



## BUSINESS OVERDRAFT PROGRAM DISCLOSURE

Exchange Bank recommends that you do not overdraw your account. However, to protect against an occasional, inadvertent overdraft, we offer certain overdraft services. These services include our Overdraft Protection Service, Overdraft Line of Credit, and our Business Overdraft Program, which is the primary subject of this disclosure. You do not have to be enrolled in any of these overdraft services.

### PROTECT YOURSELF AGAINST OVERDRAFTS

Alternative LESS EXPENSIVE overdraft options: As alternatives to our Business Overdraft Program, we offer our Overdraft Protection Service and Overdraft Line of Credit. These alternatives may better serve your particular needs and could save you money.

**Overdraft Protection Service:** Automatically transfers funds from your designated business checking, business savings, or business money market account to avoid an overdraft in your business checking account. Transfers are made in the exact amount plus a \$10.00 fee. The Overdraft Protection Service provides overdraft coverage for the following transaction types: everyday debit card transactions, ATM transactions, checks, Automated Clearing House (ACH) transactions, recurring debit card transactions, or any other transactions using your account number. You will be notified for each transfer that occurs on your account. Additional terms and conditions apply. For more information, call 707.524.3000, 800.995.4066 or visit one of our branches.

**Overdraft Line of Credit:** This is a line of credit for which you must apply and is subject to credit approval. In the event your eligible checking account becomes overdrawn as a result of an everyday debit card transaction, ATM transaction, check, Automated Clearing House (ACH) transaction, recurring debit card transaction, or any other transaction using your account number, available funds will be transferred. This is not a commitment to lend. Subject to credit approval and additional terms, conditions and fees apply. For more information, call 707.524.3000, 800.995.4066 or visit one of our branches.

**Business Overdraft Program.** Exchange Bank's Business Overdraft Program is our discretionary overdraft service. Using our Business Overdraft Program **is expensive and may not be the best option for you.** You can decline or opt out of this service at any time by calling 707.524.3000, 800.995.4066 or by visiting one of our branches.

If your account is eligible, a Business Overdraft Program limit will be assigned to each individual account. To determine your assigned limit, please call us at 707.524.3000, 800.995.4066 or visit one of our branches. **PLEASE NOTE: We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. The Bank is not obligated to pay any transaction presented for payment if your account does not contain sufficient funds, even if you are enrolled in our Business Overdraft Program. In other words, we may refuse to pay an overdraft transaction at any time even though we may have previously paid overdrafts on your account.**

### Fees

#### Overdraft/Non-Sufficient Funds (NSF) Item Paid or Returned

Overdraft item paid (Overdraft Fee): **\$32.00 per item**

Overdraft item returned (NSF Return Item Fee): **\$32.00 per item\***

**Important Information Regarding Overdraft Fees.** For Standard or Full Business Overdraft Program coverage, we charge an Overdraft Fee of \$32.00 for each transaction that overdraws your account, up to \$320.00 per day (which equals ten Overdraft Fees and/or NSF Return Item Fees). We do not charge an Overdraft Fee if, after all transactions presented to your account in any given day are paid, and your account balance is overdrawn by \$10 or less. We also do not charge a \$32.00 fee for individual transactions paid or returned for \$10 or less.

No matter what Business Overdraft Program coverage option you choose, we may return or reject, rather than pay transactions if there are insufficient funds available in your account, or if the amount of an attempted transaction is larger than your available overdraft limit. Each time we return rather than pay any of the following transaction types: checks, Automated Clearing House (ACH) transactions, electronically converted checks, electronic bill payments, and recurring debit card transactions, we assess a \$32.00 NSF Return Item Fee. For more information, please refer to "Important Information Regarding NSF Return Item Fees" below.

**\*Important Information Regarding NSF Return Item 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 in your account, and we decide not to pay the item or transaction, you agree that we can charge you a \$32.00 NSF Return Item Fee for returning the payment. This NSF Return Item Fee applies to the following transaction types: checks, Automated Clearing House (ACH) transactions, electronically converted checks, electronic bill payments, and recurring debit card transactions. Be aware that such an item or payment may be presented multiple times by the merchant or other payee until it is paid. 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 Return Item Fee each time a payment is presented if the amount of money in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented. **This means that the same transaction might result in multiple NSF Return Item Fees if re-presented to us for payment. You authorize us to impose multiple fees as well as the same fees multiple times (such as multiple NSF Return Item Fees) in connection with a single transaction that has been returned or presented multiple times. This includes, for example, when a NSF Return Item Fee results from an electronic debit that is rejected or paid after being represented for payment against your account.** This policy regarding NSF Return Item Fees is subject to our "Daily maximum charge" policy discussed below. If you have questions regarding the Bank's policy on charging multiple NSF Return Item Fees, please call 707.524.3000, 800.995.4066 or visit one of our branches.

Daily maximum charge: **\$320.00 per day**

Our daily cap on Overdraft Fees and NSF Return Item Fees is \$320.00 per day (which equals a cap of ten Overdraft Fees and/or NSF Return Item Fees per day).

## **Business Overdraft Program Options**

### **Option 1 – No Business Overdraft Program coverage**

You can decline or opt out of our Business Overdraft Program at any time. If you decline or opt out, typically your transactions will be returned rather than paid. Subject to the "Force Pay Transactions" policy described below, if you have no Business Overdraft Program coverage, typically the following will happen:

- Your everyday ATM/debit card transactions will be declined rather than paid. We do not charge a fee for declining these transactions.
- Your checks, ACH transactions, recurring debit card transactions, and other transactions made using your checking account number will be returned rather than paid. Each time we return a check(s), ACH transaction(s), recurring debit card transaction(s) and other transactions made using your checking account number for insufficient funds, we charge a \$32.00 NSF Return Item Fee, up to \$320.00 per day (which equals ten NSF Return Item Fees).

## Option 2 – Standard Business Overdraft Program coverage

Includes discretionary Business Overdraft Program coverage for these transactions **only**:

- Checks and other transactions made using your checking account number.
- Automated Clearing House (ACH) transactions, electronically converted checks, and electronic bill payments.
- Recurring debit card transactions.

For each transaction listed above that we pay, you will be charged a \$32.00 Overdraft Fee if the transaction overdraws your account, up to \$320.00 per day (which equals ten Overdraft Fees or NSF Return Item Fees). We do not charge the \$32.00 fee if, after all transactions presented to your account on any given day are paid or returned, and your account balance is overdrawn by \$10 or less. We also do not charge a \$32.00 fee for individual transactions paid or returned for \$10 or less. With Option 2 (Standard Business Overdraft Program coverage), your everyday ATM/debit card transactions will be declined rather than paid. We do not charge a fee for declining these transactions. If you select Option 2 you can opt out of this service at any time and elect to have No Business Overdraft Program coverage. Standard Business Overdraft Program coverage is subject to the “Force Pay transactions” policy, as explained below. We reserve the right to decline to pay any transaction into overdraft. Each time we decline to pay a check, Automated Clearing House (ACH) transaction, recurring debit card transaction, or any other transaction using your account number due to insufficient funds in your account and instead we return the transaction, we charge a \$32.00 NSF Return Item Fee, up to \$320.00 per day (which equals ten NSF Return Item Fees).

## Option 3 – Full Business Overdraft Program coverage

Includes discretionary Business Overdraft Program coverage for these transactions (Option 2, plus ATM/debit card transactions):

- One-time debit card transactions, also known as point-of-sale (POS) transactions, such as a purchase you make at a merchant.
- ATM transactions.
- Recurring debit card transactions.
- Checks and other transactions made using your checking account number.
- Automated Clearing House (ACH) transactions, electronically converted checks, and electronic bill payments.

You will be charged a \$32.00 Overdraft Fee for each transaction listed above that we pay which overdraws your account, up to \$320.00 per day (which equals ten Overdraft Fees), including recurring debit card transactions. We do not charge the \$32.00 fee if, after all transactions presented to your account on any given day are paid or returned, and your account balance is overdrawn \$10 or less. We also do not charge a \$32.00 fee for individual transactions paid or returned for \$10 or less. If you select Option 3, you can opt out of this service at any time. Opting out of Option 3 will also mean you are opting out of Option 2, unless you tell us otherwise. Before you opt-in to Option 3 – Full Business Overdraft Program coverage, you should first read your “Terms and Conditions – Understanding and Avoiding Overdraft and Nonsufficient Funds (NSF) Fees”. You should keep a copy of this form for your records.

We reserve the right to decline to pay any transaction into overdraft. Each time we decline to pay a check, Automated Clearing House (ACH) transaction, recurring debit card transaction or any other transaction using your account number due to insufficient funds in your account and instead we return the transaction, we charge a \$32.00 NSF Return Item Fee, up to \$320.00 per day (which equals ten NSF Return Item Fees).

**Force Pay Transactions.** There may be instances where we will pay a transaction even if you do not have sufficient funds in your account to cover the transaction and are not enrolled in our Business Overdraft Program. 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. Under these circumstances, we will still pay (or “force pay”) the transaction and you will not be charged a fee.

## Business Overdraft Program Eligibility

1. You have one of the following product types: Sole Proprietor Checking or Sole Prop Interest Checking.
2. Your account has been open for 90 days
3. Your account is in good standing:
  - Free from any legal orders, levies, or liens;
  - Program is not excessively used, as determined by the Bank.

If you make sufficient deposits to bring your account to a positive end-of-day balance within 30 calendar days after the date the account was initially overdrawn (including the payment of all bank fees and charges). You should make every attempt to bring your account to a positive balance as quickly as possible. If you are not able to do so, you will receive a letter from us informing you of the situation and your options. If you do not bring your account to a positive balance, we reserve the right to close your account and may take other steps to recover the unpaid balance.

**How Your Account Can Become Overdrawn.** Your account can become overdrawn in several different ways, including payment of checks, electronic fund transfers, or other withdrawal requests (such as a cash withdrawal from a teller); payments authorized by you; return of unpaid items that were deposited to your account; bank service charges and other fees; or deposit of items which, according to our funds availability disclosure (generally titled, "Your Ability to Withdraw Funds"), are treated as not yet available or collected.

**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.

We are not obligated to pay any item or transaction presented for payment if your account does not contain sufficient funds, even if your account is enrolled in our Business Overdraft Program. We may refuse to pay an overdraft transaction at any time even if we have previously paid overdrafts on your account. For example, we typically do not pay overdraft transactions if your account is not in good standing, as explained above, or if, based on our review of how you manage your account, we determine that you are using our Business Overdraft Program excessively.

**Available Balance.** For purposes of calculating your account balance under our Business Overdraft Program, we use the Available Balance method. Your Available Balance is the amount of funds available for withdrawal and authorizing transactions. Your Available Balance may be different than your personal register balance (sometimes called Ledger Balance). The Available Balance is reduced by 1) the amount of pending transactions, such as point-of-sale transactions; 2) funds on hold in accordance with our funds availability disclosure (generally titled, "Your Ability to Withdraw Funds"); 3) our receipt of notice that a transaction will be presented or returned; 4) our receipt of a legal process relating to your account; or 5) your use of your account as security for a loan.

**Deposit Account Agreement.** Our "Deposit Account Agreement Disclosure" and "Deposit Account Service Fee Schedule," (collectively referred to as "Deposit Agreement and Fee Schedule"), which were provided to you at the time you opened your Exchange Bank account, generally control the duties, obligations, and rights you and any authorized signers on the account have, as well as our duties, obligations, and rights with regard to your checking account. However, this Business Overdraft Program Disclosure (and all amendments thereto) shall control if a conflict arises between any provision of this Business Overdraft Program Disclosure and the Deposit Agreement and Fee Schedule. We will provide you additional copies of these documents upon your request.

If you receive electronic deposits to your checking account from the federal government or a state government of statutorily-protected federal or state benefits and you do not want us to deduct from those funds the amount your account is overdrawn and any related Overdraft Fees or NSF Return Item Fees, please call 707.524.3000, 800.995.4066 or visit one of our branches. If you wish to pay the amount your account is overdrawn and the related Overdraft Fees or NSF Return Item Fees separately, you may do so at one of our branches.

**Order of Payment.** The order in which we pay your transactions is important if there is not enough money in your account to pay all the transactions presented on one day. In the normal course of business, we generally pay checks and other transactions presented for payment from your account on a single banking day in the following order:

First: All credits/deposits in the order received (Refer to "Your Ability to Withdraw Funds" located in your "Deposit Account Agreement Disclosure");

Second: All cash paid items (these are checks you have written that are cashed in person at an Exchange Bank branch) in the order received;

Third: We process electronic debits (generally defined as debit card Point-of-Sale (POS), ATM withdrawals, mobile banking, telephone banking, electronically converted checks, and ACH transactions, including electronic bill pay) in the order they are received on the day they are processed;

Fourth: Wire transfer debits in the order they are received on the day they are processed;

Fifth: Checks (including bill pay), in sequential check number order. This means the LOWEST check number will be paid first and then paid in sequence to the highest check number that is presented;

Sixth: We pay Bank fees, in the order they are received on the day they are processed.

**Please note that in some circumstances the Bank may also pay Bank fees before checks.**

We reserve the right to change the order of payment without notice to you if we suspect fraud or possible illegal activity affecting your account. Also, please be aware that the order in which we pay transactions may create multiple overdrafts during a single banking day.

There is no particular order of payment that is favorable to you in every instance. There are advantages and disadvantages for any order of payment. In some cases, your more important transactions (which may be those with higher dollar amounts) may get paid later in this sequence or may not be paid at all depending upon your account balance and the available overdraft limit assigned to your account. Using this sequencing method is our way of trying to be neutral.

**Automatic Balance Alerts.** You can also sign up for our automatic balance alerts, which may be available via email, text message, Exchange Bank mobile banking applications, and other channels. If you sign up for automatic balance alerts, we will notify you once per day if your account reaches a preset threshold you select. Alerts are generated from the current balance on your account and may not include transactions in a pending status. Alerts may help you avoid an overdraft but are not intended to serve as a substitute for carefully monitoring your account balance and your transactions. You should not rely solely on an automatic balance alert to avoid an overdraft. Email and text alerts may require enrollment in other Bank services, such as online or mobile banking. Additional terms apply. Message and data rates may apply.

**Limitations.** Our Business Overdraft Program options are not a line of credit. These options are a courtesy. We reserve the right suspend, revoke, or discontinue this service at any time without prior notice. When you use our Business Overdraft Program, you agree that we will not be liable to you for any loss or damage based on a claim that you relied on us to pay any and all transactions which would overdraw your account. Except as otherwise required by law, you further agree to indemnify and hold us harmless from any such claims for loss or damage made by any other person.

If you have additional questions or would like more information, please call 707.524.3000, 800.995.4066 or visit one of our branches.