

Overdraft Privilege (ODP) Service Terms and Fee Disclosure



THE FARMERS BANK

It is the policy of The Farmers Bank to comply with applicable laws and regulations and to conduct business in accordance with applicable safety and soundness standards.

Overdraft Privilege Service

It is important to use your checking account responsibly and to never intentionally overdraw your account. However, we realize that financial shortfalls happen from time to time. We offer optional services to cover you in the event you have overdrawn your account. The Overdraft Privilege Service costs you nothing unless you use it. Overdraft Privilege is a service we add to your checking account subject to the criteria explained below. It is not a loan or a line of credit. Eligible Personal Checking accounts are given a \$700 overdraft non-sufficient funds (NSF) balance limit.

Overdraft Privilege Service Eligibility Criteria

Standard Overdraft Privilege will be added to your account (after 30 days), if your account is maintained in good standing (as defined below), but not limited to:

- Making regular deposits;
- There are no legal orders, levies or liens against your account;
- Your account has no fraudulent activity or transactions;
- No negative indicators have been reported to us by a consumer reporting agency.

Your Overdraft Privilege Service may be suspended or permanently removed based on the following criteria:

- Failing to bring your account to a positive balance within 32 consecutive calendar days of becoming overdrawn and maintaining a positive balance for a minimum of one business day (you must bring your account balance positive for at least one business day (Monday through Friday) to have Standard Overdraft Privilege reinstated);
- You are more than 30 days past due on any bank loan or delinquent on any other obligation to the bank;
- Your account is being reviewed for fraudulent activity or transactions;
- A negative indicator has been reported to us by a consumer reporting agency;
- Your account is classified as dormant;
- You have an unresolved prior loss with the bank;
- We have an invalid address or phone number for you (you must contact us with your current mailing address and/or phone number to have your ODP reinstated);
- We believe you are not managing your account in a responsible manner which may harm you or us;
- Your account becomes subject to any legal or administrative order or levy.

Limitations

Overdraft Privilege Service is available only to eligible consumer checking accounts primarily for personal and household purposes (business accounts, student accounts and money market accounts are not eligible). We may limit the number of accounts eligible for Overdraft Privilege Service to one account per household. Additionally, we reserve the right to not approve any overdrafts against your account until we can verify that your account is being maintained in good standing, as defined above.

A non-sufficient funds (NSF) balance may result from:

- Payment of checks, ATM withdrawals, in-person withdrawals, electronic funds transfers, or other electronic means;
- Payments authorized by you;
- The return of unpaid items deposited by you;
- The imposition of bank service charges; or
- Deposited items which according to Reg CC & the Bank's Funds Availability Policy, are treated as not yet available or finally paid.

Transactions Eligible for Overdraft Privilege Service

Standard ODP Service eligible transactions are: all checks written, in-person withdrawals, automated clearing house (ACH) transactions, pre-authorized automatic transfers, online bill payment items, internet, mobile and telephone banking.

ATM and everyday debit card transactions are not included in the Standard Overdraft Privilege Service. Customers may include these transactions in the \$700 ODP limit, by **requesting** to extend the ODP Service coverage to ATM and everyday debit card transactions.

You may request Extended ODP Service by: (1) calling us at 615-325-2265, (2) visiting any branch location, (3) e-mailing us at odp@thefarmersbank.net, (4) printing and completing the online Extended Coverage Consent Form "What You Need To Know About Overdrafts and Overdraft Fees" found at www.thefarmersbank.net and returning it to any branch location or mailing it to P O Box 10, Portland, TN 37148

Note: If you have consented to Extended Overdraft Privilege Service for automated teller machine (ATM) transactions, please verify your balance before initiating an ATM cash withdrawal or POS transaction. All overdrafts will be subject to our \$35 Overdraft Item Fee for each withdrawal until the account is returned to a positive balance (see Account Fees section for details).

Giving the bank consent to pay ATM and everyday debit card transactions may result in the account incurring Overdraft Item Fees for transactions that the bank would otherwise be required to pay without assessing an Overdraft Item Fee. However, consent will allow the bank to authorize transactions up to the amount of the Overdraft Privilege Service Limit.

Overdraft Privilege (ODP) Service Terms and Fee Disclosure

Payment of Items

Our general policy is to post credits before debits. We generally pay items by category, then amount order - lowest to highest. Normally we pay teller cashed checks first, then electronic items (Point of Sale (POS), ACH, etc.), then other checks. You should be aware that the order of item payment may create multiple overdrafts during a single banking day for which you will be charged a \$35 per item fee for each Overdraft Item Fee (item paid) or Returned Item Fee (item returned). Additionally, an NSF fee may be assessed if an item presents more than once for payment.

We are not obligated to pay any item presented for payment if your account does not contain sufficient available funds. However, if your account has been opened for 30 days and, if you maintain your account in good standing as described previously, we may approve your overdrafts with your current available "Overdraft Privilege Service" limit as a non-contractual courtesy. **Approving your reasonable overdrafts is a discretionary service and not a right nor an obligation on our part, and may be withdrawn at any time without prior notice.**

Account Fees

We may refuse to pay an overdraft for you at any time, even though we may have previously paid overdrafts for you. You will be notified by mail of any Overdraft Item Fee (item paid) or Returned Item Fee (item returned) that you may have; however, we have no obligation to notify you before we pay or return an item.

Whether we pay or return a non-sufficient item, a flat per-item fee of \$35 will be charged to your account as an Overdraft Item Fee (item paid) or Returned Item Fee (item returned). If an item drafted by you (i.e. check, ACH, preauthorized transfer, bill payment, internet, mobile or telephone banking) is presented for payment against non-sufficient funds, you will be charged an NSF fee. Be aware such an item may be presented multiple times and you will be charged an NSF Fee each time a payment is presented against non-sufficient funds, regardless of the number of times the payment is presented.

If an account remains overdrawn for more than \$10 for thirty-five (35) or more consecutive business days (i.e. Monday through Friday), a Daily Overdraft Fee (i.e. a daily fee for an outstanding overdraft status) of \$5 is assessed for each of the consecutive business days the account remains overdrawn beginning on the 36th day, with the exception of Basic Checking which does not incur a Daily Overdraft Fee. No interest or APR is charged on overdrawn account balances.

We limit our imposition of Overdraft Item Fees (item paid) and/or Returned Item Fee (item returned) to five (5) per business day (\$175.00). Transactions which cause an overdraft balance of \$10 or less will not be charged an Overdraft Item Fee.

The amount of overdraft, plus our Overdraft Item Fee/Returned Item Fee and/or Daily Overdraft Fee(s) that you owe us, shall be due and payable upon demand. If there is an overdraft paid by us on an account with more than one (1) owner, each owner shall be jointly and severally liable for such overdrafts plus our Overdraft Item Fee/Returned Item Fee and/or Daily Overdraft Fee(s).

Generally, with Overdraft Privilege Service, we will not approve an overdraft for you in excess of the \$700 predetermined amount assigned to your account. So as not to exceed your limit, please note that the amount of the overdraft **plus** the bank's Overdraft Item Fee or Returned Item Fee of \$35.00 (per item) and Daily Overdraft Fee of \$5 (per day - if applicable) will be deducted from the Overdraft Privilege Service limit.

Insufficient Funds

An insufficient funds balance occurs when a customer exceeds their available balance (e.g. account balance is insufficient to cover items presented for payment).

- For accounts **without Standard** Overdraft Privilege, an insufficient funds balance would be when an item (i.e. check or ACH item, etc., including ATM and everyday debit card transactions) presented for payment against an insufficient account balance.
- For accounts **with Standard** Overdraft Privilege, an insufficient funds balance would be when an item (i.e. check or ACH item, etc.) presented for payment against the insufficient balance in the account including the \$700 ODP limit. ATM and everyday debit card transactions are not included in the \$700 ODP limit.
- For accounts **with Extended** Overdraft Privilege, an insufficient funds balance would be when an item (i.e. checks, ACH items including ATM and everyday debit card transactions) presented for payment against the insufficient balance in the account including the \$700 ODP limit.

Standard Overdraft Privilege Service (ODP) is a service added to all eligible accounts (see Overdraft Privilege Service Eligibility Criteria). Overdraft items (i.e. checks and ACH items, etc.) presented for payment on accounts with Standard Overdraft Privilege Service will generally be approved up to the \$700 ODP limit. ATM and everyday debit card transactions are **not** included in the \$700 ODP limit. ATM and everyday debit card transactions may be declined until the account balance is brought positive.

Under payment system rules, The Farmers Bank may be obligated to pay some unauthorized debit card transactions. We may not authorize debit card or ATM transactions unless there are available funds (including Overdraft Privilege if you have elected to have Extended coverage) to cover the transaction and any fees.

By electing Extended ODP Service, you are giving the bank consent to pay ATM and everyday debit card transactions which may result in the account incurring Overdraft Item Fees for transactions that the bank would otherwise be required to pay without assessing an Overdraft Item Fee. However, consent will allow the bank to authorize transactions up to the amount of the Overdraft Privilege Service limit.

Customers who have chosen to remove the Standard Overdraft Privilege Service (see Add or Remove the Service) with overdraft items presented for payment (i.e. checks, ACH items, etc.) may have items returned. A customer's ATM and everyday debit card transactions may be declined until the account balance is brought positive.

For customers with Standard ODP and who have requested to extend their ODP coverage to ATM and everyday debit card transactions (i.e. Extended Coverage), items presented for payment will generally be approved up to the \$700 ODP limit. If the account balance exceeds the \$700 ODP limit, items may be returned and ATM and everyday debit card transactions declined until the account balance is brought within the Overdraft Privilege Service limit of \$700.

Overdraft Privilege (ODP) Service Terms and Fee Disclosure

Holds

Holds on funds and the order in which the transactions are presented to the bank and posted to the account may impact the total amount of Overdraft Item Fees (item paid) or Returned Item Fees (item returned) charged to your account.

The Bank authorizes debit card (POS) and automated teller machine (ATM) transactions using the available balance in your account. Your available balance is calculated by taking your ledger balance (i.e. account balance as of the last processing update), adding your deposits, subtracting any debits scheduled to post to your account and subtracting the amount of any holds placed on the account.

The Bank may place a hold in accordance with Regulation CC and our Deposit Account Agreement and Disclosure. A hold would reduce the amount of your available balance. Merchants may also place a hold on your account for authorized debit card (POS) transactions until the transaction settles (usually within two business days), or as permitted by payment system rules. In some cases, the hold may exceed the amount of the transaction (ex: gasoline purchases). When the hold ends, the funds will be added to the available balance in your account. If your account is overdrawn after the held funds are added to the balance and the transaction is posted to the balance, an Overdraft Item Fee may be assessed.

You should know, an authorized POS item may not clear your account until several business days later, due to merchant processing. Therefore, any subsequent transactions such as Automated Clearing House (ACH) transactions or checks, that are posted against your account ledger balance after the POS transaction has been authorized (but prior to it being paid from the account), may cause the account to be overdrawn when the authorized POS item is later presented for settlement. This type of transaction for a customer who has opted in for the payment of ATM and everyday debit card (POS) transactions will result in the customer being charged a \$35 Overdraft Item Fee (item paid) for the authorized POS transaction.

The Overdraft Privilege amount of \$700 is not included in your available balance provided through online banking, mobile banking, or when accessing your account at an ATM.

Additional Ways to Cover Your Overdraft

Transfers from another account - If you have other accounts with us, you may transfer funds needed to cover your overdrafts. This is not an automated service.

Loans/Lines of Credit - A loan requires you to complete a loan application, and is subject to credit approval. A line of credit requires the payment of interest on outstanding balances as properly disclosed in Regulation Z. You may make a draw on your line of credit to cover your overdraft. This is not an automated service.

Excessive Use

We monitor accounts for chronic or excessive use. If you overdraw your account more than six times in a rolling twelve month period, you will be contacted regarding alternatives and/or continued use of our Overdraft Privilege Service. **Overdraft Privilege Service should not be viewed as an encouragement to overdraw your account. We encourage you to manage your finances responsibly.**

Add or Remove the Service

You may request to add or remove Extended Coverage or remove the ODP service in its entirety at any time by:

Contacting us at 615-325-2265

Sending us an email at odp@thefarmersbank.net

Visiting any branch location

Visiting our website at www.thefarmersbank.net. Print and complete the appropriate form and return it to any branch location or mail it to P O Box 10 Portland, TN 37148

Financial Education

The bank believes financial education helps consumers make informed decisions. We encourage you to balance your account each month. Heightened awareness of personal financial responsibilities helps consumers realize the benefits of responsible money management, understanding the credit process and the availability of help if problems occur. www.MyMoney.gov is the federal government's website that serves as the one-stop shop for federal financial literacy, education programs and other information.