

At times, unanticipated expenses or unforeseen problems can leave you with too little cash in your account. Having a check returned due to insufficient funds can be a costly, inconvenient and potentially embarrassing experience. At Honor Bank, we do not encourage overdrafts. As always, we encourage you to manage your finances responsibly. However, we want to save you from the additional merchant fees and possible damage to your credit history that might result if a check is returned. That's why we provide Overdraft Privilege, a special overdraft service for our customers.

WHAT IS OVERDRAFT PRIVILEGE?

Overdraft Privilege is a discretionary overdraft service requiring no action on your part that provides you a safety net up to an automatically assigned overdraft limit. Your Overdraft Privilege limit may be available for checks and other transactions made using your checking account number or automatic bill payment and recurring debit card payment, and for business accounts only, ATM and everyday debit card transactions. For all other personal accounts, at your request, we may authorize and pay ATM transfers or withdrawals and everyday debit card purchases using your limit.

HOW DOES OVERDRAFT PRIVILEGE WORK?

As long as you maintain your account in "good standing," we may approve your overdraft items within your current available Overdraft Privilege limit as a non-contractual courtesy. For overdraft privilege consideration, your account is in "good standing" if you:

- deposit enough money to bring your account to a positive end-of-day balance at least once every 30 calendar days (including the payment of all bank fees and charges);
- avoid excessive overdrafts suggesting the use of Overdraft Privilege as a continuing line of credit;
- there are no legal orders, levies or liens against your account; and
- are not in default on any loan or other obligation to Honor Bank.

The amount of the overdraft plus our overdraft fee of \$30 for each item will be deducted from your overdraft limit. If the item is returned, the returned item NSF fee of \$30 will be deducted from your account. No interest will be charged on the overdraft balance. Please refer to the customer overdraft policy for additional details.

WHAT IF I'M HAVING TROUBLE REPAYING MY OVERDRAFT PRIVILEGE OR USE IT FREQUENTLY?

Please contact us if:

- you do not believe you will be able to bring your account to a positive end-of-day balance within the required time period;
- find that you are using Overdraft Privilege more often than you intend; or
- don't understand why your account becomes overdrawn.

Following regulatory guidance, we will contact you if you are paying multiple overdraft fees, to discuss possible alternatives that may better meet your short term credit needs. If you ask us to stop contacting you because you have determined Overdraft Privilege is appropriate for your needs, we will honor your wishes. However, if we identify that the number and frequency of overdrafts increases materially for an extended period of time at some point after that, we may contact you again to ensure Overdraft Privilege is still the most appropriate option.

WHAT ARE SOME OTHER WAYS I CAN COVER OVERDRAFTS AT HONOR BANK?

The best way to avoid overdrafts and fees is to keep track of your account balance by entering all checks, debit card purchases and ATM withdrawals in your check register, reconcile your checkbook regularly and manage your finances responsibly. However, if a mistake occurs, we offer additional ways to cover overdrafts in addition to Overdraft Privilege.

Ways to Cover Overdrafts at Honor Bank	Example of Associated Fees
Good account management	\$0
Link to savings account	\$5 transfer fee
Overdraft Privilege	Overdraft fee of \$30 for each item

WHAT IF I DO NOT WANT TO HAVE OVERDRAFT PRIVILEGE ON MY ACCOUNT?

If you would like to have this service removed from your account, please call 877-325-8031 or stop by any branch.

CUSTOMER OVERDRAFT POLICY

An insufficient balance can result from several events, such as (1) the payment of checks, electronic funds transfers or other withdrawal requests; (2) payments authorized by you; (3) the return of unpaid items deposited by you; (4) bank service charges; or (5) the deposit of items which, according to the bank's Funds Availability Policy, are treated as not yet available or finally paid. We are not obligated to pay any item presented for payment if your account does not contain sufficient funds.

As long as you maintain your account in "good standing," we may approve your overdraft items within your current available Overdraft Privilege limit as a non-contractual courtesy. For overdraft privilege consideration, your account is in "good standing" if you (1) make sufficient deposits to bring your account to a positive end-of-day balance at least once every 30 calendar days (including the payment of all bank fees and charges); (2) avoid excessive overdrafts suggesting the use of Overdraft Privilege as a continuing line of credit; (3) have no legal orders, levies or liens against your account; and (4) not being in default on any loan or other obligation to Honor Bank.

In the normal course of business, we generally pay electronic transactions first and then checks by serial number per the bank's policy. We reserve the right to change the order of payment without notice to you if we suspect fraud or possible illegal activity affecting your account. Also, please be aware that the order of item payment may create multiple overdraft items during a single banking day for which you will be charged our overdraft fee of \$30 for each overdraft item paid.

You may opt out of the privilege at any time, but you are responsible for any overdrawn balances at the time of opting out. Normally, we will not approve an overdraft for you in excess of the predetermined amount assigned to your account type. So as not to exceed your limit, please note that the amount of the overdraft plus the bank's overdraft fee of \$30 per item will be deducted from the overdraft limit.

We may refuse to pay an overdraft item at any time even though we may have previously paid overdrafts for you. For example, we typically do not pay overdraft items if your account is not in good standing as defined above, or, if based upon our review of your account management, we determine that you are using Overdraft Privilege excessively or seem to be using Overdraft Privilege as a regular line of credit. You will be charged a returned item fee of \$30 for each item returned.

You will be promptly notified of any non-sufficient funds items paid or returned that you may have; however, we have no obligation to notify you before we pay or return any item. The amount of any overdraft including our overdraft fee of \$30 and/or a returned item fee of \$30 that you owe us shall be due and payable upon demand, but if no demand is made, no later than 30 calendar days after the creation of the overdraft. If there is an overdraft on an account with more than one owner on the signature card, each owner and agent, if applicable, shall be jointly and severally liable for all overdrafts inclusive of fees.

Overdraft Privilege should not be viewed as an encouragement to overdraw your account. To avoid fees, we encourage you to keep track of your account balance by entering all items in your check register, reconcile your checkbook regularly, and manage your finances responsibly. If you would like to have this service removed from your account, please call 877-325-8031.

Please note that your Overdraft Privilege limit may be available for each item paid under the limit created by checks and other transactions made using your checking account number, such as a teller withdrawal, an automatic payment (ACH) transaction, or automatic bill payment and recurring debit card payment, and for business accounts only, ATM and everyday debit card transactions. For all other personal accounts, at your request, we may authorize and pay ATM transfers or withdrawals and everyday debit card purchases using your limit. Your available balance may be affected by authorizations, which could create additional overdrafts and associated fees. When you ask for your account balance, please remember the amount we show you does not include your overdraft limit.

LIMITATIONS: Overdraft Privilege is a non-contractual courtesy that is available to individually/jointly owned accounts in good standing for personal or business use. Honor Bank reserves the right to limit participation to one account per household or business and to suspend, revoke, or discontinue this service without prior notice. Unless we advise you differently or you request this service be removed from your account, your limit will be made available to cover overdrafts again after you bring your account to a positive end-of-day balance.