

The certificate is non-negotiable and is subject to the following terms and conditions:

A. Rate Information

The dividend rate and Annual Percentage Yield (APY) are stated on the rate sheet provided separately with this disclosure. For purposes of this disclosure, this is the dividend rate and APY offered within the most recent seven-calendar days and is accurate as of the date on the rate sheet. You will be paid the dividend rate in effect on the issue date for the term of your certificate. Please call our member service line toll-free US: 800-247-5626 or visit us at www.PenFed.org to obtain current rate information.

B. Compounding and Crediting

1. Six-Month Money Market Certificates
Dividends are computed at simple interest on a 365/365 day basis and are credited at maturity or may be transferred monthly to another PenFed account.
2. Certificates Having a Term Greater Than Six Months
Dividends are compounded daily on a 365/365 day basis and are credited monthly.
3. Leap Year
For all certificates, during a leap year, dividends are calculated on a 366/366 day basis.

C. Minimum Balance Requirement

The minimum balance to open a certificate is \$1,000.00. An Education Savings Account has a minimum balance of \$500.00.

D. Balance Computation Method

Dividends are calculated by the daily balance method, which applies a daily periodic rate to the principal in your account each day.

E. Accrual of Dividends

Dividends will begin to accrue on the date the certificate is issued.

F. Transaction Limitations

After the account is opened, you may not make deposits into the account until the maturity date stated on the certificate. Partial withdrawals are not permitted. For personal accounts, no withdrawal of funds shall be permitted during the first seven-calendar days from the issue date or any renewal date. For non-personal certificates, no withdrawal of funds shall be permitted during the first 30-calendar days from the issue date or any renewal date. A non-personal certificate is one held by an organization, public unit, or in the name of a member's estate where a beneficiary is not a natural person. For all certificates funded by ACH, funds cannot be withdrawn within the first 60 days of the account opening.

G. Maturity Date

The maturity date is determined based on the particular certificate you are purchasing and is stated on the Certificate Agreement.

H. Early Withdrawal Penalties

All requests for early withdrawal must be in writing. In the event of early withdrawal, one of the following penalties shall apply:

1. Six-Month Money Market Certificates
 - a. If redeemed within 90 days of the issue date or any renewal date, all dividends will be forfeited.
 - b. If redeemed thereafter, but prior to the maturity date, dividends for 90 days will be forfeited.
2. Certificates Having a Term Greater Than Six Months
 - a. If redeemed within the first year, all dividends will be forfeited.
 - b. If redeemed thereafter, but prior to the maturity date, the early withdrawal penalty will equal 30% of what would have been earned if the certificate had been held to maturity, not to exceed total dividends earned.

3. Exceptions

The penalties described above will not be applied if the redemption is made:

- a. Subsequent to the death of any holder of the certificate;
- b. As a result of the voluntary or involuntary liquidation of the credit union.

I. Withdrawal of Dividend Prior to Maturity

The Annual Percentage Yield (APY) is based on an assumption that dividends will remain in the account until maturity. For certificates having a term greater than six months, a withdrawal or transfer of the dividends will reduce earnings and the APY. Dividends may be withdrawn or transferred if you selected the Periodic Dividend Payment Option; otherwise, the penalties in section H. above will apply.

J. Renewal Policies

At the time of establishing a certificate, you may elect to have your certificate automatically renew. You may change your renewal selection any time during the term of the certificate, but prior to the maturity date.

1. Automatically Renewable Certificates

If you selected this option, your certificate will automatically renew at maturity. There is no grace period during which penalty-free withdrawals may be received following the maturity of this certificate.

2. Non-Renewable Certificates

If you selected this option, your certificate will not renew automatically at maturity. If you do not renew the certificate, the funds in the certificate will be transferred to your Regular Share account, checking account, or MMSA, according to your selection, and will earn dividends based on the dividend rate then in effect for that account. If you elected to have your certificate funds paid to you, your certificate will no longer earn dividends after payment.

K. Federally Insured

Pentagon Federal Credit Union is federally insured by the National Credit Union Administration, an agency of the United States Government.

L. Indebtedness

PenFed is authorized, at any time, to charge against the funds on deposit any indebtedness or charge owing to it by any owner.

M. Notice of Withdrawal

PenFed reserves the right to require a written notice of up to 60 days of the intention to withdraw funds pertaining to this certificate. Such a requirement, if imposed, may not extend the life of the certificate beyond the established maturity date.

N. Membership Termination

Your membership may terminate upon maturity of this certificate, unless renewed, if the holder does not maintain a Regular Share account.

O. Collateral/Security Information**1. Money Market Certificates**

You may use 95% of the unencumbered principal amount of each certificate as collateral for a loan. Funds must be on deposit for over 30 days (90 days if funded by ACH) prior to a loan being granted.

2. IRA Certificates

You may not use funds in these certificates as collateral for a loan.