



## Notice Regarding Payment Order of Items

The law permits us to pay items drawn on your account in any order (for purposes of this section “items” means checks, orders and electronic transactions). To assist you in the handling of your account with us, we are providing you with information regarding how we process those items.

The order in which items are paid is important if there is not enough money in your account to pay all the items that are presented. There is no policy that is favorable in every instance. If the smallest items are paid first, you may have fewer *NSF* or overdraft fees, but the largest, and perhaps more important items (*such as rent or mortgage payments*) might not be paid. If the largest items are paid first, your most important items might be paid but it may increase the number of overdraft or *NSF* fees, if funds are not available to pay all of the items. We think our policy attains a reasonable balance between minimizing additional cost to you and paying your most important items.

If an item is presented, without sufficient funds in your account to pay it, we may, at our discretion, pay the item (*creating an overdraft*) or return the item unpaid (*creating an NSF*). For authorized ATM and one-time (non-recurring) debit card transactions, overdrafts will be paid, and we will not assess fees or charges unless you have affirmatively consented in writing (*Overdraft Opt-in*). You may opt-in or opt-out at any time after your account is open by completing an updated *Overdraft Opt-In/Opt-Out* form. We may also pay the item and not charge a fee, if you have made a subsequent deposit to your account that covers the amount of the potential overdraft.

**When processing checks and orders drawn on your account, our policy is to pay them in numerical sequence. Therefore, when received together, lower numbered checks and orders are paid first. For electronic transactions, our policy is to pay them in the order they are received (see below)\*.**

### **\*Electronic Transactions (ACH, VISA Check Card, Online Banking, and Mobile Banking Activity)**

Our Online Banking Service application is a helpful tool in tracking your account balance and activity. While some transactions may be posted to this application in real time (over the counter deposits and withdrawals, online banking transfers), other activity (e.g., ACH, VISA Check Card) are memo posted to this application but not effectively processed against your account until overnight processing. In addition, certain transactions may be presented as “pre-authorizations” (i.e., signature-based/credit transactions where you do not enter your pin) and may appear on your account for up to five (5) days. The pre-authorization may change once the merchant passes the actual purchase amount for final settlement. For example, many gas stations may pre-authorize transactions for amounts up to \$100.00 because they do not know how much gas you will actually pump in advance of your transaction. If they preauthorize \$60.00, we will debit your account for that amount, even if your actual transaction is only \$45.60. However, the final debit is submitted by the merchant 1-5 days later for \$45.60, as this is the amount of gas actually purchased. Hotels, car rental companies, and restaurants may also pre-authorize signature-based/credit transactions. As such, the account balance and other information you obtain through our Online Banking Service may not include all transactions that you have made or authorized. If you attempt to initiate transactions, based on information obtained solely through the Online Banking Service application, you may incur instances where there are insufficient funds available to cover the transactions when they are presented for payment.”

The amounts of the Bank’s overdraft and NSF fees are disclosed in your Account Options and Service Fee Schedule (a separate disclosure). We encourage you to make careful records and practice good account management. This will help you to avoid creating items without sufficient funds to pay them and thus incurring the resulting fee.