



EASTERN COLORADO BANK

MEMBER FDIC

Courtesy Pay and Courtesy Pay PLUS Overdraft Program

Courtesy Pay allows you to obtain an overdraft limit on your checking, money market or savings account. An overdraft limit is the maximum dollar amount for which we will strive to pay items that overdraw your account. Any overdrafts that exceed your overdraft limit may not be paid by us. Any items that are presented that exceed your overdraft limit may be declined or returned. We have implemented an automated system that performs a continual evaluation of all accounts to determine an overdraft limit based on algorithms, or a set of rules, that weigh numerous factors and account holder behaviors including an account holder's usage patterns or relationship with us to assess an account holder's ability to repay an overdrawn balance. As a result of these dynamic overdraft limits, for eligible checking accounts, here are some features you will experience:

- Your overdraft limit may change as frequently as daily.
- Your overdraft limit may be reduced to \$0.

An overdrawn account will typically result in you being charged an overdraft fee or an NSF fee. Generally, an overdraft occurs when there is not enough money* in your account to pay for a transaction, but we pay (or cover) the transaction anyway based on current balance. An NSF transaction is slightly different. In an NSF transaction, we do not cover the transaction. Instead, the transaction is rejected and the item or requested payment is returned. In either situation, we can charge you a fee. Be aware that such an item or payment may be presented multiple times and that we do not monitor or control the number of times a transaction is presented for payment. You agree that we may charge you an NSF fee each time a payment is presented if the amount of money in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented. An NSF transaction being returned unpaid to merchants or other third parties may also result in fees being imposed by those merchants or other third parties.

*We consider enough money to be your account's current balance. Your account's current balance (sometimes called the ledger balance) is the balance in your account at the close of the current business day. The current balance does not include outstanding transactions (such as checks that have not yet cleared or electronic transactions that have been authorized but have an effective date in the future).

Here is an example of how utilizing Current Balance vs. utilizing Available Balance would affect the payment of your transactions.

Description	Transaction	Available Balance	Current Balance
Day 1			
Opening Balance			\$100
Signature Based Debit Transaction -authorized	<\$80>	\$20	\$100
Day 2			
Check Posted	<\$40>	<\$20>	\$60
No overdraft fee since using Current Balance			
Day 3			
Signature-based debit transaction-posted	<\$80>	<\$20>	<\$20>
Overdraft Fee	<\$32>	<\$52>	<\$52>

You may contact us to receive your current overdraft limit. Any dollar limit that we provide to you is subject to change based on the rules the automated system uses to set your overdraft limit.

To help you avoid spending more than you have in your account, which may result in overdrafts and fees, we have tools to help you manage and keep track of your checking account balance and activity. These tools may be found at YourFriendlyBank.com or by calling a banker at (866) 210-0460.

We wish to inform you of options in the event sufficient funds do not exist in your checking account to cover a purchase or transaction. When an account has insufficient funds, an insufficient funds ("NSF") fee of \$32 is charged for every ACH debit item, bill pay item or check that is returned.

We have several ways that transactions can be covered where there are insufficient funds:

- 1) We can set up an Account Transfer from a savings, money market or checking account, and funds will be transferred to cover the transaction that would overdraw your account.
- 2) You can apply for an unsecured line of credit that could cover you when a transaction would overdraw your account. For our consumer overdraft line of credit, there is a \$30 annual fee and an APR of 18% on funds that are transferred from this line of credit to your checking account to cover any transactions that would overdraw your account. For our Business Ready Reserve, there is a \$50 annual fee and an APR of 18% on funds that are transferred from this line of credit to your checking account to cover any transactions that would overdraw your account.
- 3) We also have our Courtesy Pay program in which we will strive to pay ACH debit, check, and bill pay items for you when funds are not in your account as a service to you. When an account has insufficient funds and we pay (cover) an item for you, a \$32 fee is charged. This is in place of, and not in addition to, any NSF fee that otherwise may be due.

We also offer Courtesy Pay PLUS to our consumer account holders, which, in addition to ACH debit, check, bill pay and recurring debit card transactions, we can include your everyday debit card and ATM transactions with your consent after reviewing *What You Need to Know About Overdrafts and Overdraft Fees* that describes this coverage and opting-in to this service. If you choose to request this service and your current balance is not sufficient to cover a transaction, we may pay those everyday debit card purchases and ATM transactions. If we do cover one of these transactions for you, you would be charged \$32 per transaction that overdraws your account which we cover. If two or more consumers jointly hold an account, the financial institution shall treat the affirmative consent of any of the joint consumers as affirmative consent for that account. Similarly, the financial institution shall treat a revocation of affirmative consent by any of the joint consumers as revocation of consent for that account.

Financial institutions are required to operate in accordance with safety and soundness standards and are encouraged to ensure that their account holders have the ability to repay overdrawn balances before paying items that overdraw your account. Therefore, we are utilizing an automated system based on algorithms, or a set of rules, that performs a daily evaluation of all accounts to determine whether the account appears to have the ability to repay an overdrawn balance and, if so, how much.

The software weighs numerous variables, including but not limited to:

- Age of Account
- Deposit Amounts
- Deposit Regularity
- Previous Overdraft Activity and Repayments
- Account Status
- Status of Loan Obligations

We are not obligated to pay any items presented for payment if the account does not have sufficient funds, determined by using your current balance. The automated system sets an overdraft limit (Limit) based on analysis of your ability to repay, but we reserve the right to pay or return individual transactions in our discretion. In general, however, we strive to pay your items if they total less than the unused amount of your system-generated Limit. The Limit for your checking account may change as frequently as daily, between a range of \$0 to \$1,750 for consumer accounts and a range of \$0 to \$3,500 for business accounts. The Limit for your savings and money market accounts is \$100.

Eligibility for Courtesy Pay and Courtesy Pay PLUS is defined by the following criteria:

- Account is an eligible account type as defined in *Terms and Conditions of Your Account*
- Primary account owner is greater than 18 years of age
- Loan or other bank obligation is less than 30 days past due
- Customer has no outstanding garnishments, levies, liens or current bankruptcies

While an account may be eligible for overdraft and we will strive to pay your transactions, we typically do not pay overdrafts if your account is not in good standing.

Good Standing is defined by the following criteria:

- Regular deposits are being made to your account in amounts consistent with past practices
- Account is not currently overdrawn more than 22 consecutive days
- Repayment of overdrawn balances promptly restores account to positive balance
- Account holder has affirmatively opted into Reg E (only applicable for Courtesy Pay PLUS)

An account that is not in good standing may result in a limit of \$0. When our system sets a Limit of \$0 for your account, that does not necessarily mean that your transaction will not be paid into overdraft, because we may pay or return items at our discretion. However, a \$0 Limit does substantially increase the likelihood that we will not process an overdraft against insufficient funds. A Limit of \$0 on a given day also does not mean that you have been removed from the Courtesy Pay or Courtesy Pay PLUS program, because as long as you are eligible for the overdraft program, the system will continue to evaluate your account each day and may increase the Limit above \$0 on any day. Only if you have been removed from program eligibility will the Limit not increase above \$0. As it would with any item that is not paid because of insufficient funds, a Limit of \$0 or removal from program eligibility may result in transactions being returned unpaid to merchants or other third parties due to insufficient funds, and also may result in fees being imposed by those third parties. If you have been removed from program eligibility and are later determined to again be eligible for Courtesy Pay or Courtesy Pay PLUS, then you will need to review a *What You Need to Know About Overdrafts and Overdraft Fees* describing this coverage and opt-in to the service.

Paying an item into overdraft is discretionary, and we do not guarantee that we will cover (pay) any item presented against insufficient funds. Furthermore, the occurrence of overdraft fees assessed against items presented against the account does not obligate us to pay items in the future and does not obligate us to provide prior written notice of the decision to refuse payment.

If you wish to know your Limit, you may contact us by calling us at (866) 210-0460. Your Limit may change daily and may change between the time you make a transaction and the time it is presented for payment. It is important to remember that if we provide the amount of the Limit to you, this Limit does not equate to your amount of purchasing power. In other words, the Limit does not reflect the amount of money you have in your account and should not be relied on to ensure transactions will be paid. Aside from the discretionary nature of the program, factors such as your changing account balance, posting order of transactions or deposits, or an already-overdrawn balance may result in a transaction being

declined or returned unpaid. You should keep careful track of your account balance and activity to avoid overdrafts.

Courtesy Pay and Courtesy Pay PLUS are not loans. Pursuant to the *Terms and Conditions of Your Account* you are liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and we can deduct any amounts deposited into the account and apply those amounts to the shortage. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. Subsequent deposits will be applied to clear the overdrawn balance.

If you would prefer that we not pay any items that exceed your current balance, you may opt out of the Courtesy Pay and Courtesy Pay PLUS programs by contacting us and telling us your preference. Even if you have opted out of these programs, it is still possible that debit card items will be paid or if mutually agreeable for Bank and Customer.

You may contact us by phone at (866) 210-0460, by email at support@yourfriendlybank.com, by mail at P.O. Box 888, Cheyenne Wells, CO 80810 or by speaking with one of our representatives at any of our locations. Without this discretionary service or some other form of overdraft protection, such as an account transfer or line of credit (which is offered to qualified accounts), any items presented that would overdraw the account may be returned unpaid with any applicable NSF fee charged to the account for each item. This also may result in fees being imposed by merchants or other third parties.

The *Terms and Conditions of Your Account* prescribes our respective duties, obligations and rights, as well as those of the Authorized Signatories with regard to your account. It contains important additional information relevant to overdraft, such as our funds availability policy and posting order of transactions. The *Terms and Conditions of Your Account* supersede this overdraft policy in any potential conflict of terms.