

## Deposit Account Agreement & Disclosures

### *Important Information Regarding Your Fidelity Bank Deposit Accounts*

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## **WELCOME TO FIDELITY BANK**

We are pleased you have chosen to bank with us and we look forward to a strong and lasting relationship. This brochure contains important information concerning your accounts with The Fidelity Bank.

Please read this agreement and keep it with your other bank records. This agreement and your other account documents, together with any changes we may later make to them, serve as our contract with you governing your deposit accounts. If you have any questions concerning your accounts, please call or visit your nearest Fidelity Bank office. Thank you for allowing us to handle your banking needs.

## **FIDELITY BANK DEPOSIT ACCOUNT AGREEMENT**

This Deposit Account Agreement governs all deposit accounts with Fidelity Bank and supersedes any previous Deposit Account Agreements. In this agreement, "Bank," "we," "our," or "us," refer to Fidelity Bank, and "depositor," "owner," "co-owner," "you," or "your," refer to the person or persons whose name or names appear on the signature card as account owner or owners. When you open or maintain a deposit account with us, you are agreeing to the terms of this Agreement. It is a legally binding contract. Your use of any deposit account will constitute your acceptance of the terms of this Agreement. An account is not opened or valid until we receive all documents, properly completed and signed, which are necessary to open the account and the initial deposit in cash or collectible funds.

## **OWNERSHIP OF ACCOUNTS**

### *JOINT ACCOUNTS*

The co-owners of a joint account are those persons whose names appear on the joint account and who have signed the account signature card as co-owners. All funds in the account are owned jointly by the co-owners, regardless of who makes the deposit or whose money is deposited. Each co-owner has the right to withdraw funds from the account without limit and without the knowledge or consent of any other co-owner. We are authorized to recognize the signature and comply with the instructions of any co-owner or authorized signer or agent as to matters affecting the account.

Each co-owner appoints each other co-owner as his or her agent. Any co-owner may appoint agents, authorized signers or attorneys-in-fact for the account. Once a joint account is opened, one co-owner cannot remove another from the account unless the other party agrees and we accept such change. Each co-owner agrees to notify us promptly of the death of another co-owner. The treatment of the account upon the death of a co-owner depends upon the type of joint account created.

Joint accounts opened and maintained in North Carolina and Virginia may be "with survivorship" or "without survivorship" or "no survivorship." "With survivorship" means that upon the death of a co-owner, the sums remaining in the account shall belong to the surviving co-owners, and we may pay such sums to them in equal shares. "Without survivorship" or "no survivorship" means that upon the death of a co-owner the account is owned by the decedent's estate and the surviving co-owners. Upon the death of a co-owner of a "without" or "no" survivorship account, we may require, at our option, withdrawals only upon the signature of the surviving account owners and the legal representative of the decedent's estate, or we may pay the entire balance to the appropriate office of the court for distribution as the law may require, or we may pay the entire balance to the surviving co-owners and the decedent's estate.

Your joint account is subject to and governed in accordance with the applicable state laws with respect to joint accounts, as amended from time to time.

### *PERSONAL AGENCY ACCOUNTS (NORTH CAROLINA ONLY)*

Personal agency accounts may be established under and will be governed by Section 53C-6-8 of the NC General Statutes, as it may be amended from time to time. Your designated agent will not have any ownership interest in your account. In a personal agency account, you authorize your designated agent to act on your behalf with regard to the account. In addition to the powers given to your agent under the Statute, you also hereby authorize your designated agent to perform any other act related to your deposit account. You will be responsible for all of the acts of your agent, even if your agent acts contrary to your specific instructions or your best interest or exceeds his or her authority.

We will not be responsible for your agent's breach of fiduciary duty or the misapplication of funds from your account. Your agent's authority will terminate upon your death, your written direction to us to terminate the agent's authority, your incapacity or mental incompetence (unless you elect in writing to extend your agent's authority notwithstanding your subsequent incapacity or mental incompetence), or the occurrence of any other event which, as a matter of law, terminates the agent's authority. We may rely upon your agent's acts and instructions, however, until we have knowledge that his or her authority has been terminated and have had a reasonable time to act upon that knowledge. You or your agent must promptly notify us when his or her authority has terminated, and your agent must notify us if he or she suspects that you have become incapacitated or mentally incompetent, even though you may not have been so legally adjudicated. Upon your death, the account balance will be paid to the legal representative

of your estate or to the Clerk of Superior Court for distribution in accordance with the law, agreement or will.

#### *AGENCY AND FIDUCIARY ACCOUNTS*

Any individual acting as an agent, guardian, personal representative, trustee, custodian, or in some other fiduciary capacity must be designated to us as such on the signature card. It will otherwise be assumed that the account is owned in an individual capacity. We are authorized to follow the directions of the agent regarding the account until we receive written notice that the agency has been terminated and we have had a reasonable time to act upon the notice.

With a trust account, if you die, we may not be able to release any funds until a successor trustee is appointed and all other technical legal requirements have been satisfied. We may require evidence satisfactory to us of the existence of the trust agreement or will and the authority of any trustee (or successor trustee) to act there under.

#### *ACCOUNTS UNDER UNIFORM TRANSFERS/ GIFTS TO MINORS ACT*

The custodian of all custodial accounts under the Uniform Transfers/Gifts to Minors Act agrees to notify us in writing immediately upon the death of the minor or at the time the minor attains the age of majority. After notifying us of either of these events, the custodian's authority over the account continues only to the extent allowed by law. Before we receive such notice, we may honor any checks or drafts written on the account or any withdrawals from the account without incurring any liability to the minor or to any third party, and the custodian will be liable to us for any loss or expense we incur because of the failure to give us prompt notice.

#### *MINOR BY ACCOUNTS*

Minor By accounts are accounts opened for the benefit of a minor by an adult (custodian) that are not governed by the Uniform Transfers to Minors Act ("UTMA") or Uniform Gifts to Minors Act ("UGMA") and are subject to the following rules. The minor is the exclusive beneficial owner of the funds and may inquire about the account, obtain balances, and make deposits, but cannot access or control the account in any other way. Full control of the account and its funds is maintained by the custodian. The Bank is not obligated to monitor the application of funds removed from the account by the custodian and the Bank is not liable for any misappropriation of funds by the custodian. When the minor reaches the age of majority (18 years of age), the Bank has the discretion to act on the instructions of either the minor or the custodian and has no obligation to notify the custodian of actions taken by the minor.

If the custodian (or if more than one is assigned, the last surviving custodian) dies before the minor reaches 18 years of age, the Bank at its discretion may (i) permit the naming

of another custodian on the account by the custodian's estate, (ii) transfer the funds to a duly appointed representative of the minor, (iii) transfer the funds to a UTMA account for the minor, (iv) transfer the funds to the clerk of court to be held for the minor, or (v) otherwise transfer the funds as provided by applicable law.

#### *BUSINESS AND OTHER NON-PERSONAL ACCOUNTS*

If the account is owned by a corporation, unincorporated association, trust, partnership, limited liability company, sole proprietorship, or other business or nonprofit entity, each person signing the signature card or any other account documents represents to us that the entity is validly and legally organized and existing and has authorized the opening of the account and that each person whose name is written or typed on the signature card is authorized and has complete authority to bind the entity in all transactions regarding the account. We are authorized to follow the directions of any person designated as having authority or any person who has apparent authority to act on the entity's behalf until we receive written notice that the authority has been terminated and have had a reasonable time to act upon that notice. You agree to furnish us all documents which we reasonably request to evidence authority to transact business with respect to the account. We may require that any resolutions affecting the account be on our standardized forms.

#### *ACCOUNTS ACQUIRED FROM OTHER INSTITUTIONS*

Over the years we have acquired deposit accounts from other financial institutions, including those of various savings and loans and savings banks. If we acquired your account from another financial institution, your account will be governed by the same statutes applicable to accounts opened at Fidelity Bank in the state where your account is maintained as such statutes are amended from time to time. Your continued use of your account constitutes your acceptance of these modifications.

#### *JOINT AND SEVERAL LIABILITY FOR FEES*

Each owner or co-owner of your account will be jointly and severally liable to us for all service charges and fees assessed against the account, all debts owed as a result of any overdrafts or lines of credit related to your account regardless of which owner or co-owner caused the overdraft or extension of credit (including all fees and finance charges), and all costs, losses, or liabilities of any kind arising out of or related to this Agreement or your account.

Each owner will be jointly and severally liable to us for the acts (whether authorized or not) of any co-owner, agent, or authorized signer in connection with your account.

## **AUTHORITY OF AGENTS**

The term “agent” as used in this Agreement includes, but is not limited to, the following:

- Each co-owner of an account. Each co-owner of a joint account appoints each other co-owner as his or her agent.
- Each authorized signer. Each person identified as an authorized signer on the signature card but not identified as an “owner” is an authorized signer/agent only and not an owner of the account.
- Any trustee designated as such in any trust account.
- Any agent designated as such in a personal agency account.
- Any person acting as an agent, guardian, personal representative, trustee, custodian or in some other fiduciary capacity with respect to an account.
- Any person designated as an agent by any account owner or co-owner.
- Any person acting as your attorney-in-fact under a power of attorney.
- Any person authorized to act with respect to an account by any resolution or other writing by any account owner or co-owner, including accounts owned by any business, organization, association or other entity.

Each agent is authorized to: cash or negotiate in either the agent’s name or the name of the account owner or co-owner(s) any item payable to any account owner or co-owner(s); deposit or endorse for deposit to the account of the account owner or agent any item payable to any account owner or co-owner(s); withdraw funds from the account; sign checks, drafts, or negotiable orders of withdrawal and otherwise draw on the account; stop payment on any item drawn on the account; draw upon any overdraft or other line of credit which may exist in connection with the account; pledge the account as security for the repayment of any debt (regardless of who is obligated to repay the debt); initiate wire transfers; authorize debits from and credits to the account; obtain or revoke Visa Check/debit cards and authorize and perform Visa Check/debit card and ATM transactions; establish or discontinue Online Banking and/or Telephone Banking and authorize and perform Online Banking and Telephone Banking transactions; authorize or revoke electronic fund transfers, including ACH transactions; freeze or close the account; and otherwise perform any other act relating to the account and transact any other business with respect to the account. We may rely upon any instructions we receive from your agent relating to your account. You will be responsible for all of the acts of your

agent, even if your agent acts contrary to your specific instructions or your best interest or exceeds his or her authority. We will not be responsible for your agent’s breach of fiduciary duty or misapplication of funds from your account.

## **SIGNATURES**

### *AUTHORITY*

We are authorized to recognize and honor any of the signatures on your account signature card (including those of authorized signers and other authorized agents) and any person authorized in any resolution or other writing in the transaction of any business relating to your account. We will not be liable to you for refusing to honor checks or other signed instructions if we believe in good faith that the signature appearing on the check or instruction may not be genuine.

### *FACSIMILE SIGNATURE*

The use of any facsimile signature (by rubber stamp or other mechanical means) is solely for your convenience and benefit. You authorize us to pay items on your account which purport to bear a facsimile signature regardless of who placed the facsimile signature on the item or the circumstances surrounding the use of the facsimile signature, even if it was made by an unauthorized person or with a counterfeit facsimile device. We may also accept facsimile signatures as endorsements on items payable to you that are cashed or deposited to your account. You have full responsibility to maintain the security of a facsimile signature device.

### *MULTIPLE SIGNATURES*

Many banking resolutions, signature cards and items contain language that requires two or more signatures for items drawn on the account. Notwithstanding any language in the resolution or signature card or on the item to the contrary, you agree that any such provision is solely for your personal or internal control purposes. As long as an item bears at least one authorized signature, we will not be liable to you if we pay an item which does not have the required number of signatures. This provision is not applicable to the extent multiple signatures are required by law or regulation.

## **DEPOSITS TO YOUR ACCOUNT**

### *ITEMS DEPOSITED*

We may refuse to accept, accept for collection only, or return all or part of any deposit. Items we accept for deposit or collection are received by us for deposit and collection only. We will act only as your collecting agent and will assume no responsibility beyond the exercise of due care. All items will be provisionally credited to your account subject to final payment in cash or solvent funds or to



revocation if the item is returned unpaid. We will not be responsible for the default or negligence of correspondent banks, clearing houses or a Federal Reserve Bank, or for losses in transit. We are not responsible for deposits made by mail or through a depository not staffed by our personnel until we actually receive them. If you make a deposit into one of our night depository facilities, you agree to (i) use one of the deposit envelopes provided to make the deposit, and (ii) include a correctly completed deposit slip with the deposit. Also, you authorize us to (i) remove the deposit from the facility and open the deposit envelope; (ii) process the deposit in our usual manner of processing bank deposits; and (iii) credit the deposit to your account as of the banking day on which we remove the deposit from the depository. You agree that our records shall be conclusive as to our receipt of a deposit in a night depository and the amount of the deposit. If you use our night depository services, you agree to the terms of our Night Depository Agreement, which is incorporated herein by reference as amended from time to time. Special instructions for handling an item are effective only if made in writing and given to us along with the item in question. If we are required to reimburse the government for all or any portion of any benefit payments deposited into your account through a direct deposit plan for any reason, you agree that we may, without prior notice to you, deduct the amount returned to the government from your account or from any other account you have with us, unless the deduction is prohibited by law. If the funds in your account(s) are insufficient to reimburse us fully, each owner and co-owner is jointly and severally liable to us for the balance. Certain transactions, particularly international transactions, may be delayed for screening under the Federal OFAC Rules and Regulations. We may be required to block or hold funds under the OFAC rules; notices will be provided as required by law. We may disregard information on any item which we have taken for deposit or collection other than the identification of the payor bank, the amount shown in words in the space designated on the item for such information, endorsements, and any other information encoded into the MICR line pursuant to our usual procedures. We have the right, as your collection agent, to truncate (meaning to convert to electronic form) checks that you deposit and to process them for payment and collection electronically. We may also convert paper checks that are returned by the paying bank into a truncated item for re-presentation. We may also reconvert truncated items to substitute paper checks as authorized by federal law. For example, if we charge back a truncated check to your account, we can reconvert that item into a paper substitute check, which you can then use to pursue the drawer and endorsers.

#### *IDENTIFICATION OF ACCOUNT*

You are responsible for any loss or expense caused by your failure to properly identify the account to which a deposit is made or intended to be made.

#### *ENDORSEMENTS*

You are responsible for the proper endorsement of any item deposited to your account. You are also responsible for any improperly placed endorsement and any writing, printing, carbon band, or other material on any check or other item issued from or deposited to your account. You are also responsible for any loss or expense we may incur relating to the improper placement, insufficiency, or illegibility of an endorsement as well as the condition of any check or item processed in connection with your account. We have the right, but not the obligation, to supply any missing endorsement. We may require that certain government checks, insurance company items or other special types of checks be personally endorsed by each of the payees in the presence of a Bank representative. You agree to reimburse us for any loss or expense we incur because you failed to endorse an item exactly as it is drawn. You agree that we will not be liable to you because an item you deposit in your account is returned after the time set by applicable law if the delay in returning the item is caused by markings on the item in the space reserved for the depository bank's endorsement that were made by you or a prior endorser. You will be liable to us for any loss or expense, including reasonable attorneys' fees, we incur because we are unable to properly return an item drawn on your account within the time set by applicable law where the delay in properly returning the item is caused by markings on the item in the space reserved for the depository bank's endorsement that existed at the time you issued the item.

#### *VERIFICATION AND CORRECTIONS*

When we accept deposits to your account and issue receipts, the deposits and receipts are subject to our subsequent verification and, if necessary, correction.

#### *RETURNED ITEMS WAIVER OF NOTICE*

Any item deposited in your account or that we cash for you that is not paid for any reason when presented to the party obligated to pay it will be charged back against your account without regard to whether the item was returned within any applicable deadlines. Service fees may apply. At our option and without notice to you that the item has been returned, we may resubmit any returned item for payment. You waive notice of non-payment, dishonor and protest regarding any items credited to or charged against your account. For example, if a check that we cashed for you or that you deposited in your account is dishonored and returned to us, we are not required to notify you of the dishonor. If an item that we cashed for you or that is deposited in your account has been paid by the bank on which it is drawn and the item is returned to us based on a claim that the item was altered, contains a forged, unauthorized, or missing endorsement, or should not have been paid for any other reason, we may deduct the amount of the item from your account or place a "hold" on your account for that amount until the claim is

withdrawn or resolved in a manner that requires no liability to us.

#### **FOREIGN CURRENCY**

We are not obligated to credit to your account an item payable in foreign currency or drawn on a bank outside the United States until we have received the proceeds in U.S. Dollars. If we do credit your account with such an item prior to receiving the proceeds in U.S. Dollars, the credit will be a provisional credit subject to adjustment based upon the final exchange rate. As a result, you bear all exchange rate risk.

#### **AVAILABILITY OF FUNDS**

The availability of funds in your account is, to the extent applicable, subject to the Federal Reserve Board's Regulation CC and to our Funds Availability Policy. You should refer to that policy to determine the availability of funds deposited to your account. Our Funds Availability Policy, as amended from time to time, is incorporated into this Agreement by reference.

### **WITHDRAWALS FROM YOUR ACCOUNT**

#### **CHECKS AND OTHER WITHDRAWALS**

We may refuse any check or other item drawn against your account or used to withdraw funds from your account if it is not on a form approved by us. We also reserve the right to refuse any check or other item drawn against your account or used to withdraw funds from your account if made in a manner not specifically authorized for your account, if made more frequently or in greater number than specifically permitted for your account, or if made in an amount less than the minimum withdrawal or transfer specifically permitted for your account. We may pay checks or other items drawn upon your account in any order we determine, even if paying a particular check or item results in an insufficient balance in your account to pay one or more other items that otherwise could have been paid out of your account. You agree to be bound by the National Automated Clearing House Association (NACHA) Operating Rules applicable to represented check entries.

With increasing frequency, paper checks are being converted into electronic information during the collection process ("truncated items"). When that happens, certain information from the checks you write is presented to us electronically (e.g., amount, bank routing number), and we never receive the original paper check you wrote. In addition, truncated items may sometimes be reconverted into substitute paper checks, which under federal law are the legal equivalent of the original check, and the substitute paper checks are presented to us for payment. Again, we never receive your original check; it is destroyed by the bank that truncated it. We may debit your account for truncated items or substitute checks, just as we would for the original check. We also may charge your account for other items

that do not qualify under federal law as substitute checks, including electronic information and image replacement documents, if they are legitimate replacements for properly drawn and authorized items.

If you issue a check drawn on us (including, but not limited to, a payroll check) and a person who is not our customer seeks to cash it at one of our branches, you agree that we may charge the non-customer a service fee as a condition of cashing the check to the extent permitted by law. This fee helps us cover the additional costs and risks that are not present if the item is deposited at another financial institution and presented to us for payment through the check collection system. We may charge the fee without prior notice to you and for items that are drawn on your account or that we have issued at your request.

You also agree that we may impose various additional identification, security and other requirements on a non-customer seeking to cash a check at one of our branches. You agree that we will not be liable for wrongful dishonor for refusing to cash the check if the payee refuses or fails to pay the fee or comply with our reasonable security measures.

We may issue you (the remitter) a cashier's check made payable to a third party (the payee) at your direction in exchange for cash or a check written against guaranteed collected funds in your account. We reserve the right to charge a fee for any cashier's checks we issue. You are responsible for ensuring that the check arrives at its intended destination. Once a check is issued, you may not cancel it or put a stop payment on it. If the check becomes lost, stolen, destroyed, or is otherwise missing, we may replace the check according to the following procedures if permitted by applicable state law.

If you are the remitter (or payee) on a missing cashier's check that we issued and you make a claim with us for reimbursement of the amount of the check, you must complete and sign our declaration of loss form. If the missing check has not been paid, we will reimburse you on the date you make your claim, or 90 days from the issue date on the missing check, whichever is later. If the original check is paid prior to the 90-day period, we are not liable for reimbursing you for the missing check.

If you are unwilling or unable to wait the required period of time, and depending on the circumstances, we may choose to reimburse you sooner; however, in addition to making a declaration of loss, you must also sign our indemnification agreement and you may be required to provide us with an indemnity bond in the amount of the missing check. Once you have provided the appropriate documentation and an indemnity bond if required, and if the missing check has not been paid, we will reimburse you after a period of time that we deem appropriate considering the circumstances of the loss and in accordance with applicable state law.

If we determine that a cashier's check that you claim is missing from your possession has already been paid, and you allege that the endorsement on the check is fraudulent, you may still make a claim for reimbursement by executing an affidavit of forgery. If we paid the original check, we will conduct an internal investigation to determine if the endorsement was fraudulently made. If the check was paid or deposited by another bank, we will attempt to return the check to the bank that honored the check.

#### *"STALE-DATED" ITEMS*

We are under no obligation to pay a check which is presented more than six months after its date, but we may, in our discretion, do so. You agree that we are acting in good faith if we pay the check when there is no stop payment order in effect.

#### *POST-DATED CHECKS*

We will not be responsible or liable for paying a check before its date. We also will not be responsible or liable for other items drawn by you which are returned for insufficient funds because we paid a post-dated item.

#### *INCOMPLETE AND CONDITIONAL ITEMS*

We may pay or refuse to pay any item which is incomplete or where, by its terms, payment is conditional and the condition has not been satisfied. For example, we may pay or refuse to pay a check which says "Void after 30 days," even though the check is presented more than 30 days after its date. We may disregard information on any item other than the signature of the drawer, the amount shown in words in the space designated on the item for such information, and any other information encoded into the MICR line pursuant to our usual procedures. For example, we may pay a check for the written amount of the check even if the front of the check in some other place says it cannot be cashed or negotiated unless the check amount is for a lesser stated amount.

#### *LIMITS ON WITHDRAWALS*

If your account is a savings or money market deposit account, we are compelled by federal law to reserve the right to require seven days' written notice prior to the time you withdraw funds or close the account. Federal regulations impose certain withdrawal limitations on savings deposit accounts. You may make no more than six pre-authorized, automatic or telephonic transfers or withdrawals from your account each statement period. A statement period is approximately one month long. "Telephonic" transfers or withdrawals include those made through an automated phone system, an online banking service or a personal computer. These limited transfers or withdrawals also include payments by check, draft, or debit card to third parties. You may make an unlimited number of withdrawals in person at any Fidelity Bank branch or ATM (ATM withdrawal fees may apply). When these limitations apply,

the day the check or other transaction clears your account (not the date the check was written or the transaction was performed) will determine whether you have exceeded the permitted number of transactions. Items in excess of the legal limits are subject to an excess item fee as described in the Disclosure and Fee Schedule, and we are required by law to change the account type or close the account if these limits are repeatedly exceeded. These limitations do not apply to pre-authorized transfers from your account to make loan payments to us. Your account may be subject to other similar limitations imposed by federal law or regulation.

#### *GOOD FAITH DISBURSEMENTS*

From time to time we may be presented with documents which purport to give an individual or entity the right to withdraw or receive funds from your account. You authorize us to disburse funds from your account upon the presentation of such documentation, provided we act in good faith.

#### *DEATH OR INCOMPETENCE*

Neither the death of an account owner nor a legal adjudication of incompetency revokes our authority to accept, pay or collect items until we know of the death or adjudication of incompetency and have a reasonable opportunity to act on that information. Even with knowledge, we may, for ten (10) days after the date of death, pay checks drawn on or before the date of death unless ordered to stop payment by a person claiming an interest in the account.

### **PAYMENT OF INTEREST ON SAVINGS AND INTEREST-BEARING CHECKING ACCOUNTS**

All savings and interest-bearing checking accounts are variable rate accounts. The interest rate and annual percentage yields we pay on these accounts may change. At our discretion, we may change the interest rate on these accounts at any time without notice to you.

Interest begins to accrue on savings and interest-bearing checking accounts no later than the business day we receive credit for the deposit of non-cash items such as checks. We use the daily balance method to calculate the interest on these accounts. This method applies a daily periodic rate to the "collected" balance in the account each day. The "collected" balance includes only those deposits for which we have received credit (i.e., collected funds). We compound interest daily and credit interest to these accounts on a monthly basis. We are not obligated to pay any interest on funds from a deposited item that is returned unpaid. If your account is closed before interest is credited, you will not receive the accrued interest.

For our commercial interest-bearing checking accounts, we may calculate interest on the daily collected balance less an

amount that is based on the reserve requirements of the Federal Reserve for transaction accounts (presently 10%). Our Disclosure and Fee Schedule identifies the types of accounts subject to this calculation.

**TIME DEPOSIT ACCOUNTS (CDS AND IRAS)**

*PAYMENT OF INTEREST*

Our time deposit accounts include Certificates of Deposit (CDs) and Variable Rate and Tiered Fixed Rate IRAs. Most have a fixed interest rate which we pay until the maturity date. However, your interest rate and annual percentage yield may change without notice if your time deposit account has a variable interest rate. At our discretion, we may change the interest rate on variable rate accounts at any time. Please consult the Disclosure and Fee Schedule or Certificate Receipt to determine whether your time deposit account has a fixed or variable rate. Interest begins to accrue on the business day you deposit cash or noncash items (for example, checks) to a time deposit account. We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the “ledger” balance in the account each day. The “ledger” balance includes all deposits received and credited to your account, regardless of whether we have received credit for the deposit. We are not obligated to pay any interest on funds from a deposited item that is returned unpaid. For all time deposit accounts except “Jumbo” CDs, interest is compounded daily. For most time deposit accounts, interest will be credited to your account on a monthly, quarterly, semi-annual or annual basis, as you may elect. CDs with terms less than one year can also receive interest at maturity. However, (i) interest on a 731 Day CD will be credited only at maturity, and (ii) interest on Variable Rate and Tiered Fixed Rate IRAs will be credited to your account monthly. All “Jumbo” CDs (CDs of \$100,000 or more in public funds or deposited by commercial customers) earn simple interest which can be credited monthly, quarterly or at maturity, as you may elect. Depending on the type of account you select, interest may be reinvested in your time deposit account, deposited into another account with us, deposited into an account with another financial institution by electronic transfer, or paid to you by check.

*OID (ORIGINAL ISSUE DISCOUNT)*

“Original issue discount” refers to CDs with terms greater than 12 months that receive interest at maturity. An average of the interest to be earned over the term of the CD is reported to the IRS yearly. This average does not necessarily correspond with the amount of accrued interest earned on the account. This amount must be claimed by the customer yearly and must be included in the customer’s tax returns.

*BOOK-ENTRY CDS*

All of our CDs (including existing accounts and those we acquire from other institutions) are non-negotiable, book-entry time deposit accounts which are only transferable on our books. Our records are the only evidence of the account. Any “certificate” or other writing you receive or have received serves only as a confirmation of the account relationship and is non-negotiable and non-transferable. If you received a “certificate” when you opened your account, we reserve the right to request the surrender of that “certificate” when you pledge, withdraw funds from or close your account.

*ADDITIONAL DEPOSITS*

As a general rule, you may not make additional deposits after you open your account until the maturity date. There are exceptions to this general rule, such as IRAs. Please consult your Disclosure and Fee Schedule to determine whether additional deposits are permitted for your account.

*RENEWAL*

Unless you have a non-renewing CD, your time deposit account will automatically renew for a like term at maturity. The new interest rate on your account will be the interest rate applicable at the time of renewal based upon the amount then on deposit. You will have a grace period after the maturity date of three calendar days (for time deposit accounts with terms of 31 days or less) or ten calendar days (for time deposit accounts with terms greater than 31 days) to withdraw funds without penalty. During the grace period after maturity, your account will earn interest at the rate currently offered for the CD’s term (which is not the rate earned during the CD’s term). This rate will be in effect for the grace period until the CD is closed or renewed.

*EARLY WITHDRAWAL LIMITATIONS AND PENALTIES*

You may not withdraw principal from a CD prior to maturity without our consent and without incurring a penalty. Regardless of the length of time the funds withdrawn have remained on deposit, the penalty imposed will be equal to the interest on the principal amount withdrawn for:

| CD TERM                   | INTEREST PENALTY |
|---------------------------|------------------|
| 7 Days thru 90 Days ..... | Full CD Term     |
| 91 Days Thru 1 year ..... | 3 Months         |
| Over 1 year .....         | 6 Months         |

We will honor a request for the withdrawal of funds from a CD without penalty in the following cases:

- a. For non-renewing CDs, when sums are withdrawn after the maturity date.



- b. For automatically renewing CDs, when sums are withdrawn at maturity or during the grace period following the maturity date.
- c. When any owner of the account has died or been judicially declared mentally incompetent.
- d. When federal or state law does not permit an early withdrawal penalty.

You may not withdraw principal from your IRA prior to the maturity date without our consent and without incurring a penalty. The penalty imposed will equal three months' simple interest at the contract rate in effect at the time of withdrawal on the amount withdrawn, regardless of the length of time the funds withdrawn have remained on deposit. An IRS penalty may also apply. An IRS penalty will not be assessed if the disbursement occurs after you are disabled, declared mentally incompetent, after your death or for IRA disbursements made after you are 59½ years of age. Any transfers between accounts will require the 90 day bank penalty. For additional information on the terms of your IRA, please refer to your IRA Master Custodial Agreement.

If the early withdrawal penalty exceeds interest accrued on your account, whether paid or unpaid, the penalty will be withheld from the principal sum of your account. The interest rate used to calculate your early withdrawal penalty will be the rate in effect for that time deposit account on the date of withdrawal.

## SUBACCOUNTS FOR CHECKING ACCOUNTS

Checking accounts may be comprised of two subaccounts: a transaction subaccount (e.g. checking), and a non-transaction subaccount (e.g. savings). This account organization will not change the amount of federal deposit insurance available to you, your available balance, the information on your periodic statements, or the interest calculation, if this is an interest-bearing account. While we will maintain separate information on each subaccount for regulatory reporting purposes, all information reported to you will be consolidated. Each month we will allocate the balance in your checking account between the two subaccounts based on allocation formulas that we may change from time to time. All checks, withdrawals, debits and other charges against your account will be presented against the funds in your checking subaccount. If additional funds are needed to cover your transactions, we will automatically transfer without charge available funds in your money market or savings subaccount to your checking subaccount.

## STOP PAYMENT ORDERS

You may request us to stop payment on any check, draft, personal money order, or negotiable order of withdrawal

drawn on your account, if the item has not been paid. If you want to stop payment on an item, you must act promptly to ensure that we receive your request before the item is paid. As a result of advances in the check collection process, including the electronic exchange of check information, your checks will be presented for payment against your account much more quickly than in the past, thereby reducing the time you have for requesting a stop payment order before the item is paid.

We are not required to honor your request to stop payment of any certified, cashier's, or official bank check. We reserve the right to charge a fee for any stop payment order and for each renewal of a stop payment order. Your stop payment order will be effective for 6 months (except consumer ACH stop payments which do not expire unless withdrawn). A stop payment order may be renewed any number of times by written notice to us during the 6 month period while a stop payment order is in effect. Because we process stop payment orders on our computer system, you must provide us with complete and accurate information sufficient for us to identify the stop payment item on our system. We will not be able to affect a stop payment order before the item is paid if the information you provide us is inaccurate or insufficient or if we do not have reasonable time (not less than 24 hours) to act upon your order. Also, if you generate checks by computer or in any other manner that does not produce a MICR-encoded check number on the check; we may not be able to honor your stop payment order.

Under these circumstances, we will not be responsible or liable in any way if the order cannot be executed and the item is paid. If we are requested to stop payment on any item, you agree to be responsible for all losses, expenses and costs (including attorneys' fees) we incur as a result of our refusal to pay the item. We will not be responsible or liable if we pay the item contrary to your stop payment order if payment occurs before we have had a reasonable time to act on your stop payment order, if payment occurs as a result of inadvertence, accident or oversight, if the stop payment order has expired, or if other items drawn by you are returned for insufficient funds because we paid the item.

Also, we are not obligated to re-credit your account if we pay an item over a stop payment order unless you are able to demonstrate that you would not have been obligated on the item had we stopped payment (for example, if you owed a valid debt to the payee of the item, or if the item was in the hands of a holder in due course). You have the burden of proving the fact and amount of loss as a result of our paying the item. If we re-credit your account after paying a check over a valid and timely stop payment order, you agree to transfer to us all of your rights against the payee or other holder of the check and to assist us in any legal action taken against that person. If a co-owner of an account requests that we cancel a stop payment order given to us by another co-owner, we have the right, but not the obligation, to honor that cancellation request. Stop payment orders on payments

initiated through Fidelity Bank Online Banking are governed by the Fidelity Bank Online Banking Agreement and Disclosure.

If the stop payment order occurred with respect to a substitute check on a consumer account, the expedited re-credit rules described in the "Substitute Check Notice" included in this Agreement do not apply unless the original check was necessary to determine whether the substitute check was improperly charged to your account. If you have a problem with an electronic check conversion transaction that posted to your account, please contact us within sixty (60) days after the statement on which the transaction appeared. Your liability for the transaction will be governed by the rules set forth in our Regulation E Disclosures, "Your Liability for Unauthorized Transfers," included elsewhere in this Agreement.

## **INSUFFICIENT FUNDS/OVERDRAFTS ("NSF ITEMS")**

Our procedures for payment or return of NSF items, and your responsibilities for such items and related service fees, are explained below. We do not encourage routine or intentional overdrafts. We urge you to manage your account responsibly so as to avoid NSF items, the related service fees, and the potential negative consequences described below. If you have any questions about our procedures, please contact your local Fidelity branch office.

### *DEFINITION OF NSF ITEMS*

An "NSF item" is any check, withdrawal order, debit or other transaction presented for payment against your account or used to withdraw or transfer funds from your account when the balance in the account is not sufficient to cover the item. In determining the balance in your account, we will apply the Federal Reserve Board's Regulation CC and our Funds Availability Policy. An NSF item can arise in any type of transaction, including, for example, a paper-based transaction (such as a check or withdrawal order), an electronic transaction (such as an ACH debit, a debit/ATM card transaction, or a telephone or computer-initiated transaction), or a preauthorized automatic debit. Your account is in "overdraft" when it has a negative balance.

### *DETERMINATION OF NSF ITEMS*

We may determine whether or not your account contains sufficient funds to pay an item at any time between the time we receive the item and our return deadline, and only one determination of your account balance is required. If that determination reveals insufficient funds to pay the item, we will not be required to honor the NSF item and may charge the related service fee. In determining whether you have sufficient funds, we will include deposits made to your account that day only to the extent we are required to provide same-day availability for the sums deposited. If you

have multiple NSF items on a particular day, we may honor one or more of them and return the others in any order we deem appropriate.

The order in which we receive and process items can affect the total number of NSF items and related service fees. We reserve the right to process items in any order we determine, even if paying a particular item (i) results in an insufficient balance in your account to pay one or more other items that otherwise could have been paid out of your account or (ii) results in a larger number of overdraft or NSF fees.

### *FEES FOR NSF ITEMS*

We charge a service fee for each NSF item each time it is presented for payment against your account. For convenience in identifying whether we paid or returned an NSF item, the service fee we charge is called an "overdraft fee" if we pay the NSF item into overdraft, and an "NSF fee" or "insufficient funds fee" if we return the NSF item unpaid. The service fees we charge for NSF items are specified in our Disclosure and Fee Schedule, as amended from time to time. You can obtain a current copy of our Disclosure and Fee Schedule by visiting or calling any of our branches.

You acknowledge and agree that, whether we pay an NSF item or return it unpaid, the service fee we charge for each NSF item is a service charge assessed in connection with the administration of your deposit account and is intended in part to discourage NSF items. You agree to pay the service fee specified in our Disclosure and Fee Schedule whether we pay an NSF item or return the NSF item unpaid.

Because a service fee is charged for each NSF item each time it is presented, you may be charged more than one service fee on any given day or more than one service fee for any given item. Each time we charge an overdraft or NSF fee, it reduces the balance in your account and may put your account into (or further into) overdraft.

### *PAYMENT OR RETURN OF NSF ITEMS*

We will determine whether to pay or return an NSF item based first on the option you selected at account opening and then on an automated and/or manual system of review. We reserve the right in our absolute discretion and on a case-by-case basis either to pay or to refuse to pay NSF items.

We are not obligated to notify you prior to paying or returning an NSF item, and we may choose not to do so. If we pay an NSF item, the amount of the item and the related overdraft fee will be charged against your account. As a result, your balance will be overdrawn and insufficient to pay subsequent items that would possibly have paid had we not paid the NSF item and charged the overdraft fee to your account, and additional fees may result as described above.

Our payment of an item that results in an overdraft on one or more occasions does not obligate us to allow overdrafts on any future occasion. Each NSF or overdraft situation will be addressed on a case-by-case and item-by-item basis. We may refuse to pay an item into overdraft or discontinue doing so for any reason at any time.

If we return an NSF item unpaid, the NSF fee (but not the amount of the NSF item) will be charged against your account. As a result, your balance may be overdrawn or insufficient to pay subsequent items that would possibly have been paid had the NSF item not been presented and the NSF fee incurred, and additional fees may result.

#### *YOUR RESPONSIBILITIES*

It is your responsibility to monitor your account to ensure that you always have sufficient funds on deposit to cover checks, debits and other charges and to avoid incurring fees for NSF items. By maintaining accurate records of your deposits and withdrawals, you are in the best position to ensure that your account has sufficient funds to cover each item presented for payment against your account. As a result of advances in the check collection process, including the exchange of check information in electronic form, your checks will be presented for payment against your account much more quickly than in the past, making responsible account management on your part even more important.

If your account is overdrawn due to NSF items, related service fees or for any other reason, you agree to pay the amount of the overdraft immediately. You also agree to reimburse us for any costs we incur in collecting the amount of any overdraft and all NSF and overdraft fees from you, including, without limitation, reasonable attorneys' fees and the costs of litigation. As to any account with multiple owners, each owner agrees that all of the owners are jointly and severally liable for all overdrafts and all NSF and overdraft fees. Each owner also agrees that we may debit funds from any other account held by such owner to repay overdrafts and any related service fees.

If your account is overdrawn due to NSF items, related service fees or for any other reason, and you fail to repay any amounts owed in connection with your account, we may report you to a credit bureau, check reporting agency or other reporting agency and take such actions as permitted by law to collect the amounts owed.

#### *OTHER OVERDRAFT SERVICES*

If you would like to manage the risk of possible NSF items presented against your account, we encourage you to apply for a revolving line of credit and/or open or link a savings account that will provide your account with overdraft protection. If you have a line of credit and/or a savings account linked to your account, we may access the related line of credit and/or savings account to pay an NSF item subject to the terms of the line of credit agreement and/or

the Deposit Account Agreement as it pertains to savings accounts. You will not be charged an NSF or overdraft fee unless payment of the items would cause you to exceed your credit limit or overdraw your savings account.

#### **FEES AND SERVICE CHARGES**

You are responsible for all fees and service charges arising from your account according to our Disclosure and Fee Schedule in effect at the time the charges are incurred or the services rendered. If your account is a business account, we may charge interest on uncollected funds at the interest rate established by us from time to time. We are authorized to collect our fees and service charges (i) by charging your account (even if the charge results in an overdraft), (ii) by deducting our fee for handling incoming and outgoing wire transfers from the amount transferred, (iii) by demanding payment from you directly, and (iv) by exercising our right of setoff.

You agree that we may take any of the foregoing actions to collect fees and service charges you owe regardless of the source of the funds in your account and whether such funds may be exempt from any legal or equitable process (including, for example, funds from any type of public benefits such as social security, supplemental security income, or veterans' benefits).

We will not be responsible or liable for dishonoring items presented against your account when the payment of our fees and service charges results in insufficient funds in your account to cover the items presented. We are required to pay premiums to the Federal Deposit Insurance Corporation (FDIC) for insurance coverage of your account.

#### **SETOFF/RIGHT TO FREEZE ACCOUNT**

We reserve the right of setoff against your account without prior notice to you to repay any debt or obligation owed to us by you or any co-owner of your account. This means that we have the right to apply part or all of the funds in your account for the satisfaction of any debt you or any co-owner of the account owe us. If your account is an individual account, our setoff right may be exercised to repay your debts, whether they are owed by you individually or jointly with others. All of the funds in a joint account may be used to repay the debts of any co-owner, whether they are owed individually by a co-owner, jointly with other co-owners, or jointly with other persons or entities having no interest in your account. If your account is a partnership account, each partner agrees that we may exercise our right of setoff against the partnership account to satisfy not only the obligations of the partnership, but also the individual obligations of any partner. Debts subject to our right of setoff include those owed by you from another joint account in which you are a co-owner even though the debt may not

have been directly incurred by you, as well as debts for which you are only secondarily liable. Our right of setoff also applies when we cash a third party check for you over the counter which is returned to us unpaid for any reason, provided we return the unpaid check to you. We may exercise our right of setoff even if the withdrawal results in an early withdrawal penalty or the dishonor of subsequent checks. We will not be responsible for dishonoring items presented against your account when the exercise of our right of setoff results in insufficient funds in your account to cover the items. Our right of setoff may be exercised before or after the death of an account holder.

Social Security, Supplemental Security Income, Veterans' and other types of public benefits are protected by law from legal process and the claims of your creditors. To the extent that funds deposited in any deposit account subject to our right of setoff are entitled to any exemption from execution, levy, attachment, garnishment, seizure, setoff or other legal process (including, but not limited to, any Social Security, Supplemental Security Income, Veterans' or other federal or state benefits), then you hereby knowingly, affirmatively and unequivocally waive such exemption and consent to our exercise of our right of setoff against such funds to the maximum extent permitted by law.

We also have the right to "freeze" or place a "hold" on your account (i.e., not permit any withdrawal) and/or to prevent any deposits from being made to your account, for a reasonable period of time, when (i) we have the right of setoff, (ii) there are claims or disputes concerning your account, or (iii) we in good faith believe we either have a claim against you or the funds in your account, or something has occurred or is reasonably expected to occur which will result in our having a claim against you or the funds in your account. This paragraph shall not be enforced in violation of applicable law.

## **MISCELLANEOUS**

### *POWERS OF ATTORNEY*

We may, at our discretion, decline to recognize or honor any power of attorney with respect to your account. If we accept a power of attorney, we may continue to recognize the authority of your attorney-in-fact until we receive and have a reasonable opportunity to act upon notice of your death or written notice of the revocation or termination of the power of attorney. On a case-by-case basis, we reserve the right to restrict the nature or size of the transactions we will permit your attorney-in-fact to conduct on your behalf.

### *TRANSFER OR ASSIGNMENT OF YOUR ACCOUNT/ LEGAL PROCESS AGAINST ACCOUNT*

Your account is solely for the use of the owner(s) of the account. We will not recognize the validity of any assignment of your account or transfer of funds in your account unless we give our prior consent and such consent

as well as the assignment or transfer is entered in our records. We reserve the right to ignore or reject any attempted pledge, assignment, or purported security interest in any account. Any pledge, assignment, or security interest we permit will remain subject to our prior right of setoff.

If legal action such as a levy, attachment, execution, garnishment, etc. is brought against your account, we may refuse to pay out any money from your account until the dispute is resolved. If your account is attached, executed upon, garnished or otherwise subject to levy, we will not be liable to you for any sums we pay because of such attachment, execution, garnishment or other levy, even if paying the money from your account leaves insufficient funds to pay checks you have written or other items presented for payment against your account. If we incur any expense, including attorneys' fees, in responding to an attachment, execution, garnishment or other levy that is not otherwise reimbursed, we may charge such expense to your account without prior notice to you. If there are insufficient funds in your account to reimburse us fully, you will be liable for the balance. Any attachment, execution, garnishment or other levy against your account is subject to our right of setoff.

Although Social Security, Supplemental Security Income, Veterans' and other types of public benefits are protected by law from legal process and the claims of your creditors, it is your responsibility (and not ours) to raise the protected status of funds on deposit as a defense. We are under no duty to contest on your behalf any execution, levy, attachment, garnishment, seizure or other legal or equitable process asserted against you or your account and may take such action to comply with any such process as we determine to be appropriate in the circumstances, without regard to whether the funds on deposit are protected and without liability to you.

### *CLAIMS AND DISPUTES CONCERNING YOUR ACCOUNT*

If we reasonably believe there is a legitimate dispute among any parties who have or claim an interest in your account, we may, at our discretion, (i) continue to rely on the signature cards, resolutions, and other account documents in our possession; (ii) freeze all or any portion of the funds we deem appropriate until the dispute is resolved; (iii) pay the funds into an appropriate court of law or equity for resolution; or (iv) close the account and pay any proceeds to (a) all who have or claim an interest in the account, or (b) the account owner(s) as indicated in our records. In addition, we may, at our option, commence a lawsuit to determine the ownership of your account.

### *COSTS AND ATTORNEYS' FEES*

You agree to reimburse us for costs and expenses (including attorneys' fees) we incur in any action concerning



your account if (i) we are the prevailing party, or (ii) the purpose of the lawsuit is to determine the ownership of the account. We may charge any of your accounts for such costs and expenses without prior notice to you. Your liability will be joint and several.

#### *DORMANT ACCOUNTS AND ESCHEAT*

If you do not make any deposits to or withdrawals from your transaction account (e.g. checking) (excluding time deposit accounts and IRAs) for a period of one year (12 consecutive months), or your non-transaction account (e.g. savings) for a period of two years (24 consecutive months) we automatically will change the status of your account to “dormant.” In order to restore your account to an active status, you must contact us.

After an account has been dormant for an extended period of time as provided by applicable state law, and if you fail to respond to any notices we are required by state law to send you, escheat laws require us to pay the amounts on deposit to the appropriate state.

To the extent permitted by state law, dormant accounts will continue to be subject to account service charges according to our Disclosure and Fee Schedule.

#### *REVIEW OF STATEMENTS*

Depending on the type of account, we will mail or otherwise make account statements available to you. If we mail your statements, we will mail them to your address as shown on our records. If you request that we hold your mail, you agree that we have made your statements and items available to you on the date the statement is prepared. If your account provides for (i) your items to be held by us instead of included with your statement, or (ii) images of your items (referred to herein as “item images”), rather than the items themselves, to be included with your statement, the original items will be deemed to be made available to you when your statement is made available. We keep the original items only for a limited period of time, after which we keep copies of the items for as long as the law requires. You may obtain a copy of an original check for a charge per copy as permitted by applicable law and set forth in our Disclosure and Fee Schedule. You agree that you will not be allowed to claim, as an excuse for not promptly reviewing your statements and items or item images, that (i) the statements, items or item images were intercepted or concealed by another person, (ii) you no longer resided or received mail at the address we had for you in our account records, (iii) any other similar reason.

For purposes of this section, an “irregular item” includes, but is not limited to, a check, other item or debit (electronic or otherwise) paid against your account which contains an unauthorized signature, lacks a required signature, contains a forged endorsement, lacks a required endorsement, constitutes an unauthorized withdrawal, is altered, or is

otherwise irregular. You agree that you will promptly and carefully examine statements made available to you and any accompanying items or item images. You acknowledge that you are in the best position to discover any irregular item and any irregular transactions with respect to your account. Notwithstanding any provision of law to the contrary, you agree that we will not be liable for paying an irregular item if: (1) you did not exercise reasonable promptness or care in examining the statement and enclosed items or item images, or (2) you have not reported the irregular item to us within thirty (30) calendar days following the date the earliest statement describing the irregular item, the irregular item itself or its image was mailed or otherwise made available to you, or (3) the irregular item was forged or altered such that an unauthorized signature, an unauthorized endorsement, an alteration, or any other such irregularity could not be detected by a reasonable person. In addition, you agree that if we are not liable for paying an irregular item by reason of the application of the preceding sentence, we will not be liable for paying any other irregular item which contains an unauthorized signature or alteration, or was otherwise initiated, by the same wrongdoer.

#### *AUTOMATED PROCESSING OF ITEMS*

You recognize that we have adopted automated collection and payment procedures so that we can process the greatest volume of items at the lowest possible cost to all customers. You authorize and approve of our use of such procedures. These automated procedures rely primarily on information encoded into each item in magnetic ink. In recognition of this fact, you agree that in paying an item or taking an item for collection, we may disregard all information on the item other than the identity of the payor bank, the amount of the item, and any other information encoded onto the item in magnetic ink according to general banking standards, whether or not that information is consistent with other information on the item. You agree to reimburse us for any loss or expense we incur because you issue or deposit an item containing such extra information. Furthermore, you agree that we will not be deemed to fail to exercise ordinary care in paying an item solely because our procedures do not provide for review of signatures or other sight examination of items with a face amount below an amount specified by us from time to time.

#### *CHECK ORDERS*

All checks, withdrawal forms, and deposit slips must be on forms obtained through us or which we approve in advance. You are responsible for verifying the accuracy of all information on these forms. Our liability, if any, for any printing errors on the forms obtained through us is limited to the cost of replacement. We will not be responsible or liable for any other loss or damage you sustain. In addition, we are not responsible or liable for any losses or damages you sustain from the use of forms not obtained through us or approved by us in advance, including, but not limited to,

your (i) electing to have checks printed by a vendor that we have not approved; (ii) using check stock or security features that do not survive the truncation or reconversion process; (iii) making checks out in such a way (e.g., lightly colored ink) that the information does not survive the truncation or reconversion process; (iv) using check stock that contains printing inaccuracies, faulty magnetic ink, or faulty encoding; or (v) using check stock that contains duplicate serial numbers.

#### *NOTICES*

Any notice or statement we give you concerning your account is effective when mailed or delivered to the address we have for you in our account records. If the account has more than one co-owner or depositor, notice to any one will be considered effective notice to all. Any notice you give us will be effective after we receive the notice and have had a reasonable time to act upon it.

#### *CHANGE OF ADDRESS AND NON-DELIVERABLE STATEMENTS*

You are required to notify us promptly in writing when your address changes. If you fail to notify us of a change of address or for any other reason your account statement is returned to us, we reserve the right to destroy the statement and the accompanying items. We may recognize a change of address submitted to us by any owner, co-owner, authorized signer or agent on an account, or upon our receipt of notification of an address change from the U.S. Postal Service.

Monthly service charge fees will continue to apply and will be charged to your account. We will stop mailing statements to you; however, any statements we hold, and images of any accompanying checks or items paid, will be available to you at any time upon your request, and you agree that your statements have been "made available" to you under this procedure for purposes of your obligation to review your statements in a timely manner and report any irregularities to us.

#### *BUSINESS DAY*

For banking transactions conducted at a branch, every day is a "business" day, except Saturdays, Sundays, and holidays. For non-ATM transactions conducted at a branch: (i) each business day ends when the branch where the transaction is conducted closes (generally 5:00 p.m.; 6:00 p.m. on Fridays at certain branches); and (ii) non-ATM transactions conducted on a business day before the branch closes will be considered to have occurred as of the day of the transaction. For transactions at ATMs: (i) transactions conducted each business day will be considered to have occurred on that business day except, (ii) ATM deposits occurring after 12:00 noon are considered to have occurred on the following business day, (iii) transfers made at ATMs after 4:00 p.m. will show in your available balance

immediately but are considered to have occurred on the following business day. Transactions that occur at a branch on a Saturday, Sunday or holiday will be considered to have occurred on the following business day.

#### *UNLAWFUL TRANSACTION NOTICE*

In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, restricted transactions are prohibited from being processed through your account or relationship with our institution. Restricted transactions are transactions in which a person accepts credit, funds, instruments, or other proceeds from another person in connection with unlawful Internet gambling.

#### *ACH AND WIRE TRANSACTIONS*

Automated Clearing House (ACH) entries and electronic fund transfers can be credited to or debited from your account; however, we reserve the right to refuse to allow ACH entries or electronic fund transfers into or out of any account. In the case of ACH transactions, you are bound by the National Automated Clearing House Association (NACHA) Operating Rules then in effect. In the case of other electronic fund transfers, you are bound by any rules then in effect governing the use of any system through which the funds may be transmitted, including Federal Reserve Board Regulation J (in the case of a Fedwire transfer) and the Clearing House Interbank Payments System (CHIPS), as applicable. You are also bound by our standard Funds Transfer Authorization and Agreement, as amended from time to time, the terms of which are incorporated into this Agreement by reference. You agree that you are responsible for reviewing a current copy of our standard Funds Transfer Authorization and Agreement before you initiate any wire transfer.

We will notify you of the receipt of any ACH entry or wire transfer in the periodic statements provided to you for your account. We will not (and will not be obligated to) give you next-day notice or any other notice. If you believe we have failed to properly credit a transfer to you, you agree to notify us promptly. For ACH entries to consumer accounts and certain business accounts (i.e., those that do not contain an auxiliary on-us field in the MICR line of their checks) you must notify us of an error within 60 days. You agree that payment for ACH or wire transfers may be solely by reference to the account number of the recipient and that we are not obligated to determine whether any discrepancy exists between the account number and the name of the recipient as shown on the transfer information. Any credit we give you with respect to an ACH credit entry is provisional until we receive final payment. If we do not receive final payment, you agree that we are entitled to reverse the credit to your account or that you will otherwise reimburse us immediately upon demand if funds in your account are not sufficient.

If you are entitled to compensation for any delay or improper completion of an ACH entry or wire transfer as a result of our error, our liability will be limited to the payment of interest for a period not exceeding the lesser of 60 days or the period between the date of the error and the date of the correction. We will not be responsible under any circumstances for any consequential, incidental or actual damages (except for interest as provided above) in the event of any such delay or improper completion. You agree to notify us immediately upon learning of any unauthorized ACH or wire transfer or any other discrepancy from your transfer instructions. We will be discharged from any loss or liability to the extent caused by your delay in giving us such notification. Without regard to care or lack of care on our part or your part, if you have failed to discover and report to us any unauthorized transfer or any other discrepancy with respect to a transfer instruction within 14 calendar days from the date we first notify you of the transfer (whether by debit advice, periodic statement or otherwise), you will be precluded from asserting against us the unauthorized transfer or other discrepancy or from claiming interest. You acknowledge that this 14 day period constitutes a reasonable period of time for notification of an unauthorized transfer or other discrepancy. We are not obligated to (and will not) verify with you whether an ACH debit entry to your account was authorized by you prior to the occurrence of the debit.

You agree not to use the ACH system to process transactions in violation of Office of Foreign Assets Control ("OFAC") sanctions or other federal law. Illicit transactions may be blocked or rejected and originators of such ACH transactions may face penalties.

Merchants or service providers (referred to herein collectively as "merchant") may use one of your checks as a source document to initiate an ACH debit entry. For example, when you purchase goods or services in person, the merchant may use a scanning device to capture account information from your check and then use that information, along with certain other information concerning the transaction (such as the amount) to initiate an ACH withdrawal from your account whereby the funds will be debited from your account and deposited into the merchant's account electronically. In that case, the merchant should ask you to sign an authorization form, give you a receipt for the transaction, and mark your check void and return it to you (you should treat the voided check with care to prevent someone else from obtaining possession of it and using the information to initiate additional debits against your account). The transaction will be described on your statement by the serial number of the check and the amount, but, because the merchant returned the check to you, the check itself (or an image of the check) will not be included with your statement. If you authorize a merchant to use one of your checks to initiate this type of transaction, the transfer is governed by the Electronic Funds Transfer Act and is subject to the Agreement and Disclosure for

Electronic Fund Transfer Services set forth later in this Agreement. The transaction is not subject to the rules for normal check transactions.

If we return a check you give a merchant due to insufficient funds in your account, the merchant may re-present the check to us electronically as an ACH debit. The merchant must give you a notice (before accepting your check) that your check may be collected electronically if it is returned. The transaction will be described on your statement by the serial number of the check and the amount, but, because the merchant returned the check to you, the check itself (or an image of the check) will not be included with your statement. If a merchant re-presents a check electronically, the transaction is not covered by the Electronic Funds Transfer Act. However, if the merchant charges you a fee as a result of the returned check and you authorize the merchant to electronically debit the fee from your account, that transfer is covered by the Electronic Funds Transfer Act and is subject to the Agreement and Disclosure for Electronic Fund Transfer Services set forth later in this Agreement.

#### *ELECTRONIC FUNDS TRANSFER SERVICES*

To the extent applicable, electronic funds transfer services are governed by the Consumer Financial Protection Bureau's Regulation E, the Fidelity Bank Online Banking Agreements (business and personal), the Agreement and Disclosure for Electronic Funds Transfer Services (which governs our consumer electronic funds transfer services, including Visa Check/debit cards). You should refer to the appropriate agreement and disclosure for details concerning your rights and obligations in relation to electronic funds transfer services. The agreements and disclosures, as amended from time to time, are incorporated into this Agreement by reference. Because of the limited scope of the Fidelity Bank Online Agreement and Disclosure, we provide this document only to subscribing customers or on request.

#### *INDEMNIFICATION/LIMITATION OF LIABILITY*

Our responsibility to you and to your account is limited to the exercise of ordinary care as established by the reasonable commercial standards of the banking business. We will not be responsible to you for any loss caused by matters beyond our reasonable control including, but not limited to: wars, riots, civil insurrection, strikes, computer failure, natural disasters, or the loss of power, communication or transportation facilities. We will not be liable to you under any circumstances for any consequential, incidental, special, or punitive damages, regardless of whether you informed us of the possibility of such damages. You agree to indemnify us and hold us harmless from any losses, liabilities, and expenses we may incur, including our attorneys' fees, in connection with your account, except to the extent caused by our failure to exercise ordinary care. Your liability will be

joint and several. We may charge any of your accounts with us for any such losses, liabilities or expenses without prior notice to you.

#### **WAIVER**

We reserve the right to waive the enforcement of any of the terms of this Agreement with you with respect to any transaction or series of transactions. Any such waiver will not affect our right to enforce any of our rights with respect to other customers, or to enforce any of our rights with respect to later transactions with you and any such waiver is not sufficient to modify the terms of this Agreement.

#### **REFUSAL OF DEPOSITS AND CLOSING OF ACCOUNT**

We reserve the right to refuse any deposits to your account, to require the withdrawal of any account balance due you, and to close your account without prior notice to you, all with or without cause. You will remain liable for checks and other transactions in process and for the payment of any accrued fees if we close your account.

#### **PRIVACY OF ACCOUNT INFORMATION**

We will disclose information to third parties about your account(s) only in accordance with the policies set forth in our Privacy Notice, which is incorporated into this Agreement by reference as amended from time to time. Please refer to our Privacy Notice for more details on our information-sharing policies. Copies of our Privacy Notice are available at any of our branches; or on our website at [www.fidelitybanknc.com](http://www.fidelitybanknc.com). From time to time we are legally required to provide information in response to court or administrative orders, subpoenas, summonses, tax levies, or other such legal process. You will pay our standard charges for the research and copying of documents and for any other expenses we incur in complying with such legal process including, but not limited to, our attorneys' fees.

Our fees will be determined from our Disclosure and Fee Schedule in effect at the time that the services are rendered, and we may charge your account for any such fees and expenses.

#### **ACCOUNT DOCUMENTS**

All transactions between you and the Bank relating to your account will be governed by the terms of this Agreement, the current Disclosure and Fee Schedule, the account signature card, the account type, any other documents or records relating to your account, our rules and regulations and applicable state and federal laws and regulations, as they all may now exist or may hereafter be amended. If there is a conflict between this Agreement and the terms of your signature card, the terms of this Agreement will prevail.

#### **GOVERNING LAWS**

The laws and regulations of the United States of America and the State of North Carolina govern this Agreement. A lawsuit regarding your account must be brought in a proper court in the State of North Carolina. By maintaining an account with us, you submit to the jurisdiction of the State of North Carolina. If there is any conflict between this Agreement and applicable federal or state law, this Agreement will be considered changed to the extent necessary to comply with the law. If any provision in this Agreement is declared to be invalid, unenforceable or illegal, that part will not affect the validity or enforceability of the remainder of this Agreement.

#### **AMENDMENT**

We reserve the right to amend this Agreement at any time. We will provide you with any notice required by law of any changes to the terms of this Agreement. Your continued use of your account after the effective date of an amendment, or after 30 days if no effective date is stated, will constitute your acceptance of the terms of the amendment.

## **FIDELITY BANK FUNDS AVAILABILITY POLICY (Regulation CC)**

#### **GENERAL POLICY**

This policy statement applies to "transaction" accounts only. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and pre-authorized transfers to other accounts of yours with us. Checking accounts are the most common type of transaction accounts. Feel free to ask us whether any of your other accounts might also be subject to this policy.

Our policy is to make funds from your 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 Saturdays, Sundays, and federal holidays. If you make a deposit to a teller in one of our branches during normal banking hours (or at one of our ATMs before 12:00 noon), on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit to one of our ATMs after 12:00 noon, 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. We will notify you of this at the time you make your deposit and 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 the day after we receive your deposit or the day after we make the decision to delay the availability of funds.

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:

1. We believe a check you deposit will not be paid.
2. You deposit checks totaling more than \$5,000 on any one day.
3. You redeposit a check that has been returned unpaid.
4. You have overdrawn your account repeatedly in the last six months.
5. There is an emergency, such as failure of communications or computer equipment.

If your deposit amount is over \$5,000, or in certain other limited circumstances, the first \$200 will be available the day after your deposit.

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.

## SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules may 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, wire transfers, and the first \$5,000 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 first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the ninth business day after the day of your deposit.

Funds from the deposit of all other checks will be available by the seventh business day after the day of your deposit.

## HOLDS ON OTHER FUNDS

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 have deposited.

## AGREEMENT AND DISCLOSURE FOR ELECTRONIC FUND TRANSFER SERVICES (Regulation E)

An electronic fund transfer is a transfer of funds, other than a transaction originated by a check or a draft that is initiated by a debit card or through an electronic terminal, telephone, computer, or magnetic tape for the purpose of authorizing us to debit or credit your checking or savings account. The direct deposit of your paycheck or social security check, the automatic payment of your utility bills, and automated teller machine and debit card transactions are examples of electronic fund transfers. Examples of transactions which are not considered electronic fund transfers include:

- Wire transfers.
- The automatic crediting of interest to your account.
- Pre-authorized transfers between your accounts with us, such as an automatic transfer from your savings to your checking account.
- Pre-authorized transfers from your account with us to the account of your family member with us.
- Pre-authorized loan payments to repay your loan with us.

In addition, your Visa Check Card can be used as a debit card at any merchant displaying the VISA logo. As used in this Agreement, the term "card" refers to Fidelity Bank Visa Check Cards. Use of your card may require a personal code (referred to as a personal identification number, or "PIN").

You will normally be required to use your PIN when you use your Visa Check Card to purchase goods or services from a merchant who debits your account electronically using a point-of-sale electronic terminal at the merchant's location. These transactions are referred to as "PIN," "PIN required," or "online" debit card transactions. In contrast, when you use

your Visa Check Card to purchase goods or services from a merchant who displays the VISA logo, the transaction will be handled very much like a traditional credit card transaction. The use of your PIN will not normally be required. For this reason, these transactions are referred to as “no PIN,” “non PIN,” or “off-line” debit card transactions. Your Visa Check Card is not a credit card, however. Unlike a credit card transaction, your checking account is directly debited when you use your Visa Check Card.

In addition to the electronic funds transfer services discussed below, our customers may enroll in Fidelity Bank Online Banking, an Internet online banking service. This Agreement and Disclosure applies to all of the electronic funds transfer services we provide, other than services through Fidelity Bank Online Banking. Because of the complexity and unique nature of Fidelity Bank Online Banking, we provide a separate agreement and disclosure for our online banking customers. References in this Agreement and Disclosure to electronic fund transfers and electronic funds transfer services do not include Fidelity Bank Online Banking electronic fund transfers or electronic funds transfer services.

Your rights, liabilities and responsibilities for electronic fund transfers are governed by this Agreement and, to the extent applicable, by the provisions of the federal Electronic Fund Transfer Act and the Consumer Financial Protection Bureau’s Regulation E. This Agreement also contains the disclosures we are required by Regulation E to provide you for our electronic funds transfer services. The terms and conditions of this Agreement are in addition to the terms and conditions of any deposit account agreements governing accounts which can be accessed through electronic fund transfers. By using your Visa Check Card, or any of our other electronic funds transfer services, you agree to be bound by the terms and conditions of this Agreement.

## GENERAL PROVISIONS REGARDING USE OF YOUR CARD

The use of your Visa Check Card is subject to the following general terms and conditions:

1. When you use your card or authorize anyone else to use your card, you agree to be bound by the provisions of this Agreement, to be responsible for all authorized transfers, withdrawals and transactions made by use of the card, and to be responsible for unauthorized use of the card to the extent permitted by law.
2. Transactions made through the use of the card are subject to the Deposit Account Agreement relating to the accessed accounts, and you authorize us to charge or credit the applicable account for the amount and type of transaction made in accordance with the applicable account agreement. If you have a line of credit related to

your account (such as Checking Reserve, Checking Reserve Plus or Equity Reserve), by requesting a card you specifically request card access to the line of credit and you understand and agree that the provisions of the agreement relating to your credit line will govern overdrafts, automatic advances to maintain the minimum balance necessary to avoid account service charges, and direct advances resulting from the use of the card. You authorize us to debit your related deposit account for any payments owed on your line of credit, regardless of whether the line of credit is in default.

3. We can refuse to issue a card to anyone. The card is our property, and you agree to surrender it to us upon our request. In our discretion, we may issue a card to the account owner, any account co-owner, and any person authorized to receive a card by the account owner or any account co-owner. We reserve the absolute right to revoke card privileges with or without cause or notice, unless otherwise required by law. If more than one card is issued to access an account, we reserve the absolute right to revoke any or all of the cards used to access the account upon the request of the account owner, any account co-owner, or any person authorized to receive a card by the account owner or any account co-owner, regardless of whether the card or cards to be revoked are in the possession of the person requesting revocation. When we revoke a card, the card cannot thereafter be used to access any account or affect any electronic fund transfer.
4. If the use of a card overdraws your account and the overdraft is not covered by an approved line of credit relating to your account, you agree to make immediate payment to us of the amount of any such overdraft and related service charges. You also agree we may charge the overdraft against your other accounts with us to the extent permitted by law and by your account agreement. Subsequent items presented against your account may be assessed a per item service charge whether the items are paid or returned.
5. If the account has co-owners, each co-owner will be jointly and severally liable for any obligation which arises from use of any card used to access the account. Any notice we give you concerning the card is effective when mailed or delivered to the address we have for you in our account records. If the account has more than one co-owner, notice to any one co-owner will be considered effective notice to all.
6. When used at an ATM, your Visa Check Card may be used to access any checking or savings account to which the card is “linked.” When used as a debit card for merchant purchases, your Visa Check Card will debit only the primary checking account “linked” to that card – it cannot be used to debit any other checking or savings account “linked” to that card.

7. You authorize us to debit or credit your account as appropriate for the total amount shown on any debit or credit instructions originated by use of the card. We will not make cash refunds to you on purchases you make with the card, and you must handle directly with the merchant any claim or defense you have with respect to goods or services purchased with the card. Your assertion of a claim or defense will not relieve you of the obligation to pay the total amount of the sales draft and any appropriate charges we are authorized to make. Any refunds the merchant makes to you of amounts charged by use of the card must be made on a credit voucher signed by you and the merchant and presented by the merchant to us. You are not permitted to stop payment on any sales draft or withdrawal voucher originated by use of the card. We will not be liable to you for any claims you have against any merchant arising from any debit card transaction.

8. The use of your Visa Check Card to effect non PIN debit card transactions is subject to the following additional provisions:

- You authorize us to debit your account and agree that the use of your Visa Check Card with any merchant, whether or not you have signed any sales or debit authorization, will constitute a simultaneous withdrawal from and/or demand on your account, even though the transaction may not actually be posted to your account until a later date.
- When you use your Visa Check Card, the merchant may request authorization for the transaction. In essence, the merchant is asking us to “guarantee” payment to the merchant if the merchant accepts your Visa Check Card. We will provide authorization if the available balance in your account (plus the unused balance of any line of credit related to your account) is sufficient to cover the transaction at the time of the merchant’s request. If the available balance is not sufficient to cover the transaction at the time the merchant requests authorization, we may in our discretion either authorize or deny the transaction. When we authorize a transaction, we will automatically place a “hold” on your account for the amount authorized. The available balance in your account (and, to the extent needed, the unused balance of any line of credit related to your account) will be reduced by the amount for which the merchant has received authorization, even if (i) the documentation evidencing the transaction has not been received and processed by us, or (ii) the transaction may not be consummated. The “hold” placed on your account will be released when (i) documentation matching the authorized transaction amount has cleared through us, or (ii) the hold period expires, whichever occurs first. The hold period will not exceed five business days. Your account

will be debited for the amount of the transaction upon receipt and processing of the supporting documentation. When we authorize a transaction and place a “hold” on your account, the available balance in your account will be reduced. As a result, funds in your account subject to the hold will not be available (i) for withdrawal or transfer by you in person or at an ATM, (ii) for subsequent debit card transactions, or (iii) to satisfy items presented for payment against your account (including checks, drafts and pre-authorized transfers).

- You agree to be liable for all charges resulting from our authorization of a transaction (including, for example, NSF and overdraft charges), and you release us from all liability arising from any holds we place on your account when debit transactions are authorized. This release extends to our refusal (i) to permit you to withdraw or transfer funds from your account (either in person or at an ATM), (ii) to authorize subsequent debit card transactions, and (iii) to satisfy items presented for payment against your account (including checks, drafts and pre-authorized transfers).

9. The consumer protection provisions of the federal Electronic Fund Transfer Act and the Consumer Financial Protection Bureau’s Regulation E apply only to electronic fund transfers involving consumer checking and savings accounts established primarily for personal, family or household purposes. If your account is owned by an entity other than a natural person or was established primarily for business, commercial or agricultural purposes, then any use of a Visa Check Card to effect an electronic fund transfer will be considered an “authorized use,” and your liability for the use of any related Visa Check Card will be unlimited, notwithstanding the provisions of the federal Electronic Funds Transfer Act, Regulation E, or any standardized literature or disclosures we may send you. You will be fully responsible for the security of the card and for the use of the card, whether the use is authorized or unauthorized.

10. We may modify the terms of this Agreement from time to time. We will provide you with any notice required by law of any changes to the terms of this Agreement.

## REGULATION E DISCLOSURES

The following is a summary of your rights, liabilities and obligations for consumer electronic fund transfers under the Consumer Financial Protection Bureau’s Regulation E. The following disclosures do not apply to business electronic fund transfers nor to electronic fund transfers initiated through Fidelity Bank Online Banking – we provide separate disclosures to our online banking customers.

## SERVICES AVAILABLE

We offer the following electronic funds transfer services in connection with savings and checking accounts (including checking accounts which bear interest):

### ATM TRANSACTIONS

ATM transactions normally require the use of your PIN. Some of the services may not be available at all ATM terminals.

You can use your Visa Check Card at Fidelity Bank ATMs to:

- Withdraw cash from your account. Withdrawals may, by prior arrangement, include draws on your Checking Reserve, Checking Reserve Plus or Equity Reserve account.
- Transfer funds between your checking and savings accounts.
- Inquire as to the balance in your account.
- Make payments on your Fidelity Bank installment loan or on any revolving line of credit linked to your checking account, if this feature has been requested by you.
- Cash checks, "split" deposits between two accounts, and receive cash back in connection with deposited items. (These services are available at selected ATMs only).
- You can use your Visa Check Card at an ATM that we do not own or operate but which participates in one of several ATM networks in which we are a member (such as Accel® or PLUS®) to:
  - Withdraw cash from your account. Withdrawals may, by prior arrangement, include draws on your Checking Reserve, Checking Reserve Plus or Equity Reserve account.
- Inquire as to the balance in your account.

### DEBIT CARD TRANSACTIONS

Your Visa Check Card can be used as a debit card to purchase goods and services at any business displaying the PLUS® or Accel® logos that have agreed to accept debit cards. These card transactions normally require the use of your PIN.

Your Visa Check Card can be used as a debit card to purchase goods and services at any merchant displaying the VISA logo. These debit card transactions do not normally require the use of your PIN.

### PRE-AUTHORIZED TRANSFERS

You can arrange to:

- Pay certain bills automatically from your account.
- Receive certain automatic deposits to your account from other persons (for example, social security payments or payroll payments).
- Transfer funds automatically between your checking and savings accounts.

### ELECTRONIC CHECK CONVERSION

You (the account holder) may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or to pay bills. Electronic check conversions through the ACH system may be debited to consumer accounts and certain business accounts that are eligible for check conversion (i.e., those that do not contain an auxiliary on-us field in the MICR line of their checks)."

## TRANSACTION LIMITATIONS

There are limitations on the amount of money you can withdraw per day, and on the amount of goods or services you can purchase each day using your Visa Check Card. Please refer to the Disclosure and Fee Schedule for the limits that apply to your account.

These transaction limitations apply on a "per card" rather than on a "per account" basis. At our discretion, we may refuse to pay any check presented for payment through an ATM transaction. For security reasons, we may impose additional limits on the number and dollar amount of transactions you can perform using your card, and we can impose additional security restrictions on check cashing, "split" deposits, and "cash back" deposit transactions. For savings and money market accounts, federal regulations limit third party or pre-authorized transfers (including debit card transactions) to six per statement cycle. Loan payments to us are not included in these limits.

## CHARGES

We will charge you for electronic fund transfers (including ATM transactions and debit card transactions) in accordance with the electronic funds transfer services listed in the Disclosure and Fee Schedule. We reserve the right to change the fee schedule from time to time.

When you use an ATM not owned by us, you may be charged a fee by the ATM operator or by a national, regional or local network used to complete the transfer, and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer. Such fees (i) are imposed by the



ATM operator or network; (ii) are disclosed at the time of the transaction; (iii) cannot be waived by Fidelity Bank; (iv) are in addition to any other applicable charges; and (v) apply regardless of the account balance or account type.

## **YOUR LIABILITY FOR UNAUTHORIZED TRANSFERS**

Please tell us AT ONCE if you believe your Visa Check Card, your Fidelity Bank credit card, or your PIN has been lost or stolen or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account, plus the maximum amount of any line of credit linked to your account (such as a Checking Reserve or Equity Reserve account). If you believe your Visa Check Card has been lost or stolen, and you tell us within two business days after you learn of the loss or theft, you can lose no more than \$50.00 for unauthorized transactions using your card. If you do NOT tell us within two business days after you learn of the loss or theft of your card, and we can prove we could have stopped someone from using your card without your permission if you had told us, you can lose no more than \$500 for unauthorized transactions. Losses could include not only the money in your account, but also advances on any credit line associated with your account. Also, if your statement shows transfers that you did not make, including those made by card, PIN or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we may extend the time periods. Remember, if you maintain the confidentiality of your PIN, it will reduce the possibility of the unauthorized use of your card. Do not write your PIN number on your card or credit card.

## **IF YOUR CARD IS LOST, STOLEN OR USED WITHOUT YOUR AUTHORITY**

If you believe your card has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, including a transfer made using the information from your check without your permission, call your local branch, call 1-800-816-9608, or write:

Fidelity Bank  
Central Customer Inquiry  
P.O. Box 996  
Fuquay-Varina, NC 27526-0996

## **BUSINESS DAY**

For purposes of these disclosures, our business days are Monday through Friday. Holidays are not included.

## **DISCLOSURE OF ACCOUNT INFORMATION**

We will disclose information to third parties about your account(s) in accordance with the policies set forth in our Privacy Notice. For example, we will disclose information about your account(s) or the transfers you make that we believe is necessary:

- To complete or document transactions, to investigate possible unauthorized transactions, or to combat fraud.
- To verify the existence and condition of your account for a third party, such as a credit bureau or merchant.
- In response to government agency inquiries or orders.
- In response to court orders.
- If you give us your written or oral permission.
- To comply with government regulations.
- To offer you products and services that we believe may interest you.

Copies of our Privacy Notice are also available at any of our branches; by calling your local branch; or on our website at [www.fidelitybanknc.com](http://www.fidelitybanknc.com).

You must pay our standard charges for research and copying when we provide account information to you or to third parties.

## **DOCUMENTATION OF TRANSFERS**

Under Regulation E, you have the right to receive documentation of electronic fund transfers as follows:

### *ATM TRANSFERS*

You can get a receipt at the time you make any transfer greater than \$15 to or from your account using one of our ATMs or any ATM that participates in one or more of the several ATM networks of which we are a member.

### *PIN REQUIRED DEBIT CARD TRANSACTIONS*

You can get a receipt at the time you purchase goods or services greater than \$15 using your card to effect PIN required debit card transactions at a point-of-sale electronic terminal.

### *DIRECT DEPOSITS*

If you have arranged to have direct deposits made to your account at least once every 60 days from the same person, company or government agency, either (i) the person or company making the deposit will tell you every time they send us the money, or (ii) you can call or visit your local branch office to find out whether or not the deposit has been made.

### *PERIODIC STATEMENTS*

You will get a monthly account statement unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

### **YOUR RIGHT TO STOP PAYMENT OF PREAUTHORIZED TRANSFERS & YOUR RIGHT TO RECEIVE NOTICE OF VARYING AMOUNTS.**

#### *STOP PAYMENT PROCEDURE*

If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Call your local branch or write to:

Fidelity Bank  
Central Customer Inquiry  
P.O. Box 996  
Fuquay-Varina, NC 27526-0996

Contact us in time to receive your request three 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 to get it to us within 14 days after you call. Normal service charges apply for each stop payment order requested.

#### *NOTICE OF VARYING AMOUNTS*

If your regular payments vary in amount, the person you are going to pay will tell you, at least 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.

#### *FAILURE TO STOP PAYMENT OF PREAUTHORIZED TRANSFER*

If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages caused by our failure.

### **LIABILITY FOR FAILURE TO MAKE TRANSFERS**

If we do not complete a transaction 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 caused by such failure. 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 transaction.
- If the transaction would go over the credit limit on your overdraft line of credit.
- If the ATM where you are making the transaction does not have enough cash.
- If the terminal or the ATM system was not working properly and you knew about the breakdown when you started the transaction.
- If circumstances beyond our control (such as fire or flood) prevent the transaction, despite reasonable precautions that we have taken.
- If there is a hold on your account or if access to your account is blocked in accordance with our policies.
- If your funds are subject to legal process or encumbrances restricting transfer.
- If your transfer authorization is terminated.
- If a merchant refuses to accept your card.
- If we refuse to cash any checks presented for payment through an ATM transaction.

There may be other exceptions stated in our agreement with you or permitted by law.

### **ERROR RESOLUTION**

In case of errors or questions about your electronic transfers, call your local branch or write:

Fidelity Bank  
Central Customer Inquiry  
P.O. Box 996  
Fuquay-Varina, NC 27526-0996

Contact us as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. Alternatively, you

may call or visit your local branch office. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

When you notify us:

- Tell us your name and account number.
- Describe the error or the transfer you are unsure about (including the date that it occurred), and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days. We will determine whether an error occurred within 10 business days after we hear from you (20 business days if the transaction occurred during the first 30 days your account is open). We will correct any error promptly. If we need more time to investigate your complaint or question, we may take up to 45 days to complete our investigation or up to 90 days if the transfer (i) was initiated outside the United States, (ii) resulted from a point-of-sale debit card transaction, or (iii) occurred within 30 days of account opening. If we take the additional time to complete our investigation, we will re-credit your account for the amount you think is in error within 10 business days (20 business days if the transfer occurred within 30 days of account opening), so that you will have use of the money during the time it takes us to complete our investigation.

We will tell you the results within three business days after completing our investigation. If we decide there was no error, we will send you a written explanation within three business days after we finish our investigation. You may ask for copies of the documents that we used in our investigation.

## **FAIR CREDIT REPORTING ACT DISCLOSURES**

We are pleased to provide you with the following disclosures of your rights under the consumer protection provisions of the Fair Credit Reporting Act. These provisions protect individual consumers. Except to the extent required by applicable law, these disclosures do not apply to businesses or business or commercial transactions.

### **INFORMATION REPORTED TO CONSUMER REPORTING AGENCIES**

Under the Fair Credit Reporting Act, you have the right to notify us if you believe we have inaccurately reported information about your account to a consumer reporting agency. Your notice to us should be in writing and should include your complete name, current address, social

security number, telephone number, account number, type of account, specific item of dispute, and the reason you believe the information we reported is inaccurate. Send your notice to:

Fidelity Bank  
Attn: Compliance Officer  
P.O. Box 8  
Fuquay-Varina, NC 27526-0008

### **NOTICE OF NEGATIVE INFORMATION (PRE-SHARING)**

Federal law requires us to provide the following notice to customers before any “negative information” may be furnished to a nationwide consumer reporting agency. “Negative information” means information concerning delinquencies, late payments, insolvency, or any form of default. *This notice does not mean that we will be reporting information about you, only that we may report such information about customers that have not done what they are required to do under our agreement.*

## **IMPORTANT INFORMATION ABOUT PRIVACY**

A copy of our Privacy Policy is being provided to you along with this Agreement and is incorporated herein by reference.

If you have any questions concerning our privacy policy, please contact your local branch, or write to us at the address above. You may also contact us via e-mail at [privacy@fidelitybanknc.com](mailto:privacy@fidelitybanknc.com).

## **SUBSTITUTE CHECK NOTICE**

*(The following applies to consumer accounts only)*

## **IMPORTANT INFORMATION ABOUT YOUR CHECKING ACCOUNT SUBSTITUTE CHECKS AND YOUR RIGHTS**

### **WHAT IS A SUBSTITUTE CHECK?**

To make check processing faster, federal law permits banks to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check. Some or all of the checks that you receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your

account. However, you have rights under other law with respect to those transactions.

#### *WHAT ARE YOUR RIGHTS REGARDING SUBSTITUTE CHECKS?*

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, bounced check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

#### *HOW DO YOU MAKE A CLAIM FOR A REFUND?*

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact your local branch or write/call us at:

Fidelity Bank  
P.O. Box 996  
Fuquay-Varina, NC 27526  
(919)552-2242

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

If you make your claim orally, we may require that you send us your claim in writing within 10 business days.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check [and/or] the following information to help us identify the substitute check, the check number, the name of the person to whom the check was written.