

Hertford Savings Bank, SSB
121 N. Church Street
Hertford, NC 27944
(252) 426-5403

Service Agreement

Deposit Account Rules and Regulations
TERMS AND CONDITIONS
ELECTRONIC TRANSFERS
FUNDS AVAILABILITY
SUBSTITUTE CHECKS
TRUTH IN SAVINGS

April 1, 2021

Important Information about Procedures for Opening a New Account

Opening a New Account. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license, social security card, passport, or other identifying documents.

Agreement. This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s), with us. Please read this carefully and retain it for future reference. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees. If you have any questions, please call us at (252) 426-5403.

This agreement is subject to applicable federal laws, the laws of the state of North Carolina 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 document 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 rule 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.

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 and any additional 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.

You also agree to be jointly and individually liable for any account shortage resulting from charges or overdrafts, whether caused by you or another 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 attorney's 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 part; or a third party claiming an interest on your account. This also includes an action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice on an attorney, whether or not we become involved in a 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 except 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 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. If we accept a third-party check for deposit, we may require any third-party endorsers to verify or guarantee their endorsements or endorse in our presence.

Withdrawals.

Generally. 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 they are from a reputable source. We may refuse any withdrawals 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, 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 the frequency limitations. In addition, we may place limitations on the account until your identity is verified. 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. See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts 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 are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine that 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 time 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 debt 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 the other transactions will be reduced by the amount of the temporary hold. If another transaction is presented for payment in an amount greater than the funds left after the deduction of the temporary hold amount, that transaction will be a nonsufficient funds (NSF) transaction if we do not pay it or an overdraft transaction if we do pay it. 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.

Overdrafts. It is our policy to not honor withdrawal requests that overdraw your account. So, you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances may occur. 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. We may use

subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

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 check to examine the signatures on the 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 account 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. The penalty for early withdrawal is three months loss of interest for time deposits under 12 months and six months loss of interest for time deposits 12 months and over on the amount withdrawn.

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 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** – This is an account in the name of one person.
- **Joint Account** – With Survivorship – You intend and agree that regardless of whose funds are deposited in the account that upon your death the balance in the account will belong to the survivor(s). If two or more of you survives, you will own the balance in the account as joint tenants with right of survivorship. This agreement is governed by North Carolina General Statutes 54C-165.
- **Personal Agency Accounts** – This is an account that allows you to name an agent who will have the authority to make withdrawals from the account by check or otherwise and endorse checks payable to you for deposit only into the account and otherwise make deposits. In addition, you may elect to extend the authority of your agent so your agent may act notwithstanding your subsequent incapacity or mental incompetency. Your agent's authority would then end at such time as the agent receives notification from a qualified guardian or duly appointed attorney-in-fact. If you do not elect to extend the authority of your agent, then your subsequent incapacity or mental incapacity will terminate the authority of

your agent. This agreement is governed by North Carolina General Statutes 54C-167.

- **Joint Account – No Survivorship** – 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.
- **Payable on Death (POD) Account** – A beneficiary cannot withdraw unless: (1) the person creating the account dies, and (2) the beneficiary is then living. The person creating this account type reserves the right to: (1) change beneficiaries, (2) change account types, and (3) withdraw all or part of the account funds at any time. This agreement is governed by North Carolina General Statutes 54C-166.1.

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 receive written notice of a change from the governing body of the entity.

Stop Payments – Unless otherwise provided, 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 stop payment orders are handled by computers, 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. A release of the stop payment request may be made only by the person who initiated the stop payment order.

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. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month (less the number of “preauthorized transfers” during the month). Other account transfer restrictions may be described elsewhere.

Amendments and Termination. We may change any term of this agreement. Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give your reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. 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. 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 your notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity and 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 term(s).

Notices. Any written notice you give us is effective when we receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive it in time to have a reasonable opportunity to act on it. If the 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. Written notice we give you is effective when it is deposited in the United States mail with proper postage and addressed to your mailing address we have on file. Notice to any of you is notice to all of you.

Statements-Your duty to report unauthorized Signatures, alterations, and forgeries.

You must examine your statement of account with “reasonable promptness.” If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, 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 wrong doer. 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, alterations, or forgeries 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.

In addition to your duty to review your statements for unauthorized signatures, alterations, and forgeries, you agree to examine your statement with reasonable promptness for any other error—such as an encoding error. In addition, 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 consumer accounts only). For information on errors relating to electronic fund transfers (e.g., on-line, 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.

Direct Deposits. 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 legal remedy to recover the amount of our liability.

Temporary Account Agreement. If the account documentation indicates that this is 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), (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.

Check Processing. We process items mechanically by relying solely on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all 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 indorsements 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 such 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.

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 a payment on the original, 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 internal policy for retaining 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 check 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 tele check, 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.

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.

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.

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, 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.” The payee’s signature accompanied by the words “for deposit only” is an example of a restrictive endorsement.

Account Transfer. This account may not be transferred or assigned without our prior written consent.

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 ½” 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 ½” of that edge.

Name Address, City, State, zip _____ 20__ Pay to the order of _____ \$ _____ _____ dollars Bank Name and Location Memo _____
Front of Check

Endorse in this Area	Keep your endorsement out of this area.
	Back of Check

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 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 the section), we will comply with that legal action. Or, in our discretion, we may freeze the assets in the account and not allow any payments out of the account until 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. 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. The list of fees applicable to your account(s) provided elsewhere may specify additional fees that we may charge for certain legal actions.

Security. It is your responsibility to protect the account numbers and electronic access devices (e.g., an ATM card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) 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 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).

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, such as positive pay or commercially reasonable security procedures, 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, unless we acted in bad faith or to the extent our

negligence contributed to the loss. 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.

Telephonic Instructions. 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 or leave by voice mail or on a telephone answering machine.

Monitoring and Recording Telephone Calls and Consent to Receive 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. However, we first obtain your consent to contact you about your account in compliance with applicable consumer protection provisions in the Federal Telephone Consumer Protection Act of 1991 (TCPA), CAN-SPAM, Act and their related federal regulations and order issued by the Federal Communications Commission (FCC).

- Your consent is limited to your account, and as authorized by applicable law and regulations.
- Your consent is voluntary and not conditioned on the purchase of any product or service from us.

With the above understandings, you authorize us to contact you regarding your account throughout its existence using any telephone numbers or email addresses that you have previously provided to us by virtue of an existing business relationship or that our may subsequently provide to us.

This consent is regardless of whether the number we use to contact you is 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 further authorize us to contact you through the use of voice, voice mail and text messages.

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

Claim of Loss. If you claim a credit or refund because of 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 do not 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 notice of penalty for early withdrawals for additional information.

Address or Name Changes. You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. 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 address 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 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 a check 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.

Types of Electronic Fund Transfers

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. You should only provide your bank and account information (whether over the phone, or internet, or via some other method) to trusted third parties who you have authorized to initiate these electronic fund transfers.

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.

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).

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 brochure in time for Us to receive your request 5 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 5 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

Error Resolution Notice

In case of Errors or Questions, call or write us at the telephone number or address listed in this brochure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about an item 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. We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days or 90 days if the transfer involved a new account or a point-of-sale transaction to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days or 20 days on a new account for the amount you think is in error. 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 you already have 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.

HERTFORD SAVINGS BANK, SSB

121 N. CHURCH STREET

P. O. BOX 156

HERTFORD, NC 27944

BUSINESS DAYS: MONDAY THROUGH FRIDAY

EXCLUDING FEDERAL HOLIDAYS

PHONE: 252-426-5403

Notice of ATM Facility User Precautions

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

1. Prepare or record transactions at home to minimize your time at the ATM. Look out for suspicious activity near the ATM.
2. Save ATM receipts, do not leave in ATM.
3. Compare your records with the account statements you receive.
4. Do not lend your ATM card to anyone.
5. Do not leave your ATM card at the ATM.
6. Protect the secrecy of your Personal Identification Number (PIN). Protect your ATM card as if it were cash. Do not tell anyone your PIN. Do not 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. Do not write your PIN where it can be discovered,

7. Prevent others from seeing you enter your PIN by using your body to shield their view. If you lose your ATM card or if it is stolen, promptly notify us.
8. Do not accept assistance from anyone you do not know when using the ATM.
9. Do not display your cash; pocket it as soon as the ATM transaction is complete and count the cash later when you are in the safety of your own car, home, or other secure surroundings.
10. At a drive-up facility, make sure all the car doors are locked and all the windows are rolled up, except the driver's window. Keep the engine running and remain alert to your surroundings.
11. Please report any suspicious activity or crimes to both the operator of the facility and the local law enforcement officials immediately.

Your ability to Withdraw Funds

This policy statement applies to all deposit accounts.

Our policy is to make funds from your cash and checks deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposit 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 you have written.

Remember, that even after we make 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 after 4 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 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.

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.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, 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 ninth 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 of your deposit.

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

TRUTH-IN-SAVINGS DISCLOSURE

REGULAR CHECKING ACCOUNT

MINIMUM BALANCE TO OPEN THE ACCOUNT -You must deposit \$500. To open this account.

MINIMUM BALANCE TO AVOID A SERVICE CHARGE – A service fee of \$10.00 will be charged every statement cycle if the balance in the account falls below \$500.00 Any day of the 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.

MINIMUM BALANCE TO OPEN THE ACCOUNT – You must deposit \$100.00 to open this account.

MINIMUM TO AVOID A SERVICE CHARGE- A service charge of \$5.00 will be charged every month if the balance in the account falls below \$100.00 any day of the month.

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 (example, checks).

TRANSACTION LIMITATIONS: Transfers from a Passbook 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.

91 DAY AND 6 MONTHS CERTIFICATE OF DEPOSIT

RATE INFORMATION – You will be paid the disclosed rate until first maturity.

COMPOUNDING FREQUENCY – Interest will be compounded every month.

CREDITING FREQUENCY – Interest will be credited to your account every month.

EFFECT OF CLOSING AN ACCOUNT – If you close your account before interest is credited, you will receive accrued interest through the day of payout.

MINIMUM BALANCE TO OPEN THE ACCOUNT- You must deposit \$2,500.00 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 NON-CASH DEPOSITS – Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

TRANSACTION LIMITATIONS: You may not make any deposits into your account before maturity. You may make withdrawals of principal from your account before maturity only if we agree at the time you request the withdrawal. Principal withdrawn before maturity is included in the amount subject to early withdrawal penalty. In certain circumstances such as the death or incompetence of an owner of this account, the law permits, or in some cases requires, the waiver of the early withdrawal penalty.

AUTOMATICALLY RENEWABLE TIME ACCOUNT – This account will automatically renew at maturity. You may prevent renewal if we receive written notice from you within the grace period mentioned below, if any. Each renewal term will be the same as the original term, beginning on the maturity date. The interest rate will be the same we offer on new time deposits on the maturity date which have the same term, minimum balance (if any) and other features as the original time deposit. You will have **10 calendar days after maturity to withdraw the funds without a penalty.**

12 MONTHS THROUGH 60 MONTHS CERTIFICATE OF DEPOSIT

RATE INFORMATION – You will be paid the disclosed rate until first maturity.

COMPOUNDING FREQUENCY – Interest will be compounded every month.

CREDITING FREQUENCY – 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 receive accrued interest through the day of payout.

MINIMUM BALANCE TO OPEN THE ACCOUNT- You must deposit \$500.00 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 NON-CASH DEPOSITS – Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

TRANSACTION LIMITATIONS: You may **not** make any deposits into your account before maturity. You may make withdrawals of principal from your account before maturity only if we agree at the time you request the withdrawal. Principal withdrawn before maturity is included in the amount subject to early withdrawal penalty. In certain circumstances such as the death or incompetence of an owner of this account, the law permits, or in some cases requires, the waiver of the early withdrawal penalty.

AUTOMATICALLY RENEWABLE TIME ACCOUNT – This account will automatically renew at maturity. You may prevent renewal if we receive written notice from you within the grace

period mentioned below, if any. Each renewal term will be the same as the original term, beginning on the maturity date. The interest rate will be the same we offer on new time deposits on the maturity date which have the same term, minimum balance (if any) and other features as the original time deposit. You will have **10 calendar days after maturity to withdraw the funds without a penalty.**

MONEY MARKET 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 discretions, 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 \$2,500.00 to open this account.

MINIMUM BALANCE TO AVOID SERVICE CHARGE – A service charge of \$5.00 will be imposed every statement cycle if the balance in the account falls below \$2,500.00 any day of the cycle.

