

# MISSION FEDERAL CREDIT UNION AGREEMENTS AND DISCLOSURES

## Checking/Spending Account Disclosure

In this Checking/Spending Account Disclosure, the words "Credit Union", "Mission Fed", "us" or "we" refer to Mission Federal Credit Union. The words "you", "your" and "signer(s)" refer to you, the member(s)/owner(s)/signer(s), as well as anyone you permit to access your account(s).

1. **TYPES OF ACCOUNTS** – This Disclosure covers all checking and spending account types offered by Mission Fed, unless otherwise noted.
2. **TERMS AND CONDITIONS** - You agree to the following terms and conditions, in addition to all other applicable disclosures and terms.
  - a. A post-dated check or a check of which the date is at least six months old may be paid unless Mission Fed has been instructed to stop payment on the check before the check is presented for payment.
  - b. We reserve the right to close your checking or spending account without notice if you violate applicable rules, policies and procedures.
  - c. You agree should any loan in which you are a borrower or guarantor held by Mission Fed become delinquent by more than 10 days, Mission Fed may, at its option, transfer funds from your checking or spending account to cover any delinquencies or close your checking account without notice and apply all funds to the delinquent loan. Refer to the Security Interest/Statutory Lien section of the Account Agreement and Disclosures.
  - d. You also understand any joint signer of your membership account has access to the funds in your checking or spending account.
  - e. Mission Fed does not authorize the use of a facsimile signature to sign checks. If you use a facsimile signature to sign a check you agree to fully indemnify and hold Mission Fed harmless from any and all claims, suits, actions, awards, damages, judgments, costs, charges and expenses, including court costs and attorneys' fees, and against any and all liability, loss and damage of any nature whatsoever that any party or entity (including Mission Fed) shall or may sustain resulting from the use of the facsimile signature. You agree to pay all necessary expenses, attorneys' fees or costs incurred in the enforcement of this indemnification and hold harmless agreement. This indemnification/hold harmless obligation shall survive and remain in full force and effect subsequent to closing your checking or spending account. You hereby release, waive, and discharge any and all claims you have or may have against Mission Fed for the recovery of damages which are sustained as a result of the use of a facsimile signature.
  - f. On a day Mission Fed is closed, but the Federal Reserve Bank is open, check processing will continue.
  - g. Mission Fed will require a thumbprint from any non-member presenting a check drawn on a Mission Fed checking account.
  - h. Checking accounts consist of a transaction subaccount and a savings subaccount. Funds not routinely needed to pay debits may be transferred to a savings subaccount. Mission Fed may periodically transfer funds between these two subaccounts. If the checking account earns dividends, the dividend calculation and payment will remain the same. The savings subaccount is governed by the same rules governing share savings accounts and any other applicable disclosures and agreements. This process does not affect your available balance, the dividends you earn, NCUA insurance protection, periodic statements, or any other features of your accounts.
3. **AGREEMENT TO ARBITRATE DISPUTES AND CLAIMS** – The Binding Arbitration Agreement set forth in the Account Agreement and Disclosures applies to checking accounts and is hereby incorporated by reference as if set forth in full herein.
4. **HOW TRANSACTIONS ARE POSTED TO YOUR ACCOUNT** – There are generally two types of transactions posted to your account: credits (deposits of money) and debits (payments withdrawn from your account). It is important to understand how each is applied to your account so that you know how much money you have and how much is available to you at any given time. This section explains generally how and when we post transactions to your account. These practices may change and we reserve the right to pay items in any order we choose as permitted by law.

**Credits.** Most deposits are added to your account immediately when we receive them. Funds from your check deposits are available on the day we receive the deposit unless a delay applies. For details on the availability for withdrawal of your deposits, see the Truth in Savings Act Disclosure.

**Debits.** There are several types of debit transactions. Each type of debit transaction is described generally below. Keep in mind that there are many ways transactions are presented for payment by merchants, and Mission Fed is not always in control of when transactions are received.

**Checks.** When you write a check it is processed through the Federal Reserve System or by us if it was cashed or deposited at Mission Fed. Each business day, first the checks directly processed by us are posted to your account in check number order. Then, checks drawn on your account are compiled from data files received from the Federal Reserve and posted to your account in check number order.

**ACH Payments.** We receive data files every day from the Federal Reserve with Automated Clearing House (ACH) transactions. These include, for example, automatic bill payments you have authorized. ACH transactions are posted to your account on the settlement date, which is the date the originating financial institution has instructed us to post the transaction, generally from low to high dollar amount.

**Point of Sale (POS) Debit Card Transactions.** These are transactions where you use your debit card and your PIN number at the time of the sale, but some merchants may not require your PIN. They are similar to ATM withdrawals because money is usually deducted from your account immediately at the time of the transaction.

**Signature Debit Card Transactions.** These are transactions where you make a purchase with your debit card, you do not enter your PIN, and you are usually asked to sign for the purchase. In these situations, the merchant may seek prior authorization for the transaction. When that happens, we generally place a temporary hold against the available funds in your account. We refer to this temporary hold as an "authorization," and the amount of the authorization will be subtracted from your available balance. As they are received throughout the day, authorizations are deducted from your available balance but not your current balance. At some point after you sign for the transaction, it is processed by the merchant and submitted to us for payment. Transactions are received and posted, in no particular order, throughout the day as they are received. Posting to your account can happen days after you signed for the transaction, depending on the merchant and its processing company.

**Please note:** The amount of an authorization hold may differ from the actual payment amount 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 or other item 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. We cannot control how much a merchant asks us to authorize, or when a merchant submits a transaction for payment.

5. **OVERDRAFT DISCLOSURE** – This Overdraft Disclosure describes the circumstances when Mission Fed will pay overdrafts in your checking account and charge you a fee. “Overdraft” means there is not enough available balance in your account to pay for a transaction. Overdrafts are generally processed in two ways: (1) we use eligible Overdraft Protection to pay the transaction and charge you a fee, or (2) we return the transaction Non-sufficient Funds (NSF). Fees vary and are described in our Consumer Fee Schedule, which is updated periodically. Please note that for one-time debit card transactions, you must affirmatively opt-in to the Debit Card Overdraft Protection program for us to authorize and pay one-time debit card transactions that will result in insufficient available funds in your account.

**The best way to know how much money you can spend and to avoid paying fees is to record and track all of your transactions closely. The following is important information regarding your account balances, how transactions are posted to your account balances, and when a fee will be charged. Please read these disclosures carefully and contact us at 800.500.6328 if you have any questions.**

**Account Balances.** Your account has two kinds of balances: the “current” balance and the “available” balance. Both can be reviewed when you access 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 current and available balances and how they work.

Your current balance is the amount of money that is actually in your account at any given time. It reflects transactions that have “posted” to your account, but not transactions that have been authorized but not yet posted. While the term “current” 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 purchases, holds, fees, other charges or deposits made on your account that have not yet posted will not appear in your current balance. For example, if you have a \$50 current balance, but you just wrote a check for \$40, then your current balance is \$50 but it does not reflect the pending check transaction. So, at that point, you have \$50 in your current account balance, but you have already spent \$40 that has not been posted.

Your available balance is the amount of money in your account that is available to you to use without incurring a fee. The available balance takes into account things like holds placed on deposits and pending transactions (such as pending debit card purchases) that Mission Fed has authorized but that have not yet posted to your account. For example, assume you have a current balance of \$50 and an available balance of \$50. If you were to use your debit card at a restaurant to buy lunch for \$20, then that merchant could ask us to authorize the payment. In that case, we will put a “hold” on your account for \$20. Your current balance would still be \$50 because this transaction has not yet 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), we will post the transaction to your account and your current balance will be reduced by \$20, plus any amount you added to the bill after the merchant requested the authorization, such as a tip.

Available balance is used to determine when your account is overdrawn. The following example illustrates how this works: Again, assume your current and available balances are both \$50, and you use your debit card at a restaurant for \$20. A hold is placed on your account, so your available balance is only \$30. Your current balance is still \$50. Before the restaurant charge is sent to us for processing, a check that you wrote for \$45 is presented for payment from your account. Because you have only \$30 available (you have committed to pay the restaurant \$20), your account will be overdrawn by \$15, even though your current balance was \$50 before the check was presented for payment and is still \$5 after the check is presented for payment. In this case, we may pay or return the \$45 check, but you will be charged a fee because your available balance is insufficient to cover the check. That fee will be deducted from your account, further reducing your balance. Also, when the \$20 restaurant charge is presented for payment, you will not have enough money in your available balance because of the intervening check, and you will be charged a fee for that transaction as well, even though your available balance was positive when it was presented.

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 paid from your account. In the example above, the outstanding check will not be reflected in your available balance until it is presented to us and paid from your account.

In addition, your available balance may not reflect all of your debit card transactions. For example, if a merchant obtains our prior authorization but does not submit a one-time debit card transaction for payment within three (3) business days of authorization, we release the authorization hold on the transaction. The available balance will not reflect this transaction once the hold has been released until the transaction has been received by us and paid from your account.

6. **OVERDRAFT PROTECTION** - There are three overdraft protection plans Mission Fed may use to pay an overdraft on your account, and in some cases a fee will be charged for each item paid using an overdraft protection plan. Refer to the current Consumer Fee Schedule for the different fee amounts you may pay depending on the type of overdraft protection used. Transactions may not be processed in the order in which they occurred. The order in which transactions are received and processed may affect the total fees you are charged, and fees may decrease the amount available for transaction authorization under these overdraft protection plans. You must be at least eighteen (18) years of age to qualify for overdraft protection.

**Overdraft Transfer.** We will first attempt to transfer available funds from your other accounts and loans in the order specified by your instructions. In the absence of instructions from you, Mission Fed may, but is under no obligation to and generally will not, transfer funds in any order and from any of your accounts or loans. Transfers will be made for the amount needed to pay the item. Fees will not be assessed for overdraft transfers.

**Overdraft Protection.** If a check or ACH item is presented for payment and your available balance is insufficient to pay an item, and we are unable to transfer funds as described above in the Overdraft Transfer section, we may pay eligible transactions, at our discretion. A fee will be charged for each item we pay that results in a negative available balance. This service is only available on accounts that meet specified criteria as determined by Mission Fed, and the amount your account will be taken negative utilizing this service may fluctuate based on your account status. Contact Mission Fed to determine whether your account is eligible, and the maximum overdraft amount available. Fees will decrease the amount available for payment of your eligible transactions under this service. Mission Fed reserves the right to limit participation, add or delete eligible transactions and discontinue the service at any time without prior notice. If you are eligible, you will be automatically enrolled, and if you do not wish to utilize this service you must notify us. For members who participate in Overdraft Protection and already have Debit Card Overdraft Protection for POS and signature-based Debit Card purchase transactions, the maximum overdraft amount available is for both services.

**Debit Card Overdraft Protection.** This service is only available on accounts that meet specified criteria determined by Mission Fed and you must enroll, or opt-in to Debit Card Overdraft Protection to utilize this service for each account share. In the event a POS or signature-based Debit Card transaction is presented for authorization and funds are not sufficient in your available balance to authorize the item, the item may be declined. With Debit Card Overdraft Protection, transactions may be authorized and take your available account balance negative. Fees will be charged for items paid resulting in a negative available balance and holds for Debit Card transactions are excluded from available balance calculations during fee assessment. The maximum amount your account will be taken negative utilizing this service may fluctuate based on your account status. Contact Mission Fed to determine whether your account is eligible and the maximum overdraft amount for which your account qualifies. Mission Fed reserves the right to limit participation, add or delete transaction types and discontinue the service at any time without prior notice. If you have opted-in to this service and no longer wish to utilize this service, please contact us. For members who choose to participate in Debit Card Overdraft Protection and already have Overdraft Protection for checks and ACH items, the total overdraft amount is for both services. If you have other overdraft plans in place, those plans will be utilized prior to Debit Card Overdraft Protection.

7. **OVERDRAWN ACCOUNTS** - You agree to repay any overdrawn account balance immediately. If you fail to return your balance to a positive status by the 10th calendar day from the day your account first became negative, you authorize Mission Fed to (1) advance funds from any existing Line of Credit and/or Credit Card loans, or (2) transfer funds from any of your share accounts excluding individual retirement accounts. If any overdraft remains unpaid, Mission Fed may take collection action against you. You agree to repay any costs of collection, including attorneys' fees. Accounts with unpaid negative balances will be closed without notice and reported to consumer reporting agencies. Refer to Security Interest/Statutory Lien in the Account Agreement and Disclosures for additional information.
8. **NON-SUFFICIENT FUNDS (NSF) ACTIVITY** - You must deposit available funds to cover items before they are presented for payment. If available funds are not in your account when an item is presented for payment and Overdraft Protection is not available, the item will be returned unpaid. Non-sufficient funds activity constitutes grounds for closing an account. Mission Fed will review your account and notify you if your account has been closed. Mission Fed may report accounts closed due to NSF activity, fraud or account misuse which leads to a loss by Mission Fed to consumer reporting agencies. This reporting may jeopardize an individual's ability to establish accounts with other financial institutions.
9. **ELECTRONIC COLLECTION OF CHECKS** - Paper checks returned for nonsufficient funds or uncollected funds can be re-presented for collection through the Automated Clearing House (ACH). A check may be sent through once as a paper check and twice through the ACH, or twice as a paper check and once through the ACH, not to exceed a total of three processing attempts. Checks cleared through the ACH will appear on your statement as electronic withdrawals, rather than as checks with a corresponding check number. Copies of the dishonored checks, returned and subsequently cleared through the ACH, are available by request from the Originating Depository Financial Institution (ODFI). See the current Consumer Fee Schedule for check copy fees.
10. **ELECTRONIC CHECK CONVERSIONS** - You may use information from your check to initiate a one-time electronic funds transfer from your account. Recurring transfers may be made in writing or when you authorize a third party through electronic debit.
11. **SUBSTITUTE CHECKS** - Financial institutions are allowed to convert original checks for electronic processing as well as to replace original checks with "substitute checks." Substitute checks bear an image of the front and back of the original check and meet check processing standards. You may use substitute checks the same way you would use an original check. Substitute checks may be accepted for deposit only if the item was originally negotiated through us, has been returned unpaid and is being re-deposited.
12. **CANCELED CHECKS** - A copy of any original/substitute check may be obtained for a fee if the original/substitute check was processed by Mission Fed. Refer to the current Consumer Fee Schedule.
13. **CHECK ORDERS AND REORDERS** - You will receive your order of checks via mail within 15 business days after the order is placed through Mission Fed. Check orders are sent to the check printing company as a convenience to you. Your account will be charged for the printing costs, sales tax and delivery charges. If checks are not received within 15 business days, you agree to contact Mission Fed immediately. If you have checks printed by a vendor not offered by Mission Fed, we are not responsible for any delays or errors in processing items as a result of the printing quality of the checks. You can reorder checks in person, via Mission Fed Online Banking, by calling Mission Fed at 858.524.2850 or 800.500.6328 or by mailing the reorder form (located on the top of your last packet of checks) to Mission Fed, P.O. Box 919023, San Diego, CA 92191-9023.
14. **STOP PAYMENT SERVICE** - A stop payment may be requested on any UNPAID check. All stop payment requests must be authorized in writing in order for the stop payment to remain valid for 12 months. Any stop payment request made by telephone will be valid for 14 calendar days until a written form is received. A stop payment processing fee will be charged. There will also be a processing fee for canceling a stop payment request, and we require the cancellation order in writing. Refer to the current Consumer Fee Schedule.
15. **VERIFICATION OF FUNDS** - In order to protect the privacy of member account information, credit union employees and our automated telephone system will only verify that an account number is valid when communicating with third parties.

16. **LOST OR STOLEN CHECKS** - You agree to immediately notify Mission Fed if check(s) are lost, stolen, misplaced or not received, and agree to assist Mission Fed in any efforts to locate, apprehend and prosecute any individual(s) responsible for the unauthorized use of and/or any forged item(s). For your protection, the compromised account will be closed.
17. **ADDITIONAL TERMS FOR EASY CHECKING ACCOUNTS**
- a. Electronic delivery of your statements and disclosures is available and will legally replace all paper copies of these items including your Credit Card loan account, if applicable.
  - b. If registration in eStatements via Mission Fed Online Banking is not completed within the first 30 days, paper statements will be mailed and a fee may apply. Refer to the current Consumer Fee Schedule.
18. **ADDITIONAL TERMS FOR BREEZE ACCOUNTS**
- a. The Breeze spending account is a checkless account.
  - b. Overdraft Protection is not available for this account.
  - c. Debit Card Overdraft Protection is available for transactions up to \$20 and up to \$100 if you receive a qualifying direct deposit into your Breeze spending account. No overdraft fees will be charged. A qualifying direct deposit is a deposit of regular monthly income (such as your paycheck, pension, or government benefit) from your employer or other third party made by automated clearing house (ACH) deposit. Peer to peer payments (such as Zelle, Cash App or Venmo), mobile check deposits or one-time direct deposits (ex. tax refunds or other similar transactions) are not qualifying direct deposits.
  - d. The Breeze spending account provides access to direct deposit funds up to 2 days before the scheduled deposit date. Early access to the funds depends on the timing of the submission of the payment file from the payer.