



## **Overdraft and Unavailable Funds Practices**

### **Policy Statement.**

It is the policy of Community Bank, NA (“Bank” or “we”) to comply with all applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards. The Bank offers both Automated and Non-Automated Overdraft Protection Programs to our customers, wherein for a fee, and subject to certain limitations, we may cover certain items presented for payment even though you do not have sufficient available funds in your account. This document is intended to summarize our general practices with regard to these programs. This document may be amended from time to time. If you have questions with regard to any of our practices or the status of certain transactions you should contact your local branch for assistance. Certain terms and conditions of this document may differ for commercial, municipal and other “non-consumer” accounts. Customers may decline to participate in key aspects of our Programs.

### **Relationship to Deposit Account Terms and Conditions Agreement.**

The Deposit Account Terms and Conditions Agreement provided to you at the time you opened your account and as updated from time to time, as well as relevant state and federal law govern the obligations and rights of the account holder(s) and Bank with regard to your account. The Deposit Account Terms and Conditions Agreement (and all amendments thereto) shall control any conflict between this document and the Deposit Account Terms and Conditions Agreement. A copy of the current Deposit Account Terms and Conditions Agreement is available on request or on our website.

### **General Terms.**

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we cover the transaction on your behalf. An unavailable funds transaction occurs when you do not have sufficient available funds in your account to cover a transaction, but we cover the transaction on your behalf. While subject to change, our funds availability policy is to generally make funds from your deposits available to you on the next business day after the day we receive your deposit. Please refer to the Bank’s Funds Availability Policy for details. Unless otherwise noted, for purposes of this document, overdraft and unavailable funds transactions will generally be referred to as “overdrafts”. We can cover your overdrafts in different ways:

1. We offer a standard automated Overdraft Protection Program (Automated Program) with most accounts.
2. Accounts not enrolled in the Automated Program, will be referred to as Non-Automated Program accounts.
3. Frequent overdrafts or unavailable fund fees can be costly. We also offer other products and services, such as overdraft credit lines or an overdraft sweep service from a savings or money market account (consumers only), which may be less expensive than our Automated and Non-Automated Overdraft Protection Programs. To learn more, ask us about these products or visit our website.

Helpful tips for avoiding overdrafts can be obtained through branch personnel and are periodically posted on our website at [www.communitybankna.com](http://www.communitybankna.com). This document explains our standard Automated and Non-Automated Overdraft Protection Programs.

### **Bank’s right to refuse payment; Your obligation to pay.**

The Bank’s Automated and Non-Automated Overdraft Protection Programs are not lines of credit. We are not obligated to cover any item presented for payment if your account does not contain sufficient or available funds. While we will have the discretion to cover overdrafts on accounts, any such payment is a discretionary courtesy, and not a right of the customer or an obligation of Bank. Bank, in its sole and absolute discretion, can cease covering overdrafts at any time without prior notice of reason or cause if we feel it is inappropriate to extend credit/ cover the transaction. If we do not authorize and cover an overdraft, your transaction will generally be returned or declined and certain fees may still apply. The total amount of any overdraft (including the amount of overdraft fees and other applicable fees) is due and payable on demand, and each relevant party will continue to be liable, jointly and severally, for all such amounts, as described in our agreements with you and under applicable law.

### **Order of Processing.**

Generally speaking, we post transactions received on a daily basis in the following order:

1. All deposits received are posted.
2. Withdrawals are grouped by transaction type and then processed. Items within each group are processed either in sequential order (i.e., check number order), or by dollar amount, with the lowest dollar amount transactions being processed before higher dollar amount transactions. The posting methodology does not necessarily represent the order in which payments were made by you, and could result in less or more overdraft payments.

### **Fees.**

Subject to certain notification requirements, overdraft and related fees are subject to change. Fees may be waived at our discretion in certain circumstances. Our current overdraft and related fees are:

- We will charge you a fee of \$35 each time we pay an overdraft, return an item due to insufficient funds (NSF)\*, or pay an item based on unavailable funds.
- There is a four per day limit on each of the above fees we can charge you. It is the intention of Bank that customers not incur more than four combined overdraft, NSF, and unavailable funds fees per day. Customers charged more than four overdrafts, NSF, and unavailable funds fees in a single day will receive a rebate for each transaction in excess of four upon notifying Bank.
- We will charge you a fee of \$5 for each consecutive business day your account remains overdrawn, starting on the 5<sup>th</sup> business day.

\* You will not be charged an Overdraft Fee, NSF Return Fee, Unavailable Fund Fee or Consecutive Day OD Fee if your aggregate overdrawn balance is less than \$5.

Note: An Overdraft Fee is a fee which is assessed if an item is presented against insufficient funds and the Bank elects to pay the item. An NSF (Non-Sufficient Fund) Fee is a fee which assessed when an item is presented against insufficient funds and the Bank returns the item. An Unavailable Fund Fee is a fee which is assessed when an item is presented against funds which have not yet been collected.

### **Automated Program Eligibility and Limits.**

If your account meets certain criteria, has been open for at least forty-five (45) days, and thereafter you maintain your account in good standing, Bank may extend coverage to you under our Automated Program and will have the discretion to cover transactions, generally up to a maximum limit. Maximum limits are determined by product type. This limit applies to the negative balance (including the amount of overdraft fees and other applicable fees) of your account. We may extend smaller limits for accounts open less than forty-five days and other limits may apply. Certain types of customers or accounts are generally not eligible (e.g., estates, rep payee, trusts, UTMA, PUTMA, student, IOLA, IOLTA, funeral home, landlord/ tenant, non-profit, public funds, non-U.S. citizens). Other exclusions may apply. Enrollment in the Automated Program will be at the Bank's sole discretion. Customers may be removed from or re-instated into the Automated Program from time to time based on criteria established by the Bank. Eligibility and good standing criteria are determined at the discretion of the Bank and may change from time to time. Your account could become overdrawn in excess of the established Automated Program limit with Bank approval. As set forth above, our agreement to pay any charges up to or exceeding the limit will not require that we do so in the future or affect your obligations to repay. Customers may elect not to participate in our Automated Program by following the instructions set forth below. Customers not enrolled in the Bank's Automated Program will default to and be considered participants in the Non-Automated Program.

### **Automated Program Covered Transactions and Elections.**

Covered Transactions under our Automated Program include all banking transactions that may result in an overdraft including but not limited to:

- In person withdrawals
- Checks
- ACH debit transactions (electronic payments)

- Online banking transactions
- Online Bill Pay transactions
- Telephone Banking Transfers
- Visa Check Card purchases
- ATM transactions
- Fees and charges from CBNA
- Returned deposited items
- Withdrawals by other electronic means

For Consumer Accounts Only, effective July 1, 2010 all new customers must tell us whether or not they wish to have ATM and everyday debit card transactions that would result in an overdraft paid. Prior to August 15, 2010 all consumer account holders were provided an opportunity to make this election. Consumer accounts that did not reply were deemed to have elected not to pay these items. See the document entitled “What You Need to Know About Overdrafts and Overdraft Fees” for more information about this election. Customers can make or change their elections at any time by calling or visiting their local branch; by calling 1-800-991-4280 and following the prompts for overdraft options; or by completing the attached document referenced above. Unless you instruct us otherwise (see below), regardless of whether or not you have ATM and everyday debit card transactions paid, customers are still enrolled in our Automated Program.

Customers may elect not to participate in our Automated Program by calling or visiting their local branch or by calling 1-800-388-4679. Bank reserves the right to remove or reinstate a customer from the Automated Program at its sole discretion from time to time and without advance notice. Customers who have opted-out will not be reinstated unless they change their election.

**Non-Automated Program Covered Transactions.**

Customers not enrolled in the Bank’s Automated Program (whether due to an election or at Bank’s discretion) will default to and be considered participants in the Non-Automated Program. Among other factors, participants in our Non-Automated Program will have ATM and everyday debit card items that would result in an overdraft declined or rejected at the merchant. In addition, participants in our Non-Automated Program will generally have other electronic transactions such as non-recurring debit card, in-branch, Internet banking, and telephone banking transactions rejected or declined, if at the time of the transaction it does not appear that sufficient or available funds are present. Exceptions may apply.

In general, for participants in the Non-Automated Program, branch personnel will make a determination to pay or return checks, ACH, and other applicable transactions that are presented, where the result of the transaction would be a negative balance due to insufficient or unavailable funds. Overdraft, NSF, Unavailable, merchant and other fees may still apply. In general, if an item is not paid it will be returned or rejected. NSF, merchant and other fees may still apply.

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdraft in two different ways:

1. We have **standard overdraft practices** that come with your account.
2. We also **offer overdraft protection plans**, such as a ChekCredit Line of Credit, or a sweep service from your savings or money market account, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices

➤ **What are the standard overdraft practices that come with my account?**

We may authorize and pay overdraft items for the following types of transactions:

- Checks and other transactions made using your checking or money market account number
- Automatic bill payments
- Recurring debit card transactions (example: monthly membership dues)

We do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):

- ATM transactions
- Everyday debit card transactions

We may pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction.

If we do not authorize and pay an overdraft, your transaction will be declined.

➤ **What fees will I be charged if Community Bank, N.A. pays my overdraft or pays an item drawn on unavailable funds?**

Under our standard overdraft practices:

- We will charge you a fee of \$35 each time we pay a non-sufficient\* or overdraft\* item or each time you draw on unavailable funds.
- Also, we will charge you a fee of \$5 for each consecutive\* business day your account remains overdrawn beginning on the 5<sup>th</sup> business day.
- \*NSF/Overdraft/Consecutive OD fees are not assessed for aggregate overdrawn balances of less than \$5.00
- Non-sufficient, Overdraft, and Unavailable Fund Fees are each limited to 4 per day.

➤ **What if I want Community Bank, N.A. to authorize and pay overdrafts on my ATM and everyday debit card transactions?**

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions complete the form below and present it to your local branch or mail it to: Community Bank, N.A. 1 Tallman Drive, Canton, New York 13617. You may also opt-in via the Bank's Telephone Banking System by calling 1-800-991-4280 and following the prompt for overdraft options. You may revoke your consent at any time by contacting us either in person, or by mail or by phone.

**Opt - In  
Authorization**

**I want Community Bank, N.A. to authorize and pay overdrafts on ATM and every day debit card transactions.**  
**Note that regulations require separate forms for each of your checking and money market accounts.**

**Account Number** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_ **Date** \_\_\_\_\_

**Signature** \_\_\_\_\_