

Business Overdraft Line of Credit Agreement

a request from ESL; (xi) any judgment is entered against you or any of your deposit accounts at ESL are attached or levied upon; or (xii) something happens which ESL believes may substantially reduce your ability to repay what you owe.

When you are in default, ESL has the right to accelerate the entire unpaid principal balance and demand immediate payment for your full LOC balance without prior notice. To the extent permitted by law, you will also be required to pay the collection expenses that ESL incurred, including court costs and reasonable attorney's fees.

20. **STATUTORY LIEN** – The law gives us a statutory lien on your accounts. This right permits us to use funds of any person on the LOC, on deposit with us or held by us at any time we exercise this right, to pay any amount then due to us from that person under this Agreement or in any other way. But, we cannot use the funds to pay any amount then due to us under a credit card plan unless we first obtain a court order. And, we cannot use any of the funds that we have agreed we will apply for a special purpose or that we are holding as a trustee (such as funds in an individual retirement account) to pay any amount then due to us under this note or in any other way.

YOUR BILLING RIGHTS KEEP THIS NOTICE FOR FUTURE USE

NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR BUSINESS OVERDRAFT LINE OF CREDIT STATEMENT – If you think your statement is wrong, or if you need more information about a transaction on your statement, write to us on a separate sheet at the address listed on your statement. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared. You can call us, but doing so will not preserve your rights.

In your letter, give us the following information:

- Your name and account number(s).
- Describe the error and explain, if you can, why you believe there is an error. If you need more information, describe the item you are not sure about.
- The dollar amount of the suspected error.

YOUR RIGHTS AND OUR RESPONSIBILITIES AFTER WE RECEIVE YOUR WRITTEN NOTICES – We must acknowledge your letter within 30 days, unless we have corrected the error by then. Within 90 days, we must either correct the error or explain why we believe the statement was correct.

After we receive your letter, we cannot try to collect any amount you question, or report you as delinquent. We can continue to bill you for the amount you question, including Finance Charges, and we can apply any unpaid amount against your credit limit. You do not have to pay any questioned amount while we are investigating, but you are still obligated to pay the parts of your statement that are not in question.

If we find that we made a mistake on your statement, you will not have to pay any Finance Charges related to any questioned amount. If we

didn't make a mistake, you may have to pay Finance Charges, and you will have to make up any missed payments on the questioned amount. In either case, we will send you a statement of the amount you owe and the date that it is due.

If you fail to pay the amount that we determine you owe, we may report you as delinquent. However, if our explanation does not satisfy you and you write to us within 10 days telling us that you still refuse to pay, we must tell anyone we report you to that you have a question about your statement. And, we must tell you the name of anyone we reported you to. We must tell anyone we report you to that the matter has been settled between us when it finally is.

If we don't follow these rules, we cannot collect the first \$50 of the questioned amount, even if your statement was correct.

NOTIFY US IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS – Call or write to us as soon as possible if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt.

ESL Federal Credit Union
P.O. Box 92714
Rochester, NY 14692-8814
585.336.1000
800.848.2265

We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared. In your letter, give us the following information:

- Your name and account number(s).
- Describe the error or the transfer you are unsure about.
- Explain as clearly as you can why you believe it is an error or why you need more information.
- 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 credit your LOC 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 LOC.

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. You may ask for copies of the documents that we used in our investigation.



It's banking, only better.

BUSINESS OVERDRAFT LINE OF CREDIT AGREEMENT

1. **AGREEMENT** - This is your Agreement with ESL Federal Credit Union (ESL) for your ESL Business Overdraft Line of Credit (LOC). Please read this Agreement carefully. The Terms "ESL", "we", "us" and "our" refer to ESL. "You", "your" and "yours" refer to each person, member or organization authorized to use the LOC. This Agreement becomes effective when you receive a letter of approval from us with your credit limit and a copy of this Agreement. The first use of your Business Overdraft Line of Credit means that you accept and agree to be bound by all of the terms of this Agreement.

2. **USE OF YOUR LOC** - We establish a line of credit for you, with a limit which is shown on your approval letter. If you write a check or make another charge that overdraws your checking account, ESL will automatically transfer funds to your checking account in an amount which does not exceed the credit available to you to cover it. These transfers are made in even \$100 amounts. For example, if we receive two checks drawn on your account totaling \$145 and you have only \$30 in your checking account, we would advance \$200 from your LOC to your checking account. This transfer would cover these checks and leave a balance of \$87 in your checking account. Deductions from your checking account for automatic payments or other reasons can cause transfers of funds in the same way checks do.

If your checking account is a joint or multiple party account, your LOC will be triggered to cover any check or other transaction that overdraws your account, whether or not the check was written by you, the transaction was authorized by you or the person who wrote the check or authorized the transaction is also liable to repay advances from the LOC. If your name is the sole name on the LOC you are liable for all LOC advances to cover any legal check drawn on or transaction from your account, regardless of who wrote the check or authorized the transaction.

IF YOU CLOSE YOUR CHECKING ACCOUNT, YOU WILL BE CONSIDERED IN DEFAULT ON YOUR LOC PURSUANT TO THIS AGREEMENT.

3. **CREDIT LIMIT** – We assign a limit to your LOC. A check or transaction that would cause your unpaid balance of your account to exceed this limit may not be honored. Your credit limit may be raised or lowered by us. You agree not to draw checks or authorize transactions against your LOC which, if paid by us, would cause the making of a loan to you in excess of your credit limit. If we ask, you will be required to provide information about your current financial condition.

4. **BUSINESS PURPOSE** – You agree to use your LOC for business and/or commercial purposes only.

5. **INTERNET GAMBLING TRANSACTIONS PROHIBITED** – You agree not to use any of your accounts to initiate any type of electronic gambling transaction through the Internet.

6. **REPAYMENTS** – The advance of LOC funds to your checking account is a loan. You agree to repay your LOC loans. You must repay these loans by making monthly payments every month until the loans are fully repaid. The minimum monthly payment will be 2.7778% of the principal loan balance outstanding at the end

of the last monthly statement period, plus the Finance Charge and any late charges, but such monthly payment will be at least \$20.00 or, if the outstanding balance is less than \$20.00, the entire outstanding balance. We will apply each of your payments in the following order: first, to pay the interest; next, to principal; next, to pay late charges, if any; and next to pay principal reduction. You authorize us to deduct the monthly payment from your checking account on or after the day the monthly payment is due. ESL will not transfer funds to your checking account to make your monthly payment. If there is an outstanding unpaid principal balance on your LOC, you will receive a statement included with your checking account statement, showing the total of your unpaid LOC, the monthly payment amount, the Finance Charge, and all charges and the date each payment is due. The statement will be considered correct in all respects unless you notify us in writing within 60 days of the date the statement was sent to you.

7. **REPAYMENT DUE DATE** – Monthly payments will be due on the 15th day of each month until your LOC is fully repaid.

8. **RETURNED PAYMENT CHARGE** – You will pay a Returned Payment Charge if you pay us with a check or any other form of payment that your financial institution will not honor or that is incomplete or if we return a check unpaid. Refer to the Business Banking Fee Schedule for the exact fee charged.

9. **ADDITIONAL PAYMENTS** – You may, at any time, make payments without penalty on the unpaid outstanding principal balance before they are due. Payment of only part of the unpaid outstanding principal balance will not delay the due dates or change the amounts of your monthly payments unless ESL agrees in writing to those delays or changes. Further, such payments will be applied by us entirely to the unpaid principal balance only when they are received after the required monthly payment has been made by you and before the first day of the following month. Additional payments will be applied first to late charges, if any, then to return check charges, if any, then to the principal balance remaining.

10. **FINANCE CHARGES** – You agree to pay a Finance Charge for each monthly statement period in which there is a principal balance on your LOC and until the full amount of principal has been paid. The Finance Charge consists of interest, computed as follows: Each month we begin with the total of all unpaid transfers to your checking account on the last day of the previous statement period. Each day we subtract payments credited to the loan and we add the total of any new LOC advances. This gives us your daily balance. At the end of the statement period, we add all the daily balances and divide the total by the number of days in the period. This gives us your average daily balance. We then multiply your average daily balance by the number of days in the statement period. That figure is then multiplied by the Daily Periodic Rate (1/365th of the annual interest rate) of .04904% which gives us your Finance Charge for the statement period. The annual interest rate and corresponding Annual Percentage Rate are variable but under no circumstances will exceed 18.00%. We may change the interest rate and, consequently, the corresponding Annual Percentage Rate and Daily Periodic Rate in accordance with the terms of an advance notice prior to the effective date of any such change.

11. **LATE CHARGES** – If any installment owing under this agreement is overdue for more than 10 days, you agree to pay a late charge of 5% of the principal balance due but such late charge will be at least \$25.00.

12. **FEES AND CHARGES** – The fees and charges referenced in this Agreement are also referenced in the Business Banking Fee Schedule. ESL may change the fees and charges in the Business Banking Fee Schedule from time to time and will notify you of the changes. If there is a discrepancy between this Agreement and the Business Banking Fee Schedule with respect to the fees and charges, the Business Banking Fee Schedule shall govern.

13. **DELAY IN ENFORCEMENT** – We can delay enforcing any of our rights under this Agreement without losing them.

14. **IRREGULAR PAYMENTS** – We can accept late or partial payments marked "payment in full," without losing any of our rights under this Agreement.

15. **APPLICABLE LAW** – Your rights, our rights, and the terms of this Agreement shall be governed by New York State law.

16. **ASSIGNMENT** – You may not assign or transfer any of your rights and obligations under this Agreement.

17. **JOINT AND MULTIPLE PARTY LINES OF CREDIT AND ACCOUNTS** – If there is more than one person, member, organization or entity on the LOC, each of you will be fully bound by all of the terms of this Agreement and each of you will be fully responsible for the repayment in full of any amounts due under this Agreement. Written notice under this agreement may be made by mailing, to any of you, such notice at the business member address as shown on our records.

18. **AMENDMENT AND CANCELLATION** – We can change this Agreement or cancel it at any time. We will notify you in writing of any changes or cancellation when required by law or regulation at the business member address as shown on our records and advise you of the reason why. You may freeze your LOC at any time by notifying us in writing. If you decide to freeze your LOC, you must pay any outstanding balance in accordance with the existing terms of this Agreement.

19. **DEFAULT** – You will be in default if: (i) you close your checking account; (ii) you fail to make any minimum or other required payment by the date it is due; (iii) you violate any of the other terms of this Agreement; (iv) you default in the payment of any other loan account with ESL; (v) you exceed your credit limit; (vi) you are a natural person, if you die; (vii) you are a business or organization, if you cease to exist; (viii) you are a business or organization, if you change your legal structure so that the person obligating the business or organization to this Agreement is no longer authorized to bind it to legal agreements; (ix) you file for bankruptcy or become insolvent (unable to pay your obligations as they become due); (x) you make any false or misleading statement on any credit application or credit update or fail to provide complete and accurate financial information within 30 days after