

OVERDRAFT COVERAGE OPTIONS: OVERDRAFT PROTECTION AND OVERDRAFT PRIVILEGE

INSOUTH Bank 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 Account you have at INSOUTH Bank ¹ | \$0 fee per transfer |
| Overdraft Privilege Standard or Extended | \$35 NSF Paid Item fee per item presented*. \$6 Continuous Overdraft Fee - If your account is overdrawn four (4) or more consecutive business days, we will charge an additional \$6 for each consecutive business day the account remains overdrawn, beginning on day four. |

¹ Call us at 1-800-541-3891 or come by a branch to sign up this service.

* Per item presented means each time an item is presented, including representment.

Overdraft Protection applies to all transactions and may help prevent overdrafts by automatically transferring funds to your checking account from another account you may have at INSOUTH Bank. If a transfer occurs from a linked account that is not sufficient to cover the overdraft, a \$35 NSF Paid Item fee may still be imposed. Good account management is the best way to avoid overdrafts.

Overdraft Privilege allows you to overdraw your account up to the disclosed limit for a \$35 NSF Paid Item fee per item 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*** 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"> ■ call us at 1-800-541-3891; ■ visit any branch; or ■ complete a consent form and mail it to us at P.O. Box 129, Atoka, TN 38004. |
|---|--|--|---|
| Checks | X | X | |
| ACH Transactions (automatic debits) | X | X | |
| Recurring Debit Card Transactions | X | X | |
| Online Bill Pay Items | X | X | |
| Teller Window Transactions | X | X | |
| Telephone Banking Transactions | X | X | |
| Internet Banking Transactions | X | X | |
| ATM Transactions | | X* | |
| Everyday Debit Card Transactions | | X* | |

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

Both consumer and business accounts can discontinue Overdraft Privilege at any time in its entirety by contacting us at 1-800-541-3891 or coming by any branch.

WHAT ELSE YOU SHOULD KNOW

- A link to another account you may have at INSOUTH Bank may be less expensive than an overdraft. A single larger overdraft will result in one fee, instead of multiple smaller overdrafts. If a transfer occurs from a linked account that is not sufficient to cover the overdraft, a \$35 NSF Paid Item fee may still be imposed. Use our mobile, internet, and telephone banking services to track your balance. For financial education resources, please visit www.mymoney.gov.
- A \$35 NSF Paid Item fee is charged each time we pay a transaction that overdraws your account more than \$5. It is the same \$35 fee amount that is charged each time a check is returned unpaid as an NSF Return item. If multiple items overdraw your account on the same day, each item will be assessed an appropriate NSF Paid Item fee or an NSF Return Item 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 NSF Paid Item Fees, NSF Return Item Fees, Continuous Overdraft Fees, or other fees such as monthly service charges or fees for bank services.
- Recipients of federal or state benefits payments who do not wish us to deduct the amount overdrawn and the NSF Paid Item fee from funds that you deposit or that are deposited into your account may call us at 1-800-541-3891 to discontinue Overdraft Privilege.
- If an item 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, INSOUTH Bank ("We") will charge an NSF Return Item fee each time it returns the item because it exceeds the Ledger Balance in your account. Because we may charge an NSF Return Item 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 an NSF Return Item fee, the charge reduces the Ledger Balance in your account and may put your account into (or further into) overdraft. If, on representment of the item, the Ledger Balance plus the Overdraft Privilege limit in your account is sufficient to cover the item we may pay the item, and, if payment causes an overdraft, charge an NSF Paid Item fee. We may use the terms "item" and "transaction" interchangeably.
- If your account balance is overdrawn for four (4) or more consecutive business days, we will charge your account an additional \$6 for each consecutive business day the account remains overdrawn, beginning on day four.
- For consumer accounts, the maximum amount of NSF Paid Item fees and/or NSF Return Item fees that will be charged to a customer's account is five (5) per day for a total of \$175 per day. We will not charge an NSF Paid Item fee if a consumer account is overdrawn by \$5 or less. **These exceptions do not apply to business accounts.**
- This describes the posting order for purposes of determining overdrafts. Our general policy is to post items throughout the day and to post credits before debits. INSOUTH Bank's current posting order is ATM/POS transactions (lowest to highest dollar amount), Teller Cashed Checks (check number sequence or lowest to highest dollar amount if there is not a check number), ACH Transactions (lowest to highest dollar amount), Checks besides Teller Cashed Checks, and Inclearing Checks (check number sequence). Because of the many ways we allow you to access your account, the posting order of individual items may differ from this general policy. Holds on funds (described herein) and the order in which transactions are posted may impact the total amount of NSF Paid Item fees or NSF Return Item 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 Deposit Account Agreements and 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 NSF Paid Item fees for transactions that we would otherwise be required to pay without assessing an NSF Paid Item 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 and Ledger Balance: Your account has two kinds of balances: the Available Balance and the Ledger Balance. We authorize transactions using the Available Balance and pay items based on the Ledger Balance. Because your Available Balance reflects pending transactions and debit holds, your Available Balance may appear to cover a transaction but later upon settlement the Ledger Balance 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.

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 balance used for authorizing checks, ACH items, and recurring debit card transactions is your Available Balance plus the amount of the Overdraft Privilege limit and any available Overdraft Protection.
- 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.
- Note that we may place a hold on deposited funds in accordance with our Funds Availability 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 INSOUTH Bank's ATMs.

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.

- The balance used for paying checks, ACH items, and recurring debit card transactions is your Ledger Balance plus the amount of the Overdraft Privilege limit and any available Overdraft Protection.
- The balance used for paying ATM and everyday debit card transactions on accounts with Standard Coverage is your Ledger Balance plus any available Overdraft Protection but does NOT include the Overdraft Privilege limit.
- The balance used for paying ATM and everyday debit card transactions on accounts with Extended Coverage is your Ledger Balance plus any available Overdraft Protection and includes the Overdraft Privilege limit.
- You should assume that any item that would overdraw your account based on your Ledger Balance may create an overdraft.
- 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. If the hold amount does not equal the amount of the transaction when it posts to your account, an NSF Paid Item fee may be assessed.
- Except as described herein, we will not pay items if the Ledger 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 Overdraft Privilege limit will be increased to \$700 or increased to \$900 with Direct Deposit after 35 consecutive calendar days in good standing for consumer accounts. For business accounts, the Overdraft Privilege Limit will be increased to \$700 or increased to \$900 with Direct Deposit after 60 consecutive calendar days in good standing.
- Overdraft Privilege may be reduced to \$100 or suspended 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 consecutive calendar 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 **1-800-541-3891** or visit a branch.