

**Community Bank, N.A.**  
**Overdraft and Unavailable Funds Practices Disclosure**

**This Disclosure contains important information regarding your account balance; our Overdraft Programs; how payment and deposit transactions are posted to your account; when we consider your account to be Overdrawn; and the fees you may be charged if your account is Overdrawn. Please read it carefully. If you have questions, please contact your local branch or call 1-866-764-8638.**

**Policy Statement.**

It is the policy of Community Bank, N.A. 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 Programs to our customers, wherein for a fee, and subject to certain limitations, we may pay certain items even though you do not have sufficient available funds in your account when such item(s) is presented for payment. This document is intended to summarize our practices with regard to these programs. Certain terms and conditions of this document may differ for commercial, municipal and other “non-consumer” accounts. Some of these differences are incorporated into this document. Please contact us if you have any questions. Customers may decline to participate in key aspects of our Automated Overdraft Program, as detailed below.

**Relationship to Account Agreement – Terms and Conditions.** The Account Agreement – Terms and Conditions (the “Account Agreement”) provided to you at the time your deposit account was opened or acquired, and as updated from time to time, as well as applicable law govern the obligations and rights of the account holder(s) and Bank with regard to your account. The Account Agreement (and all amendments thereto) shall incorporate an overview of this document and its key terms and provisions. A copy of the current Account Agreement is available on request or on our website at [www.cbna.com](http://www.cbna.com)

**General Terms.**

- For purposes of this Disclosure, “you”, “your”, or “customer” refers to you, the account owner, any joint account holders, and anyone else with the authority to deposit, withdraw, or exercise authority over the funds in the account. Community Bank, N.A. may be referred to as the “Bank”, “we”, “our”, or “us”.
- Headings, when used, are for convenience and reference only and shall not limit, nor extend the scope, or govern interpretation of the provisions of this disclosure.
- An Overdraft occurs when you do not have enough money in the current balance of your account to cover a transaction, but we pay the transaction on your behalf.
- An Overdraft Fee is a fee that is assessed when an Overdraft occurs. On your monthly account statements an Overdraft Fee will be reflected as a “Paid Item Fee”.
- A Consecutive Day Overdraft Fee is a fee on non-consumer accounts that is assessed for each consecutive / continuous business day your account remains overdrawn, starting on the fifth (5) business day.
- A Non-Sufficient Fund (“NSF”) transaction occurs when you do not have enough money in your account to cover a transaction, and we do not pay the transaction on your behalf. In this scenario the item will be returned.
- An NSF Fee is a fee on non-consumer accounts that is assessed when an NSF transaction occurs. On your monthly account statements an NSF Fee will be reflected as a “Return Item Fee”.
- An Unavailable Funds (“UAF”) transaction occurs when you do not have sufficient available funds in your account to cover a transaction, but we pay the transaction.
- A UAF Fee is a fee on non-consumer accounts that is assessed when a UAF transaction occurs. On your monthly account statements a UAF Fee will be reflected as an “Unavailable Funds Fee”.
- The words “cover” and “pay” are inter-related throughout this document. Generally speaking when we use the word pay we are referring to an item that the Bank has agreed to honor and that item will post to the account. When we use the word cover this can generally be viewed from the customer’s perspective and/or it may refer to the status of a transaction before the Bank decides whether or not it will pay. To illustrate these concepts, if you do not have enough money in your account to “cover” the transaction, we will make a decision about whether or not to “pay” it.
- While subject to change, our Availability of Funds Policy is to generally make funds from your deposits for checks drawn on another bank available to you on the next business day after the day we receive your deposit. Please refer to the Bank’s Availability of Funds Policy for details.
- Unless otherwise noted or where the context infers otherwise, for purposes of this document, Overdraft, NSF and UAF transactions may collectively be referred to as “OD Transactions” and, where applicable, Overdraft, NSF, UAF, and Consecutive Day Overdraft Fees may collectively be referred to as “OD Fees”.
- Unless stated or clearly indicated otherwise, examples and illustrations herein will assume that customer is part of the Automated Program.

**Amendments.** You agree that we have the right to change this Disclosure with or without notice, as permitted by law, and that any such changes will be binding upon you.

**Your Account Balance.** Your checking account has two kinds of balances: the “current” balance and the “available” balance. While qualified by the limitations and disclosures set forth herein, both can be checked when you review your account online, use our app, call us, at ATMs that we own (e.g., ATMs in our branches or bearing our name), or at a branch. It is important to understand how the two

balances work so that you know how much money is in your account at any given time. This section explains the two balances and how they work.

Your current balance is the full amount of all previously posted deposits/ credits to your account, less withdrawal/ debit transactions that have actually been presented to us for payment and have “posted” to your account. Stated differently it is the prior business day final posted balance. It does not include any transaction which has not yet been processed through our nightly batch and “posted” to your account (e.g., certain deposits (or portions of deposits) which are not yet posted, checks that you have written that are outstanding, “memo” items that have been received at the Bank but have not yet been posted such as Intra-Bank transfers, preauthorized commitments to pay merchants that are pending settlement, certain payments or transfers you have scheduled, etc.). Current balance may also exclude funds subject to certain types of legal holds or suspended transactions. Thus, while the term “current” may sound as though the amount you see is an up-to-date display of what is in your account that you can spend, that is not always the case. For example, if you have a \$50 current balance, but you just wrote a check for \$40, then your current balance is \$50 but it does not reflect the \$40 check transaction, even though you have already spent the \$40.

Your available balance is the amount of money in your account that is available to you for use. It is the current balance less debit card payment commitments that the Bank has authorized, other “memo” items that have been received at the Bank but have not yet posted to your account such as Intra-Bank transfers or certain payments or transfers you have scheduled/ authorized, and other funds that are subject to legal holds or availability holds. Available balance does not include transactions that have not been presented to/ received by the Bank for processing such as checks you have written, or certain payments or transfers you have scheduled/ authorized. Similarly, while the term “available” may sound as though the amount you see is an up-to-date display of what is in your account that you can spend, that is not always the case. For example, assume you have a current balance of \$50 and an available balance of \$50. If you were to use your debit card at a merchant to buy groceries for \$20, then that merchant could ask us to authorize the payment. If we do so, then we are obligated to pay the merchant, even if your balances are negative at the time the debit card transaction is submitted to us by the merchant. We will reduce your available balance by the amount of the “pre-authorization commitment,” which is \$20. Your current balance would still be \$50 because this transaction has not yet posted, but your available balance would be \$30 because you have a commitment to pay the merchant \$20. If you also wrote a check for \$40 from your account that day (and it has not been presented to us), neither your current or available balance would account for the check. When the grocery merchant submits its bill for payment (which could be several days later), your current balance will be reduced by the amount of the posted transaction (in this example, \$20) and, unless any other transaction were posted in the interim, both your current and available balance will be \$30. If the \$40 check is presented and posts the next day, your current and available balance would both be negative \$10 and you would incur an Overdraft Fee.

### **Background.**

We can handle/ process your OD Transactions in different ways:

1. We offer an Automated Overdraft Program (“Automated Program”) with most accounts.
2. Accounts not in the Automated Program, will be referred to as “Non-Automated Program” accounts.
3. Frequent OD Transactions or OD Fees can be costly. We also offer other Overdraft products and services, such as overdraft credit lines or an overdraft sweep service from a savings or money market account (consumers only) (collectively “Overdraft Products”), which may be less expensive than our Automated and Non-Automated Overdraft Programs. To learn more, ask us about these products.

Helpful tips for avoiding OD Transactions and OD Fees can be obtained through branch personnel and are periodically posted on our website. This document explains our Automated and Non-Automated Overdraft Programs (collectively “Overdraft Programs”) and certain information about our other Overdraft Products.

For consumer accounts, please note that you must affirmatively consent (opt-in) in order for us to consider and pay “ATM and everyday debit card transactions” that would result in an Overdraft. Without your consent (i.e., if you do not opt-in or if you specifically opt-out), we may not authorize these transactions and they may be declined at the merchant where you are using your card. Consumers can make or change their election 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 “What You Need to Know About Overdrafts and Overdraft Fees” and submitting it per the instructions or at your local branch. Your ATM and everyday debit card election and your election to participate in our Automated Program are separate and distinct. Unless you instruct us otherwise or we remove you (see below), the aforementioned ATM and everyday debit card election will not impact your enrollment in our Automated Program.

### **Covered Transactions.**

Covered Transactions under our Overdraft Programs include all banking transactions that may result in an OD Transaction, including but not limited to:

- In person withdrawals and transfers
- Checks

- ACH debit transactions (electronic payments)
- Online banking transactions and transfers
- Online Bill Pay transactions
- Telephone Banking Transfers
- Recurring VISA Check (“Debit”) Card purchases and transactions
- Everyday VISA Check (“Debit”) Card purchases (“everyday debit card transaction”) (#)
- ATM transactions (#)
- Any other form of Intra-Bank Transfers
- Fees and charges from the Bank
- Returned deposited items
- Withdrawals by electronic or other means

(#) – Status as a Covered Transaction for the purpose of charging OD Fees is subject to your ATM and everyday debit card election as set forth above.

Whether or not Covered Transactions will ultimately result in an OD Transaction or OD Fees depends on your elections and is explained further below.

**Automated Program Eligibility and Limits.** If a check, item or transaction is presented without sufficient available funds or a sufficient current balance to cover it, we may, at our discretion, pay the item; or, decline or return the item. The Bank’s policies allow us to authorize payment for the Covered Transactions identified above regardless of whether your account has a sufficient available or current balance.

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, the Bank may extend coverage to you under our Automated Program and will have the discretion to pay transactions, generally up to a maximum tolerance limit. Maximum tolerance limits are determined by product type. This tolerance limit applies to the negative balance (including the amount of OD Fees and other applicable fees) of your account. We may extend smaller tolerance limits at our discretion, for accounts open less than forty-five days, and other limits may apply. Certain types of customers or accounts are generally not eligible (ask us for details). Eligibility, tolerance limit, good standing, and other criteria for the Automated Program will be at the Bank’s sole discretion and may change from time to time without advance notice. Customers may be removed from or re-instated into the Automated Program without notice and from time to time based on criteria established by the Bank, however, customers who have opted-out of our Automated Program will not be reinstated unless they change their election. Your account could become overdrawn in excess of the established Automated Program tolerance limit with Bank approval. Our agreement to pay any transactions or charges up to or exceeding the tolerance 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 calling or visiting their local branch or by calling 1-866-764-8638. Please specify your desire to opt-out of our Automated Program, for ATM and everyday debit card transactions, or both. Customers not in the Bank’s Automated Program will default to and be considered participants in the Non-Automated Program.

**Non-Automated Program.** Participation in the Non-Automated Program is not a guarantee or commitment of Bank that OD Transactions and OD Fees will not occur. For the Non-Automated Program, Covered Transactions are handled in different ways and resulting fees depend on the type of transaction and your elections. In general, 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 current balance due to insufficient funds. Electronic transactions such as recurring debit card transactions, online banking transactions/transfers, bill pay transactions, telephone banking transfers, and certain other electronic transactions will be rejected or declined systematically, where it appears at that time that the result of the transaction would be a negative available balance due to insufficient funds. ATM and everyday debit card transactions will also be declined or rejected at the merchant, where it appears at that time that the result of the transaction would be a negative available balance due to insufficient funds. Exceptions apply. For example, if a transaction (including an ATM or everyday debit card transaction) is authorized at a time when it appears that there are available funds, but the subsequent presentment and posting of items causes a negative current balance (including to the originally authorized transaction) for the account; Overdraft, NSF, merchant or other fees can result. If you wish to avoid OD Fees in these scenarios for your ATM or everyday debit card transactions, in addition to opting out of our Automated Program, you must also opt-out for the ATM and everyday debit card election. In general, if an item is not paid it will be returned or rejected and Overdraft, NSF, merchant and other fees may still apply. Non-consumer accounts in the Non-Automated Program will also remain subject to UAF Fees, based on our payment of items that were drawn on Unavailable Funds.

**POSTING TRANSACTIONS TO YOUR ACCOUNT.** The two basic types of transactions for your account are: (i) credits (e.g., deposits) into your account, and (ii) debits (e.g., withdrawals or payments) out of your account. We may receive multiple credit and debit transactions on your account in many different forms throughout the day. This is a general description of how certain types of transactions are posted and exceptions apply. In most cases, we will follow the order set forth in this Disclosure, however, these

practices may change, and we reserve the right, at our discretion, to pay a check, or any other item, and execute other transactions on your account in any order we choose as permitted by law.

### **Posting Methodology/ Order.**

1. The posting methodology (for deposits and withdrawals) does not necessarily represent the order that you make them or the order that we receive them. The order in which we post transactions may affect the items that are paid and the total amount of OD Fees that may be charged to your account. Transactions are “batch” processed nightly on Business Days, and not in real time. Transactions not processed on a given Business Day (e.g., those received after established cut-off times; or transactions occurring on Saturday, Sunday, a banking holiday, or other day that we are not open) will process on the next Business Day in accordance with the referenced posting order, and without regard to the chronological order of the transactions. For example, if you have one transaction each on Friday after established cut-off times, on Saturday, on Sunday, on a Monday banking holiday, and prior to cut-off time on Tuesday; these five transactions will post on Tuesday night in accordance with our referenced posting order, even though they happened on five different days.

2. **Credits.** We reserve the right to refuse any item for deposit into your account. Certain deposits may be held or suspended by the Bank (e.g., in accordance with legal or other process, pursuant to our Availability of Funds Policy, to help mitigate losses attributable to potentially fraudulent, suspicious or unusual activity, etc.) and depending on the type of hold/ suspension may not be included in your current or available balance. On each Business Day, we first post all deposits/ credits received by transaction type. Your current balance may not reflect the most recent deposits to your account, and is subject to established cut-off times. For additional details on the availability of funds that are deposited, see our “Availability of Funds Policy,” which is available on our website or upon request at your local branch. We may use subsequent deposits, including direct deposits of social security and other government benefits to cover OD Transactions and OD Fees.

3. **Debits.** There are several types of debit/ withdrawal transactions. Note that there are many ways transactions are presented for payment by merchants, and the Bank is not necessarily in control of when or how transactions are received. Debit/ withdrawals received prior to cut-off times on a Business Day are generally grouped by, and posted in, transaction type order. While the transaction posting order sequence included herein is intended to be helpful, due to the volume of different transaction types (including sometimes multiple transaction types within a sub category) exceptions will exist. If you are concerned about how your transactions will post it is imperative that you contact us before proceeding with a transaction. All transactions within a transaction type are posted before proceeding to the next transaction type. Debits/ withdrawal transaction types generally process in the following order: (i) cashed items; (ii) outgoing wire transfers; (iii) individual types of Automated Clearing House (“ACH”) debits; (iv) individual types of Automated Teller Machine (“ATM”) and Point of Sale (“POS”) transactions (e.g., PIN and signature based, recurring POS, etc.); and, (v) checks. The foregoing list includes several of the more common transaction types but is not comprehensive. Generally speaking, where a serial or sequence number is assigned to a transaction (e.g. a check number), these items will post in ascending “serial number order” (exceptions may apply). Otherwise transactions are posted using a methodology wherein entries for each transaction type are posted in order by dollar amount from lowest to highest (“low to high methodology”). Additional information and details about various debit transactions are included below.

- i. **Cashed Items.** Cashed items include both checks cashed in a branch and cash withdrawals made from a deposit account. Cashed checks are posted in serial number order. Other cashed items are posted using the low to high methodology.
- ii. **Outgoing Wire Transfers.** Outgoing Wire Transfers include wires whether made in a branch or through other means (for non-consumers only). Wires are posted using the low to high methodology.
- iii. **ACH Debits.** ACH transactions are sent to us at various times during the business day. ACH debits include, payments that you have authorized be taken from your account (e.g., utility company or insurance payments), or check transactions converted to ACH by a merchant. Transactions converted from a check or containing a serial/ sequence number will be posted by transaction type and in ascending serial number order. All other ACH transactions will be posted by transaction type using the low to high methodology by transaction amount.
- iv. **Individual Types of ATM and POS transactions.** This category consists of multiple transaction types and each transaction type will be posted using the low to high methodology. Factors such as merchant elections and the activity being performed determines the transaction type and ultimately the posting order. Please contact us before proceeding with a transaction if you are concerned about the order in which an ATM or POS transaction will post. Examples include: a Personal Identification Number (PIN)-based transaction occurs when your debit card or ATM card is used to make a purchase or withdrawal and the transaction is processed through a PIN debit network. A purchase transaction may be a PIN-based transaction even if the merchant does not require you to enter your PIN; a signature-based purchase transaction occurs when your debit card or ATM card is used to make a purchase and the merchant processes the transaction through a signature-based network, such as VISA. In some situations, the merchant may not require a signature, such as for an internet purchase or for a purchase below a certain

dollar amount. When you provide your debit card to a merchant to have them deduct regularly occurring charges (e.g., cable bill, gym membership, etc.) this is known as a recurring debit transaction; recurring debit card transactions are signature based. A merchant may seek pre-authorization for a purchase transaction made with a debit or ATM card. When this happens we generally reduce your available balance by the amount of the pre-authorization commitment. We reduce your available balance as we receive (and accept) the pre-authorization request, but your current balance is not affected until the transaction is finalized by the merchant, presented to us, and posted to your account. This can happen the same day or sometimes days after the transaction, depending on the merchant.

- v. **Checks.** When you write a check, the check may be processed internally or through a clearing unit, such as a Federal Reserve Bank. Checks are posted by serial number order (i.e., check number order). For remotely created and other checks not derived from your checkbook, we will use the check number that the merchant or other party assigns. As noted above, checks you write on your account that are cashed at any of our branches are posted individually and deducted from your account first.

4. **Intra-Bank Transfers.** Intra-Bank Transfers represent transfers (including automated and one-time) made between Community Bank, N.A. deposit or loan accounts. The tool/ method utilized (e.g., in person, ATM/ debit card, online or mobile app, telephone banking, etc.) and type of account determines the transaction type and ultimately the posting order. Please contact us before proceeding with a transaction if you are concerned about the order in which an Intra-Bank Transfer will post. Our posting (or not posting) of Intra-Bank Transfers may be subject to your overdraft tolerance limit (and for ATM transfers subject to your opt-in election) and/ or our internal processes. Intra-Bank Transfers are Covered Transactions. We may at our sole discretion, process an Intra-Bank Transfer, even if the result is an OD Transaction and/ or OD Fees to your account. Intra-Bank Transfers will be posted first by transaction type and then within each transaction type, using the low to high methodology. Further, Intra-Bank Transfers may be initiated with a positive or negative available balance and the account may later become overdrawn (e.g., due to other transactions posting); the transaction triggering the OD Transaction and/ or OD Fee may be the Intra-Bank Transfer or another item. We do not consider whether the total of all transactions (including an Intra-Bank Transfer) for a given day will ultimately result in one or more OD Transactions and/ or OD Fees.

#### **Transaction Type/ Merchant Elections.**

The transaction type applied to a particular deposit or withdrawal transaction presented to the Bank may be dictated by a third party, based on convenience or at their sole discretion. For example, you should be aware that many merchants convert checks to ACH transactions, and checks so converted will be grouped with ACH transactions; or, while bill payment transactions will often be processed as an ACH transaction, in certain circumstances they may be mailed as a check. These examples are not exhaustive.

We cannot dictate whether or not (or how many times) a merchant will resubmit a previously presented item. Non-consumer accounts may be charged more than one Overdraft or NSF Fee if a merchant submits a single transaction multiple times after it has been rejected or returned.

Merchants are responsible for properly identifying a debit card transaction as recurring, or everyday, and these selections are not controlled by the Bank. If you feel, and timely notify us (generally within 60 days of your statement being made available to you), that a merchant has inaccurately classified an everyday debit card transaction as a recurring transaction, we will promptly investigate, and where appropriate (e.g., an improper OD Fee resulted), refund applicable OD Fee(s).

#### **Debit Pre-Authorizations.**

Your available balance may not reflect all of your pending debit card transactions. For example, if a merchant obtains a pre-authorization commitment but does not submit the transaction for payment within three (3) business days, we may increase your available balance by the amount of the pre-authorization commitment. This means that your available balance will not reflect the pending transaction until the transaction has been received by us and paid from/ posted to your account; if it is later posted. Note that this commonly happens with certain types of pre-authorized commitments, such as car rentals, hotels, and international purchases, depending on the merchant. Even though we may increase your available balance when a merchant does not submit the transaction for payment in a timely manner, the obligation to the merchant still applies and OD Transactions and/ or OD Fees could result. Assume a starting current and available balance of \$200. A car rental agency submits a pre-authorization for \$110, reducing your available balance to \$90. If a \$150 debit card authorization is submitted on day 2, it will appear that you do not have a sufficient available balance to cover the \$150 debit transaction. Now assume the same starting balances and car rental authorization, but instead no transactions are presented within the 3 days. The car rental authorization may be released and your available balance will return to \$200. On day 4, a \$150 debit card authorization is presented and posts. The current and available balance is \$50. However, if on day 5 the hotel submits \$110 for settlement and posting, the Bank will be obligated to honor the transaction and the result will be a negative \$60 current and available balance. The time period for settling the pre-authorization commitment may be different for certain types of merchants, or for transactions or accounts that involve suspicious or unusual activity. The examples in this paragraph are for illustrative purposes only and do not consider or disclose differences between consumers who have opted-in or opted out for purposes of ATM and everyday debit card transactions.

The amount of a pre-authorization commitment may differ from the actual payment (if any transaction is later processed) because the final transaction amount may not be known to the merchant when the merchant submits a pre-authorization request. For example, a restaurant may request a pre-authorization commitment on your account for the amount of your bill, but when the transaction posts it may be for an amount that includes a tip that you authorized. A difference in amount may also happen when you use your ATM or debit card at gas stations, hotels, car rental companies, and other establishments. We cannot control how much a merchant asks us to pre-authorize.

### **Monitoring of your Account and Balances.**

IT IS VERY IMPORTANT TO UNDERSTAND THAT YOU MAY STILL HAVE AN OD TRANSACTION AND/OR OD FEES ON YOUR ACCOUNT EVEN THOUGH THE CURRENT AND AVAILABLE BALANCES APPEAR TO SHOW THERE ARE SUFFICIENT FUNDS TO COVER A TRANSACTION THAT YOU WANT TO MAKE. As illustrated throughout this Disclosure, your current and available balance may not reflect all of your outstanding transactions that you have authorized or that have not been paid from your account; or your balance may not reflect recent deposits to your account.

Account balances that you can see during the course of the day using tools such as online banking, our mobile app, or ATM's may (or may not) include pending or current day transactions. While you can view certain transactions, they may not be effective until posted in accordance with the Bank's existing processing procedures and subject to our cut off times. When processed, these transactions will follow the posting order set forth above.

We do not have to notify you if your account does not have sufficient current or available balance in order to pay an item.

This overview, and the examples and illustrations provided are not comprehensive or exhaustive. It is the customer's responsibility to monitor their account activity and ensure that there are adequate funds in your account to satisfy pending transactions. You should always call us or consult with your local branch if you have questions regarding funds availability and transaction processing; including if you are concerned about when a deposit or debit/ withdrawal will be posted, or the order in which certain transactions will be posted.

**When is Your Account Overdrawn?** Available balance (plus where applicable any overdraft tolerance limit applicable to your account) is used to determine whether we will authorize a transaction, **but your current balance at the time a transaction is posted to your account is used to determine whether your account is overdrawn and potentially subject to an Overdraft Fee.** The following example illustrates how this works. Assume your current balance and available balance are both \$50, and you use your debit card at a merchant for \$20. The merchant requests a pre-authorization commitment. Because you have \$50 available, we will likely authorize the payment and will reduce your available balance to \$30. Your current balance will still be \$50. Before the merchant transaction is sent to us for payment, a check that you wrote for \$40 posts. Because you have only \$30 available (you have a commitment to pay the merchant \$20), the check will cause your available balance to be negative by \$10 but prior to posting this check your current balance will still be \$50. In this case, we will typically pay the \$40 check, and you will not be charged an Overdraft Fee for the \$40 transaction, because your current balance is sufficient to cover the amount of the check transaction. When the merchant presents the \$20 charge for payment, your current balance, which is now only positive \$10 (\$50 - \$40 check that posted), will be insufficient to cover/ pay the \$20 transaction and your account will be Overdrawn. This example illustrates that if a transaction (including an ATM or everyday debit card transaction) is authorized at a time when it appears that there are available funds, but the subsequent presentment and posting of items causes a negative current balance (including to the originally authorized transaction) for the account that an Overdraft, as well as Overdraft or other Fees can result. If you have opted to have us cover/ pay ATM and everyday debit card transactions that would result in an Overdraft (as described above), or if the debit card entry is a recurring debit card transaction, we will charge an Overdraft Fee whether the initial available balance is positive (or negative and within our overdraft tolerance limit), since your current balance is insufficient at the time the transaction is posted to your account. If you have not opted to have us cover/ pay ATM and everyday debit card transactions you would still have an Overdraft transaction, but whether or not you are charged an Overdraft Fee for the \$20 debit card transaction will depend on whether or not it was an everyday debit card transaction. If applied, an Overdraft Fee will result in further reductions to your current and available balances.

**When will a NSF transaction and NSF Fee result?** Using the example above (\$50 current and available balance), if a \$60 check were presented and we chose to return it, this would be an NSF transaction and non-consumer accounts would incur an NSF Fee. Merchant and other fees may also apply. While no items were paid out of your account, the current and available balance of your non-consumer account would be reduced by the amount of the NSF Fee.

**When will a UAF transaction and UAF Fee result?** Generally, when a withdrawal request is made that would draw funds from a recently made deposit, AND that deposit has not yet been made available in accordance with our Availability of Funds Policy, the result will be a UAF transaction and, for non-consumer accounts, a UAF Fee. The following example illustrates how this works. Assume your current balance and available balance are both \$10 at the start of the day. During the day, you deposit a \$40 check drawn on another bank, and an ACH transaction that you previously authorized for \$45 is presented to the Bank for posting that day. Even though the \$40 check is not yet available, the Bank will generally agree to pay the ACH transaction and you may be charged a UAF Fee. Where

applicable, the UAF Fee will result in a reduction in your current and available balances, resulting in both being negative, but this UAF Fee transaction will not trigger an Overdraft Fee.

**Bank's right to refuse payment; Your obligation to pay.** The Bank's Overdraft Programs are not lines of credit. We are not obligated to pay any item presented for payment if your account does not contain sufficient available or current funds. While we will have the discretion to cover/ pay OD Transactions on accounts, any such payment is a discretionary courtesy, and not a right of the customer or an obligation of the Bank. Bank, in its sole and absolute discretion, can cease covering/ paying OD Transactions at any time without prior notice of reason or cause if we feel it is inappropriate to pay a transaction. If we do not authorize an OD Transaction, your transaction will generally be returned or declined and certain fees may still apply. The total amount of any OD Transaction (including the amount of OD Fees and other applicable fees) is due and payable on demand, and each of you will continue to be liable, jointly and severally, for all such amounts, as described in our agreements with you and under applicable law. You agree to pay the fee assessed by us in accordance with our Overdraft Programs; or any other service (e.g., other Overdraft Products) you may have authorized with us.

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

- We will charge you a fee of \$36 each time we pay an overdraft (Overdraft Fee). Additionally, for non-consumer accounts, we will charge you a fee each time we return an item due to insufficient funds (NSF Fee), or pay an item based on unavailable funds (UAF Fee). \*
- There is a four per day limit on each of the above fees we will charge you (for consumer accounts).
- We will charge non-consumer accounts a fee of \$5 for each consecutive/ continuous business day your account remains overdrawn, starting on the fifth (5) business day. \*

On your monthly account statements Overdraft Fee, NSF Fee, UAF Fee, and a Consecutive Day Overdraft Fee will be reflected as a "Paid Item Fee", "Return Item Fee", "Unavailable Funds Fee", and "Continuous Overdraft Charge", respectively.

\* You will not be charged an Overdraft Fee, NSF Fee, or Consecutive Day Overdraft Fee if your aggregate overdrawn balance, after all entries for the day are posted, is less than \$5. Other applicable Bank fees are disclosed in our Fee and Service Charges schedule which is available from your branch or on our website.

**As applicable, we may assess one of the aforementioned fees if your available or current balance is insufficient regardless of whether or not we cover/ pay the item. As applicable, you may be charged more than one fee if multiple transactions are presented for payment when the current or available balance in your account is insufficient.**

**Other Overdraft Products.** If we have approved an Overdraft Product for your account, we may honor Debit transactions when your account has an insufficient balance at the time a transaction is presented by transferring funds from another account or a line of credit, as you have directed. Select transactions/ transfers from your savings or money market account are limited to six (6) per monthly statement cycle. Transfers beyond the six may eventually force us to close or re-evaluate and establish a more appropriate deposit account type (e.g., checking). Even if we honor a nonconforming request, we are not required to do so later. We will transfer an amount required to cover the transaction generally using increments of \$50 for overdraft line of credit and \$25 for a savings transfer. As applicable, we will charge a transfer fee to your line of credit or savings/ money market only if the funds transferred, in addition to the current balance in your checking account, are sufficient to cover the transaction. The fee for overdraft transfers is set forth in the Fee and Service Charge schedule or the applicable loan disclosure. You may avoid this fee by transferring funds prior to applicable cut-off times to your checking account via mobile or online banking, at any of our branches, or at an ATM, before you initiate the transaction that would exceed your current balance. Contact your local branch office to enroll in these Overdraft Products.

**MINIMIZING FEES.** The best way to know the amount of available and current funds you have and to avoid paying OD Fees is to record and track all of your transactions closely, including pre-authorization commitments, outstanding checks, ACH debits, internet bill payments, online and mobile banking transfers and other deposits and payments.

**IF YOU DO NOT UNDERSTAND THIS DISCLOSURE, HAVE ANY QUESTIONS, OR WOULD LIKE MORE INFORMATION, PLEASE CONTACT YOUR LOCAL BRANCH OR CALL 1-866-764-8638.**



## What You Need to Know About Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your account to cover a transaction at the time it is presented to us, but we pay it anyway. (For more detailed information on Overdrafts and Overdraft Fees, please refer to our Overdraft and Unavailable Funds Practices Disclosure, which is available on our website. We can cover/ pay your overdraft in two different ways:

1. We have **standard overdraft practices/ programs** that come with your account.
2. We also **offer overdraft protection plans/ "overdraft products"**, 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/ programs

➤ **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?**

Under our standard overdraft practices:

- We will charge you a fee of \$36 each time we pay an overdraft\* item.
- Overdraft Fees are limited to 4 per day.

\* Overdraft Fees are not assessed for aggregate overdrawn balances of less than \$5.00

➤ **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 Road, 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.

On your monthly account statements Overdraft Fee will be reflected as a “Paid Item Fee”.

**Opt - In  
Authorization**



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

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

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

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