including Items within a category, at any time without notice to you; however, we generally post Items to your account in the order described below:

We post deposits and other credits to your account first. After we post all deposits and other credits to your account, we post debits. We post debits in order according to categories. Within each category, we post debits from the lowest amount to the highest amount. We post all transactions for each category before posting transactions in the next category. The categories of debits are listed below in the order in which they post.

1. **Authorized Debits:** Authorized debits are Items that we are obligated to pay because we provided authorization at the time you initiated the transaction. Prior to posting, authorized debits are included in your account's Activity Today and will affect your Available Balance because they are authorized at the time of the transaction. We later receive and post the final transaction, and the final amount posted may differ from the authorized amount appearing in Activity Today. The authorized debits category also includes certain account fees.
 - Examples of authorized debits include ATM withdrawals, transactions initiated with your debit card, on-us checks cashed in a branch or at an ATM, withdrawals performed in a branch, and automatic funds transfers such as loan or credit card payments.
 - The authorized debits category also includes the following authorized account fees: Wire Service Fees, ATM Usage Fees, Card Reissue Fees, International Transaction Fees, Verification of Deposit Fees, Copy Request Fees, and any NSF Fees charged for Items that attempted but failed to clear the previous business day.
2. **ACH Debits:** ACH debits are debits to your account which are transmitted through the ACH system. We also post check order expenses in this category.
3. **Safe Deposit Box Rent:** Safe deposit box rent is drafted each year on the last business day in October.
4. **Checks and Paper Drafts:** Checks and other drafts you have written or authorized from your account.
5. **Other Fees:** Monthly Maintenance Fees, Per-Item Fees, and any other miscellaneous fees charged.

Overdraft Transfer Service

LGFCU offers an Overdraft Transfer Service whereby available funds are transferred from designated LGFCU Share Accounts, Money Market Share Accounts, other Checking Accounts, and LGFCU lines of credit such as open-end Signature Loans, Home Equity Lines of Credit, and Visa Credit Card accounts to help prevent your checking account (the "protected account") from experiencing non-sufficient funds (NSF) activity or becoming overdrawn, which could result in fees. Each account you link to your protected account is called a "protecting account." You may make this election in writing when opening a Checking Account or at any other time during the life of the account. The option to utilize credit cards as protecting accounts is available at the sole discretion of the Credit Union.

Overdraft Transfers: When sufficient funds are not available to cover an Item presented for payment against your protected account, LGFCU automatically transfers available funds, if any, from your protecting account(s) to your protected account. You may designate up to two protecting accounts, a primary and a secondary protecting account, for each protected account. Funds are transferred, in whole dollar amounts, from the primary protecting account first. If available funds in the primary protecting account are insufficient to cover an Item posting to the protected account, a transfer is made in whole dollar amounts from the secondary protecting account.

Incremental Transfers: Overdraft transfers to the protected account are made in increments of \$50 or \$500, depending on the type of protecting account.

- Funds from Share, deposit, and Open-end Signature loan accounts (and credit card accounts, if permitted) are transferred in \$50 increments.
- Funds from Home Equity Lines of Credit are transferred in \$500 increments.

However, if the amount available in the designated protecting account(s) is less than the applicable incremental transfer amount, all funds available for transfer in the protecting account(s) (in whole dollars) are transferred unless there are insufficient available funds in the primary protecting account (and secondary protecting account, if applicable) to cover the Item. While the first \$25 of your Share Account balance is included in the Available Balance displayed online, it is not available for overdraft transfer.

Transfers from Line of Credit Accounts: Overdraft transfers from LGFCU lines of credit are loan advances or cash advances, as applicable.

These transfers are subject to the terms, including but not limited to the repayment period, of the applicable credit agreements and may not occur if the account is delinquent or considered in default.

Loan advances and cash advances accrue interest from the date of the transfer. Interest is charged at the applicable interest rate under the credit agreement.

Conflicting Terms: The credit agreement governing any designated line of credit protecting account may also contain provisions relating to Overdraft Transfer Service. In the event of a conflict involving Overdraft Transfer Service, the provisions of any applicable credit agreement will control, followed by the provisions of this Agreement and then the Overdraft Transfer Service Terms and Conditions. Overdraft Transfer Service is subject to change via amendments to any of these agreements, which will be communicated to you as required by law.

Another Chance Alerts: If you enroll your checking account in our Overdraft Transfer Service, you may register the account for our Another Chance alerts program offered through Online Services. If you register an account for Another Chance alerts, you receive alert notifications on your mobile device or in your Message Center reminding you to make a deposit or transfer into your checking account before 5:30 p.m. that day to prevent Item(s) from being returned due to insufficient available funds (deposits made via ATM and MCD do not apply.) However, checks written against your account that are presented for negotiation in an SECU branch will not be accepted if your account has insufficient available funds to cover the Item, even if you have registered the account for Another Chance alerts. Additional information about Another Chance alerts is included online under Mobile Services.

Checking Account Non-Sufficient Funds

LGFCU determines whether sufficient funds are available to pay an Item after the Item is received by LGFCU and before LGFCU's return deadline. Only one determination of the account balance is required.

We may assess a non-sufficient funds (NSF) fee each time an Item is presented for payment against your Checking Account and sufficient funds are not available to cover the Item. **You should be aware that merchants and payees can present an Item multiple times for payment if the initial presentment or subsequent representment is returned due to insufficient funds or for other reasons. We consider each presentment of an Item a new Item for purposes of assessing an NSF fee.** You acknowledge that a representment may be attempted on the same day as (or any later day after) the original attempt to present the Item for payment. You further acknowledge that we have no control over when a merchant or other payee chooses to present or represent an Item and that it is your sole responsibility to ensure that you maintain sufficient available funds to cover all the Items you have authorized until they finally settle.

For example, if you write a check to the grocery store and your Checking Account lacks sufficient available funds to pay the Item when the grocery store presents it for payment, we will return it. If the

grocery store presents the check for payment again a few days later, and your Checking Account still lacks sufficient available funds to pay it, we will return it again.

LGFCU determines whether sufficient funds are available to pay an item after the item is received by LGFCU and before LGFCU's return deadline. Only one determination of the account balance is required. Your Available Balance is subject to LGFCU's Funds Availability Policy and the order in which we process and post Items. If our determination reveals that sufficient funds are not available to pay an Item, LGFCU will not be required to pay the Item and may return it and assess an NSF fee. We do not distinguish between available and unavailable funds in the Beginning/Ending Balance that is displayed on your account statements and online, so it may appear that you had enough funds to cover an Item that was returned and for which you were charged an NSF fee. You may obtain your Available Balance online, by calling 888.732.8562, or by visiting your local branch.

If you have opted into our Overdraft Transfer Service, LGFCU will transfer any funds available for transfer from the designated protecting account(s) in order to prevent the protected Checking Account from incurring NSF fees or becoming overdrawn. See the "Overdraft Transfer Service" section. LGFCU is not required to send you notice of Items returned for non-sufficient funds. As the account owner, you are responsible for keeping track of your account balance to ensure that you have sufficient funds available to pay any Item you authorize. LGFCU may restrict account services or close your account if your account incurs excessive NSF fees or returned items.

The order in which we post Items can affect the total number of NSF and overdraft transfer fees you incur.

During nightly processing on business days, we post Items received for payments since the previous business day's cut-off time. For example, Items received on a Tuesday after cut-off time, and Items received on Wednesday up until cut-off time, post during Wednesday night processing. Different posting timeframes may apply depending on the effective date of the Item. Items often post in a different order than they were authorized. Please refer to the Account Balance and Posting Order section for more information about the posting order of Items.

Notice of Negative Information

We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected on your credit report.

General Account Terms

Statements

Paper and Electronic Statements: We make available to you periodic statements showing all deposits, withdrawals and dividends earned, and other information. Unless you have previously elected to receive electronic statements online through LGFCU's Member Connect (at www.lgfcu.org), a paper statement will be mailed to the address shown in LGFCU's records. Prior to enrollment in Member Connect and electing electronic statements, you must consent to receiving electronic communications from us.

Paper statements, if you receive them, are mailed approximately every 30 days, but not always on the same day of the month. If you opt out of receiving paper statements and retrieve your statements electronically via Member Connect (www.lgfcu.org), you may select the approximate time each month you wish your statement to be generated, which will still be approximately every 30 days, but not always on the same day of the month. We also offer large print and braille statements on our share and deposit accounts, which are available upon request.

Accounts, including individually and jointly owned accounts, can be combined on one statement. If your statement includes more than one account, any authorized signer on any of the accounts included on the statement will have access to the entire statement. Statements made available electronically are presented as maintained in the normal course of recordkeeping. Any person with online access to your account will be able to view all the information on the combined statement on which the account appears.

Also, any person on jointly owned accounts will be able to view all the information on individual accounts of the other joint owners if these accounts are combined on one statement.

If any part of a statement is presented responsive to a court order, subpoena or other legal process, or you ask us to produce a statement, we will present the entire statement as maintained in the normal course of recordkeeping.

Reviewing Your Statement: You agree to review your account statements carefully and promptly. If you believe there is an error of any type on your statement, including a missing Item, you must immediately notify us as soon as you notice the error.

- Electronic Fund Transfer Errors. Electronic fund transfers are defined in the Regulation E Disclosure under Electronic Fund Transfers. If the error you discover is an electronic fund transfer error, the Consumer Liability and Error Resolution sections in the Regulation E Disclosure govern your liability and the error resolution procedures we follow. You also have certain rights regarding substitute checks; please see the Substitute Check Policy Disclosure for more information.
- Other Errors. You agree that **we will not be liable for paying or charging any other type of erroneous Item if you have not reported the erroneous Item to us in writing within 60 calendar days of the date of the statement first containing the erroneous Item.** Types of other erroneous Items include unauthorized checks (including counterfeit checks, altered checks, and checks with unauthorized or missing signatures and/or endorsements), encoding errors, unauthorized or incorrect fees, unauthorized withdrawals or other debit transactions, missing, diverted or unauthorized deposits, or any other type of error, other than electronic fund transfer errors. If you report these types of erroneous Items to us, you agree to cooperate with us in our investigation and prosecution of your claim and with any attempt to recover the funds. We may require you to provide us with an affidavit about the circumstances of your reported erroneous Item(s) and any other reasonable information we may request. You also agree to file reports with the appropriate law enforcement agencies. If you fail to do these things, the statement on which these Items appear will be considered correct, and we may charge the full amount of the Item(s) to your account.

Mailing Address: You agree to notify us promptly of any change in your contact information. We may rely on any instructions made by you, or on your behalf, including by any co-owner or agent, to change your contact information or mode of statement delivery without liability. We may also rely on our receipt of a notification of an address change from the U.S. Postal Service or its agents. If you receive paper statements, we mail a copy of the paper statement to one address per statement. We have no obligation to mail the statements to any other account owner or other address on file.

You agree to notify us immediately if you believe you are not receiving your correspondence from LGFCU. If a statement is returned undeliverable or we otherwise receive notice that it is undeliverable, we may stop mailing statements until we receive verification of your mailing address. We may destroy undelivered statements, along with any accompanying Items. However, copies of any undelivered statements and paid Items will still be made available to you upon your request, subject to any applicable fees and our legal obligation to maintain copies of statements and Items. Therefore, if we stop mailing your statements as described in this paragraph, you agree that your statements and Items have been "made available" to you as of the date of the statement for purposes of your responsibility to promptly review your statements and report any erroneous Items to us.

Communications with LGFCU

We may accept and act upon instructions from you to open accounts, transfer all or any portion of the balance of your accounts, close your accounts, process a change of account information, or obtain any other deposit services from LGFCU. We may accept instructions you give verbally or in writing, whether in person, by telephone, electronic communication or by any other reasonable method. We may accept and act on such instructions that do not contain your signature with the same effect as if such instructions

were signed by you. However, we may, in our discretion, require your original signature or any other documentation before accepting and acting upon your instructions.

Opening Additional Accounts

Some types of LGFCU accounts can be opened by referencing a previously signed account signature form. Referencing means that a new account is opened, and a new account signature form is created, referencing the instruction(s) and signature(s) of the owner(s) on an existing account signature form. Members can open an individual account by referencing the account signature form of either an individual or joint account on which the member is an owner. Any joint account owner has sole authority to open a joint account referencing the account signature form of an existing joint account, without the knowledge, consent or joinder of the other joint owners, provided the joint owners on the referenced signature form are identical to the joint owners on the new account.

You agree that new accounts can be opened by referencing existing accounts and that a joint owner, acting as agent for the other co-owners of an existing joint account, can independently open another joint account in the name of the same joint owners, and all owners on joint accounts are jointly and severally liable for the debts of the account, regardless of whether the account is opened through referencing. Account owners on all jointly held accounts have rights of survivorship.

Certain types of accounts, such as IRA and POD accounts, cannot be opened by referencing a previously signed account signature form, and cannot serve as the signature reference for a new account.

Taxpayer Identification Number and Backup Withholding

Your failure to furnish a correct Social Security or other Taxpayer Identification Number (TIN) or meet other Internal Revenue Service (IRS) requirements may result in backup withholding. If your account is subject to backup withholding, we must withhold and pay to the IRS a percentage of dividends, interest, and certain other payments. If you fail to provide your TIN, we may suspend opening your account.

Statutory Lien; Right of Setoff; Security Interest

Statutory Lien: When you open an account, you grant LGFCU a statutory lien on the shares, deposits and accumulated dividends in your jointly and individually owned accounts to the extent of any amounts owed to LGFCU at any time. If you fail to satisfy a financial obligation due and payable to LGFCU, we may enforce the statutory lien without further notice to you, except where prohibited by law.

Right of Setoff: We may, without prior notice, set off all the shares, deposits and accumulated dividends in your jointly and individually owned accounts against any due and payable amount you owe us now or in the future, except where prohibited by law.

Security Interest: You assign, pledge and grant LGFCU a security interest in all shares and deposits, and earnings on shares and deposits, which you now have or may have in the future, at LGFCU as security for any indebtedness now owing or arising with LGFCU in the future, except where prohibited by law and for indebtedness which is itself secured by your residential real estate.

We may exercise or enforce our statutory lien, right of setoff, or security interest against any account at any time, and each shall survive the death of the account holder. We will not, however, exercise or enforce our statutory lien, right of setoff or security interest where prohibited by applicable law (including the Military Lending Act).

Holding Funds in Your Account

We reserve the right to place a hold on funds in your account and/or to prevent any deposits from being made to your account, for a reasonable period of time, at our discretion, when:

- We have a right of setoff or may enforce our lien;
- We comply with a court order or other legal process;
- We have been notified, or we reasonably believe, there exists a legitimate dispute among any parties who have or claim an interest in your account;
- We believe or suspect the account is involved in fraud;
- We in good faith believe we have a claim against you or the funds in your account, or
- Something has occurred or is reasonably expected to occur that may result in our having a claim against you or the funds in your account.

Disputes Involving Your Account

If we have been notified of, or we reasonably believe, there exists a legitimate dispute among any parties who have or claim an interest in your account, we may, at our discretion:

- Continue to rely on the account signature forms and other account documents in our possession;
- Pay the funds to an appropriate court of law or equity for resolution;
- Honor the competing claim upon receipt of evidence we deem satisfactory to justify such claim; and/or
- Close the account and pay the proceeds to all who have or claim an interest in the account or the account owner(s) as indicated in our records.

You, your estate, and your successors-in-interest agree to indemnify and hold LGFCU harmless from and against all claims, actions, costs and liabilities arising out of or relating to actions taken in opening and maintaining your account, making distributions upon notice of the death of the last surviving account holder pursuant to the terms of this Agreement and any conflicting designations of the funds in your account by will, revocable living trust or any other instrument.

Limitation of Liability/Indemnification

LGFCU serves only as a depository for the funds in your account, and we do not owe you a fiduciary duty with respect to your account unless we explicitly agree otherwise in writing. Our responsibility to you and to your account is limited to the exercise of ordinary care as established by the reasonable commercial standards for financial institutions.

We will not be liable to you for any claim, loss, cost or damage caused by events or circumstances beyond our reasonable control, even if they were foreseeable, including extreme weather, natural disasters, fire, floods, pandemics, measures of any governmental authority, civil disorder, labor strikes, and terrorism or threats of terrorism, as well as loss of electrical power, the breakdown or failure of any private or common carrier communication or transmission facilities, or suspensions of payments by another financial institution. In particular, LGFCU is not liable to you if such an event or circumstances prevent us from, or delay us in, performing our obligations for a service, including acting on a payment order, crediting a fund transfer to your account, processing a transaction or crediting your account. Our liability to you for any act or failure to act shall not exceed any direct resulting loss, if any, which you incur, and payment of any dividends. In any case, we will not be liable for any special, incidental, exemplary, punitive or consequential losses or damages of any kind, regardless of whether you informed us of the possibility of such damages, unless required by law.

You agree to reimburse LGFCU for all claims, costs, losses and damages we may incur, including reasonable attorneys' fees, in connection with your account, except to the extent caused by our failure to exercise ordinary care. Your liability will be joint and several. We may charge any of your accounts with us for any such losses, liabilities or expenses without prior notice to you. With respect to your act, omission, negligence or fault, and specifically in connection with overdrafts or returned deposits to your account, you agree to reimburse LGFCU for all claims, costs, losses and damages, including fees paid for collection. Nothing in this Agreement shall be construed to limit any rights or defenses available to us, or any warranty, indemnity or liability imposed on you, under applicable state or federal laws or regulations or any separate agreements applicable to your accounts.

Legal Process Against Your Account

We may comply with any legal process we believe is valid and to which we believe we are required to respond and comply. We may, at our discretion, accept legal process by mail, electronic mail, facsimile or any other means at any location where we do business. LGFCU is not liable to you for releasing information or remitting funds in compliance with legal process, including subpoenas, attachments, executions, garnishments, levies, restraining orders, injunctions or warrants. We may charge your account a service fee for such compliance, which if charged will be disclosed in our *Fees and Terms* disclosure. In addition, you agree that LGFCU is generally under no obligation to object to or otherwise contest on your behalf any legal process brought against your account, and we will not send you notice of the legal process unless required by law to do so. Notwithstanding the foregoing, we acknowledge that funds you have on deposit with us may be exempt from, or be protected against, claims of judgment creditors under federal and/or state law, and we expressly do not require you to waive any of these protections or exemptions, or any claims you may have against us, that apply to these protections and your exemption rights.

LGFCU will not be liable to you for any sums we may be required to hold or pay because of legal process against your account, even if holding or paying funds from your account leaves insufficient funds to pay checks or other items from your account. All funds held in a joint account can be used to satisfy any legal process against you, your account or any joint owner. Legal process against your account is subject to LGFCU's lien and right of setoff in accordance with applicable law.

Assignments, Pledges and Transfers

LGFCU will not recognize any assignment, pledge, transfer or grant of your account, or any interest in it, to anyone other than LGFCU.

Inactive and Abandoned Accounts

We may consider your account inactive if no transactions (including fees and dividend payments) are made in a given month. Inactive accounts may not produce, or be included on, a statement. We may also close your account (other than a CPG, Holiday Cash Club, or Salary Advance Cash account) if your account has a zero balance.

If there have been no transactions on your account, or owner-initiated activity with respect to your account, within the period specified by applicable state law, the account will be presumed to be abandoned. The Credit Union reports and remits funds from abandoned accounts to the state in a process known as escheat. Once funds have been turned over to the state, we have no further liability to you for such funds. If you choose to reclaim these funds, you must contact the appropriate state department or agency that handles abandoned property within the time period established by state law.

Your Membership and Maintaining Your Accounts Responsibly

Our Expectations: In order to maintain full use of and access to all of LGFCU's products and services, we require that you to meet our expectations regarding how you handle yourself, your finances, and your accounts as follows:

- Maintain the applicable minimum par shares value in at least one share account;
- Prevent delinquency on any LGFCU loan;
- Maintain accounts responsibly to avoid account closure (other than due to zero balance);
- Honor financial obligations so as not to reflect discredit upon LGFCU;
- Use the products or services offered by LGFCU responsibly; do not engage in fraudulent, illegal, dishonest, or deceptive activities; do not engage in online gambling;
- Carry out and/or comply with the agreements you have made with LGFCU;
- Refrain from belligerent, abusive, intemperate, or threatening demeanor or behavior that disturbs the activities of LGFCU and its membership, including verbally or otherwise abusing or threatening Credit Union staff or other Credit Union members; and
- Avoid causing a financial loss to LGFCU.

Failure to abide by these expectations can result in the loss of services, closure of accounts, and/or expulsion from membership.

Suspension of Services/Closing Your Account: LGFCU, in its sole discretion, may close your account, or deny your access to specific services, without prior notification unless required by law, (1) if you breach any terms of this Agreement, (2) if we, in our sole discretion, determine continued maintenance of the account exposes LGFCU to risk, including risk of financial loss, or (3) for any other reason not prohibited by applicable law.

This Agreement, which includes the Arbitration Provision, will continue to govern matters related to your account after it is closed. You will remain liable for checks and other transactions in process and for the payment of any accrued fees if we close your account. If we receive a deposit for credit to your account after it has been closed, we may, at our sole discretion, return the deposit, reopen your account and accept the deposit, or redirect the deposit into another account owned by you.

Actions Warranting Suspension of Services and/or Termination of Membership: Actions that may warrant suspension of services, account closure and/or termination of membership include, but are not limited to:

- Providing false or fraudulent information or documentation in an attempt to join LGFCU, receive a product or service, or originate a loan;
- Providing fraudulent eligibility information to assist a non-member in joining LGFCU;
- Passing counterfeit currency;
- Passing fraudulent, forged, or worthless checks, or kiting checks;
- Structuring transactions in an attempt to avoid required government filings;
- Using an LGFCU account to commit fraudulent or illegal activity, including unlawful Internet gambling;
- Using an LGFCU account to engage in online gambling;
- Using an LGFCU account to defraud others;
- Repeatedly participating in scam activity despite LGFCU advice and counseling; or
- Using a personal account for business purposes.

Termination of Membership: A member may be expelled from LGFCU only in the manner provided by law. Expulsion or withdrawal from LGFCU shall not operate to relieve a member of any liability to LGFCU. All amounts paid on shares, deposits, or other accounts held by expelled or withdrawing members, prior to their expulsion or withdrawal, shall be paid in the order of their expulsion or withdrawal, but only as funds become available and only after deducting any amount due from such member to LGFCU.

Member Privacy

At LGFCU, we keep information about our members secure and confidential. Information about your accounts or any transactions between you and LGFCU will not be disclosed to third parties except in strict accordance with the law, and LGFCU will continue to protect your information even if you terminate your membership with us. LGFCU will never sell your information to anyone for any reason.

Please see LGFCU's *Consumer Privacy Notice*, which is available on our website (www.lgfcu.org).

Arbitration

YOU HAVE THE RIGHT TO OPT OUT OF (NOT BE BOUND BY) THIS ARBITRATION PROVISION AS DESCRIBED IN THE "OPT-OUT" SUBSECTION BELOW. If you do not opt out and a Claim, as defined in the "Disputes Subject to Arbitration" subsection below is arbitrated, neither you nor we will have the right to: (1) have a court or a jury decide the Claim; (2) engage in information-gathering (discovery) to the same extent as in court; (3) participate in a class action, private attorney general action or other representative action in court or in arbitration; or (4) unless all parties otherwise agree in writing, join or consolidate a Claim with claims of any other person or entity.

General: This Arbitration Provision describes when and how a Claim (as defined in the “Disputes Subject to Arbitration” subsection below) may be arbitrated. Arbitration is a method of resolving disputes in front of one or more neutral persons (the “arbitrator”) instead of having a trial in court in front of a judge and/or jury. It can be a quicker and simpler way to resolve disputes. Arbitration proceedings are private and less formal than court trials. Each party to the dispute has an opportunity to present some evidence to the arbitrator. The arbitrator will issue a final and binding decision resolving the dispute (the “award”), which may be enforced as a court judgment. A court rarely overturns an arbitrator’s decision.

Governing Law: This Arbitration Provision is governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (the “FAA”), and not by any state arbitration law.

Special Definitions: Solely for purposes of this Arbitration Provision, “we,” “us,” and “our” mean (1) Local Government Federal Credit Union, each of its subsidiaries, affiliates, successors and assigns, and any of their employees, officers, directors and agents; (2) any servicer of your account; and (3) any other third party that you name along with us as defendants in a single proceeding.

Opt-Out Process: If you do not want this Arbitration Provision to apply, you may reject it by mailing us a written opt-out notice which specifies your name and address, identifies the applicable account(s), and includes a signed statement that you opt out of the Arbitration Provision. The opt-out notice must be signed by you and sent to us by mail (not electronically) at Credit Union, Attn: ARBITRATION, P.O. Box 28327, Raleigh, NC 27611. You should retain a copy of your opt-out notice and evidence of mailing.

Any opt-out notice is effective only if it complies with the preceding requirements and is postmarked within thirty (30) days after the date you opened your account.

This is the only way you can opt out of the Arbitration Provision. Your decision to opt out will not have any other effect on this Agreement or your account with us. If you don’t reject this Arbitration Provision, it will be effective as of the date you first opened your account. If an account is jointly owned, one owner’s rejection of this Arbitration Provision will be deemed to be a rejection by all joint owners. In all other circumstances, your rejection of this Arbitration Provision will not be deemed to be a rejection of this Arbitration Provision by any person or entity other than you. If you have more than one account with us and wish to opt out of the Arbitration Provision for multiple accounts, and you are still within the 30-day time period for opting out of the Arbitration Provision for said accounts, please include in your written opt out notice each account for which you wish to opt out of the Arbitration Provision. In all other circumstances, your decision to opt out of the Arbitration Provision applies only to the applicable account and not to any other accounts you have with us. Moreover, we offer a number of different products and services to our customers. If you opt out of arbitration for one or more accounts governed by this Agreement, this opt-out will not affect any other arbitration provision that may exist between you and us, now or in the future, in connection with other products or services you obtain from us. Any such arbitration provision will remain in force unless you separately opt out of it in accordance with its terms. For example, if you also have a credit card account with us, opting out of this Arbitration Provision will not constitute an opt out of any arbitration provision that may apply to the credit card account.

Disputes Subject to Arbitration: You or we may elect to have “Claims” arbitrated rather than resolved in court. The term “Claim” means any past, present or future claim, dispute or controversy between you and us that in any way arises from or relates to this Agreement or your account. “Claim” has the broadest reasonable meaning and includes, without limitation: (1) initial claims, counterclaims, cross-claims and third-party claims; (2) disputes based upon contract, negligence, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity; (3) data breach or privacy claims arising from or relating directly or indirectly to our disclosure of any non-public personal information about you; (4) disputes concerning your application or other information you gave us before opening your account; (5) any account(s) you previously had with us; (6) disputes arising from or related to debit cards or any other cards, products or services provided by or purchased or obtained from us in connection with your account; (7) disputes arising from or related to any transactions in connection with your account; (8) disputes arising from or related to any advice, recommendations, solicitations, communications,

disclosures, promotions or advertisements concerning your account; (9) claims brought in a direct, derivative, assignee, survivor, successor, beneficiary or personal capacity; (10) disputes concerning any fees or charges relating to your account or this Agreement (for example, Overdraft Transfer Service fees, non-sufficient funds charges, and safe deposit box rental fees), any products or services relating to your account (for example, automated teller machines and our online or telephone banking services), and communication methods and practices we may use to service your account; and (11) disputes arising from or related to the relationship(s) between you and us resulting from any of the foregoing. Claims are subject to arbitration even if they arise out of or relate to actions, omissions, transactions, facts, or conduct that occurred prior to the date of this Agreement. However, this Arbitration Provision will not apply to any Claim that was already pending in court before this Arbitration Provision took effect.

Disputes Not Subject to Arbitration: Notwithstanding the foregoing, the following disputes are not required to be arbitrated: (1) disputes that are within the jurisdiction of a small claims court (or an equivalent court). You or we may bring an action in small claims court or, if an arbitration demand has been made, instruct the arbitration administrator to close the case because the dispute should be decided by a small claims court. However, if the dispute is transferred, removed, or appealed from small claims court to a different court, you or we may elect to compel arbitration. Moreover, if you or we bring a counterclaim or cross-claim that is for more than the small claims court's jurisdiction, the entire dispute must, if you or we choose, be resolved by arbitration; and (2) disputes about the validity, enforceability, coverage or scope of this Arbitration Provision or any part thereof (including, without limitation, the Class Action Waiver), which are for a court and not an arbitrator to decide. However, any dispute or argument that concerns the validity or enforceability of this Agreement as a whole is for the arbitrator, not a court, to decide.

In addition, this Arbitration Provision does not prohibit you or us, at any time, from (1) exercising any lawful rights to preserve or obtain possession of property or self-help remedies, including but not limited to, the right to set-off or exercise a statutory lien or other lien granted by law or rule, the right to restrain funds in an account, recoupment, repossession, replevin or trustee's sales; (2) obtaining provisional or ancillary remedies or injunctive relief (other than a stay of arbitration), including but not limited to attachment, garnishment, interpleader or the appointment of a receiver by a court of appropriate jurisdiction; or (3) bringing an individual action in court that is limited to preventing the other party from using a self-help or non-judicial remedy and that does not involve a request for damages or monetary relief of any kind.

Starting or Electing Arbitration: You or we may start an arbitration by filing a demand with the arbitration administrator pursuant to the administrator's rules. You or we may also require arbitration of a Claim filed in court by filing a motion with the court to compel arbitration of the Claim. Even if you and we have chosen to litigate a Claim in court, either party may elect arbitration of a new Claim or of a Claim made by a new party in that or any related or unrelated lawsuit.

Choosing the Administrator: The party who commences the arbitration may select either of the following arbitration organizations to administer the arbitration under their rules that apply to consumer disputes: the American Arbitration Association ("AAA"), 120 Broadway, Floor 21, New York, NY 10271 (1.800.778.7879), www.adr.org; or JAMS, 1920 Main St. at Gillette Ave., Suite 300, Irvine, CA 92614 (1.800.352.5267), www.jamsadr.com. You can obtain a copy of the administrators' rules by visiting their websites or calling them. The parties may also mutually agree to select an arbitrator who is an attorney, retired judge or arbitrator registered and in good standing with a bona fide arbitration association and arbitrate pursuant to the arbitrator's rules. If AAA and JAMS cannot or will not serve, and the parties are unable to select an arbitrator by mutual consent, a court with jurisdiction will select the administrator or arbitrator, who must agree to abide by all of the terms of this Arbitration Provision (including, without limitation, the Class Action Waiver). Any arbitrator must be a practicing attorney with ten or more years of experience practicing law or a retired judge. If a party files a lawsuit in court asserting Claim(s) that are subject to arbitration and the other party files a motion to compel arbitration with the court, which is granted, it will be the responsibility of the party prosecuting the Claim(s) to select an arbitration administrator in accordance with this paragraph and commence the arbitration proceeding in accordance with the administrator's rules and procedures.

Jury Trial Waiver: IF YOU OR WE ELECT TO ARBITRATE A CLAIM, YOU AND WE WILL NOT HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM.

Class Action Waiver: ANY ARBITRATION MUST BE ON AN INDIVIDUAL BASIS ONLY. THIS MEANS THAT IF YOU OR WE ELECT TO ARBITRATE A CLAIM, NEITHER YOU NOR WE WILL HAVE THE RIGHT TO: (1) PARTICIPATE IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT OR IN ARBITRATION, EITHER AS A CLASS REPRESENTATIVE, CLASS MEMBER OR OTHERWISE; OR (2) ACT AS A PRIVATE ATTORNEY GENERAL IN COURT OR IN ARBITRATION. ALSO, ABSENT THE WRITTEN CONSENT OF ALL PARTIES, NEITHER YOU NOR WE WILL HAVE THE RIGHT TO JOIN OR CONSOLIDATE A CLAIM WITH CLAIMS OF ANY OTHER PERSON OR ENTITY. An arbitration award shall determine the rights and obligations of the named parties only, and only with respect to the Claim(s) in arbitration. No arbitration administrator or arbitrator shall have the power or authority to waive or modify this section, and any attempt to do so, whether by rule, policy, arbitration decision or otherwise, shall be invalid and unenforceable.

Location and Costs of Arbitration: Any arbitration hearing that you attend in person must take place at a location reasonably convenient to the parties or as otherwise agreed to by the parties or ordered by the arbitrator. Each administrator charges filing and administrative fees and the arbitrator also charges fees. The parties shall pay said fees in accordance with the administrator's rules. However, if you tell us in writing that you cannot afford to pay the fees charged by the arbitration organization and that you were unable to obtain a waiver of fees from the administrator, and if your request is reasonable and in good faith, we will pay or reimburse you for all or part of the fees charged to you by the arbitration organization and/or arbitrator. The parties shall also bear the fees and expenses of their own attorneys, experts and witnesses unless otherwise required by applicable law, this Agreement or the administrator's rules. If we prevail in an individual arbitration that either you or we commenced, we will not seek to recover our attorney, expert or witness fees or our arbitration fees from you. Notwithstanding the foregoing, if the arbitrator determines that any party's claim or defense is frivolous or wrongfully intended to oppress or harass the other party, the arbitrator may award sanctions in the form of fees and expenses reasonably incurred by the other party if such sanctions could be imposed under Rule 11 of the Federal Rules of Civil Procedure.

Law Applied by the Arbitrator: The arbitrator must apply applicable substantive law consistent with the FAA and applicable statutes of limitations and claims of privilege recognized at law. The arbitrator is authorized to award all remedies permitted by the substantive law that would apply in an individual court action, including, without limitation, punitive damages (which shall be governed by the Constitutional standards employed by the courts) and injunctive, equitable and declaratory relief (but only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual Claim). Any finding, award or judgment from an arbitration of any Claim shall apply only to that arbitration. No finding, award or judgment from any other arbitration shall impact the arbitration of any Claim.

Right to Discovery: In addition to the parties' rights to obtain discovery pursuant to the arbitration rules of the administrator, either party may submit a written request to the arbitrator to expand the scope of discovery normally allowable under the arbitration rules of the administrator. The arbitrator shall have discretion to grant or deny that request.

Arbitration Award and Right of Appeal: At the timely request of either party, the arbitrator shall provide a written explanation for the award. However, if the amount in controversy exceeds \$50,000, you or we can, within 15 days after the entry of the award by the arbitrator, appeal the award to a three-arbitrator panel administered by the administrator. The panel shall reconsider anew any aspect of the initial award requested by the appealing party. The decision of the panel shall be by majority vote. Reference in this Arbitration Provision to "the arbitrator" shall mean the panel if an appeal of the arbitrator's decision has been taken. The costs of such an appeal will be borne in accordance with the paragraph above titled "Location and Costs of Arbitration." The original award or any subsequent award on the appeal described

above shall be final and binding, subject to any further appeal rights under the FAA, and may be entered as a judgment by any court having jurisdiction.

Rules of Interpretation: This Arbitration Provision is binding upon and benefits you, your respective heirs, successors and assigns, and us and our respective successors and assigns. This Arbitration Provision shall survive (1) the repayment of amounts owed under this Agreement; (2) any legal proceeding; (3) any sale, assignment or transfer of your account; (4) any bankruptcy to the extent consistent with applicable bankruptcy law; (5) any default, breach or repossession; (6) any termination, cancellation, closure, suspension or non-renewal of this Agreement, your account or credit privileges; and (7) any termination, amendment, expiration or performance of any transaction between you and us. In the event of a conflict or inconsistency between this Arbitration Provision, on the one hand, and the applicable arbitration rules or the other terms of this Agreement, on the other hand, this Arbitration Provision shall govern. Any changes to this Arbitration Provision will apply only prospectively unless we give you a right to opt out of the change or the entire Arbitration Provision.

Severability: If any portion of this Arbitration Provision is held to be invalid or unenforceable, the remaining portions shall nevertheless remain in force, subject to two exceptions: (1) if a determination is made that the Class Action Waiver is unenforceable, and that determination is not reversed on appeal, then the Arbitration Provision (except for this sentence) shall be void in its entirety; and (2) if a court determines that a public injunctive relief Claim may proceed notwithstanding the Class Action Waiver, and that determination is not reversed on appeal, then the public injunctive relief Claim will be decided by a court, any individual Claims will be arbitrated, and the parties will ask the court to stay the public injunctive relief Claim until the other Claims have been finally concluded.

Notice and Cure: Prior to initiating a lawsuit or an arbitration proceeding under this Arbitration Provision, you or we, as applicable, shall give the other party written notice of the Claim (a "Claim Notice") and a reasonable opportunity, not less than 30 days, to resolve the Claim. Any Claim Notice to you shall be sent in writing by mail to the address you provided in connection with your account (or any updated address you subsequently provide). Any Claim Notice to us shall be sent by mail to Credit Union, Attn: CLAIM NOTICE, P.O. Box 28327, Raleigh, NC 27611 (or any updated address we subsequently provide). Any Claim Notice you send must include your name, address, and information sufficient to identify your account and explain the nature of the Claim and the relief demanded. You may only submit a Claim Notice on your own behalf and not on behalf of any other party. The party giving a Claim Notice must reasonably cooperate in providing any information about the Claim that the other party reasonably requests.

Safety

The National Credit Union Share Insurance Fund (NCUSIF) of the National Credit Union Administration (NCUA) insures member deposits up to \$250,000 (and potentially more, through different account ownerships). This insurance coverage is automatic and is provided at no additional member cost. Insurance coverage by the NCUA is provided on all types of share and deposit accounts currently offered by LGFCU.

For more information about NCUA share insurance coverage, please see our NCUA Deposit Insurance webpage accessible at www.lgfcu.org, which contains a link to our *Your Insured Funds* document, or you can contact your local branch.

For information about safety at ATMs, please visit www.lgfcu.org.



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