

# REGULATION E DISCLOSURE

**Depositor: SSB**

**Financial Institution: SHELBY STATE BANK  
242 N Michigan Ave  
Shelby, MI 49455**

## ELECTRONIC FUNDS TRANSFER AGREEMENT AND DISCLOSURES

This Agreement and Disclosure is made in compliance with federal law regulating electronic funds transfer (EFT) services. Electronic funds transfers are electronically initiated transfers of money involving an account at the Financial Institution. The following disclosures set forth your and our rights and responsibilities concerning the electronic funds transfers. In this Agreement, the words "you" and "your" mean those who sign as applicants or any authorized user(s). The words "we", "us" and "our" mean the Financial Institution. The abbreviation "PIN" or word "code" means a personal identification number.

### Internet Banking

**Types of Transactions:** You may access certain account(s) you maintain with us by computer using your assigned user ID and password by accessing the online banking service. You may use the online banking service to perform the following functions:

- \* Transfer funds between eligible accounts.
- \* Obtain balance information on eligible accounts.
- \* Review transactions on eligible accounts.
- \* Make loan payments.
- \* Stop payment requests.
- \* Advance funds from credit line.
- \* Online bill payment.
- \* Obtain copy of statement.

### Limitations on Frequency and Amount:

- \* For security purposes, there are limits on the frequency and amount of transfers you may make using this Online Banking Service.

### Fees and Charges for Online Service:

- \* There is no charge for banking online with us.

## ATM/AUTOMATIC TELLER MACHINE

**Types of Transfers:** You may use the automated teller machine (ATM) card and personal identification number (PIN) issued to you to initiate transactions at ATMs of ours, ATMs within the networks identified on your card and such other facilities as we may designate from time to time. Unless you specify a different account during Automated Teller Machine (ATM) transactions, your Primary Account will be used for your transactions. Your Primary Account number and information may be obtained from the Request Form. At present you may use your card to (some of these services may not be available at all ATMs):

- \* Deposit funds to your checking account.
- \* Withdraw cash from your checking account.
- \* Deposit funds to your savings account.
- \* Withdraw cash from your savings account.
- \* Transfer funds between your checking and savings accounts.
- \* Obtain balance information on your deposit accounts.
- \* Make loan payments from your deposit accounts.

### Limitations on Frequency and Amount:

- \* You may withdraw up to a maximum of \$1000.00 (if there are sufficient funds in your account) per day.

### Fees and Charges for ATM Transactions:

- \* We do not charge for ATM transactions at the present time.

**ATM Fees.** When you use an ATM not owned 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).

## PREAUTHORIZED ACH

You may make arrangements for direct deposits to be accepted into your Checking or Savings accounts. You may make arrangements to pay certain recurring bills from your Checking or Savings accounts.

**Types of Preauthorized Transfers:** You may arrange for us to complete the following preauthorized transfers to your deposit accounts:

- \* Accept direct deposits from the U.S. Treasury Department to your checking or savings account.

### Limitations on Frequency and Amount:

- \* We restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month.

### Fees and Charges:

- \* We do not charge for direct deposits to any type of account. Except as indicated elsewhere, we do not charge for electronic fund transfers.
- \* We will charge \$30.00 for each stop-payment order for preauthorized transfers.

## ATM/DEBIT CARD COMBINED

**Types of Transactions/Transfers:** You may use the card and PIN issued you to pay for purchases from merchants who have agreed to accept the card at Point of Sale (POS) terminals within the networks identified on your card and such other terminals as the Bank may designate from

time to time. Point of Sale (POS) transactions will be deducted from your Primary Account. Point of Sale (POS) transactions involving a refund will be credited to your Primary Account. You may also use the card to pay for purchases from merchants that accept the POS debit card with a MasterCard symbol. You may use the automated teller machine (ATM) card and personal identification number (PIN) issued to you to initiate transactions at ATMs of ours, ATMs within the networks identified on your card and such other facilities as we may designate from time to time. Unless you specify a different account during Automated Teller Machine (ATM) transactions, your Primary Account will be used for your transactions. Your Primary Account number and information may be obtained from the Combined ATM/POS/Debit Card Request Form. At present you may use your card to (some of these services may not be available at all ATMs):

- \* Deposit funds to your checking account.
- \* Withdraw cash from your checking account.
- \* Deposit funds to your savings account.
- \* Withdraw cash from your savings account.
- \* Transfer funds between your checking and savings accounts.
- \* Obtain balance information on your deposit accounts.
- \* Make loan payments from your deposit accounts.

**Limitations on Frequency and Amount:**

- \* You may withdraw up to a maximum of \$1000.00 (if there are sufficient funds in your account) per day.
- \* You may purchase up to a maximum of \$2000.00 worth of goods and services per day, exclusive of ATM withdrawals.

**Fees and Charges:**

- \* We do not charge for ATM transactions at the present time.
- \* We do not charge for any POS transactions.

**ATM Fees.** When you use an ATM not owned 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).

**PHONEBANK**

**Types of Audio Response Services:** You may access your deposit accounts by using a separate personal identification number (PIN) assigned to you and your account number in our audio response system. At the present time you may use the system to:

- \* Transfer funds between your deposit accounts.
- \* Obtain balance information on your deposit accounts.
- \* Verify the last date and amount of your payroll deposit.
- \* Determine if a particular check has cleared your account.

**Limitations on Frequency and Amount:**

- \* There are no limits on the number or dollar amount of inquiries, transfers or withdrawals you may make per day.

**Fees and Charges for Audio Response Transactions:**

- \* We do not charge for any Audio Response Transactions.

**Other EFT Transactions.** You may access certain account(s) you maintain with us by other EFT transaction types as described below.

**Electronic Check Conversion.** You may authorize a merchant or other payee to make a one-time electronic payment from your account using information from your check to pay for purchases or pay bills. Electronic check conversion is a payment process in which a merchant or other payee (after obtaining your authorization) uses your check to gather routing, account, and check number information to initiate a one-time EFT. When information from your check is used to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment. This type of EFT transaction involving a consumer account is covered by the Electronic Funds Transfer Act and this disclosure. A description of the transaction will appear on your statement.

**Re-presented Check Transactions and Fees.** You may authorize a merchant to electronically collect a fee associated with the re-presentation of a check that is returned due to insufficient or unavailable funds. The resulting fee transaction if debited as an EFT from a consumer account is covered by the Electronic Funds Transfer Act and this disclosure. When a merchant re-presents a check electronically, that transaction is not covered by the Electronic Funds Transfer Act or this disclosure. A description of the transaction will appear on your statement.

**The following limitations may be applicable to your accounts, except as provided by law:**

**Liability for Unauthorized MasterCard Point of Sale Debit Card Transactions.** Tell us, **AT ONCE**, if you believe your MasterCard point of sale debit card has been lost or stolen or of any unauthorized transactions. Your liability for unauthorized use of your point of sale debit card with the MasterCard logo when it is used as a MasterCard point of sale debit card will not exceed **(A)** Zero dollars (\$0.00) if the conditions set forth below have been met, or **(B)** if those conditions have not been met, the lesser of fifty dollars (\$50.00) or the amount of money, property, labor, or services obtained by the unauthorized use before notification to us. Zero liability will apply only if: (1) you can demonstrate that you have exercised reasonable care in safe-guarding your card from risk of loss or theft; and (2) you have not reported two or more incidents of unauthorized use to us within the preceding twelve (12) months; and (3) your account is in good standing. These liability limits apply only to United States issued MasterCard branded cards. If the transaction does not meet the conditions set forth above, these limits with respect to unauthorized transactions may be exceeded to the extent allowed under applicable law (see **Liability for Unauthorized Transfers** paragraph below). For specific restrictions, limitations and other details, see your Cardholder Agreement. "Unauthorized use" means the use of your point of sale debit card by a person, other than you, who does not have actual, implied, or apparent authority for such use, and for which you receive no benefit. To notify us of lost or stolen cards, or of unauthorized transactions, call or write to us at the telephone number or address set forth below. This will help prevent unauthorized access to your account and minimize any inconvenience.

## REGULATION E DISCLOSURE (Continued)

MasterCard is a registered trademark of MasterCard International Incorporated.

In addition to the limitations set forth above, the following limitations may be applicable to your accounts:

If the account holder is a natural person and the account is used primarily for personal, family or household transactions, the account will be considered a "Consumer Account".

**Liability for Unauthorized Transfers (Consumer Accounts).** Tell us AT ONCE if you believe your card, ATM PIN, POS card or PIN, Audio Response PIN, or online banking PIN 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 two (2) business days after you learn of the loss or theft of your card or code, you can lose no more than \$50.00 if someone used your card or code without your permission. If you do NOT tell us within two (2) business days after you learn of the loss or theft of your card or code, and we can prove that we could have stopped someone from using your card or code without your permission if you had told us, you could lose as much as \$500.00. 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 sixty (60) days after the statement was mailed to you, you may not get back any money lost after the sixty (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. If you believe that your card or code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call (231) 861-2123, or write us at SHELBY STATE BANK, 242 N Michigan Ave, Shelby, MI 49455. You should also call the number or write this address if you believe a transfer has been made using the information from your check without your permission.

**Liability for Unauthorized Transfers (Non-Consumer Accounts).** Tell us AT ONCE if you believe your card, ATM PIN, POS card or PIN, or Audio Response PIN has been lost or stolen. You will not be liable for any unauthorized use of your card or code that occurs after you notify us of the loss or theft of your card or code. You may be liable, however, for the entire amount of an unauthorized use that occurs before you notify us:

- \* If you or an authorized user write the PIN on the card.
- \* If you or an authorized user keep the PIN with the card.
- \* If you or an authorized user voluntarily permit the PIN and the card to come into the possession of a person who makes or causes to be made an unauthorized use.

If you fail to notify us of an unauthorized use within 30 days after you receive a statement on your authorized account showing the unauthorized use, you will be liable for a subsequent unauthorized use that could have been prevented by timely notification. If you believe that your card or code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, contact us at the phone number or address listed in the Liability for Unauthorized Transfers (Consumer Accounts) paragraph.

**Illegal Transactions.** You may not use your ATM, POS, or Debit Card, or other access device for any illegal or unlawful transaction, and we may decline to authorize any transaction that we believe poses an undue risk of illegality or unlawfulness. Notwithstanding the foregoing, we may collect on any debt arising out of any illegal or unlawful transaction.

**Business Days.** For purposes of these electronic funds transfer disclosures, our business days are Monday through Friday. Holidays are not included.

### Documentation.

**Periodic Statement.** You will get a monthly account statement from us, unless there are no transactions in a particular month. In any case you will get a statement quarterly. You will get a quarterly statement from us on your savings account if this is the only account you maintain and the only possible electronic transfer to or from the account is a preauthorized deposit.

**Terminal Receipt.** You can get a receipt at the time you make a transfer to or from your account using an ATM or a POS terminal. However, receipts for transactions of \$15.00 or less may not always be available. The receipt shall be admissible as evidence in any legal proceeding and constitutes prima facie proof of the legal transaction which it records.

**Direct Deposits.** If you have arranged to have direct deposits made to your account at least once every sixty (60) days from the same person or company, you can call us at (231) 861-2123 to find out whether or not the deposit has been made.

**Our 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:

- \* If, through no fault of ours, you do not have enough money in your account to make the transfer.
- \* If the money in your account is subject to legal process or other claim restricting such transfer.
- \* If the transfer would go over the credit limit on your overdraft line.
- \* If the ATM where you are making the transfer does not have enough cash.
- \* If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- \* If circumstances beyond our control (such as fire or flood) prevent the transaction, despite reasonable precautions that we have taken.
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**In Case of Errors or Questions About Your Electronic Transfers (Consumer Accounts).** Telephone us at (231) 861-2123, or write us at SHELBY STATE BANK, 242 N Michigan Ave, Shelby, MI 49455 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 sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

- \* Tell us your name and account number (if any).
- \* 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.
- \* 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 ten (10) business days.

We will determine whether an error occurred within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to forty five (45) days to investigate your complaint or question. If we decide to do this, we will

credit your account within ten (10) business days 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 ten (10) business days, we may not credit your account.

If a notice of error involves an electronic fund transfer that occurred within thirty (30) days after the first deposit to the account was made, the error involves a new account. For errors involving new accounts, point of sale debit card transactions, or foreign-initiated transactions, we may take up to ninety (90) days to investigate your complaint or question. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

We will tell you the results within three (3) 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.

**In Case of Errors or Questions About Your Electronic Transfers (Non-Consumer Accounts).** Contact us at the telephone number or address listed above 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 you receive 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 in 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 14 business days. If we ask you to put your complaint or question in writing and we do not receive it within 14 business days, we may choose not to pursue your complaint or question.

We will respond to your complaint or question within 10 business days by either provisionally correcting the account or by providing a written explanation stating the reason we believe the statement is correct. We may charge the provisional correction back to you 15 days after providing you with notification and explanation of the charge-back. A provisional correction, however, shall become final not later than 60 days after it was made.

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

- \* To complete transfers as necessary;
- \* To verify the existence and condition of your account upon the request of a third party, such as a credit bureau or merchant; or
- \* To comply with government agency or court orders; or
- \* If you give us your written permission.

**Personal Identification Number (PIN).** The ATM PIN, POS PIN or Audio Response PIN issued to you is for your security purposes. The numbers are confidential and should not be disclosed to third parties or recorded on the card. You are responsible for safekeeping your PIN(s). You agree not to disclose or otherwise make your ATM PIN, POS PIN or Audio Response PIN available to anyone not authorized to sign on your accounts.

**Notices.** All notices from us will be effective when we have mailed them or delivered them to your last known address on our records. Notices from you will be effective when received by us at the telephone number or the address specified in this Agreement. We reserve the right to change the terms and conditions upon which this service is offered. We will mail notice to you at least twenty one (21) days before the effective date of any change, as required by law. Use of this service is subject to existing regulations governing your account and any future changes to those regulations.

**Enforcement.** In the event either party brings a legal action to enforce this Agreement or collect amounts owing as a result of any Account transaction, the prevailing party shall be entitled to reasonable attorneys' fees and costs, including fees on any appeal, subject to any limits under applicable law.

**Termination of ATM, POS and Audio Response Services.** You agree that we may terminate this Agreement and your use of the ATM Card, POS or Audio Response services, if:

- \* You or any authorized user of your ATM PIN, POS card or PIN or Audio Response PIN breach this or any other agreement with us;
- \* We have reason to believe that there has been an unauthorized use of your ATM PIN, POS card or PIN or Audio Response PIN;
- \* We notify you or any other party to your account that we have cancelled or will cancel this Agreement. You or any other party to your account can terminate this Agreement by notifying us in writing.

Termination of service will be effective the first business day following receipt of your written notice. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

**Preauthorized Electronic Fund Transfers.**

**Stop Payment Rights.** If you have told us in advance to make regular electronic fund transfers out of your account(s), you can stop any of these payments. Here's how: Call us or write to us at the telephone number or address set forth above, in time for us to receive your request three (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 fourteen (14) days after you call. We will charge you \$ 30.00 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, ten (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 Transfers.** If you order us to stop one of these payments three (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.

**Other Provisions.** There may be a delay between the time a deposit is made and when it will be available for withdrawal. You should review our Funds Availability Policy to determine the availability of the funds deposited at ATMs. We reserve the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account.

**Disputes Regarding Point of Sale Transactions.** If you use your card in a point of sale transaction to purchase goods and/or services and have a dispute regarding that transaction, we will reverse the transaction and recredit your account for the full amount of the transfer if all of the following occur: (a) you give us notice within four (4) calendar days, during normal business hours, of having made a good faith attempt to seek

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redress and make an assurance to us of the return of the related goods in dispute to the third party if goods were involved, (b) the amount of the transaction is \$50.00 or more, (c) if the request is oral, you must verify the reverse order, notice, and assurance in writing within fourteen (14) calendar days following oral notification, on a form to be provided by us. If you do not furnish us with written verification, we will reinstate the original debits and credits involved in the transaction to the extent of the available account balance.

If you feel that we have violated the Michigan Electronic Funds Transfer Act you may notify: Office of Financial and Insurance Services, Division of Financial Institutions, Box 30224, Lansing, MI 48909 or, for national banks: Comptroller of the Currency, 490 L'Enfant Plaza East, S.W., Washington, DC 20219.

**ATM SAFETY TIPS**

As issuers of Automated Teller Machine (ATM) access devices, we have provided for your information a list of safety precautions regarding the use of automated teller machines. Please read the following safety tips:

- \* Be aware of your surroundings, particularly at night.
- \* Consider having someone accompany you when the automated teller machine is used after dark.
- \* It is appropriate to politely ask someone who is uncomfortably close to you to step back before you complete your transaction.
- \* Refrain from displaying your cash. Pocket it as soon as your transaction is completed. Count the cash later in the safety of your car or home.
- \* Consider using another automated teller machine or coming back later if you notice anything suspicious. If you are in the middle of a transaction and you notice something suspicious, cancel the transaction, pocket your ATM access device and leave.
- \* Go to the nearest public area where people are located if you are followed after making a transaction.
- \* Report all crimes to law enforcement officials immediately.