



## SAVINGS AND CHECKING DISCLOSURE TERMS AND ACCOUNT AGREEMENT

Welcome to ESL Federal Credit Union. Thank you for opening a new account with us. This Agreement describes the relationship between you and ESL Federal Credit Union. This is an important document. Please read it, and keep it in a safe place. You should ask us any questions you have about this Agreement.

### GENERAL TERMS AND CONDITIONS

1. This Agreement establishes your rights and responsibilities as a member of ESL Federal Credit Union and the obligations of ESL Federal Credit Union to you. In this Agreement, ESL Federal Credit Union may be referred to as "ESL", "the credit union", "we" or "us". You may be referred to as "member", "you" or "yours". The word "account" means any one or more share or other accounts you have with ESL.

This Agreement is a contract between ESL and you. It will, along with the credit union's charter, by-laws and policies, govern all relationships between you and all other members of ESL and the credit union. Some accounts, for example loans, IRA, health savings accounts and trust accounts may have special rules which will be given to you separately. By signing a member account agreement, depositing money into your account or removing money out of your account, you indicate acceptance of the terms of this Agreement.

All questions or communications to us should be sent to:

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

2. To join the credit union, you must complete payment of one share (\$1.00) in your membership share account and have your application approved by an ESL authorized officer. You must retain a credit union membership share account to remain a member in good standing.

3. ESL reserves the right not to accept into membership any person who caused ESL or any other financial institution a loss or previously abused the privileges of ESL membership.

4. ESL will assess an Inactive Account/Low Balance Fee of up to \$5.00 each month, close your account(s) and change your status to Inactive Member on accounts of members 18 years or older if:

- a. You have not initiated activity for one year, AND
- b. The aggregate balance in all your share accounts is less than \$100.00, AND
- c. You have no active loans.

You may lose your membership if your account carries a zero (\$0.00) balance for a period of six months or longer. If you have not caused ESL a financial loss, you may establish a new membership at any time if you remain eligible for membership.

5. You may choose to terminate your membership in the credit union by withdrawing all shares from the accounts you have an ownership interest in, including all shares in your membership share account, and indicating to an ESL Representative, either verbally or in writing, that you intend to terminate your membership. However, we reserve the right to require you to give us seven days notice in writing before an intended withdrawal. In certain circumstances, we may require your signature to close your account.

If after you terminate your membership you choose to open accounts with us, you will need to prove that you remain eligible for membership at ESL.

6. ESL reserves the right to terminate any of your accounts at any time without notice to you or may require you to close any of your accounts and apply for new accounts if:

- a. There is change in owners or authorized signers;
- b. There has been a forgery or fraud reported or committed involving your account;
- c. There is a dispute as to the ownership of an account or the funds in an account;
- d. There has been any misrepresentation or any other abuse of any of your accounts;
- e. It is deemed necessary to prevent a loss to the credit union;
- f. It is reported that an access device has been lost or stolen, including but not limited to the following access devices: your checks, ESL ATM Card, ESL Visa® Debit Card, ESL Visa® HSA Card or both your

- member number and password(s) for TEL-E\$! or ESL Mobile/Online Banking;
- g. There are excessive returned unpaid items not covered by any overdraft services.

Joint accounts may also be terminated for other reasons described in Section 17 of this Agreement.

7. If either ESL or you close one of your accounts and you have periodic payments deposited to your account or pre-authorized withdrawals (also known as debits) taken from your account, you must notify the third parties initiating the transaction that your account is being closed. ESL will not be liable to you for any damages you incur due to your failure to notify third parties that your account was closed. After your account is closed, we will return, to the originating financial institution, any debits or payments we receive.

8. Any termination of this Agreement, either by us or by you, will not release you from any fees or other obligations you incurred before termination or you incur in the process of closing your account. ESL is not responsible for payment of any check, withdrawal or any other item after your account is terminated; however, if we pay an item after termination, you agree to reimburse the credit union.

9. Accounts are not transferable or assignable by you or any joint owners without the expressed written approval of an authorized officer of the credit union.

## **REDUCED SERVICES**

10. If you have caused ESL a loss, behaved abusively toward ESL employees or members, persistently and egregiously violated commonly accepted standards of personal hygiene or public manners, or participated in any unsafe or unsound practice through which the interests of ESL or its members has been or could be jeopardized, you may have all or some credit union services reduced or denied within the limits of applicable law which pertain to the loss incurred. You will maintain the right to a dividend bearing membership share account. Deposits may be made only by mail. Withdrawals may be made only by mail with a credit union check made payable to you mailed to your address of record.

To have services reinstated, you must submit in writing an explanation of the circumstances that caused the loss or your prior behavior and the specific services you wish to have reinstated. ESL must be reimbursed for any loss, including but not limited to, late charges and collection fees, including court costs and reasonable attorney's fees.

To find out if you are eligible to have either your ESL membership or services reinstated, please contact us at 585.336.1000 or 800.848.2265, use ESL Live Chat Banking at [esl.org](http://esl.org) or visit one of our branches.

## **CREDIT UNION LIEN AND RIGHT OF SETOFF**

11. If you are indebted to ESL as a borrower, co-borrower, co-signer or guarantor, federal law provides us with a lien on any share account funds in which you have an ownership interest, regardless of the source of funds, unless prohibited by law. We may apply these funds in any order, without prior notice to you, to pay off your indebtedness. If we choose not to enforce our lien, we do not waive our right to enforce the lien at a later time.

12. As part of this Agreement, you grant to us a right to and a lien on all funds in any account, except as prohibited by law, which you hold, either in your name or as a joint account owner at ESL. (This right or lien is sometimes called the right of setoff or offset.) The credit union may use the funds to pay a debt owed to the credit union even if the withdrawal results in a dividend penalty or the dishonor of checks. In the case of a joint account, each joint owner agrees that the credit union may use all the funds in the account to satisfy any of his or her individual obligations. Similarly, each joint owner agrees that the credit union may use the money in their individual account to satisfy obligations in any joint accounts. If we choose not to enforce this right or lien, we do not waive our right to enforce the right or lien at a later time. You permit us to exercise this right or lien without any further notice to you, other than any notice required by law, to satisfy any amount owed to us by you, including without limitation, loans in default, fees, charges and costs, including court costs and reasonable attorney's fees, associated with our services.

## **GENERAL TERMS FOR SHARE ACCOUNTS**

13. Accounts at ESL may be held by an individual member, jointly with other members or non-members, and in trusts, both revocable and irrevocable. When an account is opened, you will tell us the type of account you wish us to open and will sign a signature card for that account.

14. ESL accepts for deposit cash, checks and other orders of payment and negotiable instruments. All deposits are subject to final payment on any deposited instruments in the normal course of business. Funds are made available according to the Funds Availability Policy.

If you fail to include an endorsement, the credit union may, but is not required, to supply the missing endorsement. You agree to reimburse ESL for any loss or expense that ESL incurs because you fail to endorse the item exactly as it was drawn. These fees may include, but are not limited to, court costs and reasonable attorney's fees.

If you make a deposit on a day we are closed or on a day we are open but after our business hours, we will consider that the deposit was made on the next business day we are open. If a check, draft or item that is payable to two or more persons is ambiguous as to whether it is payable to either or both persons, we may process the check, draft or item as though it were payable to either person.

15. ESL will send to you a statement for each account monthly, quarterly or annually depending on the account type and activities, such as electronic transfers. You agree that only one statement is necessary for accounts with joint owners. You agree that for a Free Checking Account, Premier Checking Account and an ESL Health Savings Account, the original check becomes the property of the credit union and will not be returned, although copies of original or substitute checks are available to you upon request.

If your paper statement is returned to us undelivered, we will destroy it. If you do not receive a statement within 14 days of when you normally receive the statement, you agree to notify us and we will send you another.

You may choose to receive your statement electronically by signing a separate agreement which is available at our website (esl.org). Statements will not be sent to you if you have initiated no activity for at least 12 months and your collective share balance is less than \$250.00.

**You are responsible for examining each and every statement sent to you for each account. You must report to us any transactions that appear to be incorrect, inaccurate, fraudulent or unauthorized in any way. If you fail to report to us within the time frames set by law, you will be responsible for any such transaction.**

## **ACCOUNT OWNERSHIP RIGHTS AND RESPONSIBILITIES**

16. If you open an account by yourself, you are the sole owner of the account. You are the only person authorized to engage in transactions on this account. You may designate another person to engage in transactions on this account without granting him or her any ownership interest in your account through a power of attorney on a form acceptable to us. Upon your death, the funds in the account will pass to your estate or your heirs in accordance with applicable law.

17. An account opened by two or more persons is a joint account. Each person designated on the account application is a joint owner of the account. Each joint owner must apply for and be accepted as an ESL member and be an owner of a membership share account.

If you have a joint account, your deposit and any additional deposits will become the property of you and all other persons named as joint owners on the account as equal joint tenants with the right of survivorship and not as tenants in common. ESL must honor checks or orders drawn on the account or withdrawal requests from any owner during the lifetime of all owners and the surviving owners after the death of any owner. Any owner during the lifetime of all owners is authorized to withdraw any or all funds from this account. ESL may be required by law or regulation to remit all funds held in a joint account to satisfy a judgment entered against, or other valid debt incurred by, any owner of the account.

ESL may treat the account after the death of any owner as the sole property of any surviving joint account owner. This means that when one owner dies, all sums in the account will belong to any surviving owners. A surviving owner's interest is subject to the credit union's statutory lien and right of offset for the obligations the deceased owner owes to the credit union, and to any security interest or pledge granted by the deceased owner to the credit union even if the surviving owner did not consent to it.

ESL may act pursuant to any of the joint account owner's signatures. This means any owner can, for example, without the consent of any other owners, endorse checks for deposit that are payable to any account owner, withdraw all available funds, stop payment on items and transfer or pledge to us all or any part of the shares. ESL has no duty to notify any owners about any transactions. ESL shall not be liable to any owner as to such amounts so paid prior to the receipt by ESL of a notice in writing signed by any owner not to pay or deliver such joint owner additions or dividends thereon in accordance with the terms of the account. After receipt of such notice, ESL will require the signature of all joint owners for any further payments or delivery of funds. If we receive a written notice of a dispute between account owners or inconsistent instructions from them, we reserve the right, at our sole discretion, to suspend or terminate the account until receipt of a court order or written consent of all account owners. All owners are jointly and severally liable for all obligations of the account.

If a deposited item in a joint account is returned unpaid, an account is overdrawn or if we do not receive final payment on any transaction, all owners are liable jointly and severally to the credit union for the amount of the returned item, overdraft or unpaid amount and any charges, regardless of who initiated or benefited from the transaction. If any

account owner is indebted to us, we may enforce our rights against any account of any owner or all funds in the joint account regardless of who contributed them.

18. ESL will require additional documentation for certain accounts established by trusts or accounts with beneficiaries or accounts set up by fiduciaries (including but not limited to custodians, guardians, Veterans Administration legal representatives and Social Security representative payees). A revocable trust may open an account only if the trust's grantor is a member of the credit union. An irrevocable trust may open an account when either the trust's grantor is a member of the credit union or all of the trust beneficiaries qualify for membership at the credit union. ESL may require a trust to name the trust's beneficiaries in order to attach their names to the trust's accounts.

## **SHARE DRAFT (CHECKING) ACCOUNTS, MONEY MAKER SHARE ACCOUNTS, TIERED SAVINGS ACCOUNTS AND HEALTH SAVINGS ACCOUNTS**

**19. FOR PREMIER CHECKING ACCOUNTS ONLY:** Our Premier Checking Account is a variable rate account. The dividend rate paid for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded daily and are credited on the last day of each month. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$1.00 to open this account. There is no monthly service charge if you maintain a minimum average daily balance of \$1,000 for the calendar month. If your average daily balance falls below \$1,000 for the calendar month, you will be charged a fee (refer to a Fee Schedule for the exact fee charged). This account permits an unlimited number of deposits and withdrawals.

**20. FOR FREE CHECKING ACCOUNTS ONLY:** No dividends are paid on this checking account.

You must deposit at least \$1.00 to open this account.

This account permits an unlimited number of deposits and withdrawals.

**21. FOR MONEY MAKER SHARE ACCOUNTS ONLY:** Our Money Maker Account is a variable rate account.

If your daily balance is	The dividend rate paid on the entire balance is	With an Annual Percentage Yield (APY) of
\$1 - \$2,499.99	%	%
\$2,500 - \$9,999.99	%	%
\$10,000 - \$24,999.99	%	%
\$25,000 - \$49,999.99	%	%
\$50,000 and greater	%	%

Your dividend rate and APY may change after the account is opened. Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded monthly and credited on the last day of the month. If you close your accounts before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$2,500.00 to open this account.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

**22. FOR PREMIER MONEY MAKER SHARE ACCOUNTS ONLY:** Our Premier Money Maker Account is a variable rate account.

If your daily balance is	The dividend rate paid on the entire balance is	With an Annual Percentage Yield (APY) of
\$1 - \$2,499.99	%	%
\$2,500 - \$9,999.99	%	%
\$10,000 - \$24,999.99	%	%
\$25,000 - \$49,999.99	%	%
\$50,000 - \$99,999.99	%	%
\$100,000 - \$249,999.99	%	%
\$250,000 and greater	%	%

Your dividend rate and APY may change after the account is opened. Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded monthly and credited on the last day of the month. If you close your accounts before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$10,000 to open this account. If your average daily balance falls below \$25,000 for the calendar month, you will be charged a fee (refer to a Fee Schedule for the exact fee charged). No minimum balance is required to obtain the disclosed APY.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

**23. FOR TIERED SAVINGS ACCOUNTS ONLY:** Our Tiered Savings Account is a variable rate account.

If your daily balance is	The dividend rate paid on the entire balance is	With an Annual Percentage Yield (APY) of
\$1 - \$49,499.99	%	%
\$50,000 - \$99,999.99	%	%
\$100,000 - \$249,999.99	%	%
\$250,000 - \$999,999.99	%	%
\$1,000,000 and greater	%	%

Your dividend rate and APY may change after the account is opened. Dividends are calculated by the daily balance method which applies a daily periodic rate to the balance in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded monthly and credited on the last day of the month. If you close your accounts before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$10,000 to open this account. If your average daily balance falls below \$50,000 for the calendar month, you will be charged a fee (refer to a Fee Schedule for the exact fee charged). No minimum balance is required to obtain the disclosed APY.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

**24. FOR HEALTH SAVINGS ACCOUNTS ONLY:** To open an ESL Health Savings Account (HSA) you must complete a separate application and meet the eligibility requirements set by the IRS and the Treasury Department. Contributions to and distributions from your HSA are subject to rules determined by the IRS and are reportable to the IRS. It is your responsibility to spend your HSA funds for qualified medical expenses, as defined by the Internal Revenue Service (IRS). Please refer to the Health Savings Custodial Account Agreement for more information regarding your HSA.

Our HSA is a variable rate account. The dividend rate for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_%. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded monthly and are credited on the last day of each month. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You may access your funds from your HSA by writing HSA Checks, using your ESL Visa HSA Card, using ESL Bill Pay, ESL Online Banking and by withdrawal at any ESL Branch or ATM.

You must deposit/contribute at least \$1.00 to open this account.

This account has check writing privileges and permits unlimited withdrawals (distributions) and deposits (contributions) however, the total contribution amount is limited as defined by the IRS.

#### **Withdrawals/Distributions**

Any type of withdrawal (distribution) by you or an authorized user of this account will be considered a normal distribution and will be reported to the IRS as such. It is important to keep all receipts of medical expenses to prove you or your family member incurred the expenses. Please refer to IRS Publication 502 for more information about qualified medical expenses.

#### **Deposits/Contributions**

Deposits (contributions) made between January 1 and the tax return filing date will be treated as a current year contribution unless the account owner provides us with written instructions to treat it as a prior year contribution. Please refer to your Health Savings Custodial Account Agreement for additional information regarding contributions.

#### **Documentation Requirements**

Under IRS and Treasury regulations, all payments from your HSA require third-party documentation. Some transactions will be electronically documented and will not require after-purchase documentation requirements. You are responsible for meeting any documentation requirements.

#### **Overdraft Options**

Overdraft options are not available on this account. Federal law does not permit distributions that exceed what you have contributed to your HSA. This means if any transaction, fee or charge causes your HSA to have a negative balance, we will return the item and may charge an overdraft fee (refer to Fee Schedule for the exact fee charged). You agree to immediately repay the amount of any overdraft along with any associated fees.

#### **Prohibited Transactions**

If you or any authorized user engages in a prohibited transaction (as defined under Section 4975 of the Internal Revenue Code and as may be amended) with your HSA, the HSA will lose its tax exemption and you must include the value of your account in your gross income for that taxable year.

25. ESL may pay checks or other instruments drawn on the account on the day they reach us no matter what the date of the check or instrument. ESL may at its discretion elect not to pay a draft that is more than six months old. ESL may pay drafts that have been postdated and have not yet matured unless the member provides specific advance notice that the draft should not be honored until the posted date.

ESL may charge back at any time prior to midnight on its second banking day following the day of receipt, any item drawn on ESL which is ascertained to be drawn against insufficient funds or otherwise not good or payable. All other items are credited subject to the receipt of final payment in cash or solvent credits by ESL at our own office. Deposit and collection of all items shall be governed in other respects by applicable law. ESL shall not be liable for any damage caused by its premature payment of a postdated check, through accident or inadvertence, whether such damages arise from dishonor of a check subsequently presented or otherwise. ESL shall have all the rights of a purchaser and holder-in-due-course of a postdated check for which it pays out money or gives other value, in good faith, before the date of the instrument.

All transactions relating to your checking accounts are accepted subject to later verification, and correcting entries may be made if any errors are discovered. ESL shall not be responsible for payment of items which are presented the same day deposits are made, unless there is already a sufficient balance in the account in addition to such deposits.

You agree to use only the checks or other instruments approved by ESL for the account. ESL shall not be liable for any damage caused by your use of unapproved checks or other instruments. The credit union may return as unpaid any check that is not drawn on a form provided by the credit union. You agree to protect your blank checks and other instruments from theft or loss, and to notify us promptly if any blank check or other instruments are lost or stolen. You further agree to register a complaint of any theft of checks or other instruments or any unauthorized use of this account with a local law enforcement agency and to provide ESL with a copy of the law enforcement agency's official report.

If you voluntarily give information about your account (such as the credit union's routing number or your account number) to a third party, ESL presumes that you have authorized the receipt of that information to initiate debits to your account, even if a particular transaction may not be authorized. ESL will honor such debits until you take the actions required by law to stop them.

26. ESL will make every effort to honor your stop payment orders on your non-electronically initiated checks (share drafts). ESL will accept an oral notice of a stop payment order. Unless such stop payment order is cancelled or renewed, a stop payment order is effective for six months. ESL reserves the right to require a written stop payment order. To be effective, your stop payment order must identify the following:

- a. Check number.
- b. Account number on which the check was written.

ESL reserves the right in processing a stop payment order to require you to also identify the following:

- a. Name of the person who signed the check.
- b. Name of the payee on the check.
- c. Date of the check.
- d. Exact amount of the check.

We cannot stop checks that do not match the instructions you have provided us. To stop the payment, we must have enough advanced notice to ensure that our systems will be alerted to your stop payment order before the check clears. You must request a renewal in writing before the expiration of the prior stop payment order.

27. ESL is not liable for paying checks of members who have died or members who have been adjudicated incompetent if payment has been made prior to notification of the member's death or adjudication of incompetence. Even with that knowledge, the credit union may for 10 days after the date of death pay checks drawn by the member on or before the date of the member's death unless ordered to stop payment by a person claiming an interest in the account. We may require anyone claiming a deceased owner's account funds to indemnify us for any losses resulting from our honoring that claim. This Agreement will be binding on any account owner's heirs or legal representatives appointed by a court of proper jurisdiction.

## IRA MONEY MAKER SHARE ACCOUNT

**28. FOR IRA MONEY MAKER ACCOUNTS ONLY:** Our IRA Money Maker is a variable rate account.

If your daily balance is	The dividend rate paid on the entire balance is	With an Annual Percentage Yield (APY) of
\$1 - \$2,499.99	%	%
\$2,500 - \$9,999.99	%	%
\$10,000 - \$24,999.99	%	%
\$25,000 - \$49,999.99	%	%
\$50,000 and greater	%	%

Your dividend rate and APY may change after the account is opened. We use the daily balance method to calculate dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks) is credited to your account. Dividends are compounded monthly and credited on the last day of the month. If you close your accounts before the dividends are credited, you will receive the dividends accrued at the time of closing.

There is no minimum balance required to open this account.

This account does not have check writing privileges. No pre-authorized, automatic, ATM or telephone transfers to another account will be allowed. ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

## **DAILY DIVIDEND ACCOUNT, SECURED CREDIT CARD DAILY DIVIDEND ACCOUNT, FIRST HOME CLUB DAILY DIVIDEND ACCOUNT AND ESL FIRST-TIME HOMEBUYER DAILY DIVIDEND ACCOUNT**

**29. FOR DAILY DIVIDEND ACCOUNT ONLY:** The Daily Dividend is a variable rate account. The dividend rate for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_%. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate the dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks), is credited to your account. Dividends are compounded daily and are credited on the last day of each quarter. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$1.00 to open this account.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

**30. FOR SECURED CREDIT CARD DAILY DIVIDEND ACCOUNT ONLY:** The Secured Credit Card Daily Dividend is a variable rate account. The dividend rate for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_%. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate the dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks), is credited to your account. Dividends are compounded daily and are credited on the last day of each quarter. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$300.00 to open and maintain this account.

**This account is pledged as collateral for all sums due to us under your ESL Visa Secured Credit Card account.**

After the account is opened, you may not make any withdrawals from your account unless we agree at the time you request the withdrawal. Accumulated dividends may be withdrawn at any time upon your request. If we agree to a withdrawal greater than any accumulated dividends, you will be required to close this account and your ESL Visa Secured Credit Card account and return all cards issued in connection with this account to us, if any. For withdrawals greater than any accumulated dividends, we will first apply the amounts in your account towards the payment of all amounts you owe on your ESL Visa Secured Credit Card account, including interest, costs and fees, before paying out any excess proceeds from a withdrawal to you. Excess proceeds from a withdrawal will be paid to you up to 35 days after this account is closed. ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

After the account is opened, you may only make deposits that we agree to allow at the time you request the deposit.

**31. FOR FIRST HOME CLUB DAILY DIVIDEND ACCOUNT ONLY:** To open a First Home Club (FHC) Daily Dividend Account, you must be enrolled in the FHC of the Federal Home Loan Bank of New York (FHLBNY). Deposits and withdrawals from your FHC account are subject to the requirements of the FHLBNY and are reportable to the FHLBNY. Please refer to your FHC Enrollment Terms and Conditions for more information regarding your FHC account.

The FHC Daily Dividend is a variable rate account. The dividend rate for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_%. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate the dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks), is credited to your account. Dividends are compounded daily and are credited on the last day of each quarter. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$1.00 to open and maintain this account.

After the account is opened, you may not make any withdrawals from your account unless we agree at the time you request the withdrawal. If we agree to a withdrawal, any withdrawal that does not directly relate to a home purchase



may result in ineligibility for matching funds under the FHC. It is your responsibility to spend your FHC funds for qualified home purchase expenses.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

**32. FOR ESL FIRST-TIME HOMEBUYER DAILY DIVIDEND ACCOUNT ONLY:** To open a First-Time Homebuyer (FTH) Daily Dividend Account, you must be enrolled in the ESL FTH Grant product. Deposits and withdrawals from your FTH account are subject to the requirements of the ESL FTH Grant product requirements. Please refer to your FTH Enrollment Terms and Conditions for more information regarding your FTH account.

The FTH Daily Dividend is a variable rate account. The dividend rate for your account is \_\_\_\_\_% with an annual percentage yield (APY) of \_\_\_\_\_%. Your dividend rate paid and APY may change after the account is opened. We use the daily balance method to calculate the dividends on your account. This method applies a daily periodic rate to the principal and dividends in the account each day. At our sole discretion, we may change the dividend rate on your account at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks), is credited to your account. Dividends are compounded daily and are credited on the last day of each quarter. If you close your account before the dividends are credited, you will receive the dividends accrued at the time of closing.

You must deposit at least \$1.00 to open and maintain this account.

After the account is opened, you may not make any withdrawals from your account unless we agree at the time you request the withdrawal. If we agree to a withdrawal, any withdrawal that does not directly relate to a home purchase may result in ineligibility for matching funds under the FTH Grant product. It is your responsibility to spend your FTH funds for qualified home purchase expenses.

ESL reserves the right to require at least seven days notice prior to withdrawal or transfer of any funds in this account.

## **DIVIDENDS**

33. ESL is a voluntary not-for-profit cooperative institution. As a member, you are also an owner. Dividend payments made to you represent your return on your investment in this financial cooperative.

Dividends are paid from current income and available earnings, after required transfers to reserves at the end of a dividend period. Your dividend rate paid and annual percentage yield may change after the account is opened. At our sole discretion, we may change the dividend rate on your account by any amount at any time. Dividends begin to accrue on the business day your deposit, including non-cash items (for example, checks), is credited to your account.

From time to time the board of directors may, in its sole discretion, declare an extraordinary dividend (such as the Owners' Dividend) on some or all member accounts. Payment of an Owners' Dividend is not guaranteed.

## **OTHER TERMS AND CONDITIONS**

34. The relationship between you and us is primarily governed by this Agreement. It is also governed by our bylaws, New York State laws, federal laws and the applicable rules and regulations of proper authorities, including but not limited to the Federal Reserve System, the National Credit Union Administration and National Automated Clearing House Association. The accounts governed by this Agreement are deemed to reside in New York State, which may or may not be the state you reside in.

35. The terms and conditions of this Agreement or our Fee Schedule may change from time to time to the extent permitted by law. Change in terms notices regarding specific accounts will be made in accordance with applicable law and regulation through normal ESL communications. These include, but are not limited to, our periodic statements, our website (esl.org), emails if you have chosen to receive electronic periodic statements and disclosures.

36. We may modify, terminate or suspend the Courtesy Pay service at any time without prior notice, and we reserve the right to limit the Courtesy Pay service to one account per household or member without notice of reason or cause. In no event shall any modification, termination or suspension relieve you of your obligation to repay such sums already overdrafted and other fees related to this service. We can delay enforcing any of our rights under this Agreement without losing them.

37. We reserve the right to waive any term in this Agreement. Any waiver shall not affect our right to future enforcement and is not sufficient to modify the terms of this Agreement. Modification of the terms of this Agreement must be in writing and authorized by an officer of the credit union.

38. We will communicate with you at the most recent address you have provided to us. If at any time your personal information changes, including but not limited to your name, address, home, work or cell phone number or email address, you agree to provide us this information. For security purposes, we will not accept oral notices of a name change. The credit union reserves the right to destroy any mail returned to us as undeliverable.

39. We may also communicate with you by phone, text or email in order for us to service your account or collect any amount you owe. We are permitted to use any phone number or email you provide. You agree to provide accurate and current contact information and only give us phone numbers and email addresses that belong to you. Message and data rates may apply.

40. Any written notice required to be provided by ESL is effective when deposited in the United States mail or sent to you via electronic means if you accepted delivery in that manner. Any written notice you give to ESL is effective when it is actually received by ESL. Notice to one account owner is considered notice to all account owners.

41. When ESL receives items for deposit or collection, ESL acts as a collection agent and assumes no responsibility beyond the exercise of due care. If you request special handling instructions, you must place these instructions in writing to ESL at the same time you present the item. We will not give effect to any special instructions given to us through an ATM. All deposit items are provisionally credited to your account and subject to final payment. If you deposit an item denominated in foreign currency, final credit will be determined by the exchange rate in effect at the time when ESL receives final payment. ESL may charge back any item to your account at any time before final payment. If after final payment, someone makes a claim that an item was altered, forged, unauthorized or should not have been paid for some other reason, we may hold the funds until a final determination has been made as to ownership of the funds.

42. Any financial service provided by ESL may be used for any transaction permitted by law. You agree that illegal use of any financial service will be deemed an action of default and breach of the terms and conditions of this Agreement and will cause such service and other related services to be terminated by the credit union. You further agree, should illegal use occur, to waive any right to sue ESL for such illegal use or any activity directly or indirectly related to it. Additionally, you agree to indemnify and hold ESL harmless from any suits or other legal action or liability, directly or indirectly, resulting from such illegal use.

43. If any legal action is taken against your account, including but not limited to attachment, garnishment or levy, ESL reserves the right to impose a fee against funds on deposit and to refuse to allow any withdrawals from the account until the matter is resolved. If, by reason of the account hold due to the legal process, checks are returned against your account, ESL will not be liable to you for any costs or losses resulting from the check return. If ESL incurs any costs (including court costs and reasonable attorney's fees) relating to the account because of such legal process, you agree to reimburse ESL. ESL reserves the right to exercise its statutory and contractual liens and any right of offset against your account, if applicable, as a result of receiving an attachment, garnishment or levy against your account.

44. If your account is inactive for the period of time defined by New York State law, ESL is required to turn over the funds in the account to the appropriate state department. After funds have been sent to the state, we have no further liability to you for such funds.

45. You may make withdrawals or transfers from your account in any manner which is permitted by the credit union (such as check, ATM, in person, by mail, by telephone and automatic transfer, as applicable). Withdrawals are generally made first from finally collected funds and, unless prohibited by law or the credit union's funds availability policy, ESL reserves the right to refuse to pay any check or other item drawn against uncollected funds, impose a fee for such item or both. The credit union may pay checks or other items drawn upon your account (including those payable to the credit union or on which the credit union may be liable) in any order determined by the credit union, even if paying a particular check or item results in an insufficient balance in your account to pay one or more other items that otherwise could have been paid out of your account.

When making a telephone or fax transfer, you must give us your name, account numbers, signature and answers to certain questions to provide us with identification information for security purposes.

46. You recognize that the credit union has adopted the general standard of the financial services industry of automated collection and payment procedures so that it can process the greatest volume of checks and other items at the lowest possible cost to all its members. In recognition of this, you agree that in paying or taking an item for collection, the credit union may disregard all information on the item other than information that is encoded onto the item in magnetic ink according to general banking standards, whether or not that information is consistent with other information on the item. You agree to reimburse the credit union for any loss or expense, including without limitation court costs and reasonable attorney's fees to the extent permitted by law, that we incur because you issue or deposit an item containing incorrect or insufficient information. You also agree we do not fail to exercise good faith and ordinary care in paying an item solely because our procedures do not provide for sight examination of items.

47. You agree to pay any service fees that apply to your account. The Fee Schedule contains a list of the credit union's fees.

All service fees are subject to change from time to time at our sole discretion. A reasonable period of time will be given before any changes become effective.

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

49. You agree to reimburse ESL for any loss caused by the use of any of your accounts, including but not limited to, late charges and collections fees, including court costs and reasonable attorney's fees. You authorize ESL to deduct any such costs from any share account you have with the credit union.

50. The balances in checking accounts may be internally classified to minimize the amount of funds ESL must maintain to meet the reserve requirements of Federal Regulation D. To do this, the checking account will consist of a transaction sub-account and a savings sub-account. ESL may periodically transfer funds between these two sub-accounts. These sub-accounts exist solely on the books of ESL and will not affect your available balance, dividends you may earn, NCUA insurance protection, monthly statement, or any other feature of this account.

51. If any terms of this Agreement come into conflict with applicable law or a court of competent jurisdiction holds any portion of this Agreement to be invalid or unenforceable, those terms will be nullified to the extent they are inconsistent with the law. All other terms of this Agreement will be valid and enforceable and continue in full force and effect.

52. This Agreement supersedes any prior agreement between you and ESL. Continued use of the credit union services is consent to and acceptance of the terms and conditions in this Agreement.

## FUNDS AVAILABILITY POLICY

**General Policy:** Our policy is to make your funds available to you as expeditiously as possible using safe and sound business practices.

In some cases, we will not make all of the funds that you deposit by check immediately available to you. Electronic direct deposits will be available on the day we receive the deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit.

Generally, the first \$225 of your deposit will be available on the business day of your deposit.

However, the first \$1,000 of your deposit will be available on the business day of your deposit if:

- You have been a member of ESL for at least 31 days, AND
- You are a member in good standing, AND
- You have an average monthly share balance of at least \$100 OR you have a current secured loan serviced by ESL.

The full amount of your deposit will be available on the business day of your deposit if:

- You have been a member of ESL for at least five years, AND
- You are a member in good standing, AND
- You have an average monthly share balance of at least \$5,000 OR you have a current secured loan serviced by ESL.

If we are not going to make all of the funds immediately available to you, we will provide you with a notice at the time you make the 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 day after we receive your deposit. If you need the funds right away, you should ask us when the funds will be available.

**Longer Delay May Apply:** Funds you deposit by check may be delayed for longer periods under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- You deposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the past six months.
- There is an emergency, such as a failure of communication or computer 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. Funds will generally be available no later than the seventh business day after the day of your deposit.

**Special Rules for New Accounts:** If you are a new member, the following special rules will apply during the first 30 days your account is open:

The first \$225 of your deposit will be available on the business day of your deposit for checks other than Special Checks. For Special Checks, the full amount will be immediately available on the day we receive your deposit if the checks are payable to you. Amounts in excess of the \$225 for checks other than Special Checks will be available on the second business day after the day of deposit.

**Specific Availability Policy:** Funds will be available as indicated in the general policy and the following schedule:

Special Checks: The full amount of checks deposited by the payee will be available immediately. Special Checks include:

- U.S. Treasury checks payable to you.
- Federal Reserve Bank checks, Federal Home Loan checks and U.S. Postal Money Orders payable to you.
- Cashier's checks, certified checks and teller checks payable to you.
- State and local government checks payable to you.
- Checks or share drafts drawn on ESL Federal Credit Union.
- Checks issued by Eastman Kodak Company Savings and Investment Plan.
- Annuity checks issued by a life insurance company.
- Checks issued by employers within the credit union's Field of Membership.

All Checks: Amounts over the immediate availability amount will generally be available on the second business day after the day of deposit.

Third-Party Special Checks (Special Checks which are not payable to you): Amounts over the immediate availability amount will be available as follows:

- All checks will generally be available on the second business day after the day of deposit.

**Automatic Teller Machine (ATM) Deposits:** Cash deposited at an ATM will be available immediately. Generally, the first \$225, \$1,000 or the full amount (as described above) of checks deposited will be available immediately. The remainder of your deposit will be available no later than the second business day after the day of the deposit (additional delays may apply). ATMs do not recognize Special Checks and holds may apply. Accrual of dividends on ATM deposits will begin on the day you make the deposit. A maximum of six ATM deposits is allowed each calendar day.

**Electronic Deposits:** Funds from electronic wire transfers will be made available on the business day we receive the deposit. ACH transactions will be made available on the business day ESL credits the transaction to your account. Accrual of dividends on electronic deposits will begin on the day we receive the deposit.

**Mobile Deposits:** Generally, the first \$225 or \$1,000 (as described above) of your deposit will be available no later than the second business day after we receive the deposit (additional delays may apply). Deposits made through the Mobile Deposit Service are subject to the deposit limits set forth in the ESL Federal Credit Union Mobile Deposit Service Agreement. The Mobile Deposit Service does not recognize Special Checks and holds may apply. Accrual of dividends on deposits made through the Mobile Deposit Service will begin on the day we receive the deposit.

**Definition of Business Day:** For determining the availability of your deposit, every day is a business day except Saturdays, Sundays and federal holidays. If you make a deposit at a branch on a business day we are open during our business hours, we will consider that day to be the day of your deposit. However, if you make a deposit on a day we are closed or on a day we are open but after our business hours, we will consider that the deposit was made on the next business day we are open.

**Drop Box Deposits:** If you make a deposit on a day that is not a business day or after the time posted on the drop box, we will consider that the deposit was made on the next business day we are open. If your deposit is a check where the ESL Funds Availability Policy would normally be delayed, 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 not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

## **SUBSTITUTE CHECK RIGHTS**

To make check processing faster, federal law permits banks 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.

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, bounced check 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 a dividend 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 a dividend if your account earns dividends) within 10 business days after we received your claim and the remainder of your refund (plus a dividend if your account earns dividends) no later than 45 calendar days after we received your claim.

We may reverse the refund (including any dividend on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

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 us. You must contact us within 40 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 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/or the following information to help us identify the substitute check: the check number, the name of the person to whom you wrote the check, the amount of the check.

## **OVERDRAFTS AND OVERDRAFT SERVICES**

This section describes when you have an overdraft in your account and when ESL will pay or reject the transaction that caused the overdraft.

‘Overdraft’ means there is not enough available balance in your account to pay for a transaction at the time it is presented to ESL for payment. Should an overdraft occur and you have requested CheckOK, then ESL may honor the check or other payment transactions and transfer the amount of the overdraft from your regular Daily Dividend, Premier Money Maker or Money Maker Account. Or, if ESL has previously approved a Cash Reserve Account that is attached to your share draft account, ESL will honor overdraft checks or other items drawn on insufficient available funds and add the amount of the overdraft to your Cash Reserve Account up to your approved credit limit. If funds are not available from these sources, then ESL may decline to authorize or pay for the transaction, or ESL may pay it using our Courtesy Pay service. Courtesy Pay, CheckOK, and Cash Reserve overdraft services are not available for person-to-person transfers (such as Zelle®) or transfers to/from external accounts (such as TransferNow).

Courtesy Pay applies when ESL pays overdraft checks, Automatic Clearing House (ACH) transactions, bill pay, debit card payments, ATM withdrawals and other payment transactions. Please note that for one-time debit card transactions, you

must affirmatively consent to Courtesy Pay. Without your consent, ESL may not authorize one-time debit card transactions that may result in insufficient available funds in your account and the transactions will be declined.

If ESL authorizes or pays a transaction using ESL Courtesy Pay, then ESL will charge you a Courtesy Pay Overdraft Fee as provided in ESL's current fee schedule. If ESL declines to pay an overdraft transaction, such as when a check or ACH payment is returned, then ESL may charge an Insufficient/Uncollected Funds Fee as provided in ESL's current fee schedule.

Note: Transactions that are declined may be presented to ESL again for payment multiple times until paid. You may be charged an overdraft fee each time a transaction is presented for payment, even if it was previously declined and a fee was previously charged.

The following is important information regarding your account balance, how transactions are posted to your account, and when an overdraft services fee may be charged.

**YOUR CHECKING ACCOUNT BALANCE.** Your Checking Account has two kinds of balances: the 'Actual' Balance and the 'Available' Balance. Both can be checked when you review your account online, at an ATM, by phone, or at a branch. It is important to understand how the two balances work so that you know how much money is in your account at any given time. This section explains Actual and Available Balances and how they work.

Your Actual Balance is the full amount of all deposits, even though some portion of a deposit may be on hold and may not be available to you, less payment transactions that have been presented and 'posted' to your account, but not payment transactions that have been authorized and are pending. Thus, while the term 'actual' may sound as though the number you see is an up-to-date display of what is in your account that you can spend, that is not always the case. Any holds for purchase transactions, holds on deposits, or other checks, payments and fees that have not yet posted will not appear in your actual balance. For example, if you have a \$50 Actual Balance, but you just wrote a check for \$40, then your Actual Balance is \$50 but it does not reflect the pending check transaction. So at that point, you actually have \$50, but you have already spent \$40.

Your Available Balance is the amount of money in your account that is available to you to use. The Available Balance is the Actual Balance less things like holds placed on deposits and pending transactions (such as pending debit card purchases) that ESL has authorized but that have not yet posted to your account. For example, assume you have an Actual Balance of \$50 and an Available Balance of \$50. If you were to swipe your debit card at a restaurant to buy lunch for \$20, then that merchant could ask ESL to pre-authorize the payment. In that case, ESL will reduce your Available Balance by \$20 because once ESL authorizes the payment, ESL is obligated to pay it. Your Actual Balance would still be \$50 because this transaction has not yet been presented and posted, but your Available Balance would be \$30 because you have committed to pay the restaurant \$20. When the restaurant submits its bill for payment (which could be a few days later), ESL will post the transaction to your account and your Actual Balance will be reduced by \$20.

The Available Balance **at the time transactions are presented to ESL and posted to your account (not when they are authorized)** is used to determine when your account is overdrawn. The following example illustrates how this works:

Assume your Actual and Available Balance are both \$100 and you swipe your debit card at a restaurant for \$60. As a result, your Available Balance will be reduced by \$60 so your Available Balance is only \$40. Your Actual Balance is still \$100. Before the restaurant charge is sent to ESL for posting, a check that you wrote for \$50 clears. Because you have only \$40 available (you have committed to pay the restaurant \$60), your account will be overdrawn by \$10, even though your Actual Balance was \$100 before the check posted and is still \$50 after the check posts. In this case, ESL may pay the \$50 check, and you may be charged an overdraft fee. That fee will be deducted from your account, further reducing the balance. Also, when the \$60 restaurant charge is presented to ESL and posted to your account, you will not have enough money in your Available Balance because of the intervening check, and you may be charged an overdraft fee for that transaction as well, even though your Available Balance was positive when it was authorized.

It is very important to understand that you may still overdraw your account even though the Available Balance appears to show there are sufficient funds to cover a transaction that you want to make. This is because your Available Balance may not reflect all your outstanding checks and automatic bill payments that you have authorized, or other outstanding transactions that have not been authorized or paid from your account. In the example above, the outstanding check will not be reflected in your Available Balance until it is presented to ESL and posted to your account.

In addition, your Available Balance may not reflect all of your debit card transactions. For example, if a merchant obtains ESL's prior authorization but does not submit a one-time debit card transaction for payment within three business days of authorization (or for up to 30 business days for certain types of debit card transactions), ESL must release the authorization hold on the transaction. If the authorization hold is released, then your Available Balance will not reflect this pending transaction until it has been presented to ESL for payment and posted to your account.

**HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT.** There are basically two types of transactions in your account: credits (or deposits) of money into your account and debits (or payments) out of your account. It is important to understand how each is applied to your account so that you know how much money is available to you at any given time. This section explains generally how and when ESL posts transactions to your account.

**Credits.** Most deposits are added to your account when ESL receives them. For some checks you deposit, only \$225 will be made available at the time of deposit; the balance will be available two business days later. There may be extended holds on checks over \$5,525 or for other reasons. Thus, your Available Balance may not reflect the most

recent deposits to your account. For details on the availability for withdrawal of your deposits, see the Funds Availability section of this Agreement.

**Debits.** There are several types of debit transactions. The most frequent types of debit transactions are described generally below. Keep in mind that there are many ways transactions are presented for posting to your account by merchants and ESL is not necessarily in control of when transactions are received.

**Checks.** When you write a check, it is processed through the Federal Reserve system. ESL receives data files of cashed checks from the Federal Reserve each day. The checks drawn on your account are compiled from these data files and posted to your account each day. ESL processes the payments from low to high dollar value.

**ACH Payments.** ESL receives data files every day from The Clearing House with Automated Clearing House or ACH transactions. These include, for example, automatic bill pays you have signed up for. For each data file received throughout each day, ACH transactions for your account are grouped together and posted in low to high dollar value, with credits processed first followed by debits.

**Point of Sale (POS) Debit Card PIN Transactions.** These are transactions where you use your debit card to make a purchase and you enter your PIN number at the time of the sale. These types of debit card purchases are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction. However, some POS PIN transactions are not presented for payment immediately; it depends on the merchant.

**Point of Sale (POS) Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card and you are asked to sign for the purchase like a credit card. As described above, in these situations, the merchant may seek prior authorization for the transaction. When that happens, ESL generally places a temporary hold against the available funds in your account. ESL refers to this temporary hold as an 'authorization hold,' and the amount of the authorization hold will be subtracted from your Available Balance. Authorizations are deducted from your Available Balance but not your Actual Balance as they are received by ESL throughout each day. At some point after you sign for the transaction, it is processed by the merchant and presented to ESL for posting to your account. This can happen hours or sometimes days after you signed for it, depending on the merchant and its processing company. These payment requests are presented in real time throughout the day and are posted to your account as they are received. Please note, the amount of an authorization hold may differ from the actual payment because the final transaction amount may not yet be known to the merchant when the authorization request is submitted. For example, if you use your card at a restaurant, a hold may be placed in the amount of the bill presented to you, but when the transaction posts it will include any tip that you may have added to the bill. This may also be the case where you swipe your debit card at gas stations, hotels and other retail establishments. ESL cannot control how much a merchant asks ESL to authorize, or when a merchant submits a transaction for payment. The fact that ESL puts an authorization hold on your Available Balance does not mean the authorization is set aside and made available to pay the specific transaction authorized. The hold is simply a reduction in your Available Balance based on the fact that ESL has authorized a transaction and is therefore obligated to pay it when presented.

Debit card transactions can be recurring or nonrecurring. Recurring transactions are where you use your debit card to set up a recurring monthly payment, such as a gym membership or insurance payment. Nonrecurring transactions are one time transactions that are authorized each time you use your debit card. Using your debit card at a restaurant is an example of a one-time or nonrecurring transaction.

This is a general description of how certain types of transactions are posted. These practices may change and ESL reserves the right to pay items in any order ESL chooses as permitted by law.

ESL may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means that you may be charged more than one overdraft fee (refer to the Fee Schedule for the exact fee charged) if ESL pays multiple transactions when your account is overdrawn.

**The best way to know how much money you have and avoid paying overdraft fees is to record and track all of your transactions closely.**

If you prefer not to have Courtesy Pay please contact ESL at 585.336.1000 or 800.848.2265, visit any of our ESL branch locations or use ESL Live Chat Banking at [esl.org](http://esl.org). Courtesy Pay for ATM and one-time debit card transactions can also be cancelled through Online Banking under the Manage Money tab.

#### **ADDITIONAL TERMS**

The Courtesy Pay service is not a loan or other credit product and requires no application or credit approval process. The Courtesy Pay service is for members and will only be applied to your share draft (checking) account(s), such as Free Checking and Premier Checking, if:

- You maintain your membership in good standing;
- Your share draft account was opened for more than 30 days;
- Your share draft account was funded with at least \$1.00 for a period not less than 30 days before the Item was presented to ESL for payment;
- Your loan and credit card accounts you have with us are current;
- Your share draft account is brought to a positive end-of-day available balance at least once every 10 days;
- There are no legal or administrative orders, including attachments, garnishments, or levies against your accounts with us;
- There are no pending bankruptcies or financial counseling arrangements;
- There is no negative balance on any other share account on which you are an owner;
- The primary account holder is 18 years of age or older and the share draft account is not an account set up

by a fiduciary.

ESL is not obligated to authorize transactions or pay any overdraft, even if you have Courtesy Pay. ESL will decide to pay overdrafts on a case-by-case basis, in ESL's sole and absolute discretion. Generally, ESL will not authorize and pay any check, ACH, debit card or other item/transaction if your checking account available balance is negative. Fees are generally included, which means that the fees are applied toward your total overdraft limit. ESL may change or remove your limit at any time without prior notice. **ESL may refuse to pay any items without first notifying you, even though your account is in good standing and ESL has paid previous overdrafts.**

For your overdrafts that are paid, you promise to immediately pay us all sums, including the fees and charges for this service advanced to you or any other person you permit to use your checking account and/or who causes an overdraft on your checking account.

You understand and agree that ESL may transfer funds to your checking account from any of your other account(s) with ESL (excluding IRA accounts), including account(s) upon which you are a joint owner, in an amount equal to the overdrawn check, item or other transaction ESL may pay, and the related fees. In addition to any other rights that ESL may have, you agree that any deposits, future deposits or other credits to any account in which you may now or in the future may have an interest are subject to ESL's right of off-set for any liabilities, obligations or other amounts owed to ESL by you (overdrafts and any related fees and charges) and such is applicable irrespective of any contribution to the account or source of funds in the account.

ESL may terminate or suspend Courtesy Pay services at any time without prior notice. In no event shall any termination relieve you of your obligation to repay such sums already paid. If ESL Courtesy Pay was suspended due to a negative balance for an extended period of time, in order to begin using ESL Courtesy Pay again, your account must have a positive balance for at least one day.

If you receive a direct deposit of your monthly Social Security payment into your checking account and do not want the Courtesy Pay service, you must inform us in writing to stop ESL from paying your overdrafts with these funds.

## **ARBITRATION AND WAIVER OF CLASS ACTION**

You and ESL agree we will attempt to informally settle any and all disputes arising out of, affecting, or relating to your accounts, or the products or services ESL provided, will provide or has offered to provide to you, and/or any aspect of your relationship with ESL (hereafter referred to as the 'Claims'). If that cannot be done, then you agree that any and all Claims that are threatened, made, filed or initiated after the Effective Date (defined below) of this Arbitration and Waiver of Class Action provision ('Arbitration Agreement'), even if the Claims arise out of, affect or relate to conduct that occurred prior to the Effective Date, shall, at the election of either you or us, be resolved by binding arbitration administered by the American Arbitration Association ('AAA') in accordance with its applicable rules and procedures for consumer disputes ('Rules'), whether such Claims are in contract, tort, statute, or otherwise. The Rules can be obtained on the AAA website free of charge at [adr.org](http://adr.org); or, a copy of the Rules can be obtained at any ESL branch upon request. Either you or we may elect to resolve a particular Claim through arbitration, even if one of us has already initiated litigation in court related to the Claim, by: (a) making written demand for arbitration upon the other party, (b) initiating arbitration against the other party, or (c) filing a motion to compel arbitration in court. **AS A RESULT, IF EITHER YOU OR WE ELECT TO RESOLVE A PARTICULAR CLAIM THROUGH ARBITRATION, YOU WILL GIVE UP YOUR RIGHT TO GO TO COURT TO ASSERT OR DEFEND YOUR RIGHTS UNDER THIS ACCOUNT AGREEMENT (EXCEPT FOR CLAIMS BROUGHT INDIVIDUALLY WITHIN SMALL CLAIMS COURT JURISDICTION, SO LONG AS THE CLAIM REMAINS IN SMALL CLAIMS COURT).** This Arbitration Agreement shall be interpreted and enforced in accordance with the Federal Arbitration Act set forth in Title 9 of the U.S. Code to the fullest extent possible, notwithstanding any state law to the contrary, regardless of the origin or nature of the Claims at issue. This Arbitration Agreement does not prevent you from submitting any issue relating to your accounts for review or consideration by a federal, state, or local governmental agency or entity, nor does it prevent such agency or entity from seeking relief on your behalf. This Arbitration Agreement shall not apply to claims that are initiated in or transferred to small claims court.

**Selection of Arbitrator.** The Claims shall be resolved by a single arbitrator. The arbitrator shall be selected in accordance with the Rules, and must have experience in the types of financial transactions at issue in the Claims. In the event of a conflict between the Rules and this Arbitration Agreement, this Arbitration Agreement shall supersede the conflicting Rules only to the extent of the inconsistency. If AAA is unavailable to resolve the Claims, and if you and we do not agree on a substitute forum, then you can select the forum for the resolution of the Claims.

**Effective Date.** This Arbitration Agreement is effective upon the 31st day after we provide it to you ('Effective Date'), unless you opt-out in accordance with the requirements of the RIGHT TO OPT-OUT provision below. If you receive your statements by mail, then the Arbitration Agreement was provided to you when it was mailed. If you receive your statements electronically, then it was provided to you when you were sent the notice electronically.

**Arbitration Proceedings.** The arbitration shall be conducted within 50 miles of your residence at the time the arbitration is commenced. Any claims and defenses that can be asserted in court can be asserted in the arbitration. The Arbitrator shall be entitled to award the same remedies that a court can award, including any kind of injunctive relief that could be awarded by a court. Discovery shall be available for non-privileged information to the fullest extent permitted under the Rules. The Arbitrator's award can be entered as a judgment in court. Except as provided in



applicable statutes, the arbitrator's award is not subject to review by the court and it cannot be appealed. The credit union shall pay for any filing, administration, and arbitrator fees imposed on you by the AAA. However, you will be responsible for your own attorneys' fees, unless you prevail on your Claim in the arbitration, in which case, we will pay your attorneys' fees. Conversely, if the credit union prevails, then you will not be required to pay its attorneys' fees and costs. Nothing contained in this Arbitration Agreement shall prevent either you or the credit union from applying to any court of competent jurisdiction for emergency provisional relief, such as a temporary restraining order, a temporary protective order, an attachment or any other pre-judgment remedies.

Any determination as to whether this Arbitration Agreement is valid or enforceable in part or in its entirety will be made solely by the arbitrator, including without limitation any issues relating to whether a Claim is subject to arbitration; provided, however, the enforceability of the Class Action Waiver set forth below shall be determined by the Court.

**Class Action Waiver.** ANY ARBITRATION OF A CLAIM WILL BE ON AN INDIVIDUAL BASIS. YOU UNDERSTAND AND AGREE THAT YOU ARE WAIVING THE RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER IN A CLASS ACTION LAWSUIT.

**Severability.** In the event the Class Action Waiver in this Arbitration Agreement is found to be unenforceable for any reason, the remainder of this Arbitration Agreement shall also be unenforceable. If any provision in this Arbitration Agreement, other than the Class Action Waiver, is found to be unenforceable, the remaining provisions shall remain fully enforceable.

**Right to Opt-Out.** You have the right to opt-out of this Arbitration Agreement and it will not affect any other terms and conditions of your Account Agreement or your relationship with the Credit Union. To opt out, you must notify the credit union in writing of your intent to do so within 30 days after the Effective Date. Your opt-out will not be effective and you will be deemed to have consented and agreed to the Arbitration Agreement unless your notice of intent to opt out is received by the credit union in writing at ESL Federal Credit Union, P.O. Box 92714, Rochester, NY 14692-8814 within such 30-day time period. Your notice of intent to opt out can be a letter that is signed by you that states "I elect to opt out of the Arbitration Agreement" or any words to that effect.

FOR MORE DETAILS or if you have questions, you may call us or visit a branch. If you have questions about AAA procedures, you should check AAA's website, [adr.org](http://adr.org), OR call AAA at 800.778.7879.

## FOR CURRENT RATE INFORMATION

Savings Rate Line: 585.336.1000  
800.848.2265  
TDD Service: 585.336.1399  
800.243.6722  
Hours: 7:00 AM–7:00 PM Monday–Friday  
8:30 AM–2:00 PM Saturday (Eastern Time)

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