

Hertford Savings Bank, SSB

121 North Church Street

Hertford, NC 27944

Service Agreement

Deposit Account Rules and Regulations

1. Since the implementations of the USA Patriot Act in October 2001, financial institutions are required to obtain certain customer information before activating an account. This procedure is called "Know your Customer." By gathering and verifying new customer information, ensures financial institutions that they are doing business with whom the customer says they are. This helps to eliminate dealing with fraudsters who may have stolen someone's identity information. This also assists in the deterrence of possible financing of terrorist activities. Hertford Savings Bank, SSB appreciates your understanding and cooperation when asking for additional identifying information. We consider this to be your way, and ours, to help prevent illegal and/or terrorist activities.

Financial institutions are also required under this act to monitor for suspicious account activity and report any detection to the Federal Government. Therefore, let it be known that Hertford Savings Bank, SSB does have a monitoring system to detect suspicious transaction and maintenance activities on its customers' accounts, and any detection deemed suspicious will be reported.

2. You agree to be governed by these Deposit Account Rules and Regulations, the provision of the contract appearing on the signature card as signed by you and the Truth in Savings provisions set forth herein as applicable. A minimum initial deposit may be required to open an account.
3. These Rules and Regulations govern all deposit accounts offered by the Bank.
4. Transfers or withdrawals may be made by you, authorized individuals who have signed on the signature card for the account, to any individual who shall use a stamp or facsimile signature or endorsement as set forth on the signature card, or as allowed or directed by law and consented to by the Bank. Any such payments shall constitute a full and effectual release to the Bank. The account is not transferable.
5. An account, whether active, inactive or dormant shall be subject to service and maintenance charges heretofore adopted by the Bank and no in effect, and to such charges as may hereafter be adopted by the Bank which shall be detailed in the Bank's Schedule of Fees. Checking accounts are considered inactive when no customer deposit or withdrawal shall have been made for a period of one year.

Savings accounts are considered inactive when no customer deposit or withdrawal shall have been made for a period of two years. An account shall be considered dormant when the Bank has lost contact with you, as evidenced by statements returned by the US Postal Service as undeliverable. Accounts not considered to be inactive or dormant are classified as active account. New service and maintenance charges and changes in existing charges shall become effective upon giving you not less than 30 calendar days notice in writing mailed to your last known address. These charges may be deducted from your account and the Bank shall not be liable for dishonoring checks, drafts, notes, acceptances or other instruments because of insufficient funds resulting from the deduction of such charges.

6. You agree to maintain balances in your account as required by the Bank for each account from time to time. If the account falls below the stated requirement, such account will be subject to the then current fees detailed in the Bank's Schedule of Fees and shall be imposed in accordance with the Bank's Schedule of Fees as in effect from time to time.
7. The Bank may, in its discretion, pay all or any part of the amount on deposit by giving notice in writing to you of such intention, mailed to your last known address and accrual of interest (if any interest bearing account) shall cease upon such payment.
8. Periodically, you may be sent a statement showing deposits, withdrawals, balance on deposit, fees assessed, statement period, annual percentage yield (consumer accounts and unincorporated associations), amount of interest earned and other information concerning the account.
9. You must examine the statement and report to the Bank any inaccuracies, forgeries, or alterations within thirty- (30) days following receipt of statement; otherwise the statement will be deemed correct. Irrespective of your care or lack of care, under no circumstances shall the Bank be liable for any forgeries or alterations or series thereof if you have not notified the Bank in writing of same within sixty- (60) days of the receipt of the statement containing same. Statements shall be deemed received on the third day after the Statement Date appearing on the Statement. The Bank's responsibility with respect to each of your accounts shall be limited to the exercise of ordinary care as established by the reasonable commercial standards of the commercial banking business. Because a large portion of the services rendered in connection with each of your accounts is automated, due to the large volume of items processed by the Bank and our mutual desire to minimize the fees associated with account services, the Bank shall not be deemed to have failed to exercise ordinary care if it adheres to a standard of manual or mechanical examination of items being processed for payment that represent a sampling or selection of items drawn on all accounts or which meet certain minimum criteria established by the Bank for manual or mechanical inspection such as large amounts.
10. As to accounts on which checks may be written, the Bank shall have the right in its sole discretion to pay any postdated item or stale-dated item (an item presented more than six months after its date) regardless of when presented for payment if sufficient funds are available at the time of presentment. In the event

of such payment by the Bank, said item shall be deemed properly payable regardless of the date of such item or the date such item is paid by the Bank. The Bank shall not be required to observe, honor or comply with special instructions, limitations or conditions appearing on the face of an instrument that would limit or condition an order to pay any item drawn on the account.

11. You must provide the Bank with exact information to effect stop payment orders including account number, check number, amount, date and payee of the check. The Bank shall have no liability for its failure to affect any stop payment order in which you do not supply such exact information. The Bank will not be required to observe any oral stop payment order in which you do not supply such exact information.

The Bank will not be required to observe any oral stop payment order after 14 days from receipt of notice unless confirmed in writing within that period. A written stop payment order is effective for only six months unless renewed by you in writing.

12. If the account is a joint account, any of you shall have the right to close the account. You agree to be joint and severally liable for any overdrafts, or service charges to the account.
13. You hereby irrevocably appoint the Bank as your Attorney-In-Fact to draw on the funds in the account in whole or in part to satisfy any obligation you have to the Bank. You agree to indemnify and hold the Bank harmless from any loss occasioned by the exercise of this power or the Bank's right of off set.
14. The Bank may change address information on its records upon your request or upon receipt of notification of address change by the US Postal Service, and may, in its sole discretion, alter its address records as to any other of your accounts but shall have no liability for its failure to do so and shall have no obligation to notify other joint Depositor(s) of such change. You hereby ratify any address changes previously made by the Bank pursuant to your request or notification by the US Postal service.
15. Any account having a zero balance (unless otherwise specifically agreed to by the Bank may be determined closed by you. The Bank reserves the right to refuse any funds received thereafter.
16. Should any provision of these Deposit account Rules and Regulations, the Truth in Savings Act provisions below, or any amendments thereto be inconsistent with the terms of the contract appearing on the signature card as signed by you then these Rules and Regulations and the Truth in Savings provisions or any amendments thereto shall control to the extent of such inconsistency.
17. The Bank may, at any time, amend these Deposit Account Rules and Regulations, the Bank Schedule of Fees or the Truth in Savings Act provisions below, by providing not less than 30 calendar days' written notice to you at the address shown on the Bank's records (said notice shall be effective when placed in the US mail, postage prepaid). Further, these Rules and Regulations, the Bank Schedule of Fees and the Truth in Savings Act provisions below may be amended

from time to time to comply with applicable Federal and State laws and Regulations.

18. You agree to pay the Bank's attorneys' fees or costs incurred by the Bank in handling your account, including but not limited to responding to request for information by third parties, summons, subpoenas, levies, garnishments or other legal process.
19. If your account is a corporate account, proprietorship, partnership, limited liability company, or unincorporated association, the person signing the signature card certifies that such execution has been authorized by said entity.
20. The person (s) signing the signature card as Depositor or the entity executing same agree that the Bank may act in reliance upon the signatures (including any facsimile signature or Authorized Signer signature) on the signature card in the payment of funds to any one of them unless otherwise agreed to in writing by the Bank; agree that the title of the account has no legal significance whatsoever and does not impose any additional duties or responsibilities upon the bank in handling the account; agree that the account signifies a contractual relationship between the Bank and you only; agree that the Bank may change the title of the account or delete an Authorized Signer upon your approval; agree that in receiving items for deposit or collection (all items not drawn on the Bank are accepted for collection) the Bank acts only as your collecting agent and assumes no responsibility beyond the exercise of due care. Authorized Signer is your agent only and has no ownership right in the account. All items are credited subject to final payment, and that, until final payment, the Bank may refuse payment of any check or draft or withdrawal drawn against such uncollected items. Any item drawn on the Bank not good on the day deposited, or on which payment has been stopped, may be charged back at any time prior to midnight on the next banking day following the day of receipt. Any item received after the Bank's regular closing hours shall be deemed received the next banking day. The Bank shall incur no liability by failure to pay a check against the funds deposited the same day the check is presented. Unless instructions to the contrary are given when items are deposited, the Bank, or its correspondents, may send same direct to the bank on which they are drawn, or through intermediate banks, and may accept drafts or credits as conditional payment in lieu of cash; and the Bank will not be held liable for failure, default or neglect of any such payor bank, or of any duly selected correspondent, or for loss in transit; and no such correspondent shall be held liable, except for its own negligence. The Bank will make deposits available for withdrawal according to the Bank's published funds availability schedule as required by Regulation CC.
21. Upon the death of a sole proprietor, funds shall be paid to the proprietor's estate.
22. The Bank is authorized to obtain credit bureau reports, ChexSystems reports (or other information from like services) and references from any other financial institution with whom you have maintained any account. The Bank may refuse to offer or maintain accounts or services based on adverse information obtained from such reports or references or from other accounts maintained at the Bank.

23. You agree that an account opened in the name of an individual designated as custodian for a named minor followed by the abbreviation “under the U.T.M.A. or “U.G.M.A.” shall constitute a custodial account created under the Uniform Transfers to Minors Act or the Uniform Gifts to Minors Act of the state in which the account is opened.
24. No assignment of an account, in whole or in part, will be recognized by the Bank unless the written consent of the Bank is first obtained and such assignment is entered on the Bank’s records.
25. All rights, obligations and liabilities under this contract shall be determined in accordance with the laws of the state in which the account is opened, and the laws of the United States, as applicable.
You may withdraw any part or all of the balance on deposit, however, under the Federal Regulations, the Bank must reserve the right to require seven (7) days notice in writing before making any payment from an interest bearing account other than a time deposit.
26. Microfilm copies of checks drawn on transaction account will be retained by the Bank for the retention period specified by applicable state and federal regulations. You may request copies of specific checks.
27. All Hertford Savings Bank checking accounts are administered to meet certain regulatory reporting requirements. The way we report checking account information does not affect your use of the account. The structure of these accounts is technical in nature and affects only the way we administer checking accounts from a “bookkeeping” standpoint for regulatory reporting purposes.

Truth in Savings Act Disclosure

Effective June 21, 1993, the Truth in Savings Act was implemented by regulations adopted by the Federal Reserve Board as Regulation DD. The Act and Regulation require financial institutions to disclose to consumers all fees imposed in connection with a deposit account, the interest rate, the annual percentage yield (APY) paid on an account if interest is paid, and other terms of a deposit account. This information must be provided to you before an account is opened or upon your request. A rate sheet will be furnished to you at the time you open your account disclosing the interest rate and annual percentage yield applicable to the account.

Non-Interest Bearing Accounts:

Regular Checking

HSB Special Account (Senior)

1. Interest is not paid on these accounts
2. The Bank's Schedule of Fees will be furnished to you at the time you open your account. This schedule will detail the following:
 - a. Any minimum balance required to open the account
 - b. Any minimum balance required to avoid the imposition of fees or activity charges
 - c. The Bank's related charges for deposit services.
3. Monthly statements will include summary information regarding any fees that have been paid on your account as a result of Insufficient Funds transactions or overdrafts.

Hertford Savings Bank Savings Accounts

1. At our discretion your interest rate and annual percentage yield may change. Rates paid may vary based on the account levels. See rate sheet provided.
2. The Rates may change at any time.
3. Interest is compounded and credited quarterly on regular passbook savings. Interest is compounded and credited monthly on Money Market Deposit Account. Interest on Christmas Club is accrued during the term of the account and not compounded.
4. We use the daily balance method to calculate the interest on your account. This method applies a periodic rate to the collected balance in the account each day.
5. Interest begins to accrue no later than the business day the Bank receives the deposit.
6. The Bank's Schedule of Fees will be furnished to you at the time you open the account. This schedule will detail the following:
 - a. Any minimum balance required to open the account
 - b. Any minimum balance required to avoid the imposition of fees or activity charges.
 - c. The Banks related charges for deposit service

Certificates (CDs)

1. Interest will be accrued, compounded and credited quarterly or as directed by you. Interest begins to accrue no later than the business day the Bank receives the deposit.
2. A minimum deposit of \$500 is required to open certificates with terms greater than 6 months. A minimum deposit of \$2,500 is required to open certificates with terms less than 12 months. Additional deposits to this account during the term are not allowed (other than credited interest).
3. Interest which has been credited to the account during the current term may be withdrawn without a penalty during the current term. At renewal, interest earned during the previous term is added to principal and may not be withdrawn without penalty. The disclosed annual percentage yield assumes that interest remains on deposit for 12 months. A withdrawal of interest will reduce earnings.
4. The principal of this account may not be withdrawn prior to maturity except with the consent of the Bank which may be given only at the time such request for withdrawal is made. (For accounts that automatically renew, there is a seven-day grace period after each renewal date during which withdrawals are permitted without penalty.)
5. If the Bank consents to withdrawal before maturity at the time the request is made, the penalty listed below will be assessed:
 - a. When a time deposit with an original maturity of three months to one year is paid before maturity, you will forfeit 90 days interest
 - b. When a time deposit with an original maturity of more than one year is paid before maturity, you will forfeit 180 days interest. There are certain circumstances such as the death or incompetence of an owner, where we may reduce this penalty.
6. Interest on Commercial and Public CDs will not be compounded. Interest will accrue on a daily basis and be paid monthly or quarterly as directed by you.
7. All CDs will be automatically renewable unless otherwise specified by you. CDs that automatically renew will renew on the maturity date with each renewal term being the same as the original term, beginning on the maturity date (unless we notify you in writing 30 days before a maturity date of a different term for renewal.)

You must notify us in writing before or within a ten day grace period after the maturity date if you do not want this certificate to automatically renew. We reserve the right to stop automatic renewal by written notice to you 30 days before maturity.
7. The rate at each renewal will be determined by us on or just before the renewal date. A confirmation notice stating the term, the interest rate, the annual percentage rate (APY), and the new maturity date will be sent to you after the grace period has expired.

8. Additional Disclosures are included on your Certificate:
The Term of the CD
The Maturity Date
Annual Percentage Yield and the Interest Rate

Expedited Funds Availability Act Disclosure

This disclosure is required by federal law to comply with the Federal Reserve Board's Regulation CC that implements the Expedited Funds Availability Act effective September 1, 1988. 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. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

For determining the availability of your deposits, every day is a business day, except Saturday, Sundays, and federal holidays. If you make a deposit on a business day that we are open before 4:00 p.m. Monday through Thursday and 5:00 p.m. on Friday, we will consider that day to be the day of your deposit. However, if you make a deposit after these times or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Longer Delays May Apply

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 \$100 of your deposits, however, may 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.

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 \$5,000 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 not later than the seventh business day after the day of your deposit. These holds may

also apply to checks drawn on Federal Reserve Banks or Federal Home Loan Banks, state and local government checks, treasury checks, and US Money Orders.

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 \$5,000 from a deposits of US Treasury, Cashiers, Certified, Travelers, Federal Reserve Bank, 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 made payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit.

Funds from deposits of cash will be available on the first business day after the day of your deposit.

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

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

Other Rules

The endorsement standards of the Bank are and shall be as mandated under Federal Reserve Regulation CC as in effect from time to time.

Electronic Funds Transfer Disclosure

For purposes of this disclosure the terms "we", "us" and "our" refer to the Bank named above. The terms "you" and "your" refer to the recipient of this disclosure.

The Electronic Fund Transfer Act and Regulation E require Banks to provide certain information to customers regarding electronic fund transfers (EFTs). This disclosure applies to any EFT service you receive from us related to an account established primarily for personal, family or household purposes. Examples of EFT services include direct deposits to your account and automatic regular payments made from your account to a third party.

This disclosure contains important information about your use of electronic fund transfer (EFT) services provided by this Bank in relation to accounts established primarily for personal, family or household purposes. Please read this document thoroughly and retain it for future reference .

ELECTRONIC FUND TRANSFER SERVICES PROVIDED

PREAUTHORIZED TRANSFER SERVICES

You may arrange for the preauthorized automatic deposit of funds to your checking account(s).

You may arrange for the preauthorized automatic payment of bills from your checking account(s).

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: (1) pay for purchases; (ii) pay bills.

LIMITATIONS ON TRANSACTIONS

The terms of your account(s) may limit the number of withdrawals you may make each month. Restrictions disclosed at the time you opened your account(s), or sent to you subsequently will also apply to your electronic withdrawals and electronic payments unless specified otherwise.

You may NOT have preauthorized debits taken from your savings or money market accounts.

NOTICE OF RIGHTS AND RESPONSIBILITIES

The use of any electronic fund transfer services described in this document creates certain rights and responsibilities regarding these services as described below.

RIGHT TO RECEIVE DOCUMENTATION OF YOUR TRANSFERS

PERIODIC STATEMENTS. If your account is subject to receiving a monthly Statement, all EFT transactions will be reported on it. If your account is subject to receiving a statement less frequently than monthly, then you will continue to receive your statement on that cycle, unless there are EFT transactions, in which case you will receive a monthly statement.

PREAUTHORIZED DEPOSITS. 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 252-426-5403 to find out whether or not the deposit has been made.

PASSBOOK ACCOUNTS. If the only type of electronic fund transactions are preauthorized deposits you will not receive a statement for your Passbook account. If you bring your Passbook to us, we will record any electronic deposits that were made to your account since the last time you brought in your Passbook. You will not receive a periodic statement noting these transactions on your Passbook account.

RIGHTS REGARDING PREAUTHORIZED TRANSFERS

RIGHTS AND PROCEDURES TO STOP PAYMENTS. If you have instructed us to make regular preauthorized transfers out of your account, you may stop any of the payments. To stop a payment, call us at: 252-426-5403 or write to:
Hertford Savings Bank, SSB
P.O. Box 156
Hertford, NC 27944

We must receive your call or written request at least three (3) business days prior to the scheduled payment. If you call, please have the following information ready: your account number, the date the transfer is to take place, to whom the transfer is being made and the amount of the scheduled transfer. If you call, we may require you to put your request in writing and deliver it to us within fourteen (14) days after you call.

NOTICE OF VARYING AMOUNTS. If you have arranged for automatic periodic payments to be deducted from your checking or savings account and these payments vary in amount, you will be notified by the person or company you are going to pay ten days prior to the payment date of the amount to be deducted. 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.

OUR LIABILITY FOR FAILURE TO STOP PREAUTHORIZED TRANSFER PAYMENTS. If you order us to stop one of the payments and have provided us with the information we need within three (3) business days prior to the scheduled transfer, and we do not stop the transfer, we will be liable for your losses or damages.

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR TRANSACTION

In case of errors or questions about your electronic fund transfers, call us at: 252-426-5403 or write to:
Hertford Savings Bank, SSB
PO Box 156
Hertford, NC 27944

or use the current information on your most recent account statement.

Notification should be made as soon as possible if you think your statement or receipt is wrong or if you need more information about a transaction listed on the statement or receipt. You must contact the Bank no later than 60 days after it sent you the first statement on which the problem or error appears. You must be prepared to provide the following information:

- Your name and account number.
- A description of the error or transaction you are unsure about along with an explanation as to why you believe it is an error or why you need more information.
- The dollar amount of the suspected error.

If you provide oral notice, you may be required to send in your complaint or question in writing within ten (10) business days.

We will determine whether an error occurred within ten (10) business days (twenty (20) business days for new accounts) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days (ninety (90) days for new accounts and foreign initiated transfers) to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days (twenty business (20) days for new accounts) for the amount which you think is in error, so that you will have the use of the money during the time it takes to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account. The extended time periods for new accounts apply to all electronic fund transfers that occur within the first thirty (30) calendar days after the first deposit to the account is made, including those for foreign initiated transactions.

We will tell you the results within three (3) 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.

LIABILITY FOR FAILURE TO COMPLETE TRANSACTION

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 as provided by law. However, there are some exceptions. We will NOT be liable, for instance:

- If through no fault of ours, you do not have enough money in your account to make the transfer.
- If the transfer would result in your exceeding the credit limit on your line of credit, if you have one.
- If circumstances beyond our control (such as fire or flood, computer or machine breakdown, or failure or interruption of communications facilities) prevent the transfer, despite reasonable precautions we have taken.
- If we have terminated our Agreement with you.
- If we receive inaccurate or incomplete information needed to complete a transaction.
- In the case of preauthorized transfers, we will not be liable where there is a breakdown of the system which would normally handle the transfer.
- If the funds in the account are subject to legal action preventing a transfer to or from your account.

There may be other exceptions provided by applicable law.

CHARGES FOR TRANSFERS OR THE RIGHT TO MAKE TRANSFERS

We reserve the right to impose a fee and to change fees upon notice to you.

CONSUMER LIABILITY

You will tell us at once if you believe you believe that an electronic fund transfer has been made without your permission using information from your check. You should also call the number or write the address listed above if you believe a transfer has been made using the information from your check without your permission.

Also, if your statement shows transfers you did not make, tell us at once. If you do not tell us within sixty (60) days you could lose all the money in your account, if we can prove that we could have stopped someone from taking the money had you given us notice in time. If a good reason (such as a hospital stay) keeps you from giving the notice, we will extend the time periods.

DISCLOSURE OF ACCOUNT INFORMATION

We will disclose information to third parties about your account or electronic fund transfers made to your account:

Where necessary to complete a transfer or to investigate and resolve errors involving the transfer(s); or

In order to verify the existence and condition of your account for a third party such as a credit bureau or merchant; or
In order to comply with government agency or court orders; or
With your consent.

DEFINITION OF BUSINESS DAY

Business days are Monday through Friday excluding holidays.