

## OVERDRAFT COVERAGE OPTIONS: OVERDRAFT PROTECTION AND OVERDRAFT PRIVILEGE

The Exchange Bank of Alabama understands that unexpected overdrafts occur from time to time – Overdraft Coverage can help.

### Overdraft Coverage Options

The choice is yours. Consider these ways to cover overdrafts:

Service	Cost
Overdraft Protection link to another deposit account you have at The Exchange Bank of Alabama <sup>1</sup>	\$5 fee per transfer
Overdraft Protection Line of Credit <sup>1, 2</sup>	Subject to fees + interest
Overdraft Privilege Standard or Extended Coverage	\$35 Overdraft Fee per item presented*.

<sup>1</sup>Call us at (256) 547-2572, email us at [exba@exba.com](mailto:exba@exba.com), or come by a branch to sign up or apply for these services; <sup>2</sup>Subject to credit approval.

**\* Per item presented means each time an item is presented, including representation**

**Overdraft Protection** applies to all transactions and may help prevent overdrafts by automatically transferring funds to your checking account from another account, or line of credit you may have at The Exchange Bank of Alabama for a fee or finance charge. Please note that overdraft lines of credit are subject to credit approval.

**Overdraft Privilege** allows you to overdraw your account up to the disclosed limit for a fee to pay a transaction. Even if you have Overdraft Protection, Overdraft Privilege is still available as secondary coverage if the other protection source is exhausted. Please review ***What Else You Should Know*** below for other important information.

Transactions Covered with Overdraft Privilege	Standard Coverage (No action required)	Extended Coverage (Your consent required on consumer accounts) *	If you would like to select Extended Coverage for future transactions: <ul style="list-style-type: none"> <li>• call us at (256) 547-2572</li> <li>• complete the online consent form found at <a href="http://odp.exba.com">odp.exba.com</a></li> <li>• visit any branch</li> <li>• complete a consent form and mail it to us at P.O. Box 747 Attalla, AL 35954</li> <li>• email us at <a href="mailto:exba@exba.com">exba@exba.com</a></li> </ul>
Checks	X	X	
ACH - Automatic Debits	X	X	
Recurring Debit Card Transactions	X	X	
Online Bill Pay Items	X	X	
Internet Banking Transfers	X	X	
Telephone Banking	X	X	
Teller Window Transactions	X	X	
ATM Transactions		X*	
Everyday Debit Card Transactions		X*	

\*If you choose Extended Coverage on your consumer account, **ATM transactions and everyday debit card transactions** will be included with the transactions listed under Standard Coverage. If you already have Overdraft Privilege Extended Coverage, it is not necessary to request it again. Business accounts automatically have Extended Coverage.

You can discontinue Overdraft Privilege in its entirety by contacting us at (256) 547-2572 or sending us an email at [exba@exba.com](mailto:exba@exba.com).

### WHAT ELSE YOU SHOULD KNOW

- A link to another account or line of credit may be less expensive than an overdraft. A single larger overdraft will result in one fee, instead of multiple smaller overdrafts. Use our mobile, internet, and telephone banking services to track your balance. For financial education resources, please visit [www.mymoney.gov](http://www.mymoney.gov).
- The \$35 Overdraft Fee that is charged if you overdraw your account is the same fee that is charged if an item is returned as unpaid. If multiple items overdraw your account on the same day, each item will be assessed an appropriate Overdraft Fee or a Non-Sufficient Funds (NSF) Fee of \$35. All fees and charges will be included as part of the Overdraft Privilege limit amount. Your account may become overdrawn more than the Overdraft Privilege limit amount because of a fee.
- For consumer accounts, there is a limit of 5 Overdraft Fees (\$105) per day we will charge. We will not charge an Overdraft Fee if a consumer account is overdrawn by \$5 or less. These exceptions do not apply to business accounts.
- Recipients of federal or state benefits payments who do not wish us to deduct the amount overdrawn and the Overdraft Fee from funds that you deposit or that are deposited into your account may call us at (256) 547-2572 to discontinue Overdraft Privilege.
- If a check, ACH item or recurring debit card transaction is returned because the Ledger Balance (as defined below) in your account is not sufficient to cover the item and the item is presented for payment again, The Exchange Bank of Alabama (“We”) will charge a Non-Sufficient Funds (NSF) Fee each time we return the item because it exceeds the Available Balance in your account. Because

we may charge a Non-Sufficient Funds (NSF) Fee each time an item is presented, **we may charge you more than one fee for any given item as a result of a returned item and representment of the item.** When we charge a Non-Sufficient Funds (NSF) Fee, the charge reduces the Available Balance in your account and may put your account into (or further into) overdraft. If, on representment of the item, the Ledger Balance in your account is sufficient to cover the item we may pay the item, and, if payment causes an overdraft, charge an Overdraft Fee. We may use the terms “item” and “transaction” interchangeably.

- We generally post items in the following order: 1) credits, 2) Electronic Items (i.e., Debit Cards, ACH, In-House automatic transfers) from smallest to largest dollar amount, and 3) checks (in numerical order). However, because of the many ways we allow you to access your account, the posting order of individual items may differ from these general policies. Holds on funds (described herein) and the order in which transactions are posted may impact the total amount of Overdraft Fees or Non-Sufficient Funds (NSF) Fees assessed. Holds on funds (described herein) and the order in which transactions are posted may impact the total amount of Overdraft Fees or Non-Sufficient Funds (NSF) Fees assessed.
- Overdraft Privilege is not a line of credit; it is a discretionary overdraft service that can be withdrawn at any time without prior notice.
- Depositor and each Authorized Signatory will continue to be liable, jointly and severally, for all overdraft and fee amounts, as described in the New Account Disclosures. The total (negative) balance, including all fees and charges, is due and payable upon demand.
- We may be obligated to pay some debit card transactions that are not authorized through the payment system but which we are required to pay due to the payment system rules, and as a result you may incur fees if such transactions overdraw your account. However, we will not authorize debit card or ATM transactions unless your account’s Available Balance (including Overdraft Coverage Options) is sufficient to cover the transactions and any fee(s).
- Giving us your consent to pay everyday debit card and ATM overdrafts on your consumer account (Extended Coverage) may result in you incurring Overdraft Fees for transactions that we would otherwise be required to pay without assessing an Overdraft Fee. However, this would allow us to authorize transactions up to the amount of your Overdraft Privilege limit. If you consent to Extended Coverage on your consumer account, it will remain on your account until it is otherwise withdrawn.

**Understanding your Available Balance:** Your account has two kinds of balances: the Ledger Balance and the Available Balance.

- We authorize transactions using the Available Balance and pay transactions using the Ledger Balance.
- Your Ledger Balance reflects the full amount of all deposits to your account as well as payment transactions that have been posted to your account. It does not reflect checks you have written and are still outstanding or transactions that have been authorized but are still pending.
- Your Available Balance is the amount available to you to use for purchases, withdrawals, or to cover transactions. The Available Balance is your Ledger Balance, less any holds due to pending debit card transactions and holds on deposited funds.
- The Exchange Bank of Alabama pays checks and ACH transactions using the ledger balance in your account plus the amount of the Overdraft Privilege limit and any available Overdraft Protection.
- The Exchange Bank of Alabama authorizes ATM, recurring debit card transactions, and everyday debit card transactions using the available balance in your account.
- The balance used for authorizing ATM and everyday debit card transactions on accounts with Standard Coverage is your Available Balance plus any available Overdraft Protection but does NOT include the Overdraft Privilege limit.
- The balance used for authorizing ATM and everyday debit card transactions on accounts with Extended Coverage is your Available Balance plus any available Overdraft Protection and includes the Overdraft Privilege limit.
- When ATM, recurring and everyday debit card transactions post, the Ledger Balance is used to determine if a fee may be assessed.
- Because your Available Balance reflects pending transactions and debit holds, your balance may appear to cover a transaction but later upon settlement it may not be sufficient to cover such transaction. In such cases, the transaction may further overdraw your account and be subject to additional overdraft fees. You should assume that any item which would overdraw your account based on your Available Balance may create an overdraft. Note that we may place a hold on deposited funds in accordance with our Deposit Account Agreement and Disclosure, which will reduce the amount in your Available Balance.
- Please be aware that the Overdraft Privilege amount is not included in your Available Balance provided through online banking, mobile banking or The Exchange Bank of Alabama’s ATMs.
- We will place a hold on your account for any authorized debit card transaction 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. When the hold ends, the funds will be added to the Available Balance in your account. If your account is overdrawn after the transaction is posted to the Ledger Balance, an Overdraft Fee may be assessed if you have Extended Coverage.
- Except as described herein, we will not pay items if the Available Balance in your account (including the Overdraft Privilege limit, if applicable) is not sufficient to cover the item(s) and the amount of any fee(s).

#### **Understanding Overdraft Privilege Limits**

- New consumer and business checking accounts will receive a \$100 Introductory Overdraft Privilege limit at account opening that will be increased to \$600 after 60 days in good standing for Classic and Premier consumer accounts or to \$800 after 60 days in good standing for business accounts. Please note, the maximum limit for Access Checking accounts is \$100.
- Overdraft Privilege may be reduced if you default on any loan or other obligation to us, your account becomes subject to any legal or administrative order or levy, or if you fail to maintain your account in good standing by not bringing your account to a positive balance within 32 days for a minimum of one business day. You must bring your account balance positive for at least one business day to have the full Overdraft Privilege limit reinstated.

If you have any questions about Overdraft Protection or Overdraft Privilege, please call us at (256) 547-2572 or visit a branch.

## GLOSSARY

**Overdraft Privilege** - A discretionary service that allows you to overdraw your account up to the disclosed limit for a fee in order to pay a transaction.

**Overdraft Protection** - A contractual service that allows you to link to another account or a line of credit you may have at The Exchange Bank of Alabama to your checking account. Overdraft Protection applies to all transactions and may help prevent overdrafts by automatically transferring funds to your checking account from another account or line of credit for a fee or finance charge.

**Non-Sufficient Funds Fee** - A fee that is charged when the amount of a transaction exceeds the ledger balance in the account at the time the item is presented for payment and the item is returned/not paid by the bank.

**Overdraft Fee** - A fee that is charged when the amount of a transaction exceeds the ledger balance in the account at the time the item is presented for payment and the item is either paid using the Overdraft Privilege Limit or is manually paid by the bank.

**Overdraft Privilege Standard Coverage** - The Overdraft Privilege limit will be used to pay Checks, ACH-Automatic Debits, Recurring Debit Card Payments, Online Bill Pay Items, Internet Banking Transfers, Telephone Banking, and Teller Window Transactions, but NOT ATM and everyday debit card transactions.

**Overdraft Privilege Extended Coverage** - The Overdraft Privilege limit will be used to authorize and pay Checks, ACH-Automatic Debits, Recurring Debit Card Payments, Online Bill Pay Items, Internet Banking Transfers, Telephone Banking, Teller Window Transactions, AND ATM Transactions and Everyday Debit Card Transactions.

**Ledger Balance** - The balance computed by the bank at the end of each business day that includes all withdrawals and deposits to calculate the total amount of money in a bank account.

**Available Balance** – The ledger balance, less any holds on deposited funds and any debit card holds, plus any available Overdraft Protection and any available Overdraft Privilege Limit.