



# Community Reinvestment Act Public File

# Community Reinvestment Act (CRA) Public File

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## **CRA Public File – Written Comments**

There were no written comments received from the public in 2022 and 2023 related to Algonquin State Bank's CRA performance.

No written comments have been received year-to-date March 15, 2024.

# **PUBLIC DISCLOSURE**

December 4, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Algonquin State Bank  
Certificate Number: 13080

2400 Huntington Drive North  
Algonquin, Illinois 60102

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Chicago Regional Office

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated Satisfactory. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's performance.

- The loan-to-deposit (LTD) ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and home equity lines of credit (HELOC) loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of loans to borrowers reflects reasonable penetration of loans among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the prior evaluation dated March 25, 2010, to the current evaluation dated December 4, 2017. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate Algonquin State Bank's (ASB) CRA performance according to the criteria detailed above.

### Loan Products Reviewed

Examiners review of ASB's Consolidated Reports of Condition (Call Reports) and loan origination records determined that the bank's major loan products are home mortgage loans, home equity lines of credit (HELOC), and small business loans. The September 30, 2017, Call Report revealed that residential real estate loans represent 46.7 percent of the loan portfolio and commercial loans represent 13.2 percent of the loan portfolio. Within the residential real estate loan category, closed-end loans secured by 1-4 family residential properties represent 33.1 percent of those loans, open-end loans secured by 1-4 family residential properties (HELOCs) represent 3.8 percent, and 9.8 percent are secured by multi-family residential properties. Additionally, ASB's loan origination records in 2015 and 2016 show 106 and 107 loans originated, respectively. In total, the HELOCs, home mortgage and small business loans made up 85.8 and 73.8 percent of those loan originations in 2015 and 2016, respectively. ASB does

not offer small farm loans and no other loan types represent a major product line. Consequently, they provide no material support to conclusions or ratings and are not presented in this evaluation.

Examiners analyzed all home mortgage loans reported on ASB's 2015 and 2016 Home Mortgage Disclosure Act (HMDA) Loan Application Registers and considered this representative of the bank's performance during the entire evaluation period. ASB reported 52 originations totaling approximately \$8.8 million in the 2015 and 51 originations totaling approximately \$11.9 million in 2016.

ASB does not collect HELOC or small business loan data. Therefore, examiners reviewed all HELOCs and small business loans originated or renewed in 2015 and 2016. This was considered representative of the bank's performance during the entire evaluation period. ASB originated 22 HELOCs totaling approximately \$1.6 million in 2015 and 21 HELOCs totaling approximately \$1.7 million in 2016. For small business loans, ASB originated 10 loans in 2015 totaling approximately \$1.7 million and 6 loans in 2016 totaling approximately \$602,000.

Of the three loan products reviewed, home mortgage loans contributed more weight to overall conclusions due to the larger loan volume when compared to HELOCs and small business loans during the most recent two full calendar years. Examiners reviewed the number and dollar volume of HELOCs, home mortgage and small business loans. While the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because the number is a better indicator of the number of individuals and businesses served.

## **DESCRIPTION OF INSTITUTION**

### **Background**

ASB is headquartered in Algonquin, Illinois and operates northwest of Chicago in McHenry and Kane Counties. The bank is a wholly owned subsidiary of First Algonquin Company, a one-bank holding company. The bank received a Satisfactory rating at its previous Office of the Comptroller of the Currency Performance Evaluation, dated March 25, 2010, based on Interagency Small Institution Examination Procedures.

### **Operations**

In addition to its main office, ASB operates two branch offices in Algonquin. ASB also operates a mobile branch located in an assisted living facility in Algonquin. All three offices have automated teller machines (ATMs). ASB offers a full range of deposit and loan products as well as safe deposit boxes, land trust services, and notary services. Additional services include online banking, mobile banking, and bill pay. The bank did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

### **Ability and Capacity**

According to the September 30, 2017 Call Report, ASB reported approximately \$139.9 million in total assets, \$62.6 million in total loans, and \$61.2 million in total securities. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2017		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	3,017	4.8
Secured by 1-4 Family Residential Properties		
Open-end	2,398	3.8
Closed-end	20,702	33.1
Secured by Multi-family (5 or more) Residential Properties	6,119	9.8
Secured by Non-farm, Non-residential Properties	6,204	9.9
Commercial and Industrial	2,046	3.3
Consumer	8,427	13.4
Other Loans	13,709	21.9
Total Loans and Leases	62,622	100.0
Source: Call Report		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

## DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. ASB designated its assessment area as 20 census tracts in McHenry County, Illinois and 6 census tracts in Kane County, Illinois. The assessment area is located in the Chicago-Naperville-Arlington Heights, Illinois Metropolitan Division (Chicago MD) and in the Elgin, Illinois Metropolitan Division (Elgin MD). The following sections discuss demographic and economic information for the assessment area.

### Economic and Demographic Data

The assessment area's 26 census tracts reflect the following income designations according to the 2010 U.S. Census: 3 moderate-income tracts, 7 middle-income tracts, and 16 upper-income tracts. The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	26	0.0	11.5	26.9	61.5
Population by Geography	167,430	0.0	11.2	23.5	65.3
Housing Units by Geography	57,586	0.0	9.5	27.4	63.1
Owner-Occupied Units by Geography	48,843	0.0	8.8	25.7	65.5
Occupied Rental Units by Geography	6,108	0.0	14.5	36.4	49.2
Vacant Units by Geography	2,635	0.0	11.7	37.8	50.6
Businesses by Geography	7,627	0.0	3.9	28.2	67.9
Farms by Geography	253	0.0	5.9	47.4	46.6



Demographic Information of the Assessment Area					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Family Distribution by Income Level	42,976	12.9	14.1	21.0	52.0
Household Distribution by Income Level	54,951	12.7	13.0	18.1	56.1
Median Family Income - Chicago-Naperville-Arlington Heights, IL MD		\$72,196	Median Housing Value		\$263,153
Median Family Income - Elgin, IL MD		\$76,576	Median Gross Rent		\$1,118
			Families Below Poverty Level		4.6%
Source: 2010 U.S. Census and 2016 D&B Data					

The table shows there are lower levels of owner-occupied housing units in moderate-income geographies within the assessment area (8.8 percent) and higher concentrations of rental units (14.5 percent) in those same moderate-income census tracts. This data highlights some obstacles financial institutions might face in originating home mortgage loans in these geographies.

The 2015 and 2016 FFIEC-updated median family income levels are used to analyze home mortgage loans and HELOCs under the borrower profile criterion. The table below contains information on the median family incomes by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Chicago-Naperville-Arlington Heights, IL MD Median Family Income (16974)</b>				
2015 (\$77,700)	<\$38,850	\$38,850 to <\$62,160	\$62,160 to <\$93,240	≥\$93,240
2016 (\$74,700)	<\$37,350	\$37,350 to <\$59,760	\$59,760 to <\$89,640	≥\$89,640
<b>Elgin, IL MD Median Family Income (20994)</b>				
2015 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480
2016 (\$82,500)	<\$41,250	\$41,250 to <\$66,000	\$66,000 to <\$99,000	≥\$99,000
Source: FFIEC				

There are 57,586 housing units in ASB's assessment area. Of these, 84.8 percent are owner-occupied, 10.6 percent are occupied rental units, and 4.6 percent are vacant. Under the geographic distribution criterion, examiners compare home mortgage loans and HELOCs to the distribution of owner-occupied housing units.

Data obtained from the U. S. Bureau of Labor Statistics shows that the 2016 year-end unemployment rate was 5.9 percent for the state of Illinois, 5.3 percent for McHenry County, and 5.5 percent for Kane County. These unemployment rates reflect material improvement since the previous evaluation when the 2009 year-end unemployment rates were 10.2 percent for Illinois, 9.8 percent

for McHenry County, and 10.5 percent for Kane County. The decreases in the state and county unemployment rates indicate an improving economy.

### **Competition**

ASB's assessment area is a highly competitive market for financial services. The FDIC Deposit Market Share Report as of June 30, 2017, reported 254 offices of 49 financial institutions operating within McHenry and Kane Counties. ASB maintains a 0.7 percent deposit market share in the assessment area, ranking 31st.

In addition, there is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in ASB's assessment area. According to 2016 aggregate mortgage data, 347 lenders reported a total of 7,989 home mortgage loan originations and purchases in the assessment area. Of these lenders, ASB ranked 57<sup>th</sup> with a 0.4 percent market share. The top five mortgage lenders accounted for 26.8 percent of total market share. This high level of competition is also noted in the three moderate-income census tracts in the bank's assessment area where 2016 aggregate mortgage data indicated 111 lenders reporting a total of 529 home mortgage originations and purchases. Of these lenders, ASB ranked 96<sup>th</sup> with 0.2 percent market share. The top five mortgage lenders in this area accounted for 36.1 percent of total market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs and what credit opportunities are available.

Examiners reviewed an interview conducted with a representative in the assessment area that is not affiliated with the bank. The contact stated that there is significant need for homebuyer education, especially in the southern portion of the assessment area; that area includes only moderate-income census tracts. The contact said many of the residents are immigrants and may be intimidated or not fully understand the responsibilities of owning a home due to a lack of knowledge. The contact also stated that there is a need for affordable housing as housing values keep increasing and are out-pricing a lot of individuals. The contact attributed the number of foreclosures in the area to lack of education and buyers not being prepared for homeownership.

### ***Credit and Community Development Needs and Opportunities***

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that home mortgage loans represent a primary credit need for the assessment area. In addition, community development opportunities include affordable housing, foreclosure prevention services, and rental counseling services.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is less than reasonable given the institution's size, financial condition, and assessment area credit needs. ASB maintained an average net LTD ratio of 36.3 percent for the previous 31 quarters, from March 31, 2010, through September 30, 2017.

Examiners compared the bank's average net LTD ratio to four similarly-situated institutions (SSBs). The SSBs include those that operate in and serve McHenry and Kane Counties, maintain primarily residential lending focuses, and have similar asset sizes. The SSBs maintained an average net LTD ratio of 61.8 percent, ranging from 38.6 percent to 72.4 percent as shown in the following table.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets \$(000s)	Average Net LTD Ratio (%)
Algonquin State Bank	139,867	36.3
Institution #1	225,156	64.6
Institution #2	177,387	38.6
Institution #3	257,951	71.4
Institution #4	228,190	72.4
Source: Call Report data		

ASB's net LTD ratio declined from a high of 48.4 percent on March 31, 2010, to a low of 27.9 percent on September 30, 2016. Since September 2016, the ratio was increasing and reached 49.7 percent at September 30, 2017. The increase in the ratio is due to an agreement recently entered into to purchase an interest in residential real estate loans on an interim basis.

Considering the downward trend in the LTD ratio for most of the evaluation period and the low average net LTD ratio compared to SSBs, this performance is less than reasonable. However, considering the additional information below the LTD ratio performance does not result in an overall adverse CRA rating.

ASB originated 216 home mortgage loans totaling \$24.8 million that were subsequently sold on the secondary market since the last CRA evaluation. These loans augment their lending but are not accounted for in the LTD ratio. When adjusting the net LTD ratio to reflect this activity, ASB's net LTD ratio for September 30, 2017 is 69.5 percent.

As previously mentioned, there is a high level of competition for home mortgage loans in the assessment area. According to aggregate mortgage data for 2014, 2015, and 2016, ASB significantly outperformed the SSBs in the assessment area in those years. ASB originated or purchased 74 home mortgage loans during this period compared to a combined 25 home mortgage loans by all four SSBs. Also, ASB originated 106 total loans in 2015, 107 total loans in 2016, and 116 total loans in the first 10 months of 2017. These numbers illustrate the bank is lending.

### Assessment Area Concentration

ASB made a majority of loans within its assessment area. The table shows a majority of home mortgage loans and HELOCs within the assessment area in both years and a majority of small business loans in the assessment area in 2016. However, in 2015, the majority of small business loans were originated outside of the assessment area. See the following table.

Lending Inside and Outside of the Assessment Area											
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2015	27	51.9	25	48.1	52	2,968	33.8	5,815	66.2	8,783	
2016	27	52.9	24	47.1	51	3,938	33.2	7,928	66.8	11,866	
Total	54	52.4	49	47.6	103	6,906	33.4	13,743	66.6	20,649	
HELOC											
2015	14	63.6	8	36.4	22	1,086	69.2	484	30.8	1,570	
2016	13	61.9	8	38.1	21	816	47.7	893	52.3	1,709	
Total	27	62.8	16	37.2	43	1,902	58.0	1,377	42.0	3,279	
Small Business											
2015	3	30.0	7	70.0	10	181	10.6	1,525	89.4	1,706	
2016	4	66.7	2	33.3	6	504	83.7	98	16.3	602	
Total	7	43.8	9	56.2	16	685	29.7	1,623	70.3	2,308	
Source: Bank Records; 2015 and 2016 HMDA Data											

Given that only three and four small business loans in 2015 and 2016, respectively, were inside the assessment area, small business lending will not be further analyzed. Meaningful conclusions would not be able to be drawn considering the limited number of loans to analyze.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The bank's reasonable performance of both home mortgage and HELOC lending supports this conclusion. Examiners focused on home mortgage and HELOC loans originated within moderate-income census tracts. Only loans inside the assessment area are included in the analyses. As previously mentioned, the bank's record of originating home mortgage loans contributed more weight to the conclusions. Performance under this criterion is compared to the 2010 U.S. Census demographic data and aggregate HMDA data. Aggregate data provides a better depiction of demand within the area as it represents the record of lending of all HMDA reporters in the assessment area. Aggregate data is not available for HELOCs.

### ***Home Mortgage Loans***

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. ASB's home mortgage loans include 68.5 percent owner-occupied loans and 31.5 percent non-owner occupied loans. Given the high percentage of non-owner occupied loans, separate analyses were completed based on owner-occupied and non-owner occupied home mortgage loans. This information is presented separately below. The bank's reasonable lending performance in both loan types supports the conclusion.

### ***Owner-Occupied Home Mortgage Loans***

The geographic distribution of owner-occupied home mortgage loans reflects reasonable dispersion. The table below shows the distribution of owner-occupied home mortgage lending by the bank by census tract income level in 2015 and 2016.

<b>Geographic Distribution of Owner-Occupied Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2015	8.8	6.2	0	0.0	0	0.0
2016	8.8	6.5	1	4.6	102	2.9
Middle						
2015	25.7	25.6	5	33.3	688	35.5
2016	25.7	25.4	5	22.7	732	21.0
Upper						
2015	65.5	68.2	10	66.7	1,250	64.5
2016	65.5	68.1	16	72.7	2,651	76.1
Totals						
2015	100.0	100.0	15	100.0	1,938	100.0
2016	100.0	100.0	22	100.0	3,485	100.0

*Source: 2010 U.S. Census; 2015 & 2016 HMDA Data. Due to rounding, totals may not equal 100.0*

ASB did not originate any loans in moderate-income census tracts in 2015. In 2016, 4.6 percent of ASB's owner-occupied home mortgage loans were in a moderate-income census tract which is lower than the 8.8 percent of owner-occupied housing units located in moderate-income census tracts. ASB's performance also trailed aggregate performance of 6.2 and 6.5 percent in 2015 and 2016, respectively.

There are only three moderate-income census tracts in the assessment area and the closest ASB office to the concentration of moderate-income census tracts is one mile. However, there are three institutions (one being the second ranked mortgage lender in the assessment area by number of loans) with offices between ASB's office and the concentration of moderate-income

census tracts. Additionally, there is one institution (the seventh ranked mortgage lender in the assessment area by number of loans) with an office located inside this concentration of moderate-income census tracts. Additionally, there are seven institutions with offices within one mile to the south of this concentration of moderate-income census tracts, including two of the top three mortgage lenders in the assessment area. Considering the bank's distance from the three moderate-income census tracts in the assessment area and the high level of competition, the bank's performance is reasonable.

#### *Non-Owner Occupied Home Mortgage Loans*

The geographic distribution of non-owner occupied home mortgage loans reflects reasonable dispersion. In 2015, ASB's lending in moderate-income census tracts at 16.7 percent exceeded aggregate lending performance and the demographic, 10.2 and 14.5 percent, respectively. However, ASB did not originate any non-owner occupied home mortgage loans in moderate-income census tracts in 2016. The bank's originations of these types of loans in 2016 decreased to only five in total; with such few loans only one loan in a moderate-income census tract would have represented 20 percent performance. Considering the bank's distance from the moderate-income census tracts and high level of competition as discussed above, performance is reasonable. The table below shows the distribution of non-owner occupied home mortgage loans by census tract income level.

<b>Geographic Distribution of Non Owner-Occupied Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Occupied Rental Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate						
2015	14.5	10.2	2	16.7	155	15.1
2016	14.5	10.3	0	0.0	0	0.0
Middle						
2015	36.4	30.9	6	50.0	604	58.6
2016	36.4	32.8	1	20.0	84	18.5
Upper						
2015	49.2	58.9	4	33.3	271	26.3
2016	49.2	56.9	4	80.0	369	81.5
Totals						
2015	100.0	100.0	12	100.0	1,030	100.0
2016	100.0	100.0	5	100.0	453	100.0

*Source: 2010 U.S. Census; 2015 & 2016 HMDA Data. Due to rounding, totals may not equal 100.0*

#### *HELOCs*

The geographic distribution of HELOCs reflects reasonable dispersion throughout the assessment area. Performance is measured against the demographic.

ASB did not originate any HELOCs in moderate-income census tracts in 2015, but originated 7.7 percent (one loan) in a moderate-income census tract in 2016, slightly trailing the demographic of 8.8 percent in 2016. The vast majority of HELOCs are originated in close proximity to the bank's three offices which does not include moderate-income census tracts. As discussed previously, ASB's closest office to the concentration of moderate-income census tracts is one mile. Additionally, there are only three moderate-income census tracts in the assessment area and a high level of competition exists. Considering the bank's distance and high level of competition (including within the only three moderate-income census tracts in the assessment area), the bank's performance is reasonable. The table below shows the distribution of HELOCs by census tract income level in 2015 and 2016.

<b>Geographic Distribution of Home Equity Lines of Credit</b>					
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Unites</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Moderate					
2015	8.8	0	0.0	0	0.0
2016	8.8	1	7.7	20	2.4
Middle					
2015	25.7	3	21.4	249	22.9
2016	25.7	1	7.7	8	1.0
Upper					
2015	65.5	11	78.6	837	77.1
2016	65.5	11	84.6	788	96.6
Totals					
2015	100.0	14	100.0	1,086	100.0
2016	100.0	13	100.0	816	100.0

*Source: 2010 U.S. Census; Bank Data*

### **Borrower Profile**

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels in the assessment area. The bank's reasonable performance in home mortgage and HELOC lending supports this conclusion.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels is reasonable. The table below shows the distribution of home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2015	12.9	5.4	2	7.4	145	4.9
2016	12.9	5.5	0	0.0	0	0.0
Moderate						
2015	14.1	15.9	3	11.1	237	8.0
2016	14.1	14.7	5	18.5	445	11.3
Middle						
2015	21.0	22.2	7	25.9	666	22.4
2016	21.0	22.4	2	7.4	156	4.0
Upper						
2015	52.0	35.3	12	44.5	1,616	54.4
2016	52.0	40.0	18	66.7	3,081	78.2
Not Available						
2015	0.0	21.1	3	11.1	304	10.3
2016	0.0	17.4	2	7.4	256	6.5
Totals						
2015	100.0	100.0	27	100.0	2,968	100.0
2016	100.0	100.0	27	100.0	3,938	100.0

Source: 2010 U.S. Census; 2015 & 2016 HMDA Data. Due to rounding, totals may not equal 100.0

In 2015, ASB originated 7.4 percent of its home mortgage loans to low-income borrowers. This performance exceeds aggregate performance (5.4 percent) but trails the percentage of low-income families that reside within the assessment area (at 12.9 percent). However, this disparity can be largely attributed to the 4.6 percent of all families that live below the poverty level. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers. ASB did not make any home mortgage loans to low-income borrowers in 2016 as compared to aggregate performance of 5.5 percent.

In 2015, ASB originated 11.1 percent of its home mortgage loans to moderate-income borrowers. This performance was slightly below aggregate performance (15.9 percent) and the demographic (14.1 percent). However, lending increased in 2016 with 18.5 percent of home mortgage loans to moderate-income borrowers, exceeding both the aggregate performance (14.7 percent) and the demographic.



Although no loans were originated to low-income borrowers in 2016, the bank's performance in lending to low-income borrowers in 2015 and to moderate-income borrowers in both years was very comparable to aggregate lenders and the demographic (when considering poverty). Therefore, ASB's home mortgage lending performance is reasonable overall.

### **HELOC Loans**

The distribution of HELOCs to individuals of different income levels is reasonable. The bank's performance is compared to the percentage of families in the assessment area by income level (demographic). The table below shows the distribution of HELOCs by borrower income level.

<b>Distribution of Home Equity Lines of Credit by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>					
2015	12.9	3	21.4	157	14.5
2016	12.9	1	7.7	10	1.2
<b>Moderate</b>					
2015	14.1	2	14.3	61	5.6
2016	14.1	1	7.7	20	2.5
<b>Middle</b>					
2015	21.0	4	28.6	568	52.3
2016	21.0	6	46.1	256	31.3
<b>Upper</b>					
2015	52.0	5	35.7	300	27.6
2016	52.0	5	38.5	530	65.0
<b>Totals</b>					
2015	100.0	14	100.0	1,086	100.0
2016	100.0	13	100.0	816	100.0
<i>Source: 2010 U.S. Census; 2015 &amp; 2016 Bank Data. Due to rounding, totals may not equal 100.0</i>					

The bank's lending to low-income borrowers in 2015 (21.4 percent) substantially exceeded the demographic. In 2016, the bank's lending to low-income borrowers (7.7 percent) trails the demographic. Considering the poverty level which limits the opportunity and demand for lending to low-income borrowers, performance is reasonable.

ASB's performance of 14.3 percent of HELOC loans made to moderate-income borrowers in 2015 slightly exceeded the percentage of families that are moderate-income (14.1 percent). In 2016, the bank's lending to moderate-income borrowers (7.7 percent) fell below the demographic.

While lending to moderate-income borrowers was below the demographic in 2016, the bank's lending performance to low-income borrowers in both years and to moderate-income borrowers



## GLOSSARY

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

**Family Income:** Includes the income of all members of a family that are age 15 and older.

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Disclosure Loan Application Register (HMDA LAR):** The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

**Home Mortgage Loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Household Income:** Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Micropolitan Statistical Area:** CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area:** All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic

branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

**Upper-Income:** Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

# ALGONQUIN STATE BANK

Two convenient locations serving the community and a mobile branch  
located in Eastgate Manor Retirement Community.

**2400 Huntington Drive North \***  
**Algonquin, IL 60102**  
**(847) 658-4535**  
**8712.06**

800 E. Algonquin Road \*  
Algonquin, IL 60102  
**McHenry County**  
**8714.04**

101 Eastgate Court  
Algonquin, IL 60102  
**McHenry County**  
**8714.04 - Mobile Branch**

\* Automated teller machines are available at these locations.

## Branch Openings and/or Closures

Beginning March 16, 2020, circumstances related to the COVID-19 pandemic interfered with the conduct of normal business operations at Algonquin State Bank's mobile branch located at 101 Eastgate Court, Algonquin, IL 60102, and has caused service reductions and/or closures at this office. Business at this location is still suspended.

Due to cost effective reasons, in addition to the close proximity of Algonquin State Bank's other branch locations, effective December 15, 2021, the 221 South Main Street, Algonquin, IL (McHenry County, census tract 8713.10) location was permanently closed.

The Bank has not opened a branch in the prior two calendar years and year-to-date March 15, 2024.

## Community Served by Algonquin State Bank

The local community served by Algonquin State Bank is defined to include the entire counties of McHenry and Kane.

# ALGONQUIN STATE BANK

## NORMAL HOURS OF OPERATION

**2400 Huntington Drive North  
Algonquin, IL 60102  
(847) 658-4535**

Lobby	Monday – Friday	9:00 am – 4:00 pm
	Saturday	9:00 am – 12:00 pm
	Sunday	Closed
Drive-Up	Monday – Thursday	8:00 am – 5:00 pm
	Friday	8:00 am – 5:30 pm
	Saturday	8:00 am – 12:00 pm
	Sunday	Closed
Walk-Up	Monday – Thursday	8:00 am – 9:00 am / 4:00 pm – 5:00 pm
	Friday	8:00 am – 9:00 am / 4:00 pm – 5:30 pm
	Saturday	8:00 am – 9:00 am
	Sunday	Closed

**800 E. Algonquin Road  
Algonquin, IL 60102**

Lobby	Monday	Closed
	Tuesday – Friday	9:00 am – 4:00 pm
	Saturday	9:00 am – 12:00 pm
	Sunday	Closed
Drive-Up	Monday – Thursday	8:00 am – 5:00 pm
	Friday	8:00 am – 5:30 pm
	Saturday	8:00 am – 12:00 pm
	Sunday	Closed

**101 Eastgate Court  
Algonquin, IL 60102**

Beginning March 16, 2020, circumstances related to the COVID-19 pandemic have interfered with the conduct of normal business operations at this location. Refer to Restricted Hours of Operation for hours of operation affected and/or temporary office closures.



# **ALGONQUIN STATE BANK**

**RESTRICTED HOURS OF OPERATION**

**101 Eastgate Court  
Algonquin, IL 60102**

Temporarily Closed Due to Covid-19 Restrictions

# ALGONQUIN STATE BANK

## AVAILABLE LOAN AND DEPOSIT PRODUCTS

### I. AVAILABLE LOAN PRODUCTS

Algonquin State Bank believes that sound local loans are one of the most satisfactory and profitable means of employing the Bank's funds available for investment. The Bank, therefore, desires to make all the sound local loans that its resources permit and opportunity affords.

A. Loans of the following types are considered desirable by the Bank provided each loan meets the tests of a sound and prudent loan:

1. Working capital loans to established businesses in the Bank's market area,
2. General use machinery and equipment loans,
3. Loans secured by readily marketable stocks or bonds,
4. Deposit account secured loans,
5. Personal loans,
6. Automobile and small truck loans,
7. Commercial real estate mortgage loans,
8. First and second residential real estate mortgage loans,
9. Real estate construction loans,
10. Home bridge loans to assist a customer in buying a new home and selling an old one,
11. Overdraft protection loans,
12. Loans to churches, clubs, and other human service institutions,
13. Loans to local public entities,
14. Home equity lines of credit, and
15. Stand-by letters of credit.

B. Tax anticipation warrants for local community taxing districts

C. Purchase of bonds issued by local taxing districts

All of the above types of credit extended to the local community must comply with the Bank's Loan Policy and Procedures Manual, as well as the Investment Policy as approved by the Board of Directors.

Fees are assessed on first residential real estate mortgage loans which include third party fees as well as Bank assessed fees. Fees are waived on second residential real estate mortgage loans, unless the loan is paid off early within a disclosed timeframe. The borrower of a home equity line of credit pays an annual fee of \$50. No application fee is assigned.

Loan applications are available at our two locations as well as on the Bank's website. The Loan Department is located at 2400 Huntington Drive North, Algonquin, IL.

## II. AVAILABLE DEPOSIT PRODUCTS

Algonquin State Bank offers a wide variety of checking, savings, and investment products designed to meet the financial needs of our customers.

The following types of deposit products are currently offered at Algonquin State Bank:

1. No minimum balance checking account,
2. Regular checking account,
3. Senior checking account,
4. Free checking account,
5. Business checking account,
6. NOW account - personal,
7. NOW account - non personal,
8. Statement savings account,
9. Passbook savings account,
10. Money market deposit account,
11. Investor money market deposit account - personal,
12. Investor money market deposit account - non personal,
13. Christmas club account,
14. Certificate of deposit account,
15. Individual retirement account (in the form of a certificate of deposit and savings account), and
16. Simplified employee plan account.

Refer to the next page for the various maintenance and transaction fees assigned to deposit products offered by the Bank.

## III. AVAILABLE MISCELLANEOUS ITEMS

1. Free online banking services
2. Mobile Banking (free)
3. Remote Deposit Capture (free)
4. Cashier's checks
5. Certified checks
6. Amortization schedules (Huntington Drive North location only)
7. License plate stickers (Huntington Drive North location only)
8. Wire transfers
9. Notary public
10. Safe deposit boxes
11. Signature Guarantee (Huntington Drive North location only)
12. Debit card management tools
13. Bank-to-bank and person-to-person transfers

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## TERMS AND CONDITIONS OF YOUR ACCOUNT

**AGREEMENT** - This document, along with any other documents we give you pertaining to your account(s), is a contract (also referred to as "this agreement") that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you open the account (whether in-person, electronically, or by any other method permitted by us) or continue to use the account after receiving a notice of change or amendment, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this agreement. If you have any questions, please ask us.

This agreement is subject to applicable federal laws, the laws of the state of Illinois and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this agreement is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this agreement is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this agreement the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does not intend, and the terms "you" and "your" should not be interpreted, to expand an individual's responsibility for an organization's liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this agreement are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this agreement should be construed so the singular includes the plural and the plural includes the singular.

**LIABILITY** - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and we can deduct any amounts deposited into the account and apply those amounts to the shortage. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft.

You will be liable for our costs as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys' fees can be deducted from your account when they are incurred, without notice to you.

**DEPOSITS** - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of endorsement or lack of endorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Unless prohibited by law, we also reserve the right to charge back to your account the amount of any item deposited to your account or cashed for you which was initially paid by the payor bank and which is later returned to us due to an allegedly forged, unauthorized or missing endorsement, claim of alteration, encoding error, counterfeit cashier's check or other problem which in our judgment justifies reversal of credit. You authorize us to attempt to collect previously returned items without giving you notice, and in attempting to collect we may permit the payor bank to hold an item beyond the midnight deadline. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check or draft for deposit, we may require any third-party endorsers to verify or guarantee their endorsements, or endorse in our presence.

### **WITHDRAWALS -**

**Important terms for accounts where more than one person can withdraw** - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to endorse any item payable to you or your order for deposit to this account or any other transaction with us.

**Postdated checks** - A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

**Checks and withdrawal rules** - If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted by our policy, or which is for an amount greater or less than any withdrawal limitations. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply any frequency limitations. In addition, we may place limitations on the account until your identity is verified.

Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify your account as another type of account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

**Cash withdrawals** - We recommend you take care when making large cash withdrawals because carrying large amounts of cash may pose a danger to your personal safety. As an alternative to making a large cash withdrawal, you may want to consider a cashier's check or similar instrument. You assume full responsibility of any loss in the event the cash you withdraw is lost, stolen, or destroyed. You agree to hold us harmless from any loss you incur as a result of your decision to withdraw funds in the form of cash.

**Multiple signatures, electronic check conversion, and similar transactions** - An electronic check conversion transaction is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the signatures or otherwise examine the original check or item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

**Notice of withdrawal** - We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account, other than a time deposit or demand deposit, or from any other savings deposit as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your separately provided notice of penalty for early withdrawal.

#### **UNDERSTANDING AND AVOIDING OVERDRAFT AND NONSUFFICIENT FUNDS (NSF) FEES -**

**Generally** - The information in this section is being provided to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and nonsufficient funds (NSF) is important and can help you avoid being assessed fees or charges. This section also provides contractual terms relating to overdrafts and NSF transactions.

An overdrawn account will typically result in you being charged an overdraft fee or an NSF fee. Generally, an overdraft occurs when there is not enough money in your account to pay for a transaction, but we pay (or cover) the transaction anyway. An NSF transaction is slightly different. In an NSF transaction, we do not cover the transaction. Instead, the transaction is rejected and the item or requested payment is returned. In either situation, we can charge you a fee.

**Determining your available balance** - We use the "available balance" method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your "available" balance may not be the same as your account's "actual" balance. This means an overdraft or an NSF transaction could occur regardless of your account's actual balance.

Your account's actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money "available" in your account to make payments. In other words, the available balance takes ACH credit transactions and debit card transactions that have been authorized, but not yet settled, and adds or subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance.

For more information on how holds placed on funds in your account can impact your available balance, read the subsection titled "A temporary debit authorization hold affects your account balance."

**Overdrafts** - You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time (sometimes referred to as "everyday") debit card transactions if you have not opted-in to that service. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

**Nonsufficient funds (NSF) fees** - If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee for returning the payment. Be aware that such an item or payment may be presented multiple times by the merchant or other payee until it is paid, and that we do not monitor or control the number of times a transaction is presented for payment. You agree that we may charge you an NSF fee each time a payment is presented if the amount of money available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.

**Payment types** - Some, but not necessarily all, of the ways you can access the funds in your account include debit card transactions, automated clearing house (ACH) transactions, and check transactions. All these payment types can use different processing systems and some may take more or less time to post. This information is important for a number of reasons. For example, keeping track of the checks you write and the timing of the preauthorized payments you set up will help you to know what other transactions might still post against your account. For information about how and when we process these different payment types, see the "Payment order of items" subsection below.

**Balance information** - Keeping track of your balance is important. You can review your balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches.

**Funds availability** - Knowing when funds you deposit will be made available for withdrawal is another important concept that can help you avoid being assessed fees or charges. Please see our funds availability disclosure (generally titled, "Your Ability to Withdraw Funds") for information on when different types of deposits will be made available for withdrawal. For an account to which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the times we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

**A temporary debit authorization hold affects your account balance** - On debit card purchases, merchants may request a temporary hold on your account for a specified sum of money when the merchant does not know the exact amount of the purchase at the time the card is authorized. The amount of the temporary hold may be more than the actual amount of your purchase. Some common transactions where this occurs involve purchases of gasoline, hotel rooms, or meals at restaurants. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your purchase, but it could be three calendar days, or even longer in some cases, before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions will be reduced by the amount of the temporary hold. If one or more transactions are presented for payment in an amount greater than the funds left after the deduction of the temporary hold amount, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy, which may result in one or more overdraft or NSF fees. You will be charged the fee even if you would have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

**Payment order of items** - The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. The payment order can affect the number of items overdrawn or returned unpaid and the amount of the fees you may have to pay. To assist you in managing your account, we are providing you with the following information regarding how we process those items.

When processing items drawn on your account, our policy is to pay the items in the order they are presented to us. In the event that more than one item is presented during the same batch processing we will pay the smallest dollar items first.

If one or more checks, items, or transactions are presented without sufficient funds in your account to pay it, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy, which may result in one or more overdraft or NSF fees. We will not charge you a fee for paying an overdraft of an ATM or one-time (sometimes referred to as "everyday") debit card transaction if this is a consumer account and you have not opted-in to that service. The amounts of the overdraft and NSF fees are disclosed elsewhere, as are your rights to opt in to overdraft services for ATM and one-time debit card transactions, if applicable. We encourage you to make careful records and practice good account management. This will help you to avoid creating items without sufficient funds and potentially incurring the resulting fees.

**OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION** - These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We reserve the right to refuse some forms of ownership and beneficiary designations on any

or all of our accounts unless otherwise prohibited by law. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

**Individual Account** - is an account in the name of one person.

**Joint Account - With Survivorship (And Not As Tenants In Common)** - is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

**Joint Account - No Survivorship (As Tenants In Common)** - This is owned by two or more persons, but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the percentage of the deposit contributed by each of you. This information will not, however, affect the number of signatures necessary for withdrawal.

**Revocable Trust or Pay-On-Death Account** - If two or more of you create this type of account, you own the account jointly with survivorship. Beneficiaries of either of these account types cannot withdraw unless: (1) all persons creating the account die, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of the owner(s) of the account, such beneficiaries will own this account in equal shares, without right of survivorship. The person(s) creating either a Pay-On-Death or Revocable Trust account reserves the right to: (1) change beneficiaries, (2) change account types, and (3) withdraw all or part of the account funds at any time.

**BUSINESS, ORGANIZATION AND ASSOCIATION ACCOUNTS** - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. You represent that you have the authority to open and conduct business on this account on behalf of the entity. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the entity.

**STOP PAYMENTS** - The rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules.

We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because the most effective way for us to execute a stop-payment order is by using an automated process, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee. You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment order was oral your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires.

If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

**TELEPHONE TRANSFERS** - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Limitations on the number of telephonic transfers from a savings account, if any, are described elsewhere.

**AMENDMENTS AND TERMINATION** - We may change any term of this agreement. For such changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also suspend or terminate a service or close this account at any time upon reasonable notice to you and, if we close the account, tender of the account balance personally or by mail. Reasonable notice depends on the circumstances, and in some cases, such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new terms.

When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account.

Items presented for payment after the account is closed may be dishonored.

Note: Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. In addition, for changes governed by a specific law or regulation, we will follow the specific timing and format notice requirements of those laws or regulations.

**CORRECTION OF CLERICAL ERRORS** - Unless otherwise prohibited by law, you agree, if determined necessary in our reasonable discretion, to allow us to correct clerical errors, such as obtaining your missing signature, on any account documents or disclosures that are part of our agreement with you. For errors on your periodic statement, please refer to the STATEMENTS section.

**NOTICES** - Any written notice you give us is effective when we actually receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive any notice in time to have a reasonable opportunity to act on it. If a notice is regarding a check or other item, you must give us sufficient information to be able to identify the check or item, including the precise check or item number, amount, date and payee. Notice we give you via the United States Mail is effective when it is deposited in the United States Mail with proper postage and addressed to your mailing address we currently have on file. Notice we give you through your email of record, or other electronic method to which you agreed, will be treated as delivered to you when sent. Notice to any of you is notice to all of you.

**STATEMENTS - Your duty to report unauthorized signatures (including forgeries and counterfeit checks) and alterations on checks and other items** - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations (including forgeries and counterfeit checks), you must promptly notify us of the relevant facts. As between you and us, 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 used 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 with unauthorized signatures or alterations 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 will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

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

**Your duty to report other errors or problems** - In addition to your duty to review your statements for unauthorized signatures and alterations, you agree to examine your statement with reasonable promptness for any other error or problem - such as an encoding error or an unexpected deposit amount. Also, if you receive or we make available either your items or images of your items, you must examine them for any unauthorized or missing endorsements or any other problems. You agree that the time you have to examine your statement and items and report to us will depend on the circumstances. However, this time period shall not exceed 60 days. Failure to examine your statement and items and report any errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any errors on items identified in that statement and as between you and us the loss will be entirely yours.



**Errors relating to electronic fund transfers or substitute checks** - For information on errors relating to electronic fund transfers (e.g., online, mobile, debit card or ATM transactions) refer to your Electronic Fund Transfers disclosure and the sections on consumer liability and error resolution. For information on errors relating to a substitute check you received, refer to your disclosure entitled Substitute Checks and Your Rights.

**Duty to notify if statement not received** - You agree to immediately notify us if you do not receive your statement by the date you normally expect to receive it. Not receiving your statement in a timely manner is a sign that there may be an issue with your account, such as possible fraud or identity theft. Absent a lack of ordinary care by us, a failure to receive your statement in a timely manner does not extend the time you have to conduct your review under this agreement.

**ACCOUNT TRANSFER** - This account may not be transferred or assigned without our prior written consent.

**REIMBURSEMENT OF FEDERAL BENEFIT PAYMENTS** - If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the federal government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other available legal remedy to recover the amount of our liability.

**TEMPORARY ACCOUNT AGREEMENT** - If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**SETOFF** - We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off any funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note, and this amount may include any portion of the balance for which we have properly accelerated the due date.

This right of setoff does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

**AUTHORIZED SIGNER (Individual Accounts only)** - A single individual is the owner. The authorized signer is merely designated to conduct transactions on the owner's behalf. The owner does not give up any rights to act on the account, and the authorized signer may not in any manner affect the rights of the owner or beneficiaries, if any, other than by withdrawing funds from the account. The owner is responsible for any transactions of the authorized signer. We undertake no obligation to monitor transactions to determine that they are on the owner's behalf.

The owner may terminate the authorization at any time, and the authorization is automatically terminated by the death of the owner. However, we may continue to honor the transactions of the authorized signer until: (a) we have received written notice or have actual knowledge of the termination of authority, and (b) we have a reasonable opportunity to act on that notice or knowledge. We may refuse to accept the designation of an authorized signer.

**RESTRICTIVE LEGENDS OR ENDORSEMENTS** - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for restrictive legends, restrictive endorsements or other special instructions on every check. For this reason, we are not required to honor any restrictive legend or endorsement or other special instruction placed on checks you write unless we have agreed in writing to the restriction or instruction. Unless we have agreed in writing, we are not responsible for any losses, claims, damages, or expenses that result from your placement of these restrictions or instructions on your checks. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." The payee's signature accompanied by the words "for deposit only" is an example of a restrictive endorsement.

**FACSIMILE SIGNATURES** - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing 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. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

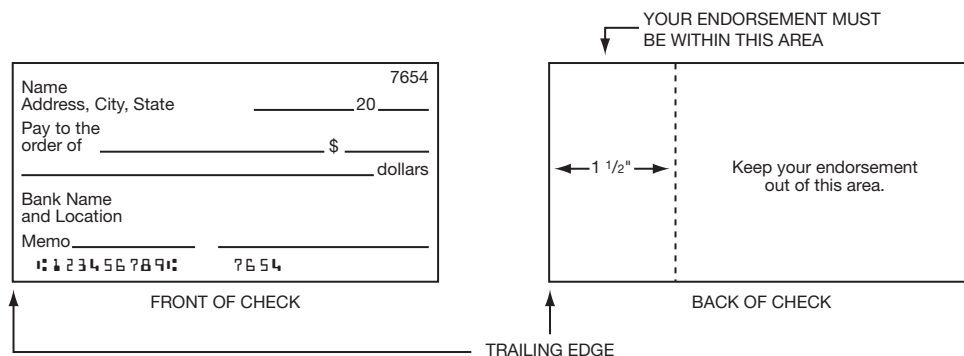
**CHECK PROCESSING** - We process items mechanically by relying almost exclusively on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and endorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of endorsements unless you notify us in writing that the check requires multiple endorsements. We must receive the notice in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders.

**CHECK CASHING** - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

**ENDORSEMENTS** - We may accept for deposit any item payable to you or your order, even if they are not endorsed by you. We may give cash back to any one of you. We may supply any missing endorsement(s) for any item we accept for deposit or collection, and you warrant that all endorsements are genuine.

To ensure that your check or share draft is processed without delay, you must endorse it (sign it on the back) in a specific area. Your entire endorsement (whether a signature or a stamp) along with any other endorsement information (e.g. additional endorsements, ID information, driver's license number, etc.) must fall within 1 1/2" of the "trailing edge" of a check. Endorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

As you look at the front of a check, the "trailing edge" is the left edge. When you flip the check over, be sure to keep all endorsement information within 1 1/2" of that edge.





It is important that you confine the endorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed endorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your endorsement, another endorsement or information you have printed on the back of the check obscures our endorsement.

These endorsement guidelines apply to both personal and business checks.

**DEATH OR INCOMPETENCE** - You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

**FIDUCIARY ACCOUNTS** - Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

**CREDIT VERIFICATION** - You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

**LEGAL ACTIONS AFFECTING YOUR ACCOUNT** - If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action as required by applicable law. However, nothing in this agreement shall be construed as a waiver of any rights you may have under applicable law with regards to such legal action. Subject to applicable law, we may, in our sole discretion, choose to freeze the assets in the account and not allow any payments or transfers out of the account until there is a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action and applicable law. Any fees or expenses we incur in responding to any legal action (including, without limitation, attorneys' fees, and our internal expenses) may be charged against your account, unless otherwise prohibited by applicable law. The list of fees applicable to your account(s) - provided elsewhere - may specify additional fees that we may charge for responding to certain legal actions.

#### **ACCOUNT SECURITY -**

**Your duty to protect account information and methods of access** - Our policy may require methods of verifying your identity before providing you with a service or allowing you access to your account. We can decide what identification is reasonable under the circumstances. For example, process and identification requirements may vary depending on whether they are online or in person. Identification may be documentary or physical and may include collecting a fingerprint, voiceprint, or other biometric information.

It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your accounts. You should also safeguard your username, password, and other access and identifying information when accessing your account through a computer or other electronic, audio, or mobile device or technology. If you give anyone authority to access the account on your behalf, you should exercise caution and ensure the trustworthiness of that agent. Do not discuss, compare, or share information about your account numbers with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device or information and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized. Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

**Positive pay and other fraud prevention services** - Except for consumer electronic fund transfers subject to Regulation E, you agree that if we offer you services appropriate for your account to help identify and limit fraud or other unauthorized transactions against your account, and you reject those services, you will be responsible for any fraudulent or unauthorized transactions which could have been prevented by the services we offered. You will not be responsible for such transactions if we acted in bad faith or to the extent our negligence contributed to the loss. Such services include positive pay or commercially reasonable security procedures. If we offered you a commercially reasonable security procedure which you reject, you agree that you are responsible for any payment order, whether authorized or not, that we accept in compliance with an alternative security procedure that you have selected. The positive pay service can help detect and prevent check fraud and is appropriate for account holders that issue a high volume of checks, a lot of checks to the general public, or checks for large dollar amounts.

**INSTRUCTIONS FROM YOU** - Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission, email, voicemail, or phone call to a facsimile number, email address, or phone number not designated by us for a particular purpose or for a purpose that is unrelated to the request or instruction.

**MONITORING AND RECORDING TELEPHONE CALLS AND ACCOUNT COMMUNICATIONS** - Subject to federal and state law, we may monitor or record phone calls for security reasons, to maintain a record, and to ensure that you receive courteous and efficient service. You consent in advance to any such recording.

To provide you with the best possible service in our ongoing business relationship for your account, we may need to contact you about your account from time to time by telephone, text messaging, or email. In contacting you about your account, we may use any telephone numbers or email addresses that you have previously provided to us by virtue of an existing business relationship or that you may subsequently provide to us.

You acknowledge that the number we use to contact you may be assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service, or any other service for which you may be charged for the call. You acknowledge that we may contact you by voice, voicemail, or text messaging. You further acknowledge that we may use pre-recorded voice messages, artificial voice messages, or automatic telephone dialing systems.

If necessary, you may change or remove any of the telephone numbers, email addresses, or other methods of contacting you at any time using any reasonable means to notify us.

**CLAIM OF LOSS** - The following rules do not apply to a transaction or claim related to a consumer electronic fund transfer governed by Regulation E (e.g., an every day/one-time consumer debit card or ATM transaction). The error resolution procedures for consumer electronic fund transfers can be found in our initial Regulation E disclosure generally titled, "Electronic Fund Transfers." For other transactions or claims, if you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

**EARLY WITHDRAWAL PENALTIES (and involuntary withdrawals)** - We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your separately provided notice of penalty for early withdrawal for additional information.

**CHANGES IN NAME AND CONTACT INFORMATION** - You are responsible for notifying us of any change in your name, address, or other information we use to communicate with you. Unless we agree otherwise, notice of such a change must be made in writing. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent information you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

**RESOLVING ACCOUNT DISPUTES** - We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

**WAIVER OF NOTICES** - To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit an item and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

**ACH AND WIRE TRANSFERS** - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. Credit entries may be made by ACH. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

**INTERNATIONAL ACH TRANSACTIONS** - Financial institutions are required by law to scrutinize or verify any international ACH transaction (IAT) that they receive against the Specially Designated Nationals (SDN) list of the Office of Foreign Assets Control (OFAC). This action may, from time to time, cause us to temporarily suspend processing of an IAT and potentially affect the settlement and/or availability of such payments.

**TRUNCATION, SUBSTITUTE CHECKS, AND OTHER CHECK IMAGES** - If you truncate an original check and create a substitute check, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with our policy for retaining original checks. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

**REMOTELY CREATED CHECKS** - Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

**UNLAWFUL INTERNET GAMBLING NOTICE** - Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

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## ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

**Electronic Fund Transfers Initiated By Third Parties.** You may authorize a third party to initiate electronic fund transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. For example, your authorization to convert a check to an electronic fund transfer or to electronically pay a returned check charge can occur when a merchant provides you with notice and you go forward with the transaction (typically, at the point of purchase, a merchant will post a sign and print the notice on a receipt). In all cases, these third party transfers will require you to provide the third party with your account number and bank information. This information can be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your bank and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

- **Preauthorized credits.** You may make arrangements for certain direct deposits to be accepted into your checking or savings account(s).
- **Preauthorized payments.** You may make arrangements to pay certain recurring bills from your checking, savings, or money market account(s).
- **Electronic check conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.
- **Electronic returned check charge.** You may authorize a merchant or other payee to initiate an electronic funds transfer to collect a charge in the event a check is returned for insufficient funds.

**Automated Service Banker (Bank By Phone) Transfers - types of transfers** - You may access your account by telephone 24 hours a day seven days a week at (847) 658-4565 using your personal identification number, a touch tone phone and your account numbers, to:

- transfer funds between checking, savings, and money market accounts
- get information about:
  - the account balance of checking, savings, and money market accounts
  - deposits to checking, savings, and money market accounts
  - withdrawals from checking, savings, and money market accounts

**ATM Transfers - types of transfers and dollar limitations** - You may access your account(s) by ATM using your Visa® check card and personal identification number, to:

- make deposits to checking and savings account(s) with a Visa® check card
- get cash withdrawals from checking and savings account(s) with a Visa® check card
- get cash withdrawals from savings account(s) with a Visa® check card
  - you may withdraw no more than \$500.00 per day
- transfer funds from savings to checking account(s) with a Visa® check card
- transfer funds from checking to savings account(s) with a Visa® check card
- get information about:
  - the account balance of your checking and savings account(s)
    - with a Visa® check card

Some of these services may not be available at all terminals.

**Types of Visa® check card Point-of-Sale Transactions** - You may access your checking account(s) to purchase goods (in person, online, or by phone), pay for services (in person, online, or by phone), get cash from a merchant, if the merchant permits, or from a participating financial institution, and do anything that a participating merchant will accept.

**Point-of-Sale Transactions - frequency and dollar limitations** - Using your card:

- you may make no more than 10 transactions per day in combination with ATM
- you may not exceed \$500.00 in transactions per day in combination with ATM

**Currency Conversion.** When you use your Visa® check card at a merchant that settles in currency other than US dollars, the charge will be converted into the US dollar amount. The currency conversion rate used to determine the transaction amount in US dollars is either a rate selected by Visa from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date. The conversion rate in effect on the processing date may differ from the rate in effect on the transaction date or posting date.

**Advisory Against Illegal Use.** You agree not to use your card(s) for illegal gambling or other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located.

**Non-Visa Debit Transaction Processing.** We have enabled non-Visa debit transaction processing. This means you may use your Visa-branded debit card on a PIN-Debit Network\* (a non-Visa network) without using a PIN.

The provisions of your agreement with us relating only to Visa transactions are not applicable to non-Visa transactions. For example, the additional limits on liability (sometimes referred to as Visa's zero-liability program) and the streamlined error resolution procedures offered on Visa debit card transactions are not applicable to transactions processed on a PIN-Debit Network.

\*Visa Rules generally define **PIN-Debit Network** as a non-Visa debit network that typically authenticates transactions by use of a personal identification number (PIN) but that is not generally known for having a card program.

**Online Banking Computer Transfers and Mobile Banking Transfers - types of transfers, dollar limitations, and charges** - You may access your account(s) by computer through the internet by logging onto our website at [www.algonquinstatebank.com](http://www.algonquinstatebank.com) or by downloading our mobile banking app and using your user identification, password, and account numbers, to:

- transfer funds between checking, savings, and money market
- transfer funds from line of credit to checking
- make payments from checking to loan account(s) with us
- make payments from checking to third parties via Online Bill Pay
- make payments from savings to loan account(s) with us
- make Zelle® transfers
  - there is no charge to use Zelle®
  - each transfer must be greater than \$5.00
  - generally, transfers are limited to \$1,000.00 per day with no more than \$3,000.00 per 30 day period
- get information about:
  - the account balance of checking, savings, and money market account(s)
  - deposits to checking, savings, and money market accounts
  - withdrawals from checking, savings, and money market accounts

## FEES

- We do not charge for direct deposits to any type of account.
- We do not charge for preauthorized payments from any type of account.

Except as indicated elsewhere, we do not charge for these electronic fund transfers.

**ATM Operator/Network Fees.** When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

## DOCUMENTATION

- **Terminal transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at (847) 658-4565 Automated Service Banker (Bank By Phone) or go through Online Banking to find out whether or not the deposit has been made.
- **Periodic statements.**
  - You will get a monthly account statement from us for your checking and money market accounts.
  - You will get a monthly account statement from us for your savings accounts, unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

## PREAUTHORIZED PAYMENTS

- **Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:
  - Call or write us at the telephone number or address listed in this disclosure in time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.
  - Please refer to our separate fee schedule for the amount we will charge you for each stop-payment order you give.

- **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)
- **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

#### FINANCIAL INSTITUTION'S LIABILITY

**Liability for failure to make transfers.** If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If the automated teller machine where you are making the transfer does not have enough cash.
- (4) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- (5) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (6) There may be other exceptions stated in our agreement with you.

#### CONFIDENTIALITY

We will disclose information to third parties about your account or the transfers you make:

- (1) where it is necessary for completing transfers; or
- (2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- (3) in order to comply with government agency or court orders; or
- (4) as explained in the separate Privacy Disclosure.

#### UNAUTHORIZED TRANSFERS

##### (a) Consumer liability.

• **Generally.** Tell us AT ONCE if you believe your card and/or code has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days after you learn of the loss or theft of your card and/or code, you can lose no more than \$50 if someone used your card and/or code without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your card and/or code, and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, code or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

• **Additional Limit on Liability for Visa® check card.** Unless you have been negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen Visa® check card. This additional limit on liability does not apply to ATM transactions outside of the U.S., to ATM transactions not sent over Visa or Plus networks, or to transactions using your Personal Identification Number which are not processed by VISA®. Visa is a registered trademark of Visa International Service Association.

**(b) Contact in event of unauthorized transfer.** If you believe your card and/or code has been lost or stolen, call or write us at the telephone number or address listed in this disclosure. You should also call the number or write to the address listed in this disclosure if you believe a transfer has been made using the information from your check without your permission.

#### ERROR RESOLUTION NOTICE

In Case of Errors or Questions About Your Electronic Transfers, Call or Write us at the telephone number or address listed in this disclosure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number (if any).
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- (3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (5 business days for Visa® check card point-of-sale transactions processed by Visa and 20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (5 business days for Visa® check card point-of-sale transactions processed by Visa and 20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

ALGONQUIN STATE BANK  
2400 HUNTINGTON DRIVE NORTH  
ALGONQUIN, ILLINOIS 60102  
Business Days: Monday through Saturday  
Excluding Federal Holidays

Phone: (847) 658-4535 or call Automated Service Banker (Bank By Phone) at (847) 658-4565

MORE DETAILED INFORMATION IS AVAILABLE ON REQUEST

Lost/stolen Visa® check card after normal business hours call EDS's hotline 1-800-472-3272

#### NOTICE OF ATM/NIGHT DEPOSIT FACILITY USER PRECAUTIONS

As with all financial transactions, please exercise discretion when using an automated teller machine (ATM) or night deposit facility. For your own safety, be careful. The following suggestions may be helpful.

1. Prepare for your transactions at home (for instance, by filling out a deposit slip) to minimize your time at the ATM or night deposit facility.



2. Mark each transaction in your account record, but not while at the ATM or night deposit facility. Always save your ATM receipts. Don't leave them at the ATM or night deposit facility because they may contain important account information.
3. Compare your records with the account statements or account histories that you receive.
4. Don't lend your ATM card to anyone.
5. Remember, do not leave your card at the ATM. Do not leave any documents at a night deposit facility.
6. Protect the secrecy of your Personal Identification Number (PIN). Protect your ATM card as though it were cash. Don't tell anyone your PIN. Don't give anyone information regarding your ATM card or PIN over the telephone. Never enter your PIN in any ATM that does not look genuine, has been modified, has a suspicious device attached, or is operating in a suspicious manner. Don't write your PIN where it can be discovered. For example, don't keep a note of your PIN in your wallet or purse.
7. Prevent others from seeing you enter your PIN by using your body to shield their view.
8. If you lose your ATM card or if it is stolen, promptly notify us. You should consult the other disclosures you have received about electronic fund transfers for additional information about what to do if your card is lost or stolen.
9. When you make a transaction, be aware of your surroundings. Look out for suspicious activity near the ATM or night deposit facility, particularly if it is after sunset. At night, be sure that the facility (including the parking area and walkways) is well lighted. Consider having someone accompany you when you use the facility, especially after sunset. If you observe any problem, go to another ATM or night deposit facility.
10. Don't accept assistance from anyone you don't know when using an ATM or night deposit facility.
11. If you notice anything suspicious or if any other problem arises after you have begun an ATM transaction, you may want to cancel the transaction, pocket your card and leave. You might consider using another ATM or coming back later.
12. Don't display your cash; pocket it as soon as the ATM transaction is completed and count the cash later when you are in the safety of your own car, home, or other secure surrounding.
13. At a drive-up facility, make sure all the car doors are locked and all of the windows are rolled up, except the driver's window. Keep the engine running and remain alert to your surroundings.
14. We want the ATM and night deposit facility to be safe and convenient for you. Therefore, please tell us if you know of any problem with a facility. For instance, let us know if a light is not working or there is any damage to a facility. Please report any suspicious activity or crimes to both the operator of the facility and the local law enforcement officials immediately.

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## YOUR ABILITY TO WITHDRAW FUNDS

This policy statement applies to "transaction" accounts, but not to savings deposits. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and preauthorized transfers to other accounts of yours with us. Checking accounts are the most common transaction accounts. Savings accounts and money market deposit accounts are examples of savings deposits. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Funds from payroll checks you deposit may be available for immediate withdrawal. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 6:00 P.M. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 6:00 P.M. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, 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 then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

### LONGER DELAYS MAY APPLY

**Case-by-case delays.** In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your 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. The first \$225 of your deposits, however, will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your 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 will need the funds from a deposit right away, you should ask us when the funds will be available.

**Safeguard exceptions.** In addition, funds you deposit by check may be delayed for a longer period 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 redeposit a check that has been returned unpaid.

You have overdrawn your account repeatedly in the last six months.

There is an emergency, such as failure of computer or communications 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. They 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 customer, the following special rules will apply during the first 30 days your account is open.

The first \$225.00 from a deposit will be available on the first business day after the day of your deposit. In addition, funds from electronic direct deposits into your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,525 will be available no later than the fifth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the fifth business day after the day of your deposit.

## SUBSTITUTE CHECKS AND YOUR RIGHTS

As our customer we think it's important for you to know about substitute checks. The following Substitute Check Disclosure provides information about substitute checks and your rights.

### What is a substitute check?

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.

### What are my rights regarding substitute checks?

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 interest on the amount of your refund if your account is an interest-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 interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

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

### How do I make a claim for a refund?

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 at:

Algonquin State Bank  
P.O. Box 7727  
Algonquin, IL 60102  
(847) 658-4535  
inquiries@algonquinstatebank.com

You must contact us within 60 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 or the following information to help us identify the substitute check: the check number, the amount of the check, the date of the check, and the name of the person to whom you wrote the check.

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## TRUTH-IN-SAVINGS DISCLOSURE

### NO MINIMUM BALANCE ACCOUNT

**Minimum balance to open the account** - You must deposit \$100.00 to open this account.

#### Fees:

A monthly maintenance service charge of \$5.00 will be charged each statement cycle.

A debit activity fee of \$.50 will be charged for each check paid.

### REGULAR CHECKING ACCOUNT

**Minimum balance to open the account** - You must deposit \$200.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$9.00 will be imposed every statement cycle if the balance in the account falls below \$200.00 any day of the cycle.

#### Fees:

A debit activity fee of \$.50 will be charged for each check paid in excess of 30 during a statement cycle if the balance in the account falls below \$200.00 any day of the cycle.

### SENIOR CHECKING ACCOUNT

You must be over the age of 60 years old to open this account.

**Minimum balance to open the account** - You must deposit \$200.00 to open this account.

**Fees: Exempt**

### FREE CHECKING ACCOUNT

**Minimum balance to open the account** - You must deposit \$100.00 to open this account.

#### Additional features:

- Duplicate check format required.
- Check photocopies available at \$3.00 each.
- Canceled checks are not returned with monthly statement.

### NOW ACCOUNT - PERSONAL

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$1,000.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$10.00 will be imposed every statement cycle if the balance in the account falls below \$1,000.00 any day of the cycle.

**Average daily balance computation method** - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly statement cycle.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Fees:**

A debit activity fee of \$.50 will be charged for each check paid in excess of 30 during a statement cycle if the balance in the account falls below \$1,000.00 any day of the cycle.

**STATEMENT SAVINGS ACCOUNT**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

**Effect of closing an account** - If you close your account before interest is credited, you will not receive the accrued interest.

**Minimum balance to open the account** - You must deposit \$300.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$10.00 will be imposed each quarter if the average daily balance for the quarter falls below \$300.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Statement Savings account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by draft or similar order to third parties are limited to six per calendar month.

**Fees:**

A debit activity fee of \$2.00 will be charged for each withdrawal in excess of six during a quarter.

This fee will apply if the minimum daily balance during the quarter is less than \$500.00.

**MONEY MARKET DEPOSIT ACCOUNT**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$1,000.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$10.00 will be imposed every statement cycle if the balance in the account falls below \$1,000.00 any day of the cycle.

**Average daily balance computation method** - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly statement cycle.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Money Market Deposit account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by check, draft, or similar order to third parties are limited to six per calendar month.

**Fees:**

An excessive draft fee of \$15.00 will be charged for each check or draft paid in excess of six during a statement cycle.

An excessive activity fee of \$15.00 will be charged for each debit transaction in excess of six during a statement cycle.

**INVESTOR MONEY MARKET DEPOSIT ACCOUNT**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$10,000.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$30.00 will be imposed every statement cycle if the balance in the account falls below \$10,000.00 any day of the cycle.

**Minimum balance to obtain the annual percentage yield disclosed** - You must maintain a minimum balance of \$10,000.00 in the account each day to obtain the disclosed annual percentage yield.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from an Investor Money Market Deposit account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by check, draft, or similar order to third parties are limited to six per calendar month.

**Fees:**

An excessive draft fee of \$17.00 will be charged for each check or draft paid in excess of six during a statement cycle.

An excessive activity fee of \$17.00 will be charged for each debit transaction in excess of six during a statement cycle.

**PASSBOOK SAVINGS ACCOUNT**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

**Effect of closing an account** - If you close your account before interest is credited, you will not receive the accrued interest.

**Minimum balance to open the account** - You must deposit \$500.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$8.00 will be imposed every quarter if the average daily balance for the quarter falls below \$500.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. Minors' accounts or IUTMA accounts are exempt from minimum balance requirements until minor reaches majority.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Passbook Savings account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by draft or similar order to third parties are limited to six per calendar month.

**Fees:**

A debit activity fee of \$2.00 will be charged for each withdrawal in excess of six during a quarter.

This fee will apply if the minimum daily balance during the quarter is less than \$500.00.

**CHRISTMAS CLUB ACCOUNT**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will not be compounded. Interest will be credited to your account annually.

**Effect of closing an account** - If you close your account before interest is credited, you will not receive the accrued interest.

**Minimum balance to open the account** - You must deposit \$1.00 to open this account.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**COMMON FEATURES**

**The following fees may be assessed against your account and the following transaction limitations, if any, apply to your account.**

**Checking Accounts (Demand Deposits)**

Account balancing assistance.....\$30.00 per hour minimum \$30.00

(No charge for first time with three months activity)

Account research.....\$40.00 per hour

(minimum \$40.00 plus \$1.00 per copy)

Automatic transfer of funds from a checking account

to a checking account to cover overdraft.....\$10.00

Automatic transfer of funds from a savings account

to a checking account to cover overdraft.....\$10.00

Check printing .....(fee depends on style and quantity of check ordered)

Insufficient funds charge per returned item (Nonsufficient Funds Fee (NSF)).....\$35.00

Daily limit of six

The categories of transactions for which an insufficient funds charge may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, bank imposed fee, or other electronic means.

Insufficient funds charge per item paid (Overdraft).....\$35.00

Daily limit of six

Consecutive days OD fee for any account overdrawn more than three consecutive days .....\$6.00/per banking day

Stop payments - each .....\$35.00

Dormant account fee for Demand Deposit account

(checking).....\$5.00

(This fee is charged each month the account remains dormant, and the balance in your account is under \$200.00.)

A Demand Deposit account is dormant if for six months you have made no deposits or withdrawals to the accounts, and you have had no communication with us about your account(s).

**Savings Accounts**

Account closed within 90 days of opening .....\$10.00

Lost passbooks reissued .....\$5.00

Dormant account fee for Savings account.....\$5.00

(This fee is charged each month the account remains dormant, and the balance in your account is under \$100.00.)

A Savings account is dormant if for two years you have made no deposits or withdrawals to the account, and you have had no communication with us about your account(s).

**Bank Check Fees**

Cashier's check.....\$10.00

Certified check .....\$30.00

**Miscellaneous**

Collections .....\$25.00

Garnishments/Levies .....\$200.00 plus costs

IRA transfer.....\$35.00

Levies.....\$200.00 plus costs

License stickers .....\$10.00

Telephone transfer

Manual .....\$5.00

Automated .....N/C

Photocopies .....\$15

Wire transfers

Domestic - outgoing .....\$30.00

incoming.....\$15.00

Foreign - outgoing .....\$60.00

incoming.....\$20.00



### Safe Deposit Boxes

3" x 5" .....	\$35.00
5" x 5" .....	\$55.00
3" x 10" .....	\$75.00
5" x 10" .....	\$100.00
10" x 10" .....	\$150.00
Delinquent payment late charge.....	\$10.00 per month after first month
Lost key fee .....	\$50.00
Box drilling .....	\$200.00

We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account, other than a time deposit or demand deposit, or from any other savings deposit as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

### Legal Proceedings

In the event your account becomes involved in legal proceedings, we may restrict your use of it. If we are required to hire an attorney to represent us in any legal proceedings involving you and a third party, you will be required to reimburse us for all costs, charges, and expenses, including reasonable attorneys' fees incurred by us as a result of such proceedings. In the event of your death, we will not release funds on deposit until all legal documents we require are delivered to us.

### Change in Terms

We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes we will give you reasonable notice in writing or by any other method permitted by law.

### Compliance

This agreement is subject to applicable federal laws and the laws of the state of Illinois and applies to accounts established primarily for personal, family, or household purposes.

### YOUR ACCOUNT

**These are the accounts you have opened or inquired about. Further details about these accounts are inside this disclosure. If the figures are not filled in, please see the insert that is with this disclosure or your periodic statement.**

☐ **NO MINIMUM BALANCE ACCOUNT**

☐ **REGULAR CHECKING ACCOUNT**

☐ **SENIOR CHECKING ACCOUNT**

☐ **FREE CHECKING ACCOUNT**

☐ **NOW ACCOUNT - PERSONAL**

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ **STATEMENT SAVINGS ACCOUNT**

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ **MONEY MARKET DEPOSIT ACCOUNT**

#### Rate Information:

• **Tier 1** - If your average daily balance is \$2,499.99 or less, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

• **Tier 2** - If your average daily balance is more than \$2,499.99, but less than \$25,000.00, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

• **Tier 3** - If your average daily balance is \$25,000.00 or more, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ **INVESTOR MONEY MARKET DEPOSIT ACCOUNT**

#### Rate Information:

• **Tier 1** - If your daily balance is more than \$9,999.99, but less than \$50,000.00, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

• **Tier 2** - If your daily balance is \$50,000.00 or more, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

No interest is paid on days when the balance in your account falls below \$10,000.00.

☐ **PASSBOOK SAVINGS ACCOUNT**

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ **CHRISTMAS CLUB ACCOUNT**

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

**ALGONQUIN STATE BANK  
2400 HUNTINGTON DRIVE NORTH  
221 SOUTH MAIN STREET  
800 EAST ALGONQUIN ROAD  
ALGONQUIN, ILLINOIS 60102  
(847) 658-4535**

**AUTOMATED SERVICE BANKER (BANK BY PHONE)  
(847) 658-4565**

**[www.algonquinstatebank.com](http://www.algonquinstatebank.com)**

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# TERMS AND CONDITIONS OF YOUR ACCOUNT

**AGREEMENT** - This document, along with any other documents we give you pertaining to your account(s), is a contract (also referred to as “this agreement”) that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you open the account (whether in-person, electronically, or by any other method permitted by us) or continue to use the account after receiving a notice of change or amendment, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this agreement. If you have any questions, please ask us.

This agreement is subject to applicable federal laws, the laws of the state of Illinois and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this agreement is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this agreement is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this agreement the words “we,” “our,” and “us” mean the financial institution and the words “you” and “your” mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does not intend, and the terms “you” and “your” should not be interpreted, to expand an individual’s responsibility for an organization’s liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this agreement are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this agreement should be construed so the singular includes the plural and the plural includes the singular.

**LIABILITY** - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and we can deduct any amounts deposited into the account and apply those amounts to the shortage. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft.

You will be liable for our costs as well as for our reasonable attorneys’ fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys’ fees can be deducted from your account when they are incurred, without notice to you.

**DEPOSITS** - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn “on us”). Before settlement of any item becomes final, we act only as your agent, regardless of the form of endorsement or lack of endorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Unless prohibited by law, we also reserve the right to charge back to your account the amount of any item deposited to your account or cashed for you which was initially paid by the payor bank and which is later returned to us due to an allegedly forged, unauthorized or missing endorsement, claim of alteration, encoding error, counterfeit cashier’s check or other problem which in our judgment justifies reversal of credit. You authorize us to attempt to collect previously returned items without giving you notice, and in attempting to collect we may permit the payor bank to hold an item beyond the midnight deadline. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. If you deliver a deposit to us and you will not be present when the deposit is counted, you must provide us an itemized list of the deposit (deposit slip). To process the deposit, we will verify and record the deposit, and credit the deposit to the account. If there are any discrepancies between the amounts shown on the itemized list of the deposit and the amount we determine to be the actual deposit, we will notify you of the discrepancy. You will be entitled to credit only for the actual deposit as determined by us, regardless of what is stated on the itemized deposit slip. We will treat and record all transactions received after our “daily cutoff time” on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check or draft for deposit, we may require any third-party endorsers to verify or guarantee their endorsements, or endorse in our presence.

## **WITHDRAWALS** -

**Important terms for accounts where more than one person can withdraw** - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to endorse any item payable to you or your order for deposit to this account or any other transaction with us.

**Postdated checks** - A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

**Checks and withdrawal rules** - If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted by our policy, or which is for an amount greater or less than any withdrawal limitations. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply any frequency limitations. In addition, we may place limitations on the account until your identity is verified.

Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify your account as another type of account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a “substitute check,” as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

**Cash withdrawals** - We recommend you take care when making large cash withdrawals because carrying large amounts of cash may pose a danger to your personal safety. As an alternative to making a large cash withdrawal, you may want to consider a cashier’s check or similar instrument. You assume full responsibility of any loss in the event the cash you withdraw is lost, stolen, or destroyed. You agree to hold us harmless from any loss you incur as a result of your decision to withdraw funds in the form of cash.

**Multiple signatures, electronic check conversion, and similar transactions** - An electronic check conversion transaction is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the signatures or otherwise examine the original check or item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

**Notice of withdrawal** - We reserve the right to require not less than 7 days’ notice in writing before each withdrawal from an interest-bearing account, other than a time deposit or demand deposit, or from any other savings deposit as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your separately provided notice of penalty for early withdrawal.

## **UNDERSTANDING AND AVOIDING OVERDRAFT AND NONSUFFICIENT FUNDS (NSF) FEES** -

**Generally** - The information in this section is being provided to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and nonsufficient funds (NSF) is important and can help you avoid being assessed fees or charges. This section also provides contractual terms relating to overdrafts and NSF transactions.

An overdrawn account will typically result in you being charged an overdraft fee or an NSF fee. Generally, an overdraft occurs when there is not enough money in your account to pay for a transaction, but we pay (or cover) the transaction anyway. An NSF transaction is slightly different. In an NSF transaction, we do not cover the transaction. Instead, the transaction is rejected and the item or requested payment is returned. In either situation, we can charge you a fee.

**Determining your available balance** - We use the “available balance” method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your “available” balance may not be the same as your account’s “actual” balance. This means an overdraft or an NSF transaction could occur regardless of your account’s actual balance.

Your account's actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money "available" in your account to make payments. In other words, the available balance takes ACH credit transactions and debit card transactions that have been authorized, but not yet settled, and adds or subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance. For more information on how holds placed on funds in your account can impact your available balance, read the subsection titled "A temporary debit authorization hold affects your account balance."

**Overdrafts** - You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

**Nonsufficient funds (NSF) fees** - If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee for returning the payment. Be aware that such an item or payment may be presented multiple times by the merchant or other payee until it is paid, and that we do not monitor or control the number of times a transaction is presented for payment. You agree that we may charge you an NSF fee each time a payment is presented if the amount of money available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.

**Payment types** - Some, but not necessarily all, of the ways you can access the funds in your account include debit card transactions, automated clearing house (ACH) transactions, and check transactions. All these payment types can use different processing systems and some may take more or less time to post. This information is important for a number of reasons. For example, keeping track of the checks you write and the timing of the preauthorized payments you set up will help you to know what other transactions might still post against your account. For information about how and when we process these different payment types, see the "Payment order of items" subsection below.

**Balance information** - Keeping track of your balance is important. You can review your balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches.

**Funds availability** - Knowing when funds you deposit will be made available for withdrawal is another important concept that can help you avoid being assessed fees or charges. Please see our funds availability disclosure (generally titled, "Your Ability to Withdraw Funds") for information on when different types of deposits will be made available for withdrawal. For an account to which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the times we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

**A temporary debit authorization hold affects your account balance** - On debit card purchases, merchants may request a temporary hold on your account for a specified sum of money when the merchant does not know the exact amount of the purchase at the time the card is authorized. The amount of the temporary hold may be more than the actual amount of your purchase. Some common transactions where this occurs involve purchases of gasoline, hotel rooms, or meals at restaurants. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your purchase, but it could be three calendar days, or even longer in some cases, before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions will be reduced by the amount of the temporary hold. If one or more transactions are presented for payment in an amount greater than the funds left after the deduction of the temporary hold amount, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy, which may result in one or more overdraft or NSF fees. You will be charged the fee even if you would have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

**Payment order of items** - The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. The payment order can affect the number of items overdrawn or returned unpaid and the amount of the fees you may have to pay. To assist you in managing your account, we are providing you with the following information regarding how we process those items.

When processing items drawn on your account, our policy is to pay the items in the order they are presented to us. In the event that more than one item is presented during the same batch processing we will pay the smallest dollar items first.

If one or more checks, items, or transactions are presented without sufficient funds in your account to pay it, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy, which may result in one or more overdraft or NSF fees. We will not charge you a fee for paying an overdraft of an ATM or one-time (sometimes referred to as "everyday") debit card transaction if this is a consumer account and you have not opted-in to that service. The amounts of the overdraft and NSF fees are disclosed elsewhere, as are your rights to opt in to overdraft services for ATM and one-time debit card transactions, if applicable. We encourage you to make careful records and practice good account management. This will help you to avoid creating items without sufficient funds and potentially incurring the resulting fees.

**BUSINESS, ORGANIZATION AND ASSOCIATION ACCOUNTS** - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. You represent that you have the authority to open and conduct business on this account on behalf of the entity. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the entity.

**STOP PAYMENTS** - The rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules.

We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because the most effective way for us to execute a stop-payment order is by using an automated process, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee. You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment order was oral your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires.

If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

**TELEPHONE TRANSFERS** - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Limitations on the number of telephonic transfers from a savings account, if any, are described elsewhere.

**AMENDMENTS AND TERMINATION** - We may change any term of this agreement. For such changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also suspend or terminate a service or close this account at any time upon reasonable notice to you and, if we close the account, tender of the account balance personally or by mail. Reasonable notice depends on the circumstances, and in some cases, such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new terms.

When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account.

Items presented for payment after the account is closed may be dishonored.

Note: Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. In addition, for changes governed by a specific law or regulation, we will follow the specific timing and format notice requirements of those laws or regulations.

**CORRECTION OF CLERICAL ERRORS** - Unless otherwise prohibited by law, you agree, if determined necessary in our reasonable discretion, to allow us to correct clerical errors, such as obtaining your missing signature, on any account documents or disclosures that are part of our agreement with you. For errors on your periodic statement, please refer to the STATEMENTS section.



**NOTICES** - Any written notice you give us is effective when we actually receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive any notice in time to have a reasonable opportunity to act on it. If a notice is regarding a check or other item, you must give us sufficient information to be able to identify the check or item, including the precise check or item number, amount, date and payee. Notice we give you via the United States Mail is effective when it is deposited in the United States Mail with proper postage and addressed to your mailing address we currently have on file. Notice we give you through your email of record, or other electronic method to which you agreed, will be treated as delivered to you when sent. Notice to any of you is notice to all of you.

**STATEMENTS - Your duty to report unauthorized signatures (including forgeries and counterfeit checks) and alterations on checks and other items** - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations (including forgeries and counterfeit checks), you must promptly notify us of the relevant facts. As between you and us, 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 used 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 with unauthorized signatures or alterations 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 will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

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

**Your duty to report other errors or problems** - In addition to your duty to review your statements for unauthorized signatures and alterations, you agree to examine your statement with reasonable promptness for any other error or problem - such as an encoding error or an unexpected deposit amount. Also, if you receive or we make available either your items or images of your items, you must examine them for any unauthorized or missing endorsements or any other problems. You agree that the time you have to examine your statement and items and report to us will depend on the circumstances. However, this time period shall not exceed 60 days. Failure to examine your statement and items and report any errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any errors on items identified in that statement and as between you and us the loss will be entirely yours.

**Duty to notify if statement not received** - You agree to immediately notify us if you do not receive your statement by the date you normally expect to receive it. Not receiving your statement in a timely manner is a sign that there may be an issue with your account, such as possible fraud or identity theft. Absent a lack of ordinary care by us, a failure to receive your statement in a timely manner does not extend the time you have to conduct your review under this agreement.

**ACCOUNT TRANSFER** - This account may not be transferred or assigned without our prior written consent.

**REIMBURSEMENT OF FEDERAL BENEFIT PAYMENTS** - If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the federal government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other available legal remedy to recover the amount of our liability.

**TEMPORARY ACCOUNT AGREEMENT** - If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**SETOFF** - We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off any funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note, and this amount may include any portion of the balance for which we have properly accelerated the due date.

This right of setoff does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

**RESTRICTIVE LEGENDS OR ENDORSEMENTS** - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for restrictive legends, restrictive endorsements or other special instructions on every check. For this reason, we are not required to honor any restrictive legend or endorsement or other special instruction placed on checks you write unless we have agreed in writing to the restriction or instruction. Unless we have agreed in writing, we are not responsible for any losses, claims, damages, or expenses that result from your placement of these restrictions or instructions on your checks. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." The payee's signature accompanied by the words "for deposit only" is an example of a restrictive endorsement.

**FACSIMILE SIGNATURES** - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing 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. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

**CHECK PROCESSING** - We process items mechanically by relying almost exclusively on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and endorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of endorsements unless you notify us in writing that the check requires multiple endorsements. We must receive the notice in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders.

**CHECK CASHING** - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

**ENDORSEMENTS** - We may accept for deposit any item payable to you or your order, even if they are not endorsed by you. We may give cash back to any one of you. We may supply any missing endorsement(s) for any item we accept for deposit or collection, and you warrant that all endorsements are genuine.

To ensure that your check or share draft is processed without delay, you must endorse it (sign it on the back) in a specific area. Your entire endorsement (whether a signature or a stamp) along with any other endorsement information (e.g. additional endorsements, ID information, driver's license number, etc.) must fall within 1<sup>1</sup>/<sub>2</sub>" of the "trailing edge" of a check. Endorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

It is important that you confine the endorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed endorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your endorsement, another endorsement or information you have printed on the back of the check obscures our endorsement.

These endorsement guidelines apply to both personal and business checks.

**DEATH OR INCOMPETENCE** - You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

**FIDUCIARY ACCOUNTS** - Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

**CREDIT VERIFICATION** - You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

**LEGAL ACTIONS AFFECTING YOUR ACCOUNT** - If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action as required by applicable law. However, nothing in this agreement shall be construed as a waiver of any rights you may have under applicable law with regards to such legal action. Subject to applicable law, we may, in our sole discretion, choose to freeze the assets in the account and not allow any payments or transfers out of the account until there is a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action and applicable law. Any fees or expenses we incur in

responding to any legal action (including, without limitation, attorneys' fees, and our internal expenses) may be charged against your account, unless otherwise prohibited by applicable law. The list of fees applicable to your account(s) - provided elsewhere - may specify additional fees that we may charge for responding to certain legal actions.

#### **ACCOUNT SECURITY -**

**Your duty to protect account information and methods of access** - Our policy may require methods of verifying your identity before providing you with a service or allowing you access to your account. We can decide what identification is reasonable under the circumstances. For example, process and identification requirements may vary depending on whether they are online or in person. Identification may be documentary or physical and may include collecting a fingerprint, voiceprint, or other biometric information.

It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your accounts. You should also safeguard your username, password, and other access and identifying information when accessing your account through a computer or other electronic, audio, or mobile device or technology. If you give anyone authority to access the account on your behalf, you should exercise caution and ensure the trustworthiness of that agent. Do not discuss, compare, or share information about your account numbers with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device or information and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized. Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

**Positive pay and other fraud prevention services** - Except for consumer electronic fund transfers subject to Regulation E, you agree that if we offer you services appropriate for your account to help identify and limit fraud or other unauthorized transactions against your account, and you reject those services, you will be responsible for any fraudulent or unauthorized transactions which could have been prevented by the services we offered. You will not be responsible for such transactions if we acted in bad faith or to the extent our negligence contributed to the loss. Such services include positive pay or commercially reasonable security procedures. If we offered you a commercially reasonable security procedure which you reject, you agree that you are responsible for any payment order, whether authorized or not, that we accept in compliance with an alternative security procedure that you have selected. The positive pay service can help detect and prevent check fraud and is appropriate for account holders that issue a high volume of checks, a lot of checks to the general public, or checks for large dollar amounts.

**INSTRUCTIONS FROM YOU** - Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission, email, voicemail, or phone call to a facsimile number, email address, or phone number not designated by us for a particular purpose or for a purpose that is unrelated to the request or instruction.

**MONITORING AND RECORDING TELEPHONE CALLS AND ACCOUNT COMMUNICATIONS** - Subject to federal and state law, we may monitor or record phone calls for security reasons, to maintain a record, and to ensure that you receive courteous and efficient service. You consent in advance to any such recording.

To provide you with the best possible service in our ongoing business relationship for your account, we may need to contact you about your account from time to time by telephone, text messaging, or email. In contacting you about your account, we may use any telephone numbers or email addresses that you have previously provided to us by virtue of an existing business relationship or that you may subsequently provide to us.

You acknowledge that the number we use to contact you may be assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service, or any other service for which you may be charged for the call. You acknowledge that we may contact you by voice, voicemail, or text messaging. You further acknowledge that we may use pre-recorded voice messages, artificial voice messages, or automatic telephone dialing systems.

If necessary, you may change or remove any of the telephone numbers, email addresses, or other methods of contacting you at any time using any reasonable means to notify us.

**CLAIM OF LOSS** - The following rules do not apply to a transaction or claim related to a consumer electronic fund transfer governed by Regulation E (e.g., an every day/one-time consumer debit card or ATM transaction). The error resolution procedures for consumer electronic fund transfers can be found in our initial Regulation E disclosure generally titled, "Electronic Fund Transfers." For other transactions or claims, if you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

**EARLY WITHDRAWAL PENALTIES (and involuntary withdrawals)** - We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your separately provided notice of penalty for early withdrawal for additional information.

**CHANGES IN NAME AND CONTACT INFORMATION** - You are responsible for notifying us of any change in your name, address, or other information we use to communicate with you. Unless we agree otherwise, notice of such a change must be made in writing. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent information you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

**RESOLVING ACCOUNT DISPUTES** - We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

**WAIVER OF NOTICES** - To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit an item and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

**TRUNCATION, SUBSTITUTE CHECKS, AND OTHER CHECK IMAGES** - If you truncate an original check and create a substitute check, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with our policy for retaining original checks. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

**REMOTELY CREATED CHECKS** - Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

**UNLAWFUL INTERNET GAMBLING NOTICE** - Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

**FUNDS TRANSFERS** - The terms used in this section have the meaning given to them in Article 4A of the Uniform Commercial Code - Funds Transfers (UCC 4A). This section will generally not apply to you if you are a consumer. However, even if you are a consumer, this section will apply to that part of any funds transfer that is conducted by Fedwire. This section is subject to UCC 4A as adopted in the state in which you have your account with us. This agreement is also subject to all clearing house association rules, rules of the Board of Governors of the Federal Reserve System and their operating circulars. If any part of this agreement is determined to be unenforceable, the rest of the agreement remains

effective. This agreement controls funds transfers unless supplemented or amended in a separate written agreement signed by us. This agreement does not apply to a funds transfer if any part of the transfer is governed by the Electronic Fund Transfer Act of 1978 (EFTA), except this agreement does apply to a funds transfer that is a remittance transfer as defined in EFTA unless the remittance transfer is an electronic fund transfer as defined in EFTA.

**Funds transfer** - A funds transfer is the transaction or series of transactions that begin with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. A funds transfer is completed by the acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's order. You may give us a payment order orally, electronically, or in writing, but your order cannot state any condition to payment to the beneficiary other than the time of payment. Credit entries may be made by ACH.

**Authorized account** - An authorized account is a deposit account you have with us that you have designated as a source of payment of payment orders you issue to us. If you have not designated an authorized account, any account you have with us is an authorized account to the extent that payment of the payment order is not inconsistent with the use of the account.

**Acceptance of your payment order** - We are not obligated to accept any payment order that you give us, although we normally will accept your payment order if you have a withdrawable credit in an authorized account sufficient to cover the order. If we do not execute your payment order, but give you notice of our rejection of your payment order after the execution date or give you no notice, we are not liable to pay you as restitution any interest on a withdrawable credit in a non-interest-bearing account.

**Cutoff time** - If we do not receive your payment order or communication canceling or amending a payment order before our cutoff time on a funds transfer day for that type of order or communication, the order or communication will be deemed to be received at the opening of our next funds transfer business day.

**Payment of your order** - If we accept a payment order you give us, we may receive payment by automatically deducting from any authorized account the amount of the payment order plus the amount of any expenses and charges for our services in execution of your payment order. We are entitled to payment on the payment or execution date. Unless your payment order specifies otherwise, the payment or execution date is the funds transfer date we receive the payment order. The funds transfer is completed upon acceptance by the beneficiary's bank. Your obligation to pay your payment order is excused if the funds transfer is not completed, but you are still responsible to pay us any expenses and charges for our services. However, if you told us to route the funds transfer through an intermediate bank, and we are unable to obtain a refund because the intermediate bank that you designated has suspended payments, then you are still obligated to pay us for the payment order. You will not be entitled to interest on any refund you receive because the beneficiary's bank does not accept the payment order.

**Security procedure** - As described more fully in a separate writing, the authenticity of a payment order or communication canceling or amending a payment order issued in your name as sender may be verified by a security procedure. You affirm that you have no circumstances which are relevant to the determination of a commercially reasonable security procedure unless those circumstances are expressly contained in a separate writing signed by us. You may choose from one or more security procedures that we have developed, or you may develop your own security procedure if it is acceptable to us. If you refuse a commercially reasonable security procedure that we have offered you, you agree that you will be bound by any payment order issued in your name, whether or not authorized, that we accept in good faith and in compliance with the security procedure you have chosen.

**Duty to report unauthorized or erroneous payment** - You must exercise ordinary care to determine that all payment orders or amendments to payment orders that we accept that are issued in your name are authorized, enforceable, in the correct amount, to the correct beneficiary, and not otherwise erroneous. If you discover (or with reasonable care should have discovered) an unauthorized, unenforceable, or erroneously executed payment order or amendment, you must exercise ordinary care to notify us of the relevant facts. The time you have to notify us will depend on the circumstances, but that time will not in any circumstance exceed 14 days from when you are notified of our acceptance or execution of the payment order or amendment or that your account was debited with respect to the order or amendment. If you do not provide us with timely notice you will not be entitled to interest on any refundable amount. If we can prove that you failed to perform either of these duties with respect to an erroneous payment and that we incurred a loss as a result of the failure, you are liable to us for the amount of the loss not exceeding the amount of your order.

**Identifying number** - If your payment order identifies an intermediate bank, beneficiary bank, or beneficiary by name and number, we and every receiving or beneficiary bank may rely upon the identifying number rather than the name to make payment, even if the number identifies an intermediate bank or person different than the bank or beneficiary identified by name. Neither we nor any receiving or beneficiary bank have any responsibility to determine whether the name and identifying number refer to the same financial institution or person.

**Record of oral or telephone orders** - You agree that we may, if we choose, record any oral or telephone payment order or communication of amendment or cancellation.

**Notice of credit** - If we receive a payment order to credit an account you have with us, we are not required to provide you with any notice of the payment order or the credit.

**Provisional credit** - You agree to be bound by the automated clearing house association operating rules that provide that payments made to you or originated by you by funds transfer through the automated clearing house system are provisional until final settlement is made through a Federal Reserve Bank or otherwise payment is made as provided in Article 4A-403(a) of the Uniform Commercial Code.

**Refund of credit** - You agree that if we do not receive payment of an amount credited to your account, we are entitled to a refund from you in the amount credited and the party originating such payment will not be considered to have paid the amount so credited.

**Amendment of funds transfer agreement** - From time to time we may amend any term of this agreement by giving you reasonable notice in writing. We may give notice to anyone who is authorized to send payment orders to us in your name, or to anyone who is authorized to accept service.

**Cancellation or amendment of payment order** - You may cancel or amend a payment order you give us only if we receive the communication of cancellation or amendment before our cutoff time and in time to have a reasonable opportunity to act on it before we accept the payment order. The communication of cancellation or amendment must be presented in conformity with the same security procedure that has been agreed to for payment orders.

**Intermediaries** - We are not liable for the actions of any intermediary, regardless of whether or not we selected the intermediary. We are not responsible for acts of God, outside agencies, or nonsalaried agents.

**Limit on liability** - You waive any claim you may have against us for consequential or special damages, including loss of profit arising out of a payment order or funds transfer, unless this waiver is prohibited by law. We are not responsible for attorney fees you might incur due to erroneous execution of payment order.

**Erroneous execution** - If we receive an order to pay you, and we erroneously pay you more than the amount of the payment order, we are entitled to recover from you the amount in excess of the amount of the payment order, regardless of whether you may have some claim to the excess amount against the originator of the order.

**Objection to payment** - If we give you a notice that reasonably identifies a payment order issued in your name as sender that we have accepted and received payment for, you cannot claim that we are not entitled to retain the payment unless you notify us of your objection to the payment within one year of our notice to you.

**INTERNATIONAL ACH TRANSACTIONS** - Financial institutions are required by law to scrutinize or verify any international ACH transaction (IAT) that they receive against the Specially Designated Nationals (SDN) list of the Office of Foreign Assets Control (OFAC). This action may, from time to time, cause us to temporarily suspend processing of an IAT and potentially affect the settlement and/or availability of such payments.

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## YOUR ABILITY TO WITHDRAW FUNDS

This policy statement applies to "transaction" accounts, but not to savings deposits. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and preauthorized transfers to other accounts of yours with us. Checking accounts are the most common transaction accounts. Savings accounts and money market deposit accounts are examples of savings deposits. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. Funds from payroll checks you deposit may be available for immediate withdrawal. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 6:00 P.M. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 6:00 P.M. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, 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 then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.



## LONGER DELAYS MAY APPLY

**Case-by-case delays.** In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your 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. The first \$225 of your deposits, however, will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your 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 will need the funds from a deposit right away, you should ask us when the funds will be available.

**Safeguard exceptions.** In addition, funds you deposit by check may be delayed for a longer period 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 redeposit a check that has been returned unpaid.

You have overdrawn your account repeatedly in the last six months.

There is an emergency, such as failure of computer or communications 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. They 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 customer, the following special rules will apply during the first 30 days your account is open.

The first \$225.00 from a deposit will be available on the first business day after the day of your deposit. In addition, funds from electronic direct deposits into your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,525 will be available no later than the fifth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the fifth business day after the day of your deposit.

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## SPECIFIC ACCOUNT DETAILS

### BUSINESS ACCOUNT

**Minimum balance to open the account** - You must deposit \$100.00 to open this account.

**Fees:**

A monthly maintenance fee of \$6.00 will be charged each statement cycle.

A check fee of \$.16 will be charged for each check paid.

A deposit fee of \$.20 will be charged for each deposit.

A per item fee of \$.10 will be charged for each item deposited.

These fees will not apply when a .25% credit on the average collected balance is greater than the account charges for that statement cycle.

(Average collected balance, multiplied by .25%, multiplied by the number of days in the month, divided by the days in the year, equals the credit.)

### CORPORATE STATEMENT SAVINGS ACCOUNT

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every quarter. Interest will be credited to your account every quarter.

**Effect of closing an account** - If you close your account before interest is credited, you will not receive the accrued interest.

**Minimum balance to open the account** - You must deposit \$100.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$9.00 will be imposed each quarter if the average daily balance for the quarter falls below \$300.00. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Corporate Statement Savings account to another account or to third parties by preauthorized, automatic, or telephone transfer are limited to six per month with no transfers by check, draft, debit card, or similar order to third parties.

**Fees:**

A debit activity fee of \$2.00 will be charged for each withdrawal in excess of six during a quarter.

This fee will apply if at any time the balance during the quarter is less than \$500.00.

### MONEY MARKET DEPOSIT ACCOUNT - NON PERSONAL

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$1,000.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$10.00 will be imposed every statement cycle if the balance in the account falls below \$1,000.00 any day of the cycle.

**Average daily balance computation method** - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly statement cycle.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Money Market Deposit account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by debit card or similar order to third parties are limited to six per statement cycle.

**Fees:**

An excessive draft fee of \$15.00 will be charged for each draft paid in excess of six during a statement cycle.

An excessive activity fee of \$15.00 will be charged for each debit transaction in excess of six during a statement cycle.

### THE INVESTOR MONEY MARKET DEPOSIT ACCOUNT

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$10,000.00 to open this account.

**Minimum balance to avoid imposition of fees** - A maintenance service charge of \$30.00 will be imposed every statement cycle if the balance in the account falls below \$10,000.00 any day of the cycle. No interest will be paid on days when the balance is below \$10,000.00.

**Daily balance computation method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Transaction limitations:**

Transfers from a Money Market Deposit account to another account or to third parties by preauthorized, automatic, telephone, or computer transfer or by check, draft, debit card, or similar order to third parties are limited to six per statement cycle.

**Fees:**

An excessive draft fee of \$17.00 will be charged for each check or draft paid in excess of six during a statement cycle.

An excessive activity fee of \$17.00 will be assessed for each debit transaction in excess of six during a statement cycle.

**Minimum balance to obtain the annual percentage yield disclosed** - You must maintain a minimum balance of \$10,000.00 to obtain the disclosed annual percentage yield.

**NOW ACCOUNT - NON PERSONAL**  
**(Offered to Businesses effective 7/21/11)**

**Rate Information** - Your interest rate and annual percentage yield may change. **Frequency of rate changes** - We may change the interest rate on your account at any time.

**Determination of rate** - At our discretion, we may change the interest rate on your account.

**Compounding and crediting frequency** - Interest will be compounded every month. Interest will be credited to your account every month.

**Minimum balance to open the account** - You must deposit \$100.00 to open this account.

**Average daily balance computation method** - We use the average daily balance method to calculate the interest on your account. This method applies a periodic rate to the average daily balance in the account for the period. The average daily balance is calculated by adding the principal in the account for each day of the period and dividing that figure by the number of days in the period. The period we use is the monthly statement cycle.

**Accrual of interest on noncash deposits** - Interest begins to accrue on the business day you deposit noncash items (for example, checks).

**Fees:**

A monthly maintenance service charge of \$6.00 will be charged each statement cycle.

A check paid fee of \$.20 will be charged for each check paid.

A deposit fee of \$.20 will be charged for each deposit.

A per item fee of \$.11 will be charged for each item deposited.

**COMMON FEATURES**

The categories of transactions for which an insufficient funds charge may be imposed are those by any of the following means: check, in-person withdrawal, ATM withdrawal, bank imposed fee, or other electronic means.

**Checking Accounts (Demand Deposits)**

Account balancing assistance .....\$30.00 per hour/Minimum \$30.00

(No charge for first time with three months activity)

Account research .....\$40.00 per hour

(Minimum \$40.00 plus \$1.00 per copy)

Automatic transfer of funds from a checking account to a  
checking account to cover overdraft.....\$10.00

Automatic transfer of funds from a savings account to  
a checking account to cover overdraft.....\$10.00

Check printing .....(fee depends on style of check ordered)

Insufficient Funds Charge per returned item (Nonsufficient Funds Fee (NSF)) .....\$35.00

Daily limit of six

Insufficient Funds Charge per paid item (Overdraft).....\$35.00

Daily limit of six

Consecutive Days OD Fee for any account overdrawn more than three consecutive days .....\$6.00/per banking day

Special statement cutoff .....\$5.00

Stop payments - each.....\$35.00

Dormant account fee for Demand Deposit account (checking) .....\$5.00

(This fee is charged each month the account remains dormant, and the balance in your account is under \$200.00.)

A Demand Deposit account is dormant if for six months you have made no deposits or withdrawals to the account, you have had no communication with us about your account(s).

**Savings Accounts**

Account closed within 90 days of opening.....\$15.00

Dormant account fee for Savings account.....\$5.00

(This fee is charged each month the account remains dormant, and the balance in your account is under \$100.00.)

A Savings account is dormant if for two years you have made no deposits or withdrawals to the account, you have had no communication with us about your account(s).

**Bank Check Fees**

Cashier's check .....\$10.00

Certified check .....\$30.00

**Miscellaneous**

Collections .....\$25.00

Garnishments .....\$200.00 plus cost

Levies .....\$200.00 plus cost

License stickers .....\$10.00

Photocopies .....\$ .15

Release deed preparation .....\$50.00

**Wire transfers**

Domestic - Outgoing.....\$30.00

Domestic - Incoming.....\$15.00

Foreign - Outgoing.....\$60.00

Foreign - Incoming.....\$20.00

**Safe Deposit Boxes**

3" x 5" .....\$35.00

5" x 5" .....\$55.00

3" x 10" .....\$75.00

5" x 10" .....\$100.00

10" x 10" .....\$150.00

Delinquent payment late charge.....\$10.00 per month after first month

Lost key fee .....\$50.00

Box drilling .....\$200.00

We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account, other than a time deposit or demand deposit, or from any other savings deposit as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

#### Legal Proceedings

In the event your account becomes involved in legal proceedings, we may restrict your use of it. If we are required to hire an attorney to represent us in any legal proceedings involving you and a third party, you will be required to reimburse us for all costs, charges and expenses, including reasonable attorneys' fees incurred by us as a result of such proceedings. In the event of your death, we will not release funds on deposit until all legal documents we require are delivered to us.

#### Change in Terms

We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes we will give you reasonable notice in writing or by any other method permitted by law.

#### Compliance

This agreement is subject to applicable federal laws and the laws of the state of Illinois and applies to accounts established primarily for personal, family, or household purposes.

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#### YOUR ACCOUNT

These are the accounts you have opened or inquired about. Further details about these accounts are inside this disclosure. If the figures are not filled in, please see the insert that is with this disclosure or your periodic statement.

☐ BUSINESS ACCOUNT

☐ CORPORATE STATEMENT SAVINGS ACCOUNT

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ MONEY MARKET DEPOSIT ACCOUNT - NON PERSONAL

#### Rate Information:

- **Tier 1** - If your average daily balance is \$25,000.00 or more, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.
- **Tier 2** - If your average daily balance is more than \$2,499.99, but less than \$25,000.00, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.
- **Tier 3** - If your average daily balance is \$2,499.99 or less, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

☐ THE INVESTOR MONEY MARKET DEPOSIT ACCOUNT

#### Rate Information:

- **Tier 1** - If your daily balance is equal to or exceeds \$10,000.00, but is less than \$50,000.00, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.
- **Tier 2** - If your daily balance is \$50,000.00 or more, the interest rate paid on the entire balance in your account will be \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

No interest is paid on days when your balance falls below \$10,000.00.

Your interest rate and annual percentage yield may change.

☐ NOW ACCOUNT - NON PERSONAL

The interest rate for your account is \_\_\_\_\_% with an annual percentage yield of \_\_\_\_\_%.

Your interest rate and annual percentage yield may change.

**ALGONQUIN STATE BANK**  
**2400 HUNTINGTON DRIVE NORTH**  
**221 SOUTH MAIN STREET**  
**800 EAST ALGONQUIN ROAD**  
**ALGONQUIN, ILLINOIS 60102**  
**(847) 658-4535**

**AUTOMATED SERVICE BANKER (BANK BY PHONE)**  
**(847) 658-4565**

[www.algonquinstatebank.com](http://www.algonquinstatebank.com)

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# ALGONQUIN STATE BANK

## 2022 TOTAL LOANS AS A PERCENTAGE OF DEPOSIT PERFORMANCE

Quarter	Net Loans	Total Deposits	As a Percentage
March	\$80,974	\$144,071	56.20%
June	\$87,129	\$142,662	61.07%
September	\$84,008	\$138,954	60.46%
December	\$86,488	\$137,778	62.77%

The above information is taken from the Call Reports. The percentages do not include those loans sold to FHLMC (\$19,663M), but have retained the servicing rights. Including FHLMC loans, as of December 31, 2022, the loan-to-deposit ratio increases to 77.04%.

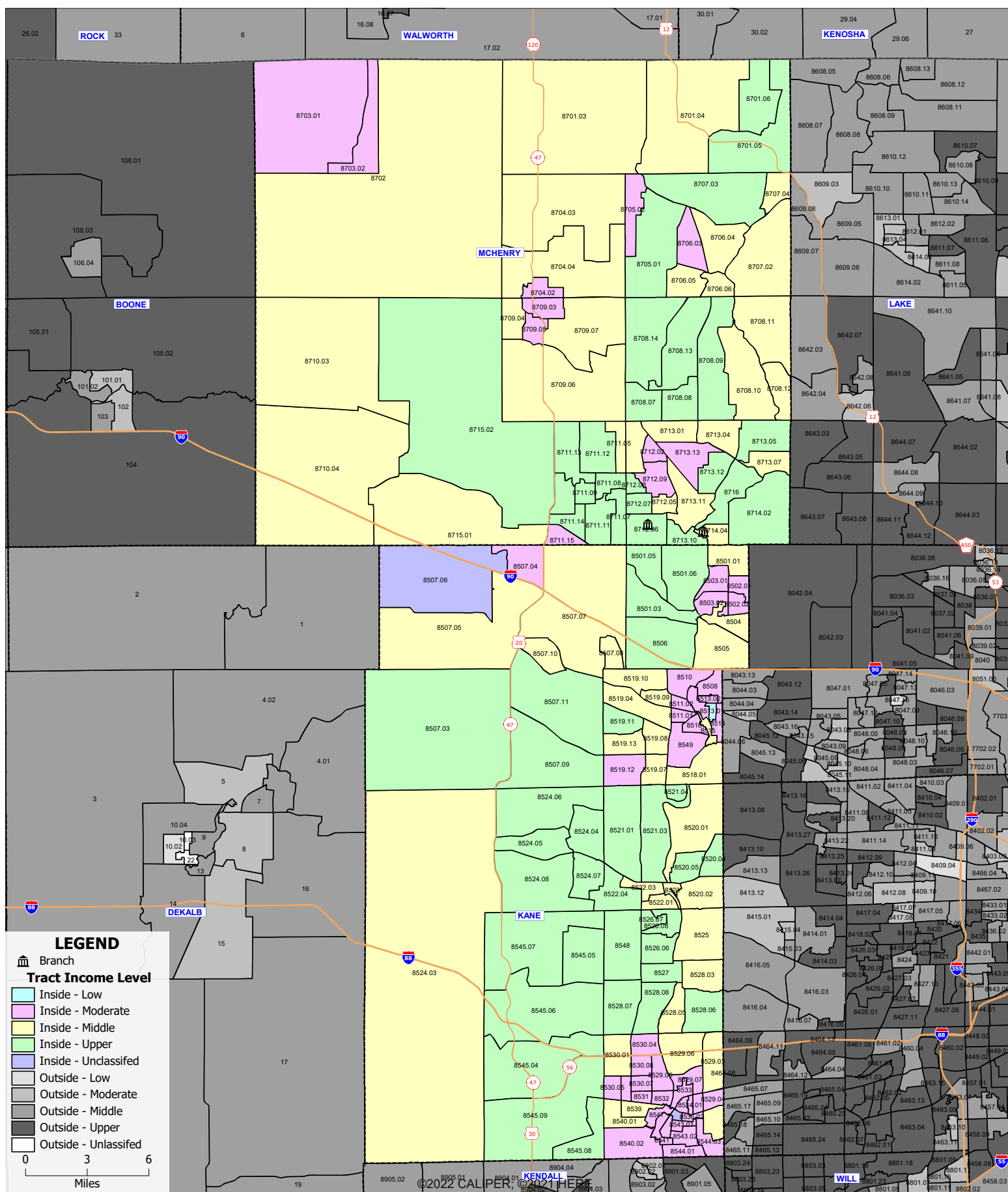
Net Loans = HFS plus total loans net of the allowance for loan and lease losses

## 2023 TOTAL LOANS AS A PERCENTAGE OF DEPOSIT PERFORMANCE

Quarter	Net Loans	Total Deposits	As a Percentage
March	\$86,414	\$132,269	65.33%
June	\$81,682	\$131,018	62.34%
September	\$82,210	\$127,577	64.44%
December	\$78,934	\$124,450	63.43%

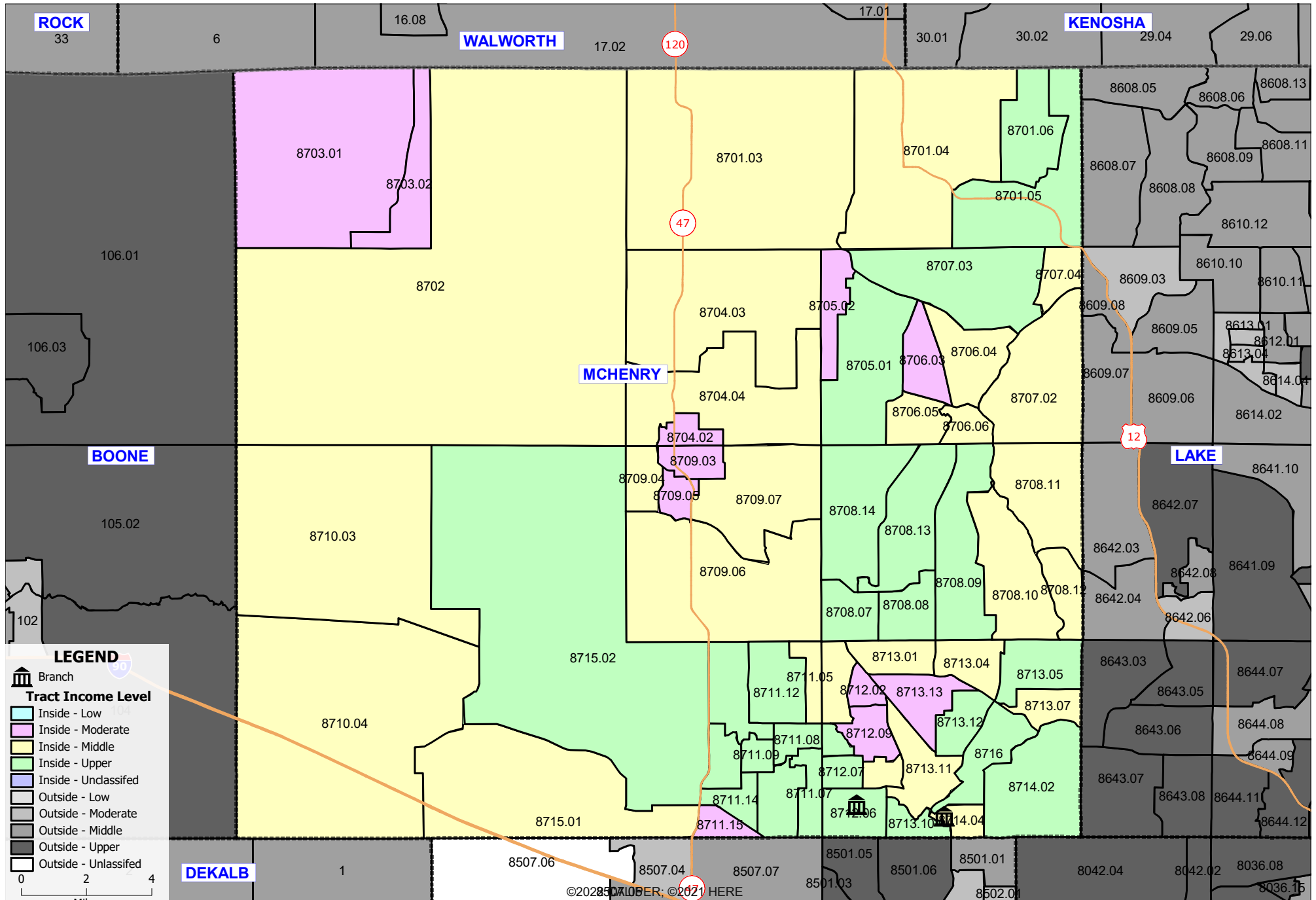
The above information is taken from the Call Reports. The percentages do not include those loans sold to FHLMC (\$17,907M), but have retained the servicing rights. Including FHLMC loans, as of December 31, 2023, the loan-to-deposit ratio increases to 77.82%.

Net Loans = HFS plus total loans net of the allowance for loan and lease losses



# Assessment Area

## McHenry County

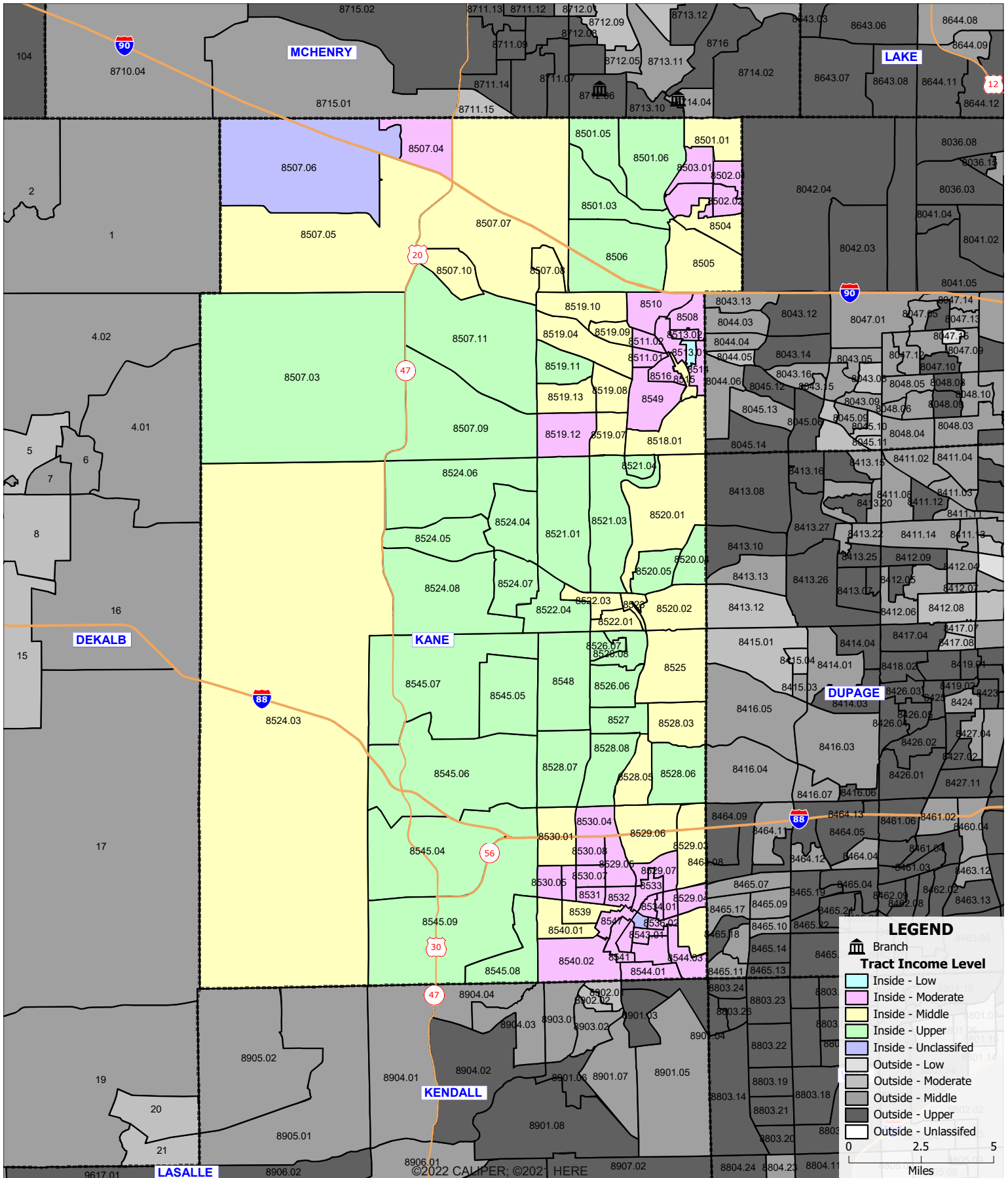


# LIST OF CENSUS TRACTS AND COMMUNITIES WITHIN MCHENRY AND KANE COUNTIES

## McHenry County

MSA	Census Tract	MSA	Census Tract	Communities
16984	8701.03	16984	8710.03	Algonquin
16984	8701.04	16984	8710.04	Cary
16984	8701.05	16984	8711.05	Crystal Lake
16984	8701.06	16984	8711.07	Fox River Grove
16984	8702.00	16984	8711.08	Harvard
16984	8703.01	16984	8711.09	Hebron
16984	8703.02	16984	8711.10	Huntley
16984	8704.02	16984	8711.11	Lake in the Hills
16984	8704.03	16984	8711.12	Marengo
16984	8704.04	16984	8711.13	McHenry
16984	8705.01	16984	8711.14	Richmond
16984	8705.02	16984	8711.15	Ringwood
16984	8706.03	16984	8712.01	Spring Grove
16984	8706.04	16984	8712.02	Union
16984	8706.05	16984	8712.05	Wonder Lake
16984	8706.06	16984	8712.06	Woodstock
16984	8707.02	16984	8712.07	
16984	8707.03	16984	8712.08	
16984	8707.04	16984	8712.09	
16984	8708.07	16984	8713.01	
16984	8708.08	16984	8713.04	
16984	8708.09	16984	8713.05	
16984	8708.10	16984	8713.07	
16984	8708.11	16984	8713.10	
16984	8708.12	16984	8713.11	
16984	8708.13	16984	8713.12	
16984	8708.14	16984	8713.13	
16984	8709.03	16984	8714.02	
16984	8709.04	16984	8714.04	
16984	8709.05	16984	8715.01	
16984	8709.06	16984	8715.02	
16984	8709.07	16984	8716.00	







# Kane County

MSA	Census Tract	MSA	Census Tract	Kane County
20994	8501.01	20994	8524.06	Aurora
20994	8501.03	20994	8524.07	Batavia
20994	8501.05	20994	8524.08	Big Rock
20994	8501.06	20994	8525.00	Burlington
20994	8502.01	20994	8526.06	Carpentersville
20994	8502.02	20994	8526.07	Dundee
20994	8503.01	20994	8526.08	Elburn
20994	8503.02	20994	8527.00	Elgin
20994	8504.00	20994	8528.03	Geneva
20994	8505.00	20994	8528.05	Gilberts
20994	8506.00	20994	8528.06	Hampshire
20994	8507.03	20994	8528.07	Kaneville
20994	8507.04	20994	8528.08	Lafox
20994	8507.05	20994	8529.03	Maple Park
20994	8507.06	20994	8529.04	Mooseheart
20994	8507.07	20994	8529.05	North Aurora
20994	8507.08	20994	8529.06	Saint Charles
20994	8507.09	20994	8529.07	South Elgin
20994	8507.10	20994	8530.01	Sugar Grove
20994	8507.11	20994	8530.04	Wasco
20994	8508.00	20994	8530.05	
20994	8510.00	20994	8530.06	
20994	8511.01	20994	8530.07	
20994	8511.02	20994	8530.08	
20994	8513.01	20994	8531.00	
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20994	8522.01	20994	8545.07	
20994	8522.03	20994	8545.08	
20994	8522.04	20994	8545.09	
20994	8523.00	20994	8546.00	
20994	8524.03	20994	8547.00	
20994	8524.04	20994	8548.00	
20994	8524.05	20994	8549.00	

## **HOME MORTGAGE DISCLOSURE ACT (HMDA) NOTICE**

The HMDA data about our residential mortgage lending are available online for review. The data show geographic distribution of loans and applications; ethnicity, race, sex, and income of applicants and borrowers; and information about loan approvals and denials. These data are available online at the Consumer Financial Protection Bureau's website ([www.consumerfinance.gov/hmda](http://www.consumerfinance.gov/hmda)). HMDA data for many other financial institutions are also available at this website.