

# Account Disclosures



**FARMERS &  
MERCHANTS**  
STATE BANK

**Effective October 18, 2021**



# TABLE OF CONTENTS

## NOTICE OF ASSIGNMENT, SALE, OR TRANSFER OF SERVICING RIGHTS

This notification is applicable if your mortgage loan is a first lien on owner-occupied residential real estate.

You are hereby notified that the servicing of your mortgage loan, that is, the right to collect payments from you, is being assigned, sold or transferred from Perpetual Federal Savings Bank to The Farmers & Merchants State Bank effective October 1, 2021.

The assignment, sale or transfer of the servicing of the mortgage loan does not affect any terms or conditions of the mortgage instruments other than terms directly related to the servicing of your loan.

Except in limited circumstances, the law requires Perpetual Federal Savings Bank to send you notice at least 15 days before the effective date of transfer or at closing. Additionally, The Farmers & Merchants State Bank must also send you notice no later than 15 days after this effective date or at closing. **Please note that, in this case, all necessary information is combined in this one notice.**

Your present servicer is: **Perpetual Federal Savings Bank, 120 N Main St., Urbana, OH 43078.** If you have any questions relating to the transfer of servicing from Perpetual Federal Savings Bank, please feel free to call 937-653-1700 during normal business hours.

Your new servicer will be: **The Farmers & Merchants State Bank, 307 N. Defiance Street, P.O. Box 216, Archbold, OH 43502.** If you have any questions relating to the transfer of servicing to The Farmers & Merchants State Bank, please feel free to call toll free at 1-800-451-7843 between 8:30 a.m. and 5:00 p.m. Monday through Friday.

The date that Perpetual Federal Savings Bank will stop accepting payments from you is Thursday, September 30, 2021, at the end of business day. The date that The Farmers & Merchants State Bank will start accepting payments from you is Friday, October 1, 2021. Please send all payments due on or after that date to your new servicer.

You should also be aware of the following information, which is set out in more detail in Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2605):

- During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by Perpetual Federal Savings Bank before its due date may not be treated by the new loan servicer as late and a late fee may not be imposed on you.
- Section 6 of RESPA (12. U.S.C. 2605) gives you certain consumer rights. If you send a “qualified written request” to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 Business Days of receipt of your request. A “Business Day” is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions and a “qualified written request” is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name, account number and your reasons for the request. If you would like to send a “qualified written request” regarding the servicing of your loan, it must be sent to this address:

The Farmers & Merchants State Bank  
307 N. Defiance Street  
P. O. Box 216  
Archbold, OH 43502

Not later than 60 Business Days after receiving your request, your servicer must make any appropriate corrections to your account and must provide you with a written clarification regarding any dispute. During this 60-Business-Day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that Section. You should seek legal advice if you believe your rights have been violated.

Terms and Conditions of Your Retail Deposit Account.....	4
Notice of Negative Information .....	14
Funds Availability Notice .....	19
Terms and Conditions of Your Business Deposit Account .....	20
Changes to Your Deposit Accounts .....	30
Overdraft Program Notice.....	34
Important Information About Procedures for Opening a New Account .....	35
Important Information About Opening a Legal Entity Account .....	35
Fee Schedule.....	37
Privacy Policy .....	38
Debit Card Agreement/Terms and Conditions.....	40
Electronic Fund Transfers.....	40
Health Savings Account Debit MasterCard® Cardholder Agreement .....	43
Business Debit MasterCard® Cardholder Agreement.....	44

## TERMS AND CONDITIONS OF YOUR RETAIL DEPOSIT ACCOUNT

**AGREEMENT** - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws, the laws of the state in which the branch office where you opened your account is located and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
  - (2) establish rules to cover transactions or events which the law does not regulate;
  - (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
  - (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.
- If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this document is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does not intend, and the terms "you" and "your" should not be interpreted, to expand an individual's responsibility for an organization's liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular. Throughout this document, when a provision is identified as being applicable to a certain state (for example, "in Ohio"), it means that the provision is only applicable if your account is held at a branch located in that particular state. Any provision which is not described as applying to a particular state, applies to your account.

**LIABILITY** - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) 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.

You will be liable for our costs as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys' fees can be deducted from your account when they are incurred, without notice to you.

**DEPOSITS** - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of endorsement or lack of endorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Unless prohibited by law, we also reserve the right to charge back to your account the amount of any item deposited to your account or cashed for you which was initially paid by the payor bank and which is later returned to us due to an allegedly forged, unauthorized or missing endorsement, claim of alteration, encoding error, counterfeit cashier's check or other problem which in our judgment justifies reversal of credit. You authorize us to attempt to collect previously returned items without giving you notice, and in attempting to collect we may permit the payor bank to hold an item beyond the midnight deadline. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S.

dollars. We are not responsible for transactions by mail or outside depository until we actually record them. If you deliver a deposit to us and you will not be present when the deposit is counted, you must provide us an itemized list of the deposit (deposit slip). To process the deposit, we will verify and record the deposit, and credit the deposit to the account. If there are any discrepancies between the amounts shown on the itemized list of the deposit and the amount we determine to be the actual deposit, we will notify you of the discrepancy. You will be entitled to credit only for the actual deposit as determined by us, regardless of what is stated on the itemized deposit slip. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check or draft for deposit, we may require any third-party endorsers to verify or guarantee their endorsements, or endorse in our presence.

### **WITHDRAWALS -**

**Generally** - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to endorse any item payable to you or your order for deposit to this account or any other transaction with us.

**Postdated checks** - A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

**Checks and withdrawal rules** - If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. In addition, we may place limitations on the account until your identity is verified.

Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify it as a transaction account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

**Cash withdrawals** - We recommend you take care when making large cash withdrawals because carrying large amounts of cash may pose a danger to your personal safety. As an alternative to making a large cash withdrawal, you may want to consider a cashier's check or similar instrument. You assume full responsibility of any loss in the event the cash you withdraw is lost, stolen, or destroyed. You agree to hold us harmless from any loss you incur as a result of your decision to withdraw funds in the form of cash.

**Multiple signatures, electronic check conversion, and similar transactions** - An electronic check conversion transaction is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the signatures or otherwise examine the original check or item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

**Notice of withdrawal** - We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit or demand deposit, or from any other savings account as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

### **UNDERSTANDING AND AVOIDING OVERDRAFT AND NONSUFFICIENT FUNDS (NSF) FEES -**

**Generally** - The information in this section is being provided to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and nonsufficient funds (NSF) is important and can help you avoid being assessed fees or charges. This section also provides contractual terms relating to overdrafts and NSF transactions.

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. 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.

**Determining your available balance** - We use the "available balance" method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your "available" balance may not be the same as your account's "actual" balance. This means an overdraft or an NSF transaction could occur regardless of your account's actual balance.

Your account's actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money "available" in your account to make payments. In other words, the available balance takes transactions that have been authorized, but not yet settled, and subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance. For more information on how holds placed on funds in your account can impact your available balance, read the subsection titled "A temporary debit authorization hold affects your account balance."

**Overdrafts** - You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

**Nonsufficient funds (NSF) fees** - If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee for returning the payment. 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 available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.

**Payment types** - Some, but not necessarily all, of the ways you can access the funds in your account include debit card transactions, automated clearing house (ACH) transactions, and check transactions. All these payment types can use different processing systems and some may take more or less time to post. This information is important for a number of reasons. For example, keeping track of the checks you write and the timing of the preauthorized payments you set up will help you to know what other transactions might still post against your account. For information about how and when we process these different payment types, see the "Payment order of items" subsection below.

**Balance information** - Keeping track of your balance is important. You can review your balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches.

**Funds availability** - Knowing when funds you deposit into your checking account will be made available for withdrawal is another important concept that can help you avoid being assessed fees or charges. Please see our funds availability disclosure for information on when different types of deposits will be made available for withdrawal. For those accounts to which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the times we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

**A temporary debit authorization may affect your account balance** - On debit card purchases, merchants

may request a temporary hold on your account for a specified sum of money, which may be more than the actual amount of your purchase. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. The temporary hold and the amount charged to your account will eventually be adjusted to the actual amount of your purchase, but it may be up to three days before the adjustment is made and the actual amount posts and settles on your account. The amount of funds reflected in the balance you see includes pending and unsettled transactions (these are transactions that have not settled or posted to the account). When the adjustment is made and the actual amount of your purchase posts and settles on your account, if the actual funds left after all items have posted and settled on that business day are not sufficient, it could result in a nonsufficient funds (NSF) transaction if we do not pay it or an overdraft transaction if we do pay it. If there is a nonsufficient funds (NSF) transaction or an overdraft transaction, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy. Whether your account has sufficient funds is dependent on the actual funds left after all items have posted and settled at the end of a business day. Though the balance you see may include pending and unsettled transactions, items that actually post and settle at the end of a business day determine if you have sufficient funds in your account on that business day.

Here is an example of how this might occur - assume for this example the following: 1) you have opted-in to our overdraft services for the payment of overdrafts on ATM and everyday debit cards transactions, (2) we pay the overdraft, and (3) our overdraft fee is \$35 per overdraft, but we do not charge the overdraft fee if the transaction overdraws the account by less than \$10. You have \$120 in your account. You swipe your card at the card reader on a gasoline pump. Since it is unclear what the final bill will be, the gas station's processing system immediately requests a hold on your account in a specified amount, for example, \$80. Our processing system authorizes a temporary hold on your account in the amount of \$80, and the gas station's processing system authorizes you to begin pumping gas. You fill your tank and the amount of gasoline you purchased is only \$50. Our processing system reflects the pending transaction based on the amount of the hold in the balance of \$40 (\$120 - \$80 = \$40) which you see based on the pending and unsettled transactions. On the business day when the actual adjustment is made and it posts and settles on your account, let's assume you still have \$120 in your account. Later that same business day another transaction of \$90 which you have authorized is presented for payment from your account (this could be a check you have written, another debit card transaction, an ACH debit, or any other kind of payment request). At the end of the business day when these transactions post and settle on the account, the account is overdrawn (\$120 - \$50 - \$90 = < \$20 >) since it does not have sufficient funds to cover the items that posted and settled at the end of the business day. Because the amount of the other transaction is greater than the amount our processing system shows is available in your account, our payment of this transaction will result in an overdraft transaction. Because the transaction overdraws your account by \$20, your account will be assessed the overdraft fee of \$35 according to our overdraft fee policy.

**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 handling your account with us, we are providing you with the following information regarding how we process those items. When processing checks and orders drawn on your accounts our policy is to process items to your account in order of date and type of transaction as follows:

- Preauthorized F&M Loan Payments will post first by dollar amount - lowest to highest.
- Electronic transfer items: Preauthorized account transfers between F&M accounts, including those initiated by you per telephone call, post next by dollar amount - lowest to highest.
- Point-of-Sale (POS) debit card items: POS items such as purchases at stores, gas stations, restaurants or other merchants post next by dollar amount - lowest to highest.
- Non-F&M Automated Teller Machine (ATM): Withdrawals or transfers made at non-F&M ATMs post next by dollar amount - lowest to highest.
- Online and Mobile Banking Transfers/Automated Teller Machine (ATM) items/Automated Telephone Transfers: Transfers initiated via online/mobile banking, withdrawals or transfers at F&M Bank ATMs, and/or by EZ Access Line post next by dollar amount - lowest to highest.
- Automated Clearing House (ACH) transactions: ACH debit items such as checks written and converted to electronic checks, payments initiated by agreement to draft post or via the Web, post next by dollar amount - lowest to highest.
- Bill Pay transactions: Processed differently depending on whether the receiver accepts ACH payments. If the receiver accepts ACH payments, bill pay transactions are processed the same as other ACH Transactions. If not, a check is issued and it will be processed as a check.
- All checks and similar items post next: Checks presented for payment or any teller cashed item post in check number order, lowest to highest, when a check number is present.

The order in which items are paid is important if there is not enough money in your account to pay all of 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. However, if the largest items are paid first, your most important items might be paid but it may increase the 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 more 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 (NSF). We will not charge you a fee for paying an overdraft of an ATM or everyday debit card transaction if this is a consumer account and you have not opted-in to that service. The amounts of the overdraft and NSF fees are disclosed elsewhere. We encourage you to make careful records and practice good account management. This will help you to avoid creating items without sufficient funds and incurring the resulting fees.

#### **In Ohio, OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION -**

These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

**Individual Account** - is an account in the name of one person.

**Joint Account - With Survivorship (And Not As Tenants In Common)** - is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

**Joint Account - No Survivorship (As Tenants In Common)** - This is owned by two or more persons, but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the percentage of the deposit contributed by each of you. This information will not, however, affect the number of signatures necessary for withdrawal.

**Revocable Trust or Pay-On-Death Account** - If two or more of you create this type of account, you own the account jointly with survivorship. Beneficiaries cannot withdraw unless: (1) all persons creating the account die, and (2) the beneficiary is then living, if two or more beneficiaries are named and survive the death of all persons creating the account, beneficiaries will own the account in equal shares, without right of survivorship. The person(s) creating either of these account types may: (1) change beneficiaries, (2) change account types, (3) withdraw all or part of the account funds at any time. If two or more beneficiaries are named and survive the death of all persons creating the account, beneficiaries will own this account in equal shares, without right of survivorship.

**In Ohio, STOP PAYMENTS** - Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules. We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because stop-payment orders are handled by computers, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee. You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment order was oral your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires. If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

**TELEPHONE TRANSFERS** - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Limitations on the number of telephonic transfers from a savings account are described elsewhere.

**AMENDMENTS AND TERMINATION** - We may change any term of this agreement. Rules governing changes

in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account. Reasonable notice depends on the circumstances, and in some cases such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new term(s).

**NOTICES** - Any written notice you give us is effective when we actually receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive it in time to have a reasonable opportunity to act on it. If the notice is regarding a check or other item, you must give us sufficient information to be able to identify the check or item, including the precise check or item number, amount, date and payee. Written notice we give you is effective when it is deposited in the United States Mail with proper postage and addressed to your mailing address we have on file. Notice to any of you is notice to all of you.

**STATEMENTS** - Your duty to report unauthorized signatures, alterations and forgeries - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations or forgeries in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Your duty to report other errors or problems - In addition to your duty to review your statements for unauthorized signatures, alterations and forgeries, you agree to examine your statement with reasonable promptness for any other error or problem - such as an encoding error or an unexpected deposit amount. Also, if you receive or we make available either your items or images of your items, you must examine them for any unauthorized or missing endorsements or any other problems. You agree that the time you have to examine your statement and items and report to us will depend on the circumstances. However, this time period shall not exceed 60 days. Failure to examine your statement and items and report any errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any errors on items identified in that statement and as between you and us the loss will be entirely yours.

Errors relating to electronic fund transfers or substitute checks - For information on errors relating to electronic fund transfers (e.g., on-line, mobile, debit card or ATM transactions) refer to your Electronic Fund Transfers disclosure and the sections on consumer liability and error resolution. For information on errors relating to a substitute check you received, refer to your disclosure entitled Substitute Checks and Your Rights.

Duty to notify if statement not received - You agree to immediately notify us if you do not receive your statement by the date you normally expect to receive it. Not receiving your statement in a timely manner is a sign that there may be an issue with your account, such as possible fraud or identity theft.

**ACCOUNT TRANSFER** - This account may not be transferred or assigned without our prior written consent.

**DIRECT DEPOSITS** - If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the federal government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

**TEMPORARY ACCOUNT AGREEMENT** - If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**SETOFF** - We may (without prior notice and when permitted by law) set off the funds in this account against

any due and payable debt any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off any funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note, and this amount may include any portion of the balance for which we have properly accelerated the due date.

This right of setoff does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

**AUTHORIZED SIGNER (Individual Accounts only)** - A single individual is the owner. The authorized signer is merely designated to conduct transactions on the owner's behalf. The owner does not give up any rights to act on the account, and the authorized signer may not in any manner affect the rights of the owner or beneficiaries, if any, other than by withdrawing funds from the account. The owner is responsible for any transactions of the authorized signer. We undertake no obligation to monitor transactions to determine that they are on the owner's behalf.

The owner may terminate the authorization at any time, and the authorization is automatically terminated by the death of the owner. However, we may continue to honor the transactions of the authorized signer until: (a) we have received written notice or have actual knowledge of the termination of authority, and (b) we have a reasonable opportunity to act on that notice or knowledge. We may refuse to accept the designation of an authorized signer.

**RESTRICTIVE LEGENDS OR ENDORSEMENTS** - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for restrictive legends, restrictive endorsements or other special instructions on every check. For this reason, we are not required to honor any restrictive legend or endorsement or other special instruction placed on checks you write unless we have agreed in writing to the restriction or instruction. Unless we have agreed in writing, we are not responsible for any losses, claims, damages, or expenses that result from your placement of these restrictions or instructions on your checks. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." The payee's signature accompanied by the words "for deposit only" is an example of a restrictive endorsement.

**FACSIMILE SIGNATURES** - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing facsimile signatures, you authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

**CHECK PROCESSING** - We process items mechanically by relying solely on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and endorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of endorsements unless you notify us in writing that the check requires multiple endorsements. We must receive the notice in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders.

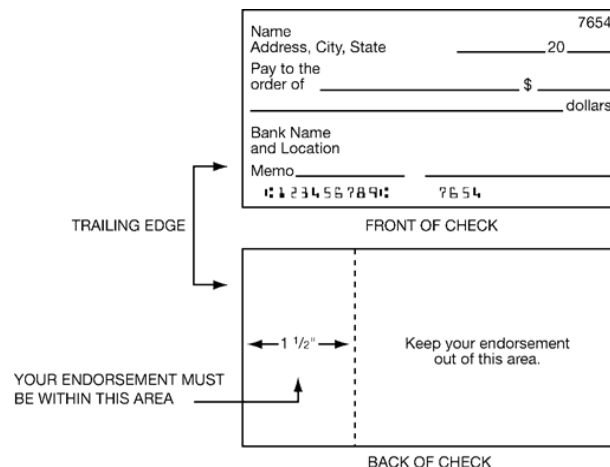
**CHECK CASHING** - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash such a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

**ENDORSEMENTS** - We may accept for deposit any item payable to you or your order, even if they are not endorsed by you. We may give cash back to any one of you. We may supply any missing endorsement(s) for any item we accept for deposit or collection, and you warrant that all endorsements are genuine.

To ensure that your check or share draft is processed without delay, you must endorse it (sign it on the back) in

a specific area. Your entire endorsement (whether a signature or a stamp) along with any other endorsement information (e.g. additional endorsements, ID information, driver's license number, etc.) must fall within 1 1/2" of the "trailing edge" of a check. Endorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

As you look at the front of a check, the "trailing edge" is the left edge. When you flip the check over, be sure to keep all endorsement information within 1 1/2" of that edge.



It is important that you confine the endorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed endorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your endorsement, another endorsement or information you have printed on the back of the check obscures our endorsement.

These endorsement guidelines apply to both personal and business checks.

**DEATH OR INCOMPETENCE** - You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

**FIDUCIARY ACCOUNTS** - Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

**CREDIT VERIFICATION** - You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

**LEGAL ACTIONS AFFECTING YOUR ACCOUNT** - If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action. Or, in our discretion, we may freeze the assets in the account and not allow any payments out of the account until a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action. Any fees or expenses we incur in responding to any legal action (including, without limitation, attorneys' fees and our internal expenses) may be charged against your account. The list of fees applicable to your account(s) provided elsewhere may specify additional fees that we may charge for certain legal actions.

**ACCOUNT SECURITY** - Duty to protect account information and methods of access - It is your responsibility to protect the account numbers and electronic access devices (e.g., a debit card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

We have available for account holders certain products that are designed to discover or prevent unauthorized transactions, including unauthorized, counterfeit and/or fraudulent items (checks), ACH debits, as well as forgeries and alterations (all such activities collectively referred to as "fraud"). We believe, and you acknowledge, that the products we offer will reduce the risk of loss to you from fraud. The products we offer include commercially reasonable security procedures or services that we offer or recommend from time-to-time. Except for consumer electronic funds transfers subject to Regulation E or as otherwise specifically prohibited by law, you agree that if your account is eligible for any such product(s) as described in this paragraph, such as positive pay, and you fail to avail yourself of them for any reason whatsoever, then we (F&M) shall have no liability for any transaction that occurs on your account that those products were in any way designed to discover and/or prevent, and we will have no duty to re-credit your account for any such losses or otherwise have any liability for paying such items.

**TELEPHONIC INSTRUCTIONS** - Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission or leave by voice mail or on a telephone answering machine.

**MONITORING AND RECORDING TELEPHONE CALLS AND CONSENT TO RECEIVE COMMUNICATIONS** - Subject to federal and state law, we may monitor or record phone calls for security reasons, to maintain a record and to ensure that you receive courteous and efficient service. You consent in advance to any such recording.

To provide you with the best possible service in our ongoing business relationship for your account we may need to contact you about your account from time to time by telephone, text messaging or email. However, we first obtain your consent to contact you about your account in compliance with applicable consumer protection provisions in the federal Telephone Consumer Protection Act of 1991 (TCPA), CAN-SPAM Act and their related federal regulations and orders issued by the Federal Communications Commission (FCC).

- Your consent is limited to your account, and as authorized by applicable law and regulations.
- Your consent is voluntary and not conditioned on the purchase of any product or service from us.

With the above understandings, you authorize us to contact you regarding your account throughout its existence using any telephone numbers or email addresses that you have previously provided to us by virtue of an existing business relationship or that you may subsequently provide to us.

This consent is regardless of whether the number we use to contact you is assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service or any other service for which you may be charged for the call. You further authorize us to contact you through the use of voice, voice mail and text messaging, including the use of pre-recorded or artificial voice messages and an automated dialing device.

If necessary, you may change or remove any of the telephone numbers or email addresses at any time using any reasonable means to notify us.

**CLAIM OF LOSS** - If you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you. You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

**EARLY WITHDRAWAL PENALTIES (and involuntary withdrawals)** - We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your notice of penalty for early withdrawals for additional information.

**ADDRESS OR NAME CHANGES** - You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent address you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

**RESOLVING ACCOUNT DISPUTES** - We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

**WAIVER OF NOTICES** - To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit an item and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

**ACH AND WIRE TRANSFERS** - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. Credit entries may be made by ACH. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

**UTMA ACCOUNTS** - Under the Uniform Transfers to Minors Act, the funds in the account are owned by the child who has unconditional use of the account when he or she reaches the age of majority. Before that time, the account may be accessed only by the custodian (or successor custodian), and the funds must be used for the benefit of the child. We, however, have no duty or agreement whatsoever to monitor or insure that the acts of the custodian (or successor custodian) are for the child's benefit. We are not responsible to monitor age or eligibility for an UTMA account, even though our records may include the minor's date of birth. It is the custodian's responsibility to properly distribute the funds in the account upon the minor's death or attainment of the age of majority. For this type of account, the child's SSN/TIN is used for the Backup Withholding Certification.

**REMOTELY CREATED CHECKS** - Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

## NOTICE OF NEGATIVE INFORMATION

Federal law requires us to provide the following notice to customers before any “negative information” may be furnished to a nationwide consumer reporting agency. “Negative information” includes information concerning delinquencies, overdrafts or any form of default. This notice does not mean that we will be reporting such information about you, only that we may report such information about customers that have not done what they are required to do under our agreement.

After providing this notice, additional negative information may be submitted without providing another notice.

**We may report information about your account to credit bureaus. Late payments, missed payments or other defaults on your account may be reflected in your credit report.**

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### ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

**Electronic Fund Transfers Initiated By Third Parties.** You may authorize a third party to initiate electronic fund transfers between your account and the third party’s account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. For example, your authorization to convert a check to an electronic fund transfer or to electronically pay a returned check charge can occur when a merchant provides you with notice and you go forward with the transaction (typically, at the point of purchase, a merchant will post a sign and print the notice on a receipt). In all cases, these third party transfers will require you to provide the third party with your account number and bank information. This information can be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your bank and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic fund transfers. Examples of these transfers include, but are not limited to:

- **Preauthorized credits.** You may make arrangements for certain direct deposits to be accepted into your checking or savings account(s).
- **Preauthorized payments.** You may make arrangements to pay certain recurring bills from your checking or savings account(s).
- **Electronic check conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or pay bills.
- **Electronic returned check charge.** You may authorize a merchant or other payee to initiate an electronic funds transfer to collect a charge in the event a check is returned for insufficient funds.

**EZ Access Line Telephone Transfers - types of transfers** - You may access your account by telephone 24 hours a day by dialing 1-888-446-2451 (if calling long distance) or 419-446-2451 (if calling locally) or (419) 446-2451 (if calling from Alaska, Hawaii or Canada), using your personal identification number, a touch tone phone, and your account numbers, to:

- transfer funds from checking to checking or checking to savings
- transfer funds from savings to savings or savings to checking
- make loan payments from checking or savings to loan accounts with us get information about:
  - the account balance of checking or savings accounts
  - the last ten deposits to checking or savings accounts
  - the last ten withdrawals from checking or savings accounts
  - see if a check has cleared on a checking account
  - interest on checking or savings accounts
  - the current balance and interest on Certificates of Deposit and IRAs
  - deposit account rates for various terms
  - loan account payments, interest and loan payoffs
  - change your Personal Identification Number (PIN)
  - request to receive a fax of your checking or savings statement
  - speak with a Customer Service Representative during regular business hours

**ATM Transfers - types of transfers, dollar limitations, and charges** - You may access your account(s) by ATM using your Debit Mastercard, and personal identification number, to:

- make deposits to checking or savings accounts with your debit card
- get cash withdrawals from checking or savings accounts with your debit card
- you may withdraw no more than \$500.00 per 24-hour period
- transfer funds from savings to checking accounts or savings to savings account(s) with your debit card
- transfer funds from checking to savings accounts or checking to checking account(s) with your debit card
- get information about:
  - the account balance of your checking or savings accounts with your debit card

Charges per transaction or charges per inquiry are as follows:

No charge at Farmers & Merchants State Bank Terminals

There is a charge for ATM In-Network transactions and ATM National Non-Network transactions. Please refer to the current Fee Schedule for additional information about fees. In addition, transactions at an ATM not owned or operated by us may be subject to a surcharge fee assessed by the ATM terminal owner.

Some of these services may not be available at all terminals.

**Types of Debit Mastercard, Point-of-Sale Transactions** - You may access your checking account(s) to purchase goods in person (and by phone and online with Debit Mastercard,) and pay for services in person (and by phone and online with Debit Mastercard,). In addition, by using Debit Mastercard, you can get cash from a merchant, if the merchant permits, or from a participating financial institution with Debit Mastercard, and do anything that a participating merchant will accept.

**Point-of-Sale Transactions - dollar limitations and charges** - Using your card:

- transactions are limited to the lesser of \$3,000.00 or the available balance of your checking per 24-hour period (your checking account balance includes available credit on an overdraft line)
- charges per transaction may be the same as those listed for ATM transfers

**Currency Conversion and Cross-Border Transaction Fees.** If you effect a transaction with your Debit Mastercard, in a currency other than US Dollars, Mastercard will convert the charge into a US Dollar amount. The Mastercard currency conversion procedure includes use of either a government-mandated exchange rate, or a wholesale exchange rate selected by Mastercard. The exchange rate Mastercard uses will be a rate in effect on the day the transaction is processed. This rate may differ from the rate in effect on the date of purchase or the date the transaction was posted to your account.

Mastercard charges us a Currency Conversion Assessment of 20 basis points (.2% of the transaction) for performing the currency conversion. In addition, Mastercard charges us an Issuer Cross-Border Assessment of 90 basis points (.9% of the transaction) on all cross-border transactions regardless of whether there is a currency conversion. As a result, we charge you a Cross-Border Transaction fee of 1% on all cross-border transactions regardless of whether there is a currency conversion. A cross-border transaction is a transaction processed through the Global Clearing Management System or the Mastercard Debit Switch in which the country of the merchant is different than the country of the cardholder.

**Advisory Against Illegal Use.** You agree not to use your card(s) for illegal gambling or other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located.

**F & M Online Banking Computer Transfers - types of transfers** - You may access your account(s) by computer by logging into Online Banking at our website, [www.fm.bank](http://www.fm.bank) and using your user identification and password to:

- transfer funds from checking to checking or checking to savings
- transfer funds from savings to checking or savings to savings
- transfer funds from home equity line of credit to checking or savings
- make payments from checking to loan accounts with us
- make payments from checking to third parties using CheckFree Bill Pay, PopMoney, or Account to Account Transfer (A2A)
- make payments from savings to loan accounts with us
- make payments from savings to third parties using CheckFree Bill Pay, PopMoney, or Account to Account Transfer (A2A)
- get information about:
  - the account balance of checking accounts
  - deposits made during the last 90 days to checking accounts
  - withdrawals made during the last 90 days to checking accounts
  - the account balance of savings accounts



- deposits made during the last 90 days to saving accounts
- withdrawals made during the last 90 days to saving accounts
- account balances to loan accounts
- payments made during the last 90 days to loan accounts

**Mobile Banking Services - types of transfers, dollar limitations, and charges** - You may access your account(s) on your mobile device through our downloadable F&M Banking App, to:

- transfer funds from checking to checking or checking to savings
- transfer funds from savings to checking or savings to savings
- transfer funds from home equity line of credit to checking or savings
- make payments from checking to loan account(s) with us
- make payments from checking to third parties using CheckFree Bill Pay
  - you may transfer no more than \$999,999.00 per day
  - minimum dollar limit is \$1.00
  - there is a charge of \$9.95 for Same-Day Bill Payment; the charge to send an overnight check is \$14.95
- make payments from savings to loan account(s) with us
- get information about:
  - the account balance of checking account(s)
  - deposits to checking accounts during the current and previous statement periods
  - withdrawals from checking accounts during the current and previous statement periods
  - the account balance of savings account(s)
  - deposits to savings accounts during the current and previous statement periods
  - withdrawals from savings accounts during the current and previous statement periods
  - the account balance on loan accounts
  - payments made to loan accounts
- send funds from your checking account to third parties using PopMoney,
  - the number of transfers is limited by the dollar limit established for each user
  - the dollar limit is based on a risk assessment of each user's accounts performed by the third-party service provider
- make deposits with your mobile device using Mobile Deposit Capture
  - your check deposit limit is \$5,000.00
  - daily deposit limit is \$5,000.00

Mobile Banking is free to customers. Mobile Deposit Capture, CheckFree BillPay, and PopMoney, services are available with applicable fees.

#### FEES

- We do not charge for direct deposits to any type of account.
- We do not charge for preauthorized payments from any type of account.
- We will charge a fee to replace a lost debit card.
- We may charge a fee to replace a stolen debit card.

Refer to the current Fee Schedule for fees to replace a lost or stolen ATM card or debit card.

Except as indicated elsewhere, we do not charge for these electronic fund transfers.

**ATM Operator/Network Fees.** When you use an ATM not owned or operated by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

**ATM Fee Reimbursements** – Based on your checking account requirements and when qualifiers are met as applicable to your checking account:

- You will receive reimbursements up to the specified amount as reflected in the checking account disclosures for your specific checking account product. Reimbursements are provided for nationwide ATM fees incurred during each Monthly Statement Cycle in which your account met the qualifiers. If you believe you have not been reimbursed the correct amount of ATM fees, you must contact us within thirty (30) calendar days after the Monthly Statement Cycle where the reimbursement was applicable in order to receive a refund.

#### DOCUMENTATION

- **Terminal transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at 419-446-2501

or (800) 451-7843 to find out whether or not the deposit has been made. In addition, you can use EZ Access Line Telephone Banking service, our Online Banking service, or our Mobile Banking service to determine if the deposit has been made.

#### • Periodic statements.

You will get a monthly account statement from us for your checking accounts.

You will get a monthly account statement from us for your savings accounts, unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

#### PREAUTHORIZED PAYMENTS

• **Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:

Call or write us at the telephone number or address listed in this disclosure in time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

Please refer to our fee schedule for the amount we will charge you for each stop payment order you give.

• **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)

• **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

#### FINANCIAL INSTITUTION'S LIABILITY

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If you have an overdraft protection service and the transfer exceeds the funds available to cover the overdraft.
- (4) If the automated teller machine where you are making the transfer does not have enough cash.
- (5) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- (6) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (7) There may be other exceptions stated in our agreement with you.

#### CONFIDENTIALITY

We will disclose information to third parties about your account or the transfers you make:

- (1) where it is necessary for completing transfers; or
- (2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- (3) in order to comply with government agency or court orders; or
- (4) as explained in the separate Consumer Privacy Notice.

#### UNAUTHORIZED TRANSFERS

##### (a) Consumer liability.

• Generally. Tell us AT ONCE if you believe your card and/or code has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days after you learn of the loss or theft of your card and/or code, you can lose no more than \$50 if someone used your card and/or code without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your card and/or code, and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, code or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

• **Additional Limits on Liability for Debit Mastercard.** You will not be liable for any unauthorized transactions using your Debit Mastercard, if: (i) you can

demonstrate that you have exercised reasonable care in safeguarding your card from the risk of loss or theft, and (ii) upon becoming aware of a loss or theft, you promptly report the loss or theft to us. Mastercard is a registered trademark, and the circles design is a trademark of Mastercard International Incorporated.

**(b) Contact in event of unauthorized transfer.** If you believe your card and/or code has been lost or stolen, call or write us at the telephone number or address listed in this disclosure. You should also call the number or write to the address listed in this disclosure if you believe a transfer has been made using the information from your check without your permission.

#### **ERROR RESOLUTION NOTICE**

In Case of Errors or Questions About Your Electronic Transfers, Call or Write us at the telephone number or address listed in this disclosure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

(1) Tell us your name and account number (if any).

(2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.

(3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days. We will determine whether an error occurred within 10 business days (20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

THE FARMERS & MERCHANTS STATE BANK  
P.O. BOX 216 ARCHBOLD, OHIO 43502  
Business Days: Monday through Friday Excluding Federal Holidays  
Phone: 419-446-2501 or (800) 451-7843  
MORE DETAILED INFORMATION IS AVAILABLE ON REQUEST

### **Funds Availability Policy YOUR ABILITY TO WITHDRAW FUNDS at The Farmers & Merchants State Bank**

*Applicable to both Retail and Business Deposit Accounts*

Our policy is to make funds from your deposits available to you on the first business day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written

Please remember that even after funds have been made available to you, and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. Deposits received prior to the closing time of each Office, Monday through Friday on a day the bank is open, will be credited on the current day's business. All deposits received after an Office closes, on Saturdays, or on a day the bank is not open, will be credited on the next business day.

#### **Longer delays may apply:**

Deposits made at an Office night depository will be considered deposited on the business day it is removed from the night depository. Deposits made at a night depository on a business day after an office is open, will not be processed until the following business day. Any Deposit made through the mail will be considered deposited on the business day the deposit is received by the bank.

In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$225 of your deposits will be available on the first business day.

If we are not going to make all of the funds available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- \* We believe a check you deposit will not be paid.
- \* You deposit checks totaling more than \$5,525 on any one day.
- \* You redeposit a check that has been returned unpaid.
- \* You have overdrawn your account repeatedly in the last six months.
- \* There is an emergency, such as failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

#### **Special rules for new accounts:**

If you are a new customer, the following special rules may apply during the first 30 days your account is open.

Funds from electronic direct deposits into your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers and the first \$5,525 of a day's total deposits of cashier's, certified teller's, traveler's and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess of \$5,525 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the 11th business day after the day of your deposit.

## TERMS AND CONDITIONS OF YOUR BUSINESS DEPOSIT ACCOUNT

**AGREEMENT** - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully and retain it for future reference. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws, the laws of the state in which the branch office where you opened your account is located and other applicable rules such as the operating letters of the Federal Reserve Banks and payment processing system rules (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

1. summarize some laws that apply to common transactions;
2. establish rules to cover transactions or events which the law does not regulate;
3. establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
4. give you disclosures of some of our

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document. Nothing in this document is intended to vary our duty to act in good faith and with ordinary care when required by law.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. However, this agreement does not intend, and the terms "you" and "your" should not be interpreted, to expand an individual's responsibility for an organization's liability. If this account is owned by a corporation, partnership or other organization, individual liability is determined by the laws generally applicable to that type of organization. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

**LIABILITY** - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges, without notice to you, directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) 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.

You will be liable for our costs as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account. This includes, but is not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account. This also includes any action that you or a third party takes regarding the account that causes us, in good faith, to seek the advice of an attorney, whether or not we become involved in the dispute. All costs and attorneys' fees can be deducted from your account when they are incurred, without notice to you.

**DEPOSITS** - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Before settlement of any item becomes final, we act only as your agent, regardless of the form of endorsement or lack of endorsement on the item and even though we provide you provisional credit for the item. We may reverse any provisional credit for items that are lost, stolen, or returned. Unless prohibited by law, we also reserve the right to charge back to your account the amount of any item deposited to your account or cashed for you which was initially paid by the payor bank and which is later returned to us due to an allegedly forged, unauthorized or missing endorsement, claim of alteration, encoding error, counterfeit cashier's check or other problem which in our judgment justifies reversal of credit. You authorize us to attempt to collect previously returned items without giving you notice, and in attempting to collect we may permit the payor bank to hold an item beyond the midnight deadline. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. If you deliver a deposit to us and you will not be present when the deposit is counted, you must provide us an itemized list of the deposit (deposit slip). To process the deposit, we will verify and record the deposit,

and credit the deposit to the account. If there are any discrepancies between the amounts shown on the itemized list of the deposit and the amount we determine to be the actual deposit, we will notify you of the discrepancy. You will be entitled to credit only for the actual deposit as determined by us, regardless of what is stated on the itemized deposit slip. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open. At our option, we may take an item for collection rather than for deposit. If we accept a third-party check or draft for deposit, we may require any third-party endorsers to verify or guarantee their endorsements, or endorse in our presence.

## WITHDRAWALS

**Generally** - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to endorse any item payable to you or your order for deposit to this account or any other transaction with us.

**Postdated checks** - A postdated check is one which bears a date later than the date on which the check is written. We may properly pay and charge your account for a postdated check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Because we process checks mechanically, your notice will not be effective and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the item.

**Checks and withdrawal rules** - If you do not purchase your check blanks from us, you must be certain that we approve the check blanks you purchase. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us or by any method we do not specifically permit. We may refuse any withdrawal or transfer request which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. In addition, we may place limitations on the account until your identity is verified. Even if we honor a nonconforming request, we are not required to do so later. If you violate the stated transaction limitations (if any), in our discretion we may close your account or reclassify it as a transaction account. If we reclassify your account, your account will be subject to the fees and earnings rules of the new account classification.

If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item.

**Cash withdrawals** - We recommend you take care when making large cash withdrawals because carrying large amounts of cash may pose a danger to your personal safety. As an alternative to making a large cash withdrawal, you may want to consider a cashier's check or similar instrument. You assume full responsibility of any loss in the event the cash you withdraw is lost, stolen, or destroyed. You agree to hold us harmless from any loss you incur as a result of your decision to withdraw funds in the form of cash.

**Multiple signatures, electronic check conversion, and similar transactions** - An electronic check conversion transaction is a transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation. In these types of transactions the check or similar item is either removed from circulation (truncated) or given back to you. As a result, we have no opportunity to review the signatures or otherwise examine the original check or item. You agree that, as to these or any items as to which we have no opportunity to examine the signatures, you waive any requirement of multiple signatures.

**Notice of withdrawal** - We reserve the right to require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit or demand deposit, or from any other savings account as defined by Regulation D. (The law requires us to reserve this right, but it is not our general policy to use it.) Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

## UNDERSTANDING AND AVOIDING OVERDRAFT AND NONSUFFICIENT FUNDS (NSF) FEES -

**Generally** - The information in this section is being provided to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and nonsufficient funds (NSF) is important and can help you avoid being assessed fees or charges. This section also provides contractual terms relating to overdrafts and NSF transactions.

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. 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.

**Determining your available balance** - We use the "available balance" method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your "available" balance may not be the same as your account's "actual" balance. This means an overdraft or an NSF transaction could occur regardless of your account's actual balance.

Your account's actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money "available" in your account to make payments. In other words, the available balance takes transactions that have been authorized, but not yet settled, and subtracts them from the actual balance. In addition, when calculating your available balance, any "holds" placed on deposits that have not yet cleared are also subtracted from the actual balance. For more information on how holds placed on funds in your account can impact your available balance, read the subsection titled "A temporary debit authorization hold affects your account balance."

**Overdrafts** - You understand that we may, at our discretion, honor withdrawal requests that overdraw your account. However, the fact that we may honor withdrawal requests that overdraw the account balance does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We can change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as an overdraft protection line-of-credit or a plan to sweep funds from another account you have with us. You agree that we may charge fees for overdrafts. For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees.

**Nonsufficient funds (NSF) fees** - If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee for returning the payment. 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 available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.

**Payment types** - Some, but not necessarily all, of the ways you can access the funds in your account include debit card transactions, automated clearing house (ACH) transactions, and check transactions. All these payment types can use different processing systems and some may take more or less time to post. This information is important for a number of reasons. For example, keeping track of the checks you write and the timing of the preauthorized payments you set up will help you to know what other transactions might still post against your account. For information about how and when we process these different payment types, see the "Payment order of items" subsection below.

**Balance information** - Keeping track of your balance is important. You can review your balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches.

**Funds availability** - Knowing when funds you deposit into your checking account will be made available for withdrawal is another important concept that can help you avoid being assessed fees or charges. Please see our funds availability disclosure for information on when different types of deposits will be made available for withdrawal. For those accounts to which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. In that case, we will reverse the credit of the item. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the times we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

**A temporary debit authorization may affect your account balance** - On debit card purchases, merchants may request a temporary hold on your account for a specified sum of money, which may be more than the actual amount of your purchase. When this happens, our processing system cannot determine that the

amount of the hold exceeds the actual amount of your purchase. The temporary hold and the amount charged to your account will eventually be adjusted to the actual amount of your purchase, but it may be up to three days before the adjustment is made and the actual amount posts and settles on your account. The amount of funds reflected in the balance you see includes pending and unsettled transactions (these are transactions that have not settled or posted to the account). When the adjustment is made and the actual amount of your purchase posts and settles on your account, if the actual funds left after all items have posted and settled on that business day are not sufficient, it could result in a nonsufficient funds (NSF) transaction if we do not pay it or an overdraft transaction if we do pay it. If there is a nonsufficient funds (NSF) transaction or an overdraft transaction, you will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy. Whether your account has sufficient funds is dependent on the actual funds left after all items have posted and settle at the end of a business day. Though the balance you see may include pending and unsettled transactions, items that actually post and settled at the end of a business day determine if you have sufficient funds in your account on that business day.

**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 handling your account with us, we are providing you with the following information regarding how we process those items. When processing checks and orders drawn on your accounts our policy is to process items to your account in order of date and type of transaction as follows:

- Preauthorized F&M Loan Payments will post first by dollar amount - lowest to highest. Electronic transfer items: Preauthorized account transfers between F&M accounts, including those initiated by you per telephone call, post next by dollar amount - lowest to highest.
- Point-of-Sale (POS) debit card items: POS items such as purchases at stores, gas stations, restaurants or other merchants post next by dollar amount - lowest to highest.
- Non-F&M Automated Teller Machine (ATM): Withdrawals or transfers made at non-F&M ATMs post next by dollar amount - lowest to highest.
- Online and Mobile Banking Transfers/Automated Teller Machine (ATM) items/Automated Telephone Transfers: Transfers initiated via online/mobile banking, withdrawals or transfers at F&M Bank ATMs, and or by EZ Access Line post next by dollar amount - lowest to highest.
- Automated Clearing House (ACH) transactions: ACH debit items such as checks written and converted to electronic checks, payments initiated by agreement to draft post or via the Web, post next by dollar amount - lowest to highest.
- Bill Pay transactions: Processed differently depending on whether the receiver accepts ACH payments. If the receiver accepts ACH payments, bill pay transactions are processed the same as other ACH Transactions. If not, a check is issued and it will be processed as a check.
- All checks and similar items post next: Checks presented for payment or any teller cashed item post in check number order, lowest to highest, when a check number is present.

The order in which items are paid is important if there is not enough money in your account to pay all of 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. However, if the largest items are paid first, your most important items might be paid but it may increase the 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 more 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 (NSF). The amounts of the overdraft and NSF fees are disclosed elsewhere. We encourage you to make careful records and practice good account management. This will help you to avoid creating items without sufficient funds and incurring the resulting fees.

**BUSINESS, ORGANIZATION AND ASSOCIATION ACCOUNTS** - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. You represent that you have the authority to open and conduct business on this account on behalf of the entity. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the entity.

**In Ohio, STOP PAYMENTS** - Unless otherwise provided, the rules in this section cover stopping payment of items such as checks and drafts. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules. We may accept an order to stop payment on any item from any one of you. You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. Because

stop-payment orders are handled by computers, to be effective, your stop-payment order must precisely identify the number, date, and amount of the item, and the payee. You may stop payment on any item drawn on your account whether you sign the item or not. Generally, if your stop-payment order is given to us in writing it is effective for six months. Your order will lapse after that time if you do not renew the order in writing before the end of the six-month period. If the original stop-payment © 2019 Wolters Kluwer Financial Services, Inc. All rights reserved. Page 3 of 6 TC-BRO-B 8/1/2019 Custom TCM-40Bs 201592756-010 EOHTCBR2 order was oral your stop-payment order will lapse after 14 calendar days if you do not confirm your order in writing within that time period. We are not obligated to notify you when a stop-payment order expires. If you stop payment on an item and we incur any damages or expenses because of the stop payment, you agree to indemnify us for those damages or expenses, including attorneys' fees. You assign to us all rights against the payee or any other holder of the item. You agree to cooperate with us in any legal actions that we may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against you despite the stop-payment order. Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

**TELEPHONE TRANSFERS** - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Limitations on the number of telephonic transfers from a savings account are described elsewhere.

**AMENDMENTS AND TERMINATION** - We may change any term of this agreement. Rules governing changes in interest rates are provided separately in the Truth-in-Savings disclosure or in another document. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Items presented for payment after the account is closed may be dishonored. When you close your account, you are responsible for leaving enough money in the account to cover any outstanding items to be paid from the account. Reasonable notice depends on the circumstances, and in some cases such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or account closure becomes effective. For instance, if we suspect fraudulent activity with respect to your account, we might immediately freeze or close your account and then give you notice. If we have notified you of a change in any term of your account and you continue to have your account after the effective date of the change, you have agreed to the new term(s).

**NOTICES** - Any written notice you give us is effective when we actually receive it, and it must be given to us according to the specific delivery instructions provided elsewhere, if any. We must receive it in time to have a reasonable opportunity to act on it. If the notice is regarding a check or other item, you must give us sufficient information to be able to identify the check or item, including the precise check or item number, amount, date and payee. Written notice we give you is effective when it is deposited in the United States Mail with proper postage and addressed to your mailing address we have on file. Notice to any of you is notice to all of you.

**STATEMENTS - Your duty to report unauthorized signatures, alterations and forgeries** - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations or forgeries in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Your duty to report other errors or problems - In addition to your duty to review your statements for unauthorized signatures, alterations and forgeries, you agree to examine your statement with reasonable promptness for any other error or problem - such as an encoding error or an unexpected deposit amount. Also, if you receive or we make available either your items or images of your items, you must examine them for any unauthorized or missing endorsements or any other problems. You agree that the time you have to examine your statement and items and report to us will depend on the circumstances. However, this time period shall not exceed 60 days. Failure to examine your statement and items and report any errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim

against us for any errors on items identified in that statement and as between you and us the loss will be entirely yours.

**Duty to notify if statement not received** - You agree to immediately notify us if you do not receive your statement by the date you normally expect to receive it. Not receiving your statement in a timely manner is a sign that there may be an issue with your account, such as possible fraud or identity theft.

**ACCOUNT TRANSFER** - This account may not be transferred or assigned without our prior written consent.

**DIRECT DEPOSITS** - If we are required for any reason to reimburse the federal government for all or any portion of a benefit payment that was directly deposited into your account, you authorize us to deduct the amount of our liability to the federal government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

**TEMPORARY ACCOUNT AGREEMENT** - If the account documentation indicates that this is a temporary account agreement, each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**SETOFF** - We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt any of you owe us now or in the future. If this account is owned by one or more of you as individuals, we may set off any funds in the account against a due and payable debt a partnership owes us now or in the future, to the extent of your liability as a partner for the partnership debt. If your debt arises from a promissory note, then the amount of the due and payable debt will be the full amount we have demanded, as entitled under the terms of the note, and this amount may include any portion of the balance for which we have properly accelerated the due date.

This right of setoff does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

**RESTRICTIVE LEGENDS OR ENDORSEMENTS** - The automated processing of the large volume of checks we receive prevents us from inspecting or looking for restrictive legends, restrictive endorsements or other special instructions on every check. For this reason, we are not required to honor any restrictive legend or endorsement or other special instruction placed on checks you write unless we have agreed in writing to the restriction or instruction. Unless we have agreed in writing, we are not responsible for any losses, claims, damages, or expenses that result from your placement of these restrictions or instructions on your checks. Examples of restrictive legends placed on checks are "must be presented within 90 days" or "not valid for more than \$1,000.00." The payee's signature accompanied by the words "for deposit only" is an example of a restrictive endorsement.

**FACSIMILE SIGNATURES** - Unless you make advance arrangements with us, we have no obligation to honor facsimile signatures on your checks or other orders. If we do agree to honor items containing facsimile signatures, you authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us. You give us this authority regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose. You must notify us at once if you suspect that your facsimile signature is being or has been misused.

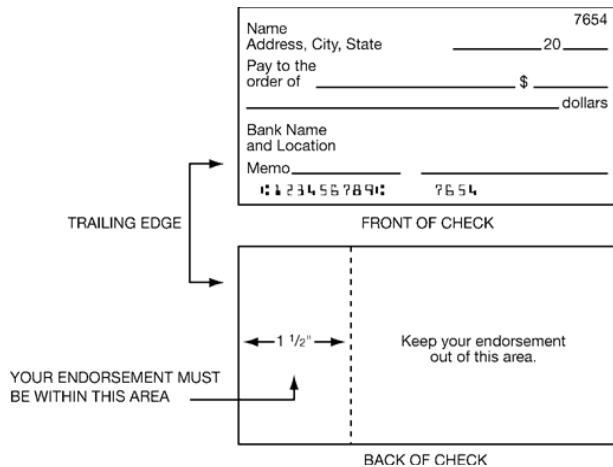
**CHECK PROCESSING** - We process items mechanically by relying solely on the information encoded in magnetic ink along the bottom of the items. This means that we do not individually examine all of your items to determine if the item is properly completed, signed and endorsed or to determine if it contains any information other than what is encoded in magnetic ink. You agree that we have exercised ordinary care if our automated processing is consistent with general banking practice, even though we do not inspect each item. Because we do not inspect each item, if you write a check to multiple payees, we can properly pay the check regardless of the number of endorsements unless you notify us in writing that the check requires multiple endorsements. We must receive the notice in time for us to have a reasonable opportunity to act on it, and you must tell us the precise date of the check, amount, check number and payee. We are not responsible for any unauthorized signature or alteration that would not be identified by a reasonable inspection of the item. Using an automated process helps us keep costs down for you and all account holders. **CHECK CASHING** - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash such a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such

identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

**ENDORSEMENTS** - We may accept for deposit any item payable to you or your order, even if they are not endorsed by you. We may give cash back to any one of you. We may supply any missing endorsement(s) for any item we accept for deposit or collection, and you warrant that all endorsements are genuine.

To ensure that your check or share draft is processed without delay, you must endorse it (sign it on the back) in a specific area. Your entire endorsement (whether a signature or a stamp) along with any other endorsement information (e.g. additional endorsements, ID information, driver's license number, etc.) must fall within 1 1/2" of the "trailing edge" of a check. Endorsements must be made in blue or black ink, so that they are readable by automated check processing equipment.

As you look at the front of a check, the "trailing edge" is the left edge. When you flip the check over, be sure to keep all endorsement information within 1 1/2" of that edge.



It is important that you confine the endorsement information to this area since the remaining blank space will be used by others in the processing of the check to place additional needed endorsements and information. You agree that you will indemnify, defend, and hold us harmless for any loss, liability, damage or expense that occurs because your endorsement, another endorsement or information you have printed on the back of the check obscures our endorsement.

These endorsement guidelines apply to both personal and business checks.

**DEATH OR INCOMPETENCE** - You agree to notify us promptly if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent. We may continue to honor your checks, items, and instructions until: (a) we know of your death or adjudication of incompetence, and (b) we have had a reasonable opportunity to act on that knowledge. You agree that we may pay or certify checks drawn on or before the date of death or adjudication of incompetence for up to ten (10) days after your death or adjudication of incompetence unless ordered to stop payment by someone claiming an interest in the account.

**FIDUCIARY ACCOUNTS** - Accounts may be opened by a person acting in a fiduciary capacity. A fiduciary is someone who is appointed to act on behalf of and for the benefit of another. We are not responsible for the actions of a fiduciary, including the misuse of funds. This account may be opened and maintained by a person or persons named as a trustee under a written trust agreement, or as executors, administrators, or conservators under court orders. You understand that by merely opening such an account, we are not acting in the capacity of a trustee in connection with the trust nor do we undertake any obligation to monitor or enforce the terms of the trust or letters.

**CREDIT VERIFICATION** - You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

**LEGAL ACTIONS AFFECTING YOUR ACCOUNT** - If we are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, or similar order relating to your account (termed "legal action" in this section), we will comply with that legal action. Or, in our discretion, we may freeze the assets in the account and not allow any payments out of the account until a final court determination regarding the legal action. We may do these things even if the legal action involves less than all of you. In these cases, we will not have any liability to you if there are insufficient funds to pay your items because we have withdrawn funds from your account or in any way restricted access to your funds in accordance with the legal action. Any fees or expenses we incur in responding to any legal action (including, without limitation,

attorneys' fees and our internal expenses) may be charged against your account. The list of fees applicable to your account(s) provided elsewhere may specify additional fees that we may charge for certain legal actions.

#### **ACCOUNT SECURITY -**

**Duty to protect account information and methods of access** - It is your responsibility to protect the account numbers and electronic access devices (e.g., a debit card) we provide you for your account(s). Do not discuss, compare, or share information about your account number(s) with anyone unless you are willing to give them full use of your money. An account number can be used by thieves to issue an electronic debit or to encode your number on a false demand draft which looks like and functions like an authorized check. If you furnish your access device and grant actual authority to make transfers to another person (a family member or coworker, for example) who then exceeds that authority, you are liable for the transfers unless we have been notified that transfers by that person are no longer authorized.

Your account number can also be used to electronically remove money from your account, and payment can be made from your account even though you did not contact us directly and order the payment.

You must also take precaution in safeguarding your blank checks. Notify us at once if you believe your checks have been lost or stolen. As between you and us, if you are negligent in safeguarding your checks, you must bear the loss entirely yourself or share the loss with us (we may have to share some of the loss if we failed to use ordinary care and if we substantially contributed to the loss).

**Positive pay and other fraud prevention services** - Except for consumer electronic fund transfers subject to Regulation E, you agree that if we offer you services appropriate for your account to help identify and limit fraud or other unauthorized transactions against your account, and you reject those services, you will be responsible for any fraudulent or unauthorized transactions which could have been prevented by the services we offered. You will not be responsible for such transactions if we acted in bad faith or to the extent our negligence contributed to the loss. Such services include positive pay or commercially reasonable security procedures. If we offered you a commercially reasonable security procedure which you reject, you agree that you are responsible for any payment order, whether authorized or not, that we accept in compliance with an alternative security procedure that you have selected. The positive pay service can help detect and prevent check fraud and is appropriate for account holders that issue: a high volume of checks, a lot of checks to the general public, or checks for large dollar amounts.

We have available for account holders certain products that are designed to discover or prevent unauthorized transactions, including unauthorized, counterfeit and/or fraudulent items (checks), ACH debits, as well as forgeries and alterations (all such activities collectively referred to as "fraud"). We believe, and you acknowledge, that the products we offer will reduce the risk of loss to you from fraud. The products we offer include positive pay and other commercially reasonable security procedures or services that we offer or recommend from time-to-time. Except for consumer electronic funds transfers subject to Regulation E or as otherwise specifically prohibited by law, you agree that if your account is eligible for any such product(s) as described in this paragraph, such as positive pay, and you fail to avail yourself of them for any reason whatsoever, then we (F&M) shall have no liability for any transaction that occurs on your account that those products were in any way designed to discover and/or prevent, and we will have no duty to re-credit your account for any such losses or otherwise have any liability for paying such items.

**TELEPHONIC INSTRUCTIONS** - Unless required by law or we have agreed otherwise in writing, we are not required to act upon instructions you give us via facsimile transmission or leave by voice mail or on a telephone answering machine.

**MONITORING AND RECORDING TELEPHONE CALLS AND CONSENT TO RECEIVE COMMUNICATIONS** - Subject to federal and state law, we may monitor or record phone calls for security reasons, to maintain a record and to ensure that you receive courteous and efficient service. You consent in advance to any such recording. To provide you with the best possible service in our ongoing business relationship for your account we may need to contact you about your account from time to time by telephone, text messaging or email. However, we first obtain your consent to contact you about your account in compliance with applicable consumer protection provisions in the federal Telephone Consumer Protection Act of 1991 (TCPA), CAN-SPAM Act and their related federal regulations and orders issued by the Federal Communications Commission (FCC).

- Your consent is limited to your account, and as authorized by applicable law and regulations.
- Your consent is voluntary and not conditioned on the purchase of any product or service from us.

With the above understandings, you authorize us to contact you regarding your account throughout its existence using any telephone numbers or email addresses that you have previously provided to us by virtue of an existing business relationship or that you may subsequently provide to us.

This consent is regardless of whether the number we use to contact you is assigned to a landline, a paging service, a cellular wireless service, a specialized mobile radio service, other radio common carrier service or any other service for which you may be charged for the call. You further authorize us to contact you through the use of voice, voice mail and text messaging, including the use of pre-recorded or artificial voice messages and an automated dialing device.

If necessary, you may change or remove any of the telephone numbers or email addresses at any time using any reasonable means to notify us.

**CLAIM OF LOSS** - If you claim a credit or refund because of a forgery, alteration, or any other unauthorized withdrawal, you agree to cooperate with us in the investigation of the loss, including giving us an affidavit containing whatever reasonable information we require concerning your account, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen checks or unauthorized withdrawals. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless we have acted in bad faith, we will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by you.

You agree that you will not waive any rights you have to recover your loss against anyone who is obligated to repay, insure, or otherwise reimburse you for your loss. You will pursue your rights or, at our option, assign them to us so that we may pursue them. Our liability will be reduced by the amount you recover or are entitled to recover from these other sources.

**EARLY WITHDRAWAL PENALTIES (and involuntary withdrawals)** - We may impose early withdrawal penalties on a withdrawal from a time account even if you don't initiate the withdrawal. For instance, the early withdrawal penalty may be imposed if the withdrawal is caused by our setoff against funds in the account or as a result of an attachment or other legal process. We may close your account and impose the early withdrawal penalty on the entire account balance in the event of a partial early withdrawal. See your notice of penalty for early withdrawals for additional information.

**ADDRESS OR NAME CHANGES** - You are responsible for notifying us of any change in your address or your name. Unless we agree otherwise, change of address or name must be made in writing by at least one of the account holders. Informing us of your address or name change on a check reorder form is not sufficient. We will attempt to communicate with you only by use of the most recent address you have provided to us. If provided elsewhere, we may impose a service fee if we attempt to locate you.

**RESOLVING ACCOUNT DISPUTES** - We may place an administrative hold on the funds in your account (refuse payment or withdrawal of the funds) if it becomes subject to a claim adverse to (1) your own interest; (2) others claiming an interest as survivors or beneficiaries of your account; or (3) a claim arising by operation of law. The hold may be placed for such period of time as we believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until we receive evidence satisfactory to us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in your account for these reasons.

**WAIVER OF NOTICES** - To the extent permitted by law, you waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against your account. For example, if you deposit an item and it is returned unpaid or we receive a notice of nonpayment, we do not have to notify you unless required by federal Regulation CC or other law.

**TRUNCATION, SUBSTITUTE CHECKS, AND OTHER CHECK IMAGES** - If you truncate an original check and create a substitute check, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with our internal policy for retaining original checks. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

**REMOTELY CREATED CHECKS** - Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

**UNLAWFUL INTERNET GAMBLING NOTICE** - Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

**FUNDS TRANSFERS** - The terms used in this section have the meaning given to them in Article 4A of the Uniform Commercial Code - Funds Transfers (UCC 4A). This section will generally not apply to you if you are a consumer. However, even if you are a consumer, this section will apply to that part of any funds transfer that is conducted by Fedwire. This section is subject to UCC 4A as adopted in the state in which you have your deposit with us. This agreement is also subject to all clearing house association rules, rules of the Board of Governors of the Federal Reserve System and their operating circulars. If any part of this agreement is determined to be unenforceable, the rest of the agreement remains effective. This agreement controls funds transfers unless supplemented or amended in a separate written agreement signed by us. This agreement does not apply to a funds transfer if any part of the transfer is governed by the Electronic Fund Transfer Act of 1978 (EFTA), except this agreement does apply to a funds transfer that is a remittance transfer as defined in EFTA unless the remittance transfer is an electronic fund transfer as defined in EFTA.

**Funds transfer** - A funds transfer is the transaction or series of transactions that begin with the originator's payment order, made for the purpose of making payment to the beneficiary of the order. A funds transfer is completed by the acceptance by the beneficiary's bank of a payment order for the benefit of the beneficiary of the originator's order. You may give us a payment order orally, electronically, or in writing, but your order cannot state any condition to payment to the beneficiary other than the time of payment. Credit entries may be made by ACH.

**Authorized account** - An authorized account is a deposit account you have with us that you have designated as a source of payment of payment orders you issue to us. If you have not designated an authorized account, any account you have with us is an authorized account to the extent that payment of the payment order is not inconsistent with the use of the account.

**Acceptance of your payment order** - We are not obligated to accept any payment order that you give us, although we normally will accept your payment order if you have a withdrawable credit in an authorized account sufficient to cover the order. If we do not execute your payment order, but give you notice of our rejection of your payment order after the execution date or give you no notice, we are not liable to pay you as restitution any interest on a withdrawable credit in a non-interest-bearing account.

**Cutoff time** - If we do not receive your payment order or communication canceling or amending a payment order before our cutoff time on a funds transfer day for that type of order or communication, the order or communication will be deemed to be received at the opening of our next funds transfer business day.

**Payment of your order** - If we accept a payment order you give us, we may receive payment by automatically deducting from any authorized account the amount of the payment order plus the amount of any expenses and charges for our services in execution of your payment order. We are entitled to payment on the payment or execution date. Unless your payment order specifies otherwise, the payment or execution date is the funds transfer date we receive the payment order. The funds transfer is completed upon acceptance by the beneficiary's bank. Your obligation to pay your payment order is excused if the funds transfer is not completed, but you are still responsible to pay us any expenses and charges for our services. However, if you told us to route the funds transfer through an intermediate bank, and we are unable to obtain a refund because the intermediate bank that you designated has suspended payments, then you are still obligated to pay us for the payment order. You will not be entitled to interest on any refund you receive because the beneficiary's bank does not accept the payment order.

**Security procedure** - As described more fully in a separate writing, the authenticity of a payment order or communication canceling or amending a payment order issued in your name as sender may be verified by a security procedure. You affirm that you have no circumstances which are relevant to the determination of a commercially reasonable security procedure unless those circumstances are expressly contained in a separate writing signed by us. You may choose from one or more security procedures that we have developed, or you may develop your own security procedure if it is acceptable to us. If you refuse a commercially reasonable security procedure that we have offered you, you agree that you will be bound by any payment order issued in your name, whether or not authorized, that we accept in good faith and in compliance with the security procedure you have chosen.

**Duty to report unauthorized or erroneous payment** - You must exercise ordinary care to determine that all payment orders or amendments to payment orders that we accept that are issued in your name are authorized, enforceable, in the correct amount, to the correct beneficiary, and not otherwise erroneous. If you discover (or with reasonable care should have discovered) an unauthorized, unenforceable, or erroneously executed payment order or amendment, you must exercise ordinary care to notify us of the relevant facts. The time you have to notify us will depend on the circumstances, but that time will not in any circumstance exceed 14 days

from when you are notified of our acceptance or execution of the payment order or amendment or that your account was debited with respect to the order or amendment. If you do not provide us with timely notice you will not be entitled to interest on any refundable amount. If we can prove that you failed to perform either of these duties with respect to an erroneous payment and that we incurred a loss as a result of the failure, you are liable to us for the amount of the loss not exceeding the amount of your order.

**Identifying number** - If your payment order identifies an intermediate bank, beneficiary bank, or beneficiary by name and number, we and every receiving or beneficiary bank may rely upon the identifying number rather than the name to make payment, even if the number identifies an intermediate bank or person different than the bank or beneficiary identified by name. Neither we nor any receiving or beneficiary bank have any responsibility to determine whether the name and identifying number refer to the same financial institution or person.

**Record of oral or telephone orders** - You agree that we may, if we choose, record any oral or telephone payment order or communication of amendment or cancellation.

**Notice of credit** - If we receive a payment order to credit an account you have with us, we are not required to provide you with any notice of the payment order or the credit.

**Provisional credit** - You agree to be bound by the automated clearing house association operating rules that provide that payments made to you or originated by you by funds transfer through the automated clearing house system are provisional until final settlement is made through a Federal Reserve Bank or otherwise payment is made as provided in Article 4A-403(a) of the Uniform Commercial Code.

**Refund of credit** - You agree that if we do not receive payment of an amount credited to your account, we are entitled to a refund from you in the amount credited and the party originating such payment will not be considered to have paid the amount so credited.

**Amendment of funds transfer agreement** - From time to time we may amend any term of this agreement by giving you reasonable notice in writing. We may give notice to anyone who is authorized to send payment orders to us in your name, or to anyone who is authorized to accept service.

**Cancellation or amendment of payment order** - You may cancel or amend a payment order you give us only if we receive the communication of cancellation or amendment before our cutoff time and in time to have a reasonable opportunity to act on it before we accept the payment order. The communication of cancellation or amendment must be presented in conformity with the same security procedure that has been agreed to for payment orders. **Intermediaries** - We are not liable for the actions of any intermediary, regardless of whether or not we selected the intermediary. We are not responsible for acts of God, outside agencies, or nonsalaried agents.

**Limit on liability** - You waive any claim you may have against us for consequential or special damages, including loss of profit arising out of a payment order or funds transfer, unless this waiver is prohibited by law. We are not responsible for attorney fees you might incur due to erroneous execution of payment order.

**Erroneous execution** - If we receive an order to pay you, and we erroneously pay you more than the amount of the payment order, we are entitled to recover from you the amount in excess of the amount of the payment order, regardless of whether you may have some claim to the excess amount against the originator of the order.

**Objection to payment** - If we give you a notice that reasonably identifies a payment order issued in your name as sender that we have accepted and received payment for, you cannot claim that we are not entitled to retain the payment unless you notify us of your objection to the payment within one year of our notice to you.

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## CHANGES TO YOUR DEPOSIT ACCOUNTS

Checking Accounts and Savings Accounts currently held with the Perpetual Federal Savings Bank will retain the same features and benefits, except for the following:

### PERSONAL ACCOUNTS

#### NOW Checking

This account will become NOW Checking.

**Minimum balance to avoid monthly service charge** – Any account with an average daily balance of \$1,200.00 or less during the month will be charged a \$5.00 service charge per monthly statement cycle.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

#### Super NOW Checking

This account will become High Interest Checking.

**Minimum balance to avoid monthly service charge** – Any account with an average daily balance of \$1,500.00 or less during the month will be charged a \$6.00 service charge per monthly statement cycle.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

#### Non-Interest Checking

This account will become Smart Checking.

#### Passbook Savings

This account will become Statement (PB) Savings.

**Accrual of interest on noncash deposits** – Interest will be paid on the portion of the daily account balance that is \$10.00 or greater. Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Limitations on frequency of transfers** – Transfers from a Statement (PB) Savings Account to another account or to third parties are limited to six per statement cycle when made by preauthorized withdrawal; automatic, telephone, or computer transfers; checks and debit cards or other similar transactions from your account.

#### Money Fund Savings

This account will become Flex Personal.

**Transaction Limitations** – The minimum amount that can be withdrawn is \$500.00.

**Minimum balance to avoid a monthly service charge** – Any account with an average daily balance of \$300.00 or less during the month will be charged a \$3.00 monthly service charge per each monthly statement cycle.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Limitations on frequency of transfers** – Transfers from a savings account to another account or to third parties are limited to six per statement cycle when made by preauthorized withdrawal; automatic, telephone, or computer transfers; checks and debit cards or other similar transactions from your account.

#### Christmas Club Account

**Rate Information** - The interest rate and annual percentage yield may change at any time.

**Determination of Rate** - At our discretion, we may change the interest rate on your account.

**Compounding Frequency** - Interest will be compounded every day.

**Crediting Frequency** - Interest will be credited to your account at maturity.

**Effect of Closing an Account** - If you close your account before interest is credited, you will not receive the accrued interest.

**Daily Balance Computation Method** - We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day.

**Accrual of Interest on Noncash Deposits** - Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

#### Fees:

- A \$5.00 withdrawal fee will be charged for any withdrawals on this account.
- A \$5.00 closing fee will be charged for closing this account prior to maturity



**Time Requirements** - Your 2022 Christmas Club will mature on 10/05/2022. There is no grace period on this account. At annual maturity, Christmas Club funds will be automatically deposited to an account specified for direct deposit of these funds.

**Automatically Renewable Time Account** - This account will automatically renew for another year at maturity, unless you notify us of your intentions otherwise.

### **Christmas Club Account Terms & Conditions**

**Agreement** - This document is a contract that establishes the terms and conditions that govern this account. Please read this carefully. By signing a signature card or continuing to maintain this account with us, you agree to these terms and conditions.

This agreement is subject to applicable federal and state laws. This is a consumer account. A consumer is a natural person who holds an account primarily for personal, family, or household purposes.

As used in this document the words "we," "our," and "us" means the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account.

**Liability** - Each of you agrees to the terms of this account and the schedule of charges that may be imposed. You authorize us to deduct these charges as accrued directly from the account balance. You also agree to pay additional reasonable charges we may impose for services you request which are not contemplated by this agreement. Each of you also agrees to be jointly and severally liable for any account deficit resulting from charges or overdrafts, whether caused by you or another authorized to withdraw from this account, and the costs we incur to collect the deficit including, to the extent permitted by law, our reasonable attorney's fees.

**Deposits** - Any items, other than cash, accepted for deposit (including items drawn "on us") will be given provisional credit only until collection is final (and actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars). We are not responsible for transactions initiated by mail or outside depository until we actually record them. All transactions received after our "daily cut-off time" on a business day we are open, or received on a day in which we are not open for business, will be treated and recorded as it initiated on the next following business day that we are open.

**Withdrawals** - Unless otherwise clearly indicated, any one of you who signed the signature card including authorized signers, may withdraw or transfer all or any part of the account balance at any time on forms approved by us. Each of you (until we receive written notice to the contrary) authorizes each other person who signed the signature card to endorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge against your account a check, even though payment was made before the date of the check, unless you have given us written notice of the postdating. The fact that we may honor withdrawal requests which overdraw the finally collected account balance does not obligate us to do so, unless required by law. Withdrawals will first be made from collected funds, even if our general practice is to the contrary. We reserve the right to refuse any withdrawal request or transfer request which is attempted by any method not specifically permitted.

On interest-bearing accounts other than time deposits, we reserve the right to require at least seven days' written notice before any withdrawal or transfer. Withdrawals from a time deposit prior to maturity or prior to the expiration of any notice period may be restricted and may be subject to penalty. See your notice of penalties for early withdrawal.

**Ownership of Account** - You intend these rules to apply to this account depending on the form of ownership specified. We make no representations as to the appropriateness or effect of the ownership except as they determine to whom we pay the account funds. Individual Account is owned by one person. Joint Account - With Survivorship (And Not As Tenants in Common) - is owned by two or more persons. Each of you intend that upon your death the balance in the account (subject to and previous pledge to which we have consented) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.

**Distribution of Funds at Maturity** - At maturity, Christmas Club funds will be automatically deposited to an account specified by the account owner for direct deposit of these funds.

**Amendments and Termination** - We may change any term of this agreement. Rules governing changes in interest rates have been provided separately. For other changes we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to you all.

**Statements** - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized payments or alterations, you must promptly notify us,

or bear the loss entirely yourself (depending on whether we exercised ordinary care and, if not, whether we substantially contributed to the loss). You agree that the time you have to examine your statement and report to us will depend on the circumstances, but that such time will not, in any circumstance, exceed a total of 60 days from which the statement is first made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, forgeries or any other errors in your account within 60 days of when we make the statement available, you cannot assert a claim against us on any items in that statement, and the loss will be entirely yours. This 60 day limitation is without regard to whether we exercised ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

**Set-Off** - You each agree that we may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt owed to us now or in the future by any of you having the right of withdrawal, to the extent of such person's or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time set off, including any balance the due date for which we properly accelerate under the note. You agree to hold us harmless from any claim arising as a result of our exercise of our right of set-off.

**Authorized Signer (Individual Accounts Only)** - An authorized signer is someone you designate to conduct transactions on your behalf, but does not have any ownership or rights of death.

**Unclaimed Funds** - Any money or right to money you have in this account or matured time deposit will become unclaimed funds under Ohio Revised Code Chapter 169, if according to our records, for five years you do not make a deposit or withdrawal, correspond with us regarding this account, transact business with us or otherwise indicate an interest or knowledge of the funds.

**ACH and Wire Transfers** - This agreement is subject to Article 4A of the Uniform Commercial Code in the state in which you have your account with us. You agree to be bound by automated clearing house association rules. These rules provide, among other things that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403 (a) of the Uniform Commercial Code.

### **BUSINESS ACCOUNTS**

#### **NOW Checking/Super NOW Checking**

This account will become Business Interest Checking.

**Accrual of interest on noncash deposits** - Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

#### **Non-Interest Checking**

This account will become Simply Business Checking.

#### **Passbook Savings (Business)**

This account will become Business Savings.

**Minimum balance to avoid a monthly service charge** - Maintain a \$300.00 minimum daily balance to avoid a \$3.00 monthly service fee.

**Accrual of interest on noncash deposits** - Interest will be paid on the portion of the daily account balance that is \$300.00 or greater. Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Limitations on frequency of transfers** - Transfers from a savings account to another account or to third parties are limited to six per statement cycle when made by preauthorized withdrawal; automatic, telephone, or computer transfers; checks and debit cards or other similar transactions from your account. • Please refer to the current Fee Schedule for a complete list of fees and charges that may be assessed to your account.

#### **Money Fund Savings**

This account will become Flex Non-Personal.

**Transaction Limitations** - The minimum amount that can be withdrawn is \$500.00.

**Minimum balance to avoid a monthly service charge** – Any account with an average daily balance of \$300.00 or less during the month will be charged a \$3.00 monthly service charge per monthly statement cycle.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Limitations on frequency of transfers** – Transfers from a savings account to another account or to third parties are limited to six per statement cycle when made by preauthorized withdrawal; automatic, telephone, or computer transfers; checks and debit cards or other similar transactions from your account.

**Non-Interest Checking (Public Funds)**

This account will become Non-Interest Public Funds Checking.

**Now Checking/Super NOW Checking (Public Funds)**

This account will become Public Funds Interest Checking.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Passbook Savings (Public Funds)**

This account will become Business Savings.

**Money Fund Savings (Public Funds)**

This account will become Business Money Market Savings.

**Accrual of interest on noncash deposits** – Interest will begin to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks).

**Limitations on frequency of transfers** – Transfers from a savings account to another account or to third parties are limited to six per statement cycle when made by preauthorized withdrawal; automatic, telephone, or computer transfers; checks and debit cards or other similar transactions from your account.

**OVERDRAFT PROGRAM NOTICE**

We want to educate you on the overdraft coverage options available in the event funds do not exist in your checking account to cover a purchase or transaction. We have several ways these transactions can be covered:

**Overdraft Protection Programs**

\* We can set up an Account Transfer from a statement savings, money market, separate checking account,, Home Equity Line of Credit, or Line of Credit (business purpose) and funds will be transferred to cover the transactions that would overdraw your checking account. There is a \$5.00 monthly fee for this service.

\* You can apply for an unsecured overdraft line of credit that would be available to cover you when a transaction overdraws your account. There is a \$5.00 monthly fee for this service and a monthly finance charges apply to outstanding balances transferred to cover transactions that overdraw your checking account.

**Courtesy Pay Service**

Courtesy Pay is a discretionary overdraft service for eligible checking accounts, in which we will strive to pay checks and auto draft items for you when funds are not available in your account. When an account has insufficient funds, a \$35.00 Checking Overdraft Charge or Non-Sufficient Fund Fee is charged for non-sufficient fund items whether the item is paid or returned unpaid. It is the obligation of the institution to operate in accordance with all safety and soundness standards. Therefore, a continual evaluation of all accounts is performed to determine if it is financially sound to honor items that may cause an overdraft situation for a particular account. The account criteria evaluated are:

- \* Age of Account
- \* Deposits Balances
- \* Deposit Regularity
- \* Previous Overdraft Activity
- \* Account Status relating to any legal or administrative order or levy
- \* Status of Loan Obligations with the institution

In order to extend the Courtesy Pay Service to your everyday debit and ATM transactions, your acknowledgment is needed. If you choose to request this service and funds do not exist in your account, we will strive to pay those everyday debit purchases and ATM transactions. If we do need to cover an item for you, you will be charged a Checking Overdraft fee of \$35.00 per transaction that overdraws your account.

The institution is not obligated to cover any items, defined as checks, ATM withdrawals, Point of Sale (POS) or debit card transactions, preauthorized debits, or any other electronic transactions, presented for payment if the account does not contain sufficient collected and/or available funds. Furthermore, service charges assessed against the account, do not obligate the institution to pay said request for funds, nor does it obligate the institution to provide prior written notice of the decision to refuse payment. Should a check be submitted or a transaction made for funds that exceed what is available in the account, pursuant to the Depositor's Account Agreement, the account holder is responsible for the amount of any overdraft and applicable fees immediately. It is the obligation of the account holder to keep their account in good standing with the institution and to bring their account to a positive balance immediately should an overdraft situation occur, without notice or demand from the institution.

If the account holder would prefer that the institution not honor any items when there are not sufficient funds in the account, the account holder may opt out of the Courtesy Pay discretionary service by contacting the institution and expressing this preference. The account holder is fully aware that without this discretionary service or some other form of overdraft protection, such as an account transfer or overdraft line of credit (available to qualified accounts), any items presented that overdraw the account may be returned unpaid with the applicable non-sufficient fund fee charged to the account for each item.

Our Checking Overdraft Charge of \$35.00 will be imposed for overdrafts created by checks, ACH, Point-of-Sale, ATM withdrawals, in-person withdrawals, or by other electronic means, as applicable. If your account balance remains overdrawn for four (4) or more consecutive days, we will charge your account an additional \$8.00 per day Daily Overdraft Fee beginning on the fourth business day. The maximum number of Checking Overdraft Charges assessed on a consumer account is six (6) per day, a maximum of \$210. This limitation does not apply to business accounts as there is no limit to the total fees we can charge for overdrawing your account. We do not charge a Checking Overdraft Charge if an account is overdrawn by \$5.00 or less, however when applicable, the Daily Overdraft Fee would apply beginning on the fourth business day.

The Depositor's Account Agreement (and all amendments thereto) prescribes the duties, obligations and rights of the Depositor, as well as the Authorized Signatories, and the institution with regard to the account. The terms of the Depositor's Account Agreement supersedes the overdraft policy in any potential conflict of interests.

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**IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT**

**Farmers & Merchants State Bank complies with Section 326 of the USA PATRIOT Act.**

This law mandates that we verify certain information about you while processing your account application. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**IMPORTANT INFORMATION ABOUT OPENING A LEGAL ENTITY ACCOUNT**

Effective May 11, 2018, new rules under the Bank Secrecy Act will aid the government in the fight against crimes to evade financial measures designed to combat terrorism and other national security threats.

Each time an account is opened for a covered Legal Entity, we are required to ask you for identifying information (name, address, date of birth, social security number as well as identification documents) for:

- Each individual that has beneficial ownership (25% or more); and,
- One individual that has significant managerial control, of the Legal Entity.

If you are opening an account on behalf of a Legal Entity, you will be required to provide the appropriate documentation and to certify that this information is true and accurate to the best of your knowledge.

**We proudly support all efforts to protect and maintain the security of our customers and our country.**

## FEE SCHEDULE

CHECK CASHING		WIRE TRANSFERS	
Non-Depositor	\$10.00	Domestic - Incoming	\$15.00
International Check Clearing	\$10.00	Domestic - Outgoing	\$25.00
		Foreign - Incoming	\$15.00
		Foreign - Outgoing	\$55.00
		Foreign Currency - Outgoing	\$25.00
COLLECTIONS		OTHER CHARGES	
Incoming	\$25.00	Telephone Transfer	\$5.00
Levies & Garnishment	\$50.00	* including loan payments	
DEBIT MASTERCARD®		Notary Public (Non Depositors)	
ATM Withdrawal (Non-F&M Machine)	\$2.00	Ohio	\$1.50
Card Replacement	\$15.00	Indiana	\$2.00
DORMANT / INACTIVE		Photocopies (Each)	\$0.50
Dormant Accounts	\$5.00	Stop Payment	\$35.00
*per month after 5 years		Stop Payment (Special Instructions)	\$75.00
Inactive Checking Accounts	\$5.00	Overdraft Protection Plan	\$5.00
*per month after 1 year		*per month	
Inactive Savings Accounts	\$5.00	Deposited/Cashed Check Returned	\$12.00
*per month after 2 years		Items Paid or Returned Due to (per item)	
Inactive Youth Savings Accounts	\$5.00	Non -Sufficient Funds (NSF)	\$35.00
*per month after 4 years		Uncollected Funds	\$35.00
MAIL		Daily Overdraft Charge	
Returned Mail (Missing Address)	\$10.00	*daily fee beginning the 4th day	\$8.00
MONEY ORDERS - CASHIERS CHECKS		Returned ACH	\$12.00
Depositors	\$3.00-\$5.00	Savings Account Balance below	
Non-Depositors	\$8.00-\$10.00	Minimum of \$300.00 (per month)	\$3.00
RESEARCH		Reg D Transaction Limitation Exceeded	\$15.00
Per Hour (Minimum Charge 1/2 hour)	\$25.00	*per item in excess of 6	
Account Printout	\$5.00	Christmas Club Early Withdrawal	\$5.00
SAFE DEPOSIT BOX		Land Contract	\$125.00
Annual Rental	Varies by Size	Loose Coin (Non-Depositor)	\$3.00
Late Payment (After 30 Days)	\$10.00	*Min. charge of \$3.00 or 5% of total coin	
Drilling (2 Lost Keys)	\$150.00	counted - whichever is greater	
SPECIAL REPORTING ACCOUNTS			
HSA Transfer to Non-F&M Account	\$25.00		
IRA Transfer to Non-F&M Account	\$50.00		
STATEMENTS			
Special / Interim	\$5.00		
Reconciliation (Per Hour - Min. 1/2 hour)	\$25.00		

Please contact a customer service representative for a full disclosure of terms and conditions of deposit accounts. Fees are subject to change

**FACTS**

**WHAT DOES THE FARMERS & MERCHANTS STATE BANK (F&M) DO WITH YOUR PERSONAL INFORMATION?**



**Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?**

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and employment information
- Transaction history and account balances
- Credit history and payment history

When you are no longer our customer, we continue to share your information as described in this notice.

**How?**

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons F&M chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does F&M share?	Can you limit this sharing?
<b>For our everyday business purposes</b> - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
<b>For our marketing purposes</b> - to offer our products and services to you	YES	NO
<b>For joint marketing with other financial companies</b>	YES	NO
<b>For our affiliates' everyday business purposes</b> - information about your transactions and experiences	YES	NO
<b>For our affiliates' everyday business purposes</b> - information about your creditworthiness	NO	WE DON'T SHARE
<b>For nonaffiliates to market to you</b>	NO	WE DON'T SHARE

**Questions?**

Call 800.451.7843 or go to <https://www.fm.bank/documents/Privacy-Notice.pdf>

**Other important information**

Important notice regarding credit reporting: We may report information about your account(s) to credit bureaus or consumer reporting agencies. Late payments, or other defaults on your account(s) may be reflected in your consumer report (also called a credit report).

**Who we are**

Who is providing this notice? The Farmers & Merchants State Bank (F&M)

**What we do**

How does F&M protect my personal information? To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

Employee access is on a need-to-know basis. Access may be granted for internal security, fraud prevention or to protect customer rights.

How does F&M collect my personal information? We collect your personal information, for example, when you

- Open an account or make a deposit or withdrawal
- Apply for a loan or make a loan payment
- Use your credit or debit card

We also collect your personal information from others, such as credit bureaus, affiliates, and other companies.

Why can't I limit all sharing? Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes - information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

What happens when I limit sharing for an account I hold jointly with someone else?

Your choices will apply to everyone on your account.

**Definitions**

**Affiliates**  
Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates include companies with a common corporate identity of F&M; financial companies such as FM Investment Services.*

**Nonaffiliates**  
Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *F&M does not share with nonaffiliates so they can market to you.*

**Joint marketing**  
A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *Our joint marketing partners include credit card companies and insurance companies.*

## DEBIT CARD AGREEMENT/ TERMS AND CONDITIONS

NOTICE: This brochure has been prepared for your information. It contains an Agreement/Disclosure regarding electronic fund transfers and the terms and conditions under which these services are made available. The Federal Electronic Funds Transfer Act governs electronic fund transfers to or from your account(s), including but not limited to Direct Deposits and automatic payments to or from your account(s). You should carefully review this brochure and retain it for future reference.

**I understand I am the only individual authorized to use this Debit MasterCard, (referred to as your "Card"). Retaining and using the Debit MasterCard, signifies agreement to the following terms and conditions. You agree:**

1. To comply with the rules and regulations of the Bank relating to the use of your Card and the performance of any electronic fund services.
2. Your Card remains the property of the Bank and will be surrendered immediately to the bank upon request.
3. To notify the Bank promptly in writing of the loss of your Card.
4. To be responsible for all authorized use of your Card whether used at a full service automated teller machine (ATM), an electronic cash dispensing machine or a Point-of-Sale terminal (POS).
5. Certain types of deposits, including but not limited to checks which are not properly endorsed, cannot be accepted at our terminal. We reserve the right to reject such deposits.
6. The Bank has the right to refuse a transaction on your Account when your Card has been reported lost or stolen or when the Bank reasonably believes there is unusual activity on your Account.
7. No electronic fund transfer may be made and no transaction that you attempt will be completed if your Card is damaged, has been canceled or revoked, your account has been closed, or it is retained for any other reason.
8. To be responsible for unauthorized use of your Card as disclosed in the "Unauthorized Transfers" section of the Electronic Fund Transfers Your Rights and Responsibilities disclosure.
9. The Bank reserves the right at any time and without notice (except as may be required by the Federal Electronic Funds Transfer Act) to cancel your Card, eliminate any or all of the services that are currently available or to add any new services.
10. If you use your Card to access an Account that is no longer available or lacks sufficient funds to complete the transaction, the Bank may, at its sole discretion, charge or credit the transaction to another Account.
11. You cannot use your Card for a transaction that would exceed your Account balance. The Bank will not be required to complete any such transaction or any transaction that would exceed the daily authorization limit attached to your Card, but if it does, you agree to pay the Bank the amount of the improper withdrawal or transfer upon request.
12. The Bank's liability to you for not completing a transaction will be limited as set forth in the "Financial Institution's Liability" section of the Electronic Fund Transfers Your Rights and Responsibilities disclosure.
13. Never allow anyone to use, borrow or obtain your Card and personal identification number (PIN). By giving your Card and PIN to another person, you take responsibility for all transactions made by that person or by anyone else to whom that person gives the Card and secret code until you notify us to cancel your Card and issue a new one.
14. Never enter your PIN in any ATM that does not look genuine, has been modified, has a suspicious device attached, or is operating in a suspicious manner.

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### ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

**ATM Transfers** - types of transfers, dollar limitations, and charges - You may access your account(s) by ATM using your Debit MasterCard, and personal identification number (PIN), to:

- make deposits to checking or savings account(s) with your debit card
- get cash withdrawals from checking or savings account(s) with your debit card
  - you may withdraw no more than \$500.00 per 24-hour period
- transfer funds from savings to checking account(s) or savings to savings account(s) with your debit card
- transfer funds from checking to savings account(s) or checking to checking account(s) with your debit card

- get information about :

- the account balance of your checking or savings accounts with your debit card

Charges per transaction or charges per inquiry are as follows:

No charge at Farmers & Merchants State Bank Terminals

There is a charge for ATM In-Network transactions and ATM National

Non-Network transactions. Please refer to the current Fee Schedule for additional information about fees.

In addition, transactions at an ATM not owned or operated by us may be subject to a surcharge fee assessed by the ATM terminal owner. Some of these services may not be available at all terminals.

**Types of Debit MasterCard, Point-of-Sale Transactions** - You may access your checking account(s) to purchase goods in person (and by phone and online with Debit MasterCard,) and pay for services in person (and by phone and online with Debit MasterCard,). In addition, by using Debit MasterCard, you can get cash from a merchant, if the merchant permits, or from a participating financial institution with Debit MasterCard, and do anything that a participating merchant will accept.

**Point-of-Sale Transactions - dollar limitations and charges** - Using your card:

- transactions are limited to the lesser of \$3,000.00 or the available balance of your checking per 24-hour period (your checking account balance includes available credit on an overdraft line)
- charges per transaction may be the same as those listed for ATM transfers

**Currency Conversion and Cross-Border Transaction Fees.** If you effect a transaction with your Debit MasterCard in a currency other than US Dollars, MasterCard will convert the charge into a US Dollar amount. The MasterCard currency conversion procedure includes use of either a government-mandated exchange rate, or a wholesale exchange rate selected by MasterCard. The exchange rate MasterCard uses will be a rate in effect on the day the transaction is processed. This rate may differ from the rate in effect on the date of purchase or the date the transaction was posted to your account.

MasterCard charges us a Currency Conversion Assessment of 20 basis points (.2% of the transaction) for performing the currency conversion. In addition, MasterCard charges us an Issuer Cross-Border Assessment of 90 basis points (.9% of the transaction) on all cross-border transactions regardless of whether there is a currency conversion. As a result, we charge you a

Cross-Border Transaction fee of 1% on all cross-border transactions regardless of whether there is a currency conversion. A cross-border transaction is a transaction processed through the Global Clearing Management System or the MasterCard Debit Switch in which the country of the merchant is different than the country of the cardholder.

**Advisory Against Illegal Use.** You agree not to use your card(s) for illegal gambling or other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located.

#### FEES

- We will charge you to replace a lost debit card.
- We may charge you to replace a stolen debit card.

Please refer to the current Fee Schedule for additional information about fees.

**ATM Operator/Network Fees.** When you use an ATM not owned or operated by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

**ATM Fee Reimbursements** - Based on your checking account requirements and when qualifiers are met as applicable to your checking account:

- You will receive reimbursements up to the specified amount as reflected in the checking account disclosures for your specific checking account product. Reimbursements are provided for nationwide ATM fees incurred during each Monthly Statement Cycle in which your account met the qualifiers. If you believe you have not been reimbursed the correct amount of ATM fees, you must contact us within thirty (30) calendar days after the Monthly Statement Cycle where the reimbursement was applicable in order to receive a refund.

#### DOCUMENTATION

**Terminal transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.

**Periodic statements.** You will get a monthly account statement from us for your checking and savings accounts.

#### FINANCIAL INSTITUTION'S LIABILITY

**Liability for failure to make transfers.** If we do not complete a transfer to or from your account on time

or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer.
2. If you have an overdraft line and the transfer would go over the credit limit.
3. If you have an overdraft protection service and the transfer exceeds the funds available to cover the overdraft.
4. If the automated teller machine where you are making the transfer does not have enough cash.
5. If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
6. If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.

There may be other exceptions stated in our agreement with you.

#### CONFIDENTIALITY

We will disclose information to third parties about your account or the transfers you make:

1. where it is necessary for completing transfers; or
2. in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
3. in order to comply with government agency or court orders; or
4. as explained in the separate Consumer Privacy Notice.

#### UNAUTHORIZED TRANSFERS

##### (a) Consumer liability.

• *Generally.* Tell us AT ONCE if you believe your card and/or code has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check.

Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days after you learn of the loss or theft of your card and/or code, you can lose no more than \$50 if someone used your card and/or code without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your card and/or code, and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, code or other means, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods. *Additional Limits on Liability for Debit MasterCard®.* You will not be liable for any unauthorized transactions using your Debit MasterCard®, if: (i) you can demonstrate that you have exercised reasonable care in safeguarding your card from the risk of loss or theft, and (ii) upon becoming aware of a loss or theft, you promptly report the loss or theft to us.

**(b) Contact in event of unauthorized transfer.** If you believe your card and/or code has been lost or stolen, call or write us at the telephone number or address listed in this brochure. You should also call the number or write to the address listed in this brochure if you believe a transfer has been made using the information from your check without your permission.

#### ERROR RESOLUTION NOTICE

In Case of Errors or Questions About Your Electronic Transfers, Call or Write us at the telephone number or address listed in this brochure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days if the transfer involved a new

account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

THE FARMERS & MERCHANTS STATE BANK

P.O. BOX 216

ARCHBOLD, OHIO 43502

Business Days: Monday through Friday

Excluding Federal Holidays

Phone: 419-446-2501 or (800) 451-7843

MORE DETAILED INFORMATION IS AVAILABLE ON REQUEST

#### HEALTH SAVINGS ACCOUNT DEBIT MASTERCARD® CARDHOLDER AGREEMENT

This agreement has information regarding electronic fund transfers and the terms and condition under which this service will be offered. Carefully review this information and retain it for future reference. You are also advised to review the Electronic Fund Transfers Your Rights and Responsibilities Disclosure provided with the Terms and Conditions of Your Account at account opening.

I understand that I am the only individual authorized to use this Debit MasterCard® (hereafter referred to as your "Card"). By retaining and using the Health Savings Account Debit MasterCard® from The Farmers & Merchants State Bank (the "Bank"), I agree to the terms and conditions that follow. You agree:

1. To comply with the rules and regulations of the Bank relating to the use of your Card and the performance of any electronic fund services involving your Health Savings Account.
2. To follow the Internal Revenue Service (IRS) limits regarding the use of this Card for qualified medical expenses and to report any non-qualified expenditures to the IRS.
3. Your Card remains the property of the Bank and will be surrendered immediately to the bank upon request. The Bank reserves the right at any time and without notice (except as may be required the Federal Electronic Fund Transfer Act) to cancel your Card, eliminate any or all of the services that are currently available, or to add any new services.
4. To the following dollar limitations for your Health Savings Account Debit MasterCard® (These dollar limitations may differ from those stated in the Electronic Fund Transfers Your Rights and Responsibilities Disclosure):
  - a. ATM Cash Withdrawals - Withdrawals are limited to no more than \$200.00 per 24-hour period using your Card. Select Checking (not Savings) when making an ATM withdrawal.
  - b. Point-of-Sale Transactions - Withdrawals are limited to the lesser of \$3,000.00 or the available balance of your Health Savings Account per 24-hour period.
5. To be responsible for all authorized use of your Card whether used at a Point-of-Sale (POS) terminal, a full service automated teller machine (ATM), or an electronic cash dispensing machine.
6. To be responsible for unauthorized use of your Card as disclosed in the "Unauthorized Transfer" section of the Electronic Fund Transfers Your Rights and Responsibilities Disclosure.
7. To notify the Bank promptly should your Card be lost or stolen.
8. The Bank has the right to refuse a transaction on your Health Savings Account when your Card has been reported lost or stolen or when the Bank reasonably believes there is unusual activity on your Health Savings Account.
9. You cannot use your Card for a transaction that would exceed your Health Savings Account balance. The Bank will not be required to complete any such transaction or any transaction that would exceed the daily authorization limit attached to your Card. If it does, you agree to pay the Bank the amount of the improper withdrawal.
10. No electronic fund transfer may be made and no transaction that you attempt will be completed if your Card is damaged, has been canceled or revoked, your Health Savings Account has been closed, or it is retained for any reason.
11. Never allow anyone to use, borrow, or obtain your Card and PIN number. By giving your Card and PIN number to another person, you take responsibility for all transactions made by that person or by anyone else to whom that person give the Card and PIN number until you notify us to cancel your Card and issue a new one.

12. To pay a \$15.00 Replacement Fee for a Card that is lost or stolen.

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## BUSINESS DEBIT MASTERCARD® CARDHOLDER AGREEMENT

**Introduction.** This MasterCard, Debit BusinessCard Agreement (“ Agreement”) contains contract terms and other important information relating to your MasterCard, Debit BusinessCard (“ Card”). These terms govern the operation of this account unless varied or supplemented in writing. This Agreement also incorporates any other terms and conditions provided separately with your account agreement as well as the terms of any disclosures you may have received. You should read this Agreement carefully and keep a copy for your records.

**Applicable Law.** This Agreement will be governed by the laws of the state in which your account is located as well as federal laws and regulations. Normal banking customs and practices also apply.

**Definitions.** Unless inconsistent, words and phrases used in this document shall be construed so that the singular includes the plural and the plural includes the singular. The words “ we,” “ our,” and “ us” refer to the financial institution which issues the Card. The words “ you” and “ your” refer to the owner of the specific account for which Card transactions are permitted. The word “ Cardholder” refers to any person authorized by you to use the Card.

**Business Card Purpose.** You and any Cardholder agree that this Card is for use by business owners and employees. The Card can be used for business purpose point-of-sale and Automated Teller Machine (ATM) transactions only. The Card may not be used for personal purposes. You acknowledge and understand that the Card shall not be treated as a consumer card under the provisions of state and federal law. You agree to provide written instructions to all Cardholders that the Card shall not be used for consumer purposes. We assume all transactions are for business purposes. We do not monitor transactions to determine their purpose.

**Account Requirement, Payment Responsibility, Transferability, Enforceability.** The services described in this Agreement will be available to you only as long as you maintain a business checking or savings account with us. You are liable for the payment of Card transactions authorized by you or your agent or any Cardholder or their agent. This account may not be transferred or assigned without our written consent.

If any terms of this Agreement cannot be legally enforced, it will be considered changed to the extent necessary to comply with applicable laws. If any part of this Agreement becomes unenforceable, it will not make any other part unenforceable.

**How to Use the Business Card, Security Procedures.** The Card allows Cardholders to directly access the business checking or savings account specified in your Card Application. We will issue Cards and codes to you at your request. Each Card will identify your business as well as the Cardholder. You agree to the following security procedures. Each Cardholder must sign their Card before it may be used. You agree to require both a Card and a code to be used together to obtain cash at designated ATMs. However, you may use your Card to purchase goods or pay for services without a code. Once a Card has been issued it cannot be transferred to another person. You agree to immediately notify us when you terminate a Cardholder’s rights and to promptly return the Card to us. You agree to provide written instructions to all Cardholders about the importance of protecting the Card and code. You agree to examine your receipts and periodic statements in a timely manner. You agree that the dollar/frequency limits assigned to each Cardholder will also act as a security procedure.

### Termination and Amendments.

- We may terminate this Agreement with or without cause or notice, other than that required by federal or state law.
- You may terminate this Agreement with or without cause or notice, other than that required by federal or state law.

We may make amendments to this Agreement in the same method as provided in the terms and conditions provided in your account agreement. Use of your Card after receipt of notice of an amendment constitutes your acceptance of the change.

**Notices.** Any notices mailed to you under this Agreement will be mailed to the address we have for you in our records. You will keep us notified of your current mailing address.

**Order of Payment.** Our policy is to post and pay Card transactions in the order they are received. We reserve the right to pay Card transactions before checks, drafts, and other items.

**Stop Payment.** Only stop-payment requests from you or the Cardholder who authorized the transaction will be honored. However, because Card transactions are often processed immediately, stopping or amending payment is difficult and we cannot ensure that any request you make will be effective. In order to be effective, we must receive your request in time to give us a reasonable opportunity to act. Only you may release a stop-payment request.

### TYPES OF TRANSACTIONS

Below are the types of transactions your Card will accommodate.

**ATM Transfers.** You may access your account by ATM using your Card and code to:

- make deposits to your checking account.
- make deposits to your savings account.
- get cash withdrawals from your checking account.
  - you may withdraw no more than \$500.00 per 24 hour period.
- get cash withdrawals from your savings account.
  - you may withdraw no more than \$500.00 per 24 hour period.
- transfer funds from your checking account to your savings account.
- transfer funds from your savings account to your checking account.
- get information about:
  - the account balance of your checking account.
  - the account balance of your savings account.

Some of these services may not be available at all terminals.

**Point-of-Sale Transactions.** You may access your checking account with your Card to purchase goods (in person, online, or by phone), pay for services (in person, online, or by phone), get cash from a merchant, if the merchant permits, or from a participating financial institution, and do anything that a participating merchant will accept.

Using your Card and/or code:

- your dollar limitations will be disclosed in writing at Card issuance.

**Currency Conversion and Cross-Border Transaction Fees.** If you effect a transaction with your Card in a currency other than US Dollars, MasterCard will convert the charge into a US Dollar amount. The MasterCard currency conversion procedure includes use of either a government-mandated exchange rate, or a whole-sale exchange rate selected by MasterCard. The exchange rate MasterCard uses will be a rate in effect on the day the transaction is processed. This rate may differ from the rate in effect on the date of purchase or the date the transaction was posted to your account.

MasterCard charges us a Currency Conversion Assessment of 20 basis points (.2% of the transaction) for performing the currency conversion. In addition, MasterCard charges us an Issuer Cross-Border Assessment of 90 basis points (.9% of the transaction) on all cross-border transactions regardless of whether there is a currency conversion. A cross-border transaction is a transaction processed through the Global Clearing Management System or the MasterCard Debit Switch in which the country of the merchant is different than the country of the cardholder.

**Advisory Against Illegal Use.** You agree not to use your Card for illegal gambling or other illegal purpose. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the Cardholder may be located. Please see the separate cardholder agreement for additional information relating to the use of your Card.

### FEES

- Please refer to the separate fee schedule for additional information on fees.

### DOCUMENTATION

**Terminal Transfers.** You can get a receipt at the time you make a transfer to or from your account using an automated teller machine or point-of-sale terminal. However, you may not get a receipt if the amount of the transfer is \$15 or less.

**Retain Copies for Your Records.** You should retain copies of all records including receipts, credit slips (for returned merchandise), and cancellation numbers (for cancelled reservations). You should also mark each transaction in your account record (but not while at a terminal). You should review your periodic statement for accuracy and compare your account record against your periodic statement to reconcile balances.

**Periodic Statements.** You will get a monthly account statement from us for your checking account that will also include a record of transactions made using your Card.

**Periodic Statements.** You will get a monthly account statement from us for your savings account that will also include a record of transactions made using your Card, unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

### LIMITATIONS ON OUR LIABILITY

We will not be liable if:

- you do not have enough money in your account to make the transfer.
- you have an overdraft line and the transfer would cause you to exceed your credit limit.
- an ATM does not have sufficient cash.
- a terminal or system is not working properly.
- circumstances beyond our control (such as fire or flood) prevent the transfer.
- a merchant refuses to accept your Card.

- an ATM rejects your Card.

There may be other limitations on our liability.

#### UNAUTHORIZED TRANSFERS

**Additional Risk Associated with Use of Business Purpose Cards.** You will not have the benefit of any consumer law limiting liability with respect to the unauthorized use of your Card. This means your liability for the unauthorized use of your Card could be greater than the liability in a consumer debit card transaction. You accept and agree to undertake the additional risk and greater measure of liability associated with the use of business purpose cards as described in this Agreement.

**Your Liability for Unauthorized Transfers.** You are liable for Card transactions you do not authorize if we can prove that we processed the transaction in good faith and in compliance with a commercially reasonable security procedure to which we both agreed, unless otherwise required by law.

Tell us AT ONCE if you believe your Card and/or code has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If your Card and/or code is lost, stolen, or used without your permission, you agree to notify us immediately and to promptly confirm such notice in writing. Your liability for transactions with your Card and/or code will continue until 2 business days after the day we receive such written notice. If you do not notify us within one year from when the periodic statement containing an unauthorized transaction was first mailed or made available to you, we will be entitled to treat the information in the periodic statement as correct, and you will be precluded from asserting otherwise.

**Additional Limits on Liability.** You will not be liable for any unauthorized transactions using your Card if: (i) you can demonstrate that you have exercised reasonable care in safeguarding your card from the risk of loss or theft, and (ii) upon becoming aware of a loss or theft, you promptly report the loss or theft to us.

**Contact in Event of Unauthorized Transfer.** If you believe your Card and/or code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call or write us at the telephone number or address listed in this brochure.

**Consequential Damages.** We will not be liable for any consequential or incidental damages resulting from the unauthorized use of your Card.

#### ERROR RESOLUTION

You agree to examine your receipts and periodic statements using ordinary care and to report any errors or problems to us within a reasonable time. You agree that the time to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of one year from when the statement containing the error or problem was first mailed or made available to you. If you do not report within one year, we will be entitled to treat such information as correct and you will be precluded from asserting otherwise. You further agree that if you fail to report to us within 14 days from when the statement was first mailed or made available to you that we will not be required to pay interest on any refund to which you may be entitled. We will only recredit your account for errors or problems as required by law.

Call or write us immediately with errors or questions about your electronic transfers at the telephone number or address listed in this brochure. If you tell us orally, we may require your complaint or question in writing within 14 business days.

If you provide us with timely notice of an error or problem in your periodic statement, we will investigate the matter and notify you of the results within a reasonable amount of time. The exact time will depend on the specific circumstances of the error or problem.

You may ask for copies of the documents that we used in our investigation.

THE FARMERS & MERCHANTS STATE BANK  
CIF DEPARTMENT  
P.O. BOX 216 ARCHBOLD, OH 43502  
Business Days: Monday through Friday  
Excluding Federal Holidays  
Phone: 419-446-2501 or 800-451-7843





**FARMERS &  
MERCHANTS**  
STATE BANK

### **Questions?**

**Prior to October 18th:**

Contact your local Perpetual Federal Savings Bank office.

**On or after October 18th:**

Contact your local office or call Farmers & Merchants State Bank at 800.451.7843.

