

MEMBERSHIP AND ACCOUNT AGREEMENT

This Membership and Account Agreement outlines the privileges and liabilities of both GraCo Federal Credit Union (GFCU) and our members regarding the accounts and services we offer. In this Agreement the words, “we,” “us” and “our” refer to GFCU. The words “you” and “yours” mean any member of GFCU.

Your account plan(s) and the characteristics of your ownership rights are specified on your Membership Agreement. Your signature(s) on the Membership Agreement guarantees your agreement, each jointly and severally, to the terms and conditions stated in this Membership and Account Agreement, the Membership Application, the Truth-in-Savings Disclosure, the Fee Schedule, the Rate Schedule, any account receipt included with this Agreement, the GFCU Bylaws, Policies and Procedures and any changes made periodically to these terms and conditions, which collectively dictate your Membership and Accounts.

MEMBERSHIP ELIGIBILITY

To become a member of GFCU, you must satisfy the membership requirements by opening at least one (1) share account with a minimum \$10.00 par value share purchase. You authorize us to verify your membership qualifications or any other product or services you apply for by reviewing your account, credit and employment history, and by obtaining information from third parties, including, but not limited to, credit reporting agencies.

TAXPAYER IDENTIFICATION NUMBERS AND BACKUP WITHHOLDING

If you cannot furnish your taxpayer identification number (TIN) to us, we may not permit you to open an account until you can provide us with it. Incorrect TINs may cause backup withholding. Backup withholding on your account requires us to deduct a percentage of your dividends, interest and certain other payments and remit such amount to the Internal Revenue Service (IRS).

INDIVIDUAL ACCOUNTS

An account with only one owner is defined as an Individual Account. An owner is an individual who is eligible for membership. If the account owner dies, the ownership of the account passes to the decedent’s estate, Payable on Death (POD) beneficiary/payee or trust beneficiary, subject to other terms of this Membership and Account Agreement, and applicable law relating to the processing of payments, transfers and withdrawal requests of an owner, or owner’s agent, before we are notified of an owner’s death.

JOINT ACCOUNT – WITH SURVIVORSHIP

Two or more people or entities jointly owning an account are considered to have a “joint account with rights of survivorship”. Each of you intends that upon your death the balance in the account will belong to the survivor(s). If two or more survive, you will own the balance in the account as joint tenants with rights of survivorship.

REVOCABLE TRUST ACCOUNTS

GFCU offers trust accounts, however, these account types are governed by separate account agreements specific for the trust.

PLEDGES

Unless you tell us differently in writing, each owner of an account may pledge all or any part of the funds in it for any purpose to which we agree. Any pledge of the account must first be satisfied before the rights of any joint account survivor or trust account beneficiary becomes effective. For example, if one joint tenant pledges the deposit evidenced by this agreement for a debt (i.e. uses it to secure a debt) and then dies, 1) the surviving joint tenant's rights in this account do not take effect until the debt has been satisfied, and 2) the debt may be satisfied with the funds in the account.

STOP PAYMENTS

A stop payment order must be given in the manner required by law and must be received in time to give us a reasonable opportunity to act on it before our stop payment cut-off time. Our stop payment cut-off time is one hour after the opening of the next banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law. A stop payment order must precisely identify the number, date and amount of the item, and the payee. We will honor a stop payment request by the person who signed the particular item, and, by any other person, even though such other person did not sign the item, if such person has an equal or greater right to withdraw from this account than the person who signed the item in question. A release of stop payment request may be made only by the person who initiated the stop payment.

TELEPHONE TRANSFERS

A telephone transfer of funds from an account to another account with us, if otherwise permitted or arranged for, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. A password must be set up with GFCU on your account to make a telephone transfer from your account to another account at GFCU that you are not on as the owner or joint owner.

AMENDMENTS AND TERMINATION

We may change our by-laws and any term of this agreement. Rules governing changes in interest or dividend rates have been provided separately. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We reserve the right to close the account if your membership in this credit union terminates. You agree to keep us informed about your current address at all times. Notice from us to any one of multiple account holders is considered notice to all account holders.

ACCOUNT TRANSFER

This account can not be transferred or assigned without our prior written consent.

DIRECT DEPOSITS

If, in connection with a direct deposit plan, we deposit any amount in this account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from this account or from any other account you have with us, without prior notice and at any time, except as otherwise prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

RESTRICTIVE LEGENDS

We are not required to honor any restrictive legend on any items you write unless we have agreed to the restriction in a writing signed by an officer of the credit union. Examples of restrictive legend are “must be presented within 90 days” or “not valid for more than \$1,000.00”.

STATEMENTS

You must examine your statement of account with “reasonable promptness”. If you discover (or reasonably should have discovered) any unauthorized payments or alterations, you must promptly notify us of the relevant facts. If you fail to do either of these duties, you will have to either share the loss with us or bear the loss entirely yourself (depending on whether we exercised ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items forged or altered by the same wrongdoer. You agree that the time you have to examine your statement and report to us will depend on the circumstances, but that such time will not, in any circumstance, exceed a total of 30 days from when the statement is first made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, forgeries, or any other errors in your account within 60 days of when we make the statement available, you cannot assert a claim against us on any items in that statement, and the loss will be entirely yours. This 60 day limitation is without regard to whether we exercised ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

FACSIMILE SIGNATURES

You authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile specimen on the signature card or that are filed separately with us, and contain the required number of signatures for this purpose.

RIGHT TO REPAYMENT OF INDEBTEDNESS

You each agree that we may (without prior notice and when permitted by law) charge against and deduct from the account any due and payable debt owed to us now or in the future, by any of you having the right of withdrawal, to the extent of such persons’ or legal entity’s right to withdraw. If the debt arises from a note, “any due and payable debt” includes the total amount of which we are entitled to demand payment under the terms of the note at the time we charge the account, including any balance the due date for which we properly accelerate under the note.

Our right to repayment does not apply to this account if: 1) it is an Individual Retirement Account or other tax-deferred retirement account, 2) the debt is created by a consumer credit transaction under a credit card plan, or 3) the debtor’s right of withdrawal arises only in a representative capacity. We will not be liable for the dishonor of any check or draft when the dishonor occurs because we charge and deduct an amount you owe us from your account. You agree to hold us harmless from any claim arising as a result of our exercise of our right to repayment.

TRANSACTION LIMITATIONS

Transaction limitations are specified in the Truth-in-Savings disclosures for various share types. Regulation D limits apply to “automatic” or “convenience” transactions from savings accounts.

OVERDRAFTS

If on any day, you do not have sufficient funds in your checking account to cover checks, fees, or other items drawn on your account (including ATM withdrawals, Visa debit card transactions, and preauthorized debits or Point of Sale (POS) transactions), we will process those transactions in accordance with our overdraft procedures. If we determine that your account lacks sufficient funds to cover the item(s) when processed due to a negative account balance or a hold on funds, we will follow procedures to determine if an overdraft transfer can be made from another account or from a line of credit loan within the limitations set by Regulation D and our overdraft transfer restrictions. We may also pay the item in accordance with our Overdraft Advance courtesy pay program. One review of your account balance is sufficient to make that determination. We are not required to inform you if your checking account lacks sufficient funds to cover an item. Regardless of whether we pay the item or reject it, you agree to pay any fee we may assess to your account as stated in the Fee Schedule. If we cover a check or charge a fee that would overdraw your account, you promise to repay the overdrawn amount to us immediately. We have the right to seek collection of earlier dishonored items not covered, at any time, including granting a payer bank additional time past any deadline.

Overdraft Advance is our courtesy pay program and is a discretionary service under which we may pay checks or ACH transactions drawn on insufficient funds up to an established limit and for which you do not have funds available in a designated overdraft account. Overdraft Advance is a non-contractual service. GFCU is not obligated to cover any transaction for which you do not have sufficient funds available. By paying one or any overdraft, we do not consent to honor overdrafts in the future and may cease paying overdrafts at any time without notice. Fees for this service are specified in our fee disclosure.

DORMANT ACCOUNT

We will consider an account to be dormant if there are no deposits or withdrawals for a period of twelve (12) months. Exceptions to dormant accounts are loan accounts, certificates of deposit, and IRA accounts.

When an account becomes dormant, we will send notice requesting that the account be activated. If a deposit or withdrawal is not made to activate the account, we will begin to deduct a monthly dormant account fee as specified in the fee disclosure until such time that the account becomes active or there are no funds available to pay the fee.

If a deposit or withdrawal has not been made for thirty-six (36) months and we have not had any contact with you, we will consider your account to be abandoned and will disburse the funds in accordance with Michigan law.