

Notice of Change – Effective February 1, 2023

Important changes to the terms and conditions of your account - This is a notice of changes to the Terms and Conditions of your account(s) with us. All other areas of the Personal Accounts Fee Schedule and Business Accounts Fee Schedule and Deposit Account Agreement and Business Deposit Account Agreement that have not changed remain in effect.

If you would like a copy of the entire Deposit Account Agreement or Business Deposit Account Agreement, please contact our Customer Support number at 877-672-2265 or stop by one of our branch offices.

Continued use of your account(s) after receipt of these terms and conditions constitutes acceptance of, and agreement to, the terms and conditions.

CHANGES TO THE PERSONAL ACCOUNTS FEE SCHEDULE AND BUSINESS ACCOUNTS FEE SCHEDULE

OVERDRAFT/NON-SUFFICIENT FUNDS (NSF) fees:

Business & Personal Accounts:

- Consecutive Days Overdrawn (OD) Fee – If your account balance remains overdrawn for 5 consecutive business days, we will charge your account a Consecutive Days OD Fee of \$15. Once your account becomes positive, anytime it becomes overdrawn for 5 consecutive business days, we will charge your account another \$15 Consecutive Days (OD) Fee.
- Existing fee added and reduced: NSF Posting Attempt Fee \$30 – charged when your automatic North Shore Bank (NSB) loan payment from a NSB deposit account is returned for non-sufficient funds.

Personal Accounts:

- Discontinued: \$15 Deposited item return/redeposit fee.

CHANGES TO THE DEPOSIT ACCOUNT AGREEMENT & BUSINESS DEPOSIT ACCOUNT AGREEMENT:

- **UPDATED: PROCESSING ORDER** for clarification of various types of transactions:

To assist in managing your account, it's important to understand the order in which transactions appear throughout the day, or when you performed them, does not necessarily reflect the order in which they are processed to calculate your end-of-day account balance. If you do not have available funds at the time the item is paid or returned, it could result in an Overdraft or NSF Return Item Fee. The order in which we determine what items are paid or returned (if applicable), may change at our discretion. North Shore Bank generally processes transactions to your account at the end of each day, Monday – Friday, excluding federal holidays. We also process certain categories of transactions on Saturdays, excluding federal holidays. Transactions generally process in the following order:

1. Most credits process first including: overdraft protection transfers (sweeps), Remote Deposit Capture (RDC), mobile deposits, and Automatic Clearing House (ACH) credits.
2. Debits and credit transactions performed by you or us at the Bank, at the ATM, or via Internet or telephone transfers and applicable transaction fees (i.e., stop payment, wire transfer, ATM or overdraft fees agreed to at the time of the transaction), process in the date/time order they occurred.
3. Debit card transactions process in date/time order on the date they are settled by the merchant and then received at the bank.
4. ACH debits process from lowest to highest dollar amount on the effective date they are presented and settled.
5. Debit sweeps from funding accounts to cover overdraft protection transfers.
6. Checks process in check number/numerical order.
7. Monthly interest credits and applicable account fees. See our Fee Schedule for details.

- **UPDATED: UNDERSTANDING AND AVOIDING OVERDRAFT AND NON-SUFFICIENT FUNDS (NSF) FEES** section for clarification on overdraft and NSF handling, and adding information about “Decoupled Cards”:

Generally - This section contains information about your account balances, non-sufficient funds (NSF) and overdraft handling. Understanding these concepts is important and can help you avoid being assessed fees or charges. This section also provides contractual terms relating to Overdrafts and NSF transactions. The following terms are important to help you understand this information.

“Account Balance” also known as “Current Balance” or “Ledger Balance” means the funds in your account, including deposits and withdrawals made to date. Not all your transactions will be immediately reflected. As a result, only part of this balance may be available for withdrawal. The current balance does not include checks or payments, including debit card transactions, that you have initiated but have not yet cleared your account.

“Available Balance” means the amount of money that can be withdrawn at a point in time. North Shore Bank authorizes and pays transactions using the Available Balance in your account. The Available Balance will be less than the Account Balance when there are pending transactions such as:

- Funds held from deposits: These funds have been deposited, but are not yet fully available as described in the Funds Availability section.
- Funds held for debit card authorizations.
- Any other holds on funds in your account.

The Available Balance does not reflect every transaction you have initiated or previously authorized. Items that may not be reflected in your Available Balance include, but are not limited to:

- Outstanding checks and authorized automatic withdrawals (such as recurring debit card transactions, transfers, and ACH transactions that we have not received for payment or processing).
- The final amount of a debit card purchase. For example, we may authorize a purchase amount from a gas station, but the authorized amount may be different from the final charge.
- Scheduled bill payments or other direct payments to other people that have not yet been processed.
- Debit card authorization holds that have been released but the merchant has not yet submitted the transaction for payment.

You may incur an overdrawn balance and/or an Overdraft or NSF Return Item Fee even though the available balance appeared to show there were enough funds to cover a transaction at the time you initiated it because other outstanding transactions may be presented and paid first. Although we may be obligated to pay some debit card transactions, we will not authorize debit card or NSB ATM transactions unless the available balance (including Overdraft Coverage Options) is sufficient to cover the transactions and any fee(s), and as a result you may incur fees if such transactions creates an overdraft. See the Overdraft Example with Available Balance for more information.

“Debit card authorization” is a merchant-authorized request for payment. We temporarily reduce (hold) the amount of the debit card authorization against the available balance for three days, or until received from the merchant, whichever occurs first. After the third day, the hold is released. Even though we release the hold when a merchant does not submit the transaction for payment in a timely manner, the obligation still applies and we must pay it when presented, even if it causes your account to become overdrawn.

“Item” we may use the terms “item” and “transaction” interchangeably when describing overdraft and NSF handling.

“Overdraft” occurs when there is not enough money in your account to pay the full amount of a check(s) or other debit transaction items (including electronic funds transfers) posting to your account, and we pay the transaction.

“Overdrawn balance” means one or more transactions caused the Current Balance on an account to become a negative number.

“Non-sufficient Funds or “NSF” occurs when there is not enough money in your account to pay the full amount of a check(s) or other debit transaction items (including electronic funds transfers) posting to your account and we return the transaction.

Good account management is the best way to avoid overdrafts, NSFs, and applicable fees. A link to another account or a Home Equity Line of Credit may be less expensive than an Overdraft Fee or NSF Return Item Fee. A single larger overdraft will result in one fee, as opposed to multiple smaller overdrafts.

Knowing when funds you deposit will be made available for withdrawal is an important concept that can help you avoid being assessed fees or charges. Please see the Funds Availability section of this agreement for information on when different types of deposits will be made available for withdrawal. For an account 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 non-sufficient 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 non-sufficient available funds.

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. 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. For information about how and when we process these different payment types, please reference the Processing Order section for details.

Important information regarding “decoupled” cards – Decoupled debit cards are debit cards offered or issued by an institution or merchant other than us. As part of the issuing process, you provide the decoupled debit card issuer with the information it needs to link the decoupled debit card to your account with us. Once this is done, you can typically use the decoupled debit card as you would any other debit card. Importantly, however, while transactions initiated with these decoupled debit cards may originate as debit card transactions paid by the card issuer, we receive and process them as ACH transactions. Additionally, you need to refer to your agreement with the decoupled debit card issuer to understand the terms of use for that card. Thus, when our documentation refers to “debit cards,” “everyday debit card transactions,” or “one-time debit card transactions,” we are referring to debit cards issued by us, not decoupled debit cards issued by other institutions or merchants. Different payment types can use different processing systems and some may take more or less time to post. Knowing which card you are using and how the transaction is processed can help you manage your finances, including helping you to avoid overdraft or NSF fees.

Overdraft Example with Available Balance – Assume your current balance and available balance are \$150. On Monday, if you write a check for \$120, your balances will not change because the Bank does not know the amount of the check you wrote until it is received for payment. See the definition of available balance to understand the types of payments that the Bank doesn't know until they are presented for payment. Also on Monday, you make a \$75 debit card purchase. The merchant could ask us to authorize the payment and we'd look to the available balance to make that decision. Once authorized, we are obligated to pay the merchant, even if they do not submit the transaction for several days. We will place a temporary hold on your account for the amount authorized for up to 3 days or until the item is presented by the merchant for posting to the account, whichever occurs first. On Wednesday end of day, the debit card authorization hold is released and your available balance increases by the amount of the authorization, \$75. On Thursday, the check you wrote on Monday is received by us for payment and your \$75 debit card purchase from Monday is presented for payment. After all payments are processed at end of the day on Thursday, your current and available balances are both reduced by the amount of the transactions presented causing your account to be overdrawn, with the applicable fees being charged.

Transaction Description	Current Balance End of Day	Available Balance End of Day
Monday Beginning Balance	\$150	\$150
Monday – Check written for \$120*	\$150	\$150
Monday – \$75 debit card purchase**	\$150 (<i>\$75 Authorization only – debit card transaction not presented for payment. Authorization does not impact Current Balance.</i>)	\$150 - \$ 75 (Authorization hold reduces Available Balance) \$ 75
Tuesday – no activity	\$150	\$75
Wednesday	\$150	\$ 75 + \$ 75 (Authorization hold expires) \$150
Thursday – Monday's check and debit card transaction are presented for payment	\$150 - \$ 75 (Debit Card purchase) - \$120 (Check) - \$ 45 + applicable fees for the check***	\$150 - \$ 75 (Debit Card purchase) - \$120 (Check) - \$ 45 + applicable fees for the check***

*The check doesn't post to the account right away. The bank doesn't know what checks you issued until they are received for payment, so the balances is unchanged.

**Debit Card transactions are held for up to 3 days, or until the transaction is received by the bank for payment, whichever occurs first. After 3 days, we will increase your Available Balance when the merchant does not submit the transaction for payment in a timely manner, however, the obligation to the merchant still applies.

***See the Personal Accounts Fee Schedule for fee information.

Overdraft and NSF handling – 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 overdrafts on your account without notice to you. We do not have to notify you if your account does not have sufficient funds to pay an overdraft. If we exercise our right to use our discretion to pay an overdraft, we may not agree to pay overdrafts in the future and may discontinue covering overdrafts at any time without notice. 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.

Except as described elsewhere, we may not pay items if the available balance in your account (including Overdraft Privilege Coverage, if applicable) is not sufficient to cover the item(s) and the amount of any fee(s). We may suspend your debit card due to your account being overdrawn. The debit card will remain suspended until sufficient deposits are made to bring your available balance (including Overdraft Privilege Coverage), positive. If your debit card is suspended you cannot use it for purchases or at the ATM, and if it is set up to make recurring payments, those expenses will need to be covered using another payment method.

We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees. Recipients of federal or state benefits payments who do not wish us to deduct the amount overdrawn and the overdraft/non-sufficient funds fee from funds that you deposit or that are deposited into your account may call us at 877-672-2265 to discontinue Overdraft Privilege.

Overdraft-related fees – Your account may be subject to a charge for each transaction that would create or increase an overdrawn balance regardless of whether we pay or return the item. If an item is returned because the available balance in your account is non-sufficient to cover the item and the item is presented for payment again, you agree that we can charge a NSF Return Item Fee each time it returns the item because it exceeds the available balance in your account. When we charge an Overdraft or NSF Return Item Fee, the charge reduces the Available Balance in your account and may put your account into (or further into) overdraft. All fees and charges will be included as part of the Overdraft Privilege Coverage amount. Your account may become overdrawn in excess of the Overdraft Privilege Coverage amount as a result of a fee. If, on representation of the item, the available balance in your account is sufficient to cover the item, we may pay the item, and, if payment causes an overdraft, you agree that we can charge an Overdraft Fee. Because we may charge a Return Item Fee each time an item is presented, we may charge you more than one fee for any given item as a result of a returned item and representation of the item. We limit the number of charges per processing day (see our separate Personal Accounts Fee Schedule to view the current limit) and there is a Consecutive Days Overdrawn (OD) Fee if your account balance remains overdrawn for 5 consecutive business days. Once your account becomes positive, any time it becomes overdrawn for 5 consecutive business days, we will charge your account another Consecutive Days Overdrawn (OD) Fee.

Overdraft Privilege – Eligible consumer and business checking accounts receive Standard Overdraft Privilege Coverage. The amount of coverage will be communicated to you separately if applicable. Under Standard Overdraft Privilege Coverage we will authorize and pay overdrafts for these types of transactions at our discretion:

- Checks;
- ACH-debits;
- Recurring debit card transactions, for example setting up your debit card to automatically pay a monthly gym membership - the merchant is responsible for coding payment requests as a one-time (everyday) or a recurring transaction;
- Online bill pay items; and
- Teller transactions

We may suspend your debit card use if you incur overdrafts in excess of the available funds in your account, including any Overdraft Privilege Coverage. Overdraft Privilege is not a line of credit; it is a discretionary overdraft service that can be withdrawn at any time without prior notice. Overdraft Privilege may be limited or discontinued if you default on any loan or other obligation to us, you or your account is subject to any legal or administrative order or levy, or if you fail to maintain any of your accounts in good standing by not bringing your account to a positive balance within 25 business days for a minimum of one business day.

If you have Standard Coverage, the Available Balance for paying checks, ACH items, and recurring debit card transactions includes the amount of the Overdraft Privilege Coverage and any available Overdraft Protection. The available balance for paying ATM and everyday debit card transactions on accounts includes any available Overdraft Protection, but does NOT include the Overdraft Privilege Coverage.

Extended Coverage - In addition to Standard Overdraft Privilege Coverage, you may have the option to opt-in to Extended Coverage. Upon opening your consumer checking account, you will receive information advising you of your choice to say 'Yes' or 'No' to Extended Coverage. Eligible business accounts are automatically granted Extended Coverage. If you have questions about Overdraft Privilege, including changing your privilege option or discontinuing the service in its entirety, contact us.

If you say 'Yes'

If you say 'Yes', you allow us to authorize and pay North Shore Bank ATM withdrawals and everyday debit card transactions (purchases made with your debit card on a day-to-day basis) that may cause the Available Balance in your account to become negative. If this happens we may charge an Overdraft or NSF Return Item Fee. For accounts with Extended Coverage, the Overdraft Privilege Coverage is included in the available balance for authorizing and paying North Shore Bank ATM withdrawals and everyday debit card transactions. Giving us your consent on your consumer account to pay North Shore Bank ATM withdrawals and everyday debit card transactions may result in you incurring an Overdraft or NSF Return Item Fee for transactions that we would otherwise be required to pay without assessing an Overdraft or NSF Return Item Fee.

If you say 'No'

If you choose to say 'No', you do not allow us to authorize North Shore Bank ATM withdrawals and everyday debit card transactions into a negative Available Balance. Instead, your NSB ATM and everyday debit card transactions will be declined and you will not be charged a fee. However, you may have an overdrawn balance because of intervening transactions we did not know about at the time of authorization.

Consumer Overdraft Protection – We offer Overdraft Protection that may help prevent overdrafts by automatically transferring funds to your checking account from another eligible account or Home Equity Line of Credit you may have at North Shore Bank for a fee or finance charge. This Overdraft Protection option is available through a separate written agreement. Contact us for more information.

- **NEW: INACTIVE ACCOUNTS AND ESCHEATMENT** – New section added explaining our current process for handling inactive and escheated accounts:

We charge an inactive/dormant account fee when your account meets the definition, unless excluded by account type or prohibited or restricted by state law. The amount and frequency is disclosed in our Fee Schedule. For security reasons, we may refuse a withdrawal or transfer from an account or access through a digital channel we internally classify as inactive if we cannot reach you in a timely fashion to confirm the transaction's authorization. If your account has a zero balance, we reserve the right to close it. Any accounts linked as overdraft protection will be de-linked as part of the closure process.

Escheatment is the term that is used to describe the process of transferring an account balance to the state government after an account has been inactive/dormant and if our attempts to find you fail. The time period after which funds must escheat to the state varies from state to state. Once the funds are transferred to the state, you may be able to recover the funds from the state itself, but not from us.

- **NEW: CORRECTION OF CLERICAL ERRORS** – Under this new provision, you agree to allow North Shore Bank to correct a clerical error, unless otherwise prohibited by law: Unless otherwise prohibited by law, you agree, if determined necessary in our reasonable discretion, to allow us to correct clerical errors, such as obtaining your missing signature, on any account documents or disclosures that are part of our agreement with you. For errors on your periodic statement, please refer to the STATEMENTS section.
- **NOTICES** – Content was added to clarify that notices we send you via email or other electronic methods you agreed to, will be considered delivered to you when sent.
- **STATEMENTS – Duty to notify if statement not received** – Content was added to clarify the consequence of failing to notify North Shore Bank when your statement has not been received.
- **INSTRUCTIONS FROM YOU** – Content was updated to include email communications from you.
- **NEW: INTERNATIONAL ACH TRANSACTIONS** – New section added to put receivers on notice that Office of Foreign Assets Control (OFAC) compliance could affect settlement times and availability of international ACH transactions:

Financial institutions are required by law to scrutinize or verify any international ACH transaction (IAT) that they receive against the Specially Designated Nationals (SDN) list of the Office of Foreign Assets Control (OFAC). This action may, from time to time, cause us to temporarily suspend processing of an IAT and potentially affect the settlement and/or availability of such payments.