



NOTICE OF CHANGE IN TERMS

First Federal Credit Union is making an important change to its Membership and Account Agreement to add an *Arbitration Agreement and Class Action Waiver*. You may opt out of the Arbitration Agreement and Class Action Waiver as provided below without losing any of the rights and benefits of your accounts. **PLEASE READ THIS DOCUMENT CAREFULLY.**

The following new section is added to the end of your Membership and Account Agreement and replaces Paragraph 34 (“GOVERNING LAW”):

GOVERNING LAW - This Agreement is governed by the following, as amended from time to time: the Credit Union's bylaws; local clearinghouse and other payment system rules; federal laws and regulations, including applicable principles of contract law; and to the extent that state law is applicable the laws and regulations of the state of Iowa. As permitted by applicable law, you agree that any claim, dispute or legal action regarding this Agreement or your Account(s), that is not subject to arbitration as provided herein shall be brought in Linn County, Iowa.

ARBITRATION AGREEMENT AND CLASS ACTION WAIVER. You and First Federal Credit Union (the “Credit Union”) agree to attempt informally to settle any and all disputes arising out of, affecting, or relating to your accounts, the Credit Union’s products or services, or any other aspect of your relationship with the Credit Union (hereinafter, the “Claims”). If informal efforts are unsuccessful, you and we agree that any and all Claims filed after the Effective Date (as defined below) of this Arbitration Agreement and Class Action Waiver (the “Arbitration Agreement”) shall, at the election of either you or us, be resolved in binding arbitration administered by the American Arbitration Association (“AAA”) in accordance with its rules and procedures for consumer disputes. Arbitration is required even if the Claims arise out of or relate to conduct occurring prior to the Effective Date and regardless of whether the Claims arise under theories of contract, tort, statutory law or otherwise. The AAA rules and procedures may be obtained free of charge at the AAA website, www.adr.org. You or we may elect to resolve a Claim through arbitration even if litigation already has been initiated in court. The party electing arbitration may do so by: (a) making written demand for arbitration upon the other party; (b) initiating arbitration against the other party; and/or (c) filing a motion to compel arbitration in court. This Arbitration Agreement shall be interpreted and enforced in accordance with the Federal Arbitration Act set forth in Title 9 of the United States Code, which preempts any state law to the contrary, regardless of the nature of the Claims at issue. This Arbitration Agreement shall not apply to any collection action brought by us arising out of any loan agreement between you and Credit Union, any claim arising out of a consumer credit transaction secured by a dwelling, or any claim arising out of a loan to a covered borrower as defined by the Military Lending Act. This Arbitration Agreement becomes effective upon the 31st day after the date on which we put it into the mail to you, send it to you electronically, or provide it to you in person, whichever is earlier (the “Effective Date”) unless you opt out in the manner set forth below.

Arbitration shall be conducted within fifty (50) miles of your residence at the time it is initiated provided your residence is in the State of Iowa at that time. If you do not reside in the State of Iowa, arbitration shall be conducted within fifty (50) miles of Credit Union’s principal place of business. All claims and defenses that could be asserted by you or us in a court of law or equity may be asserted in the arbitration, and the arbitrator shall be entitled to award any and all remedies that would be available to you or us in a court of law or equity. Discovery shall be permitted to the same extent available in a court of law or equity, and the arbitrator’s award may be entered as a judgment in court. Except as provided by governing law, the arbitrator’s award is not reviewable by a court and may not be appealed. The Credit Union shall pay for the filing, administration, and



arbitrator fees imposed by the AAA. In addition, if arbitration is elected and you are successful in your claim, the Credit Union will pay your reasonable attorney's fees. It is our expectation that arbitration will lead to more efficient resolution of Claims. Nothing in this Arbitration Agreement shall prevent you or us from obtaining emergency prejudgment relief from a court such as a temporary restraining order or preliminary injunction to the extent necessary to preserve the status quo or otherwise preserve substantial rights pending arbitration; however, the arbitrator also will have the authority to award such relief. Nothing in this Arbitration Agreement precludes us from using self-help remedies such as set off and repossession. Any claim to which this Arbitration Agreement does not apply, or for which neither party elects arbitration, or for emergency prejudgment relief to preserve the status quo or substantial rights, shall be brought only in the state or federal courts of Linn County, Iowa.

The arbitrator shall have authority to determine the validity, enforceability, and applicability of this Arbitration Agreement to any dispute between us and you.

Class Action Waiver. ANY PROCEEDINGS TO RESOLVE OR LITIGATE ANY DISPUTE IN ARBITRATION OR ANY OTHER FORUM MUST BE CONDUCTED SOLELY ON AN INDIVIDUAL BASIS. NEITHER YOU OR WE MAY SEEK TO HAVE ANY DISPUTE HEARD AS A CLASS ACTION, REPRESENTATIVE ACTION, COLLECTIVE ACTION, PRIVATE ATTORNEY GENERAL ACTION, OR ANY OTHER PROCEEDING IN WHICH YOU OR WE WOULD SERVE IN A REPRESENTATIVE CAPACITY. YOU AND WE FURTHER WAIVE THE RIGHT TO PARTICIPATE AS A CLASS MEMBER OR REPRESENTED PARTY IN ANY CLASS ACTION OR SIMILAR LAWSUIT. NO ARBITRATION OR PROCEEDING MAY BE JOINED, CONSOLIDATED, OR COMBINED WITH ANY OTHER ARBITRATION OR PROCEEDING WITHOUT THE PRIOR WRITTEN CONSENT OF YOU, US, AND ALL OTHER PARTIES TO SUCH ARBITRATION OR PROCEEDING.

If any provision of this Arbitration Agreement is found to be unenforceable, the remaining provisions shall remain fully enforceable except that a finding of unenforceability of the class action waiver shall result in the invalidation of the remainder of the Arbitration Agreement.

Right to Opt Out. You have the right to opt out of this Arbitration Agreement without affecting any of the rights or benefits of your relationship with Credit Union. To opt out, you must notify Credit Union in writing of your intent to do so prior to the Effective Date by sending a letter to the following address:

First Federal Credit Union
2590 6th Avenue, Suite 105
Marion, IA 52302
Attention: Compliance Department

Your notice of intent to opt out should be a letter clearly identifying your name and signed by you stating, "I elect to opt out of the Arbitration Agreement" or words to similar effect. If you do not provide a notice of intent to opt out on or before the Effective Date, you will be deemed to have consented and agreed to the Arbitration Agreement.