

American First Credit Union
TRUTH IN SAVINGS DISCLOSURE

Checking Accounts

PAYMENT OF DIVIDENDS

Dividend Rates. The frequency and conditions upon which dividends are paid on all accounts are in accordance with the Bylaws of this Credit Union, state law, and the Truth-in-Savings Act and Regulations. Dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period.

For all accounts except term share (certificate) accounts, the Dividend Rate and Annual Percentage Yield (APY) may change at any time as determined by the Credit Union's Board of Directors. For specific dividend rate(s) for each type of dividend bearing account, you will refer to the Rate Schedule, which accompanies this Agreement and Disclosure and which is incorporated by this reference.

Dividend Period. For all accounts except term share (certificate) accounts, dividends will be compounded monthly and will be credited monthly. Dividends on term share (certificate) accounts are compounded daily and will be credited monthly and at maturity. For all account types, the dividend period is monthly, for example, the beginning date of the first dividend period of the calendar year is January 1 and the ending date of such dividend period is January 31. All other dividend periods follow this same pattern of dates. The dividend declaration date follows the ending date of a dividend period, and for this example is February 1. If you close your account before dividends are credited, you may not receive the accrued dividends.

Balance Computation Method. Dividends on Direct Deposit Certificate Builder, Term Share Certificate Accounts, IRA Savings, Money Market, and Premium Money Market Accounts are calculated by the daily balance method, which applies a daily periodic rate to the balance in the account each day. Dividends on all other account types are calculated by the average daily balance method, which applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the balance in the account for each day of the period and dividing that figure by the number of days in the period.

Accrual of Dividends: Dividends will begin to accrue on the business day you deposit non-cash items (e.g., checks) to your account.

Account Type: Preferred Interest Checking

Opening requirement: The minimum deposit required to open a Preferred Interest Checking Account is \$50.

Minimum balance requirements: In order to avoid a monthly service fee stated on the Schedule of Fees, you must maintain a minimum daily balance of \$1,500.

Dividend earning: All balances earn dividends based on the average daily balance, paid and compounded monthly after 30 days/2 statement cycles of account opening. Average daily balances greater than \$1,500 will earn a slightly higher Annual Percentage Yield (APY) as disclosed on the Rate Schedule. The dividend rate and Annual Percentage Yield may change at any time, as determined by the Credit Union's Board of Directors. The dividend rate and Annual Percentage for this Account as of the last dividend declaration date are set forth in our Rate Schedule.

Account Type: 50+ Interest Checking

Opening requirement: The minimum deposit required to open a 50+ Interest Checking Account is \$50.

Minimum balance requirements: There is no minimum balance requirement for this account.

Dividend earning: All balances earn dividends based on the average daily balance, paid and compounded monthly. The dividend rate and Annual Percentage Yield may change at any time, as determined by the Credit Union's Board of Directors. The dividend rate and Annual Percentage for this Account as of the last dividend declaration date are set forth in our Rate Schedule.

Account Type: Easy Interest Checking

Opening requirement: The minimum deposit required to open an Easy Interest Checking Account is \$50.

Minimum balance requirements: There is no minimum balance requirement for this account.

Dividend earning: All balances earn dividends based on the average daily balance, paid and compounded monthly. The dividend rate and Annual Percentage Yield may change at any time, as determined by the Credit Union's Board of Directors. The dividend rate and Annual Percentage for this Account as of the last dividend declaration date are set forth in our Rate Schedule.

Account Type: Totally Free Checking

Opening requirement: The minimum deposit required to open a Free Checking Account is \$50.

Minimum balance requirements: There is no minimum balance requirement for this account.

Dividend earning: This account does not earn dividends.

Terms and Conditions Applicable to All Checking Accounts Plans

1. We may, at our discretion, but are not obligated to nor shall we be liable for refusal to pay funds from this account:
 - a. When such payment would draw the account below the minimum balance for the account as established from time to time by us ("overdrafts").
 - b. If drawn by means not authorized in advance by us.
 - c. Against checks presented over six (6) months past their dates.
2. We may pay and charge to your applicable account, checks drawn by and payable to any person, organization, association, or corporation whom you have authorized by providing sample MICR encoded information identifying your account, provided there are sufficient funds in your account to pay such checks. You agree that our rights in respect to such checks shall be the same as if it were a check drawn and signed by you personally. This authority shall remain in effect until revoked by you in writing (to us and to the agency to whom the sample MICR writing was provided) and we have had a reasonable opportunity to act on it. You agree that we shall be fully protected in honoring such checks. You further agree that if any such check is dishonored, whether with or without cause, and whether intentional or inadvertent, we shall be under no liability whatsoever, even though such dishonor results in the forfeiture of insurance, loss, or damage to you of any kind.
3. If we have made a good faith payment to a holder, we may charge your account according to:
 - a. The original terms of your check; or
 - b. The terms of your completed check unless we have noticed that any such completion is improper.
4. You, or any other person authorized to draw on the account, may request a stop payment of any check payable against your account, provided your request is timely and affords us a reasonable opportunity to act upon it under our rules. You may also stop payment on a line of credit check. Your stop payment must include the account number, check number, exact amount, check date, and name of payee. We will not be liable for paying a check over a stop payment request if the request is incomplete or incorrect. You agree to indemnify, defend, and hold us

harmless for all claims, actions, and damages related to or arising from our action in stopping payment of any check pursuant to your request. A stop payment/renewal fee will be assessed for each stop payment request. If you give a stop payment request orally, the request shall be valid for only fourteen (14) days thereafter unless confirmed in writing. Written requests shall be valid no longer than six (6) months, but may be renewed for additional six (6) month periods by written notice given during the time that the stop payment request was effective. You have the burden of establishing the fact and amount of loss resulting from payment contrary to a binding stop payment request. You may not stop payment on completed electronic point-of-sale transactions, corporate checks, certified checks, or checks issued or guaranteed by us.

5. Inactive Checking Accounts. If you maintain a balance of less than \$250 in your checking account and you have not made a withdrawal from, deposit to, or transfer involving the account in more than sixty (60) days, we may classify your checking account as inactive. You understand and agree that inactive checking account(s) that fall into this category will be closed by us, and we will transfer the entire checking account balance into a Regular Savings Account which is subject to all terms and conditions applicable to Regular Savings Accounts; including minimum balance requirements to (a) avoid monthly service fees, and to (b) obtain disclosed Annual Percentage Yield (APY). Refer to our Truth in Savings Disclosure for Share Savings Accounts, Rate Schedule, and current Schedule of Fees for details.

6. Death, dissolution, or incompetence of you (or any of you) shall not revoke our authority to accept, pay, or collect a check or to account for proceeds of its collection until we know of the fact of death or adjudication of incompetence and have the reasonable opportunity to act on it. Even with knowledge, we may for ten (10) days after the date of death, dissolution, or incapacity, pay or guarantee checks drawn on or prior to that date unless ordered in writing to stop payment by a person claiming an interest in the account under rules established by us. You shall notify us if any of you die, become incapacitated, or our organization is dissolved.

7. If we have paid a check under circumstances giving a basis for objection by you, we shall be subrogated to the rights of:

- A) Any holder in due course on the check against the drawer or maker; B) The payee or any other holder of the check against the drawer or maker either on the item or under the transaction out of which the item arose; and C) The drawer or maker against the payee or any other holder of the check with respect to the transaction out of which the check arose.

Overdraft Privilege Service Policy (A Discretionary Overdraft Service): American First Credit Union ("we, us or our") offers the Overdraft Privilege Service. If your account qualifies for Overdraft Privilege, we will consider, without obligation on our part, paying items for which your account has non-sufficient funds (NSF) or unavailable/uncollected funds (UCF), instead of automatically returning those items unpaid. This policy explains how Overdraft Privilege operates.

Transactions that May Qualify for Overdraft Privilege: An overdraft occurs when money is withdrawn from your account and the available balance goes below zero. In this situation the account is said to be "overdrawn." Although there are many reasons why your account might become overdrawn, most overdrafts result from the following:

- a) You write a check, swipe your debit card or initiate an electronic funds transfer in an amount that exceeds the amount of funds available in your account;
- b) You deposit a check or other item into your account and the item is returned unpaid, which causes a negative balance in your account once your balance is reduced by the amount of the returned check;
- c) You have inadequate funds in your account when we assess a fee or service charge; or
- d) You initiate a transaction before funds deposited into your account are "available" or "finally paid" according to our Funds Availability Policy. For example, if you deposit a check into your account, the proceeds of that check may not be available to you for up to five (5) days after you deposit the check (up to nine (9) days for new accounts); See Expedited Funds Availability Disclosure in your Account Agreement. If you do not have sufficient funds in your account—independent of the check—to cover the transaction, you will incur an overdraft.

The Overdraft Privilege Service applies to a variety of transactions, including checks and other transactions made using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions; however, we will not include ATM and everyday debit card transactions within our Overdraft Privilege Service without first receiving your affirmative consent to do so. Without your affirmative consent, ATM and everyday debit card transactions generally will not be paid under Overdraft Privilege.

Participation in Overdraft Privilege is not mandatory. You may opt-out of the service any time by notifying one of our member service representatives. Furthermore, you may revoke your affirmative consent to have ATM and everyday debit card transactions considered for payment under Overdraft Privilege without removing other items from the service. Simply inform us of your preference. As noted above, we retain full discretion to decline to pay any item under the Overdraft Privilege Program. This means we can refuse to pay any overdraft for any reason. Even if we decide to pay an overdraft item, such payment does not create any duty to pay future overdrafts. If we do not authorize and pay an overdraft, your transaction will be declined and we may assess NSF fees on your account in accordance with your Account Agreement and the fee schedule in effect at the time of the overdraft.

Overdraft Fees: For each overdraft we pay, we will charge the standard per item overdraft fee set forth in our fee schedule (currently **\$29.00**). In addition, we will charge your account a **\$5.00** "overdraft continuous negative balance" fee. Typically, we will charge the "overdraft continuous negative balance fee" beginning on the fifth consecutive business day your account is overdrawn and will continue to charge this fee for each consecutive business day your account remains overdrawn. There is no limit on the total fees we can charge you for overdrawing your account. We will notify you by mail if we pay or return any insufficient or unavailable funds items on your account; however, we have no obligation to notify you before we pay or return any item. The amount of any overdraft, including our fees, is due and payable immediately or on demand.

Accounts Eligible for Overdraft Privilege: Overdraft Privilege is a discretionary service and is generally limited to a \$100 overdraft (negative) balance for eligible checking accounts within the first 30 days of account opening, and \$1,500 overdraft (negative) balance for eligible checking accounts thereafter. Please note that both "per item" and "overdraft continuous negative balance" fees count toward your Overdraft Privilege Limit. We may in our sole discretion limit the number of accounts eligible for Overdraft Privilege to one account per household or per taxpayer identification number. Further, Overdraft Privilege is usually extended only to accounts in good standing. An account in good standing exhibits, but is not limited to, the following characteristics:

- a) The account has been open for at least one day to be eligible for up to \$100 overdraft limit, and at least thirty (30) days to be eligible for up to \$1500 overdraft limit;
- b) The account has deposits totaling at least \$400 or more within each thirty (30) day period to be eligible for up to \$1,500 overdraft limit;
- c) The account demonstrates consistent deposit activity;
- d) The account owner(s) is current on all loan obligations with us; and
- e) The account is not subject to any legal or administrative order or levy, such as bankruptcy or tax lien.

We offer other overdraft protection services in addition to Overdraft Privilege. These include an overdraft line of credit and overdraft protection linked to another account of yours with us, such as a savings account. If you apply and are approved for these optional services, you may save money on the total fees you pay us for overdraft protection services.

Overdrafts should not be used to pay ordinary or routine expenses and you should not rely on overdrafts as a means to cover these expenses. If at any time you feel you need help with your financial obligations, please contact one of our member service representatives at your local branch office. You may also use our free and confidential financial counseling service through BALANCE. **For more details about our overdraft service or options available to you, please call us at 800.290.1112 or visit amerfirst.org.**

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

The current Schedule of Fees and Rates are always available at www.amerfirst.org or by request.

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