

## Notice of Change – Effective September 1, 2022

**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 Services & Fees – Personal Accounts (n/k/a Personal Accounts Fee Schedule) and Services & Fees – Business Account (n/k/a Business Accounts Fee Schedule) and Understanding Your Deposit Accounts (n/k/a Deposit Account Agreement) and Understanding Your Business Accounts (n/k/a 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

(Formerly known as Services & Fees – Personal/Business Accounts):

#### OVERDRAFT/NON-SUFFICIENT FUNDS (NSF) fees:

##### Personal Accounts:

- Overdraft/Non-sufficient funds (NSF) created by check, in-person or ATM withdrawal, or other electronic means (Limit of 5 charges per day – maximum of \$180):
  - o Overdraft Fee – Item paid and account overdrawn by \$0.01 to \$15 .....No Charge
  - o Overdraft Fee – Item paid and account overdrawn by \$15.01 or more .....\$36 per item, per presentment, including representation
  - o NSF Return Item Fee .....\$30 per item, per presentment, including representation

##### Business & Personal Accounts:

- Continuous Days Overdrawn (OD) Fee – If your account balance remains overdrawn for 5 continuous business days, we will charge your account a Continuous Days OD Fee of \$30. Once your account becomes positive, anytime it becomes overdrawn for 5 continuous business days, we will charge your account another \$30 Continuous Days (OD) Fee.

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

#### • POSTING ORDER:

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, do not necessarily reflect the order in which they will post 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 posts transactions to your account at the end of each business day, (Monday – Friday, excluding holidays), in the following order:

1. All credits and deposit transactions are processed first, excluding interest credits.
2. Debits performed by you or us at the bank and ATM, through Personal Identification Number (PIN) and Point of Sale (POS) transactions, Internet or telephone transfers and transactional fees (i.e., stop payment, wire transfer, ATM fees, etc.), post in the date/time order they occurred.
3. Signature-based Debit Card transactions post in date/time order on the date they are settled by the merchant and then received at the bank.
4. Debits performed through the ACH channel post from lowest to highest dollar amount on the effective date they are presented and settled.
5. Checks post in check number/numerical order.
6. Monthly interest credits and account maintenance fees.

#### • AVAILABLE BALANCE – second bullet: Updating the debit card authorization hold process.

- o Funds held for debit card authorizations (effective September 12, 2022): This reflects merchant-authorized requests for payment, when the final charge has not been submitted by the merchant for payment. This means that your available balance may not accurately reflect pending debit card authorizations until the transaction is received by us and paid from your account (i.e., posted). We will place a hold against the available balance for debit card authorization for three business days, or until received from the merchant, whichever occurs first. After the third day, the hold will be released. Even though we may increase your available balance when a merchant does not submit the transaction for payment in a timely manner, the obligation to the merchant still applies.

#### • OVERDRAFT EXAMPLE WITH AVAILABLE BALANCE – Effective September 12, 2022 – Updating our overdraft example to reflect other changes to our Deposit Account Agreement and Business Deposit Account Agreement.

- o 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. 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 business days or until the item is presented by the merchant for posting to the account, whichever occurs first. On Wednesday you make a \$65 debit card purchase. On Thursday, Wednesday's debit card purchase for \$65 is presented for payment, causing the authorization to drop off. This results in no change to the available balance. Also on Thursday the check you wrote on Monday is received by us 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 applicable fees being charged. On Friday, Monday's \$75 debit card transaction is presented for payment. Your balance is further overdrawn and may result in an Overdraft Fee for the \$75 debit card transaction, even though the available balance was sufficient at the time the merchant originally authorized the payment.

Transaction Description	Current Balance End of Day	Available Balance End of Day
<b>Monday Beginning Balance</b>	\$150.00	\$150.00
<b>Monday</b> – Check written for \$120*	\$150.00	\$150.00
<b>Monday</b> – \$75 debit card purchase. **Transaction is authorized by North Shore Bank by looking at the available balance and the amount of the transaction.	\$150.00 (\$75.00 Authorization only – debit card transaction not presented for payment. Authorization does not affect Current Balance).	\$150.00 (Beginning Balance) - 75.00 (Authorization hold reduces Available Balance) \$ 75.00
<b>Tuesday</b>	\$150.00 No Account Activity	\$75.00 No Account Activity
<b>Wednesday</b> – \$65 debit card purchase. **Transaction is authorized by North Shore Bank by looking at the available balance and the amount of the transaction.	\$150.00 (\$65.00 Authorization only – debit card transaction not presented for payment. Authorization does not affect Current Balance).	\$ 75.00 + 75.00 (Monday's authorization hold expires) - 65.00 (New authorization affects Available Balance) \$ 85.00
<b>Thursday</b> - Monday's check written for \$120 and Wednesday's debit card transaction for \$65 are received for payment posting.	\$ 85.00 - 120.00 (Amount of Check) -\$ 35.00 + applicable fees***	\$ 85.00 - 120.00 - \$35.00 + applicable fees***

Transaction Description	Current Balance End of Day	Available Balance End of Day
<b>Friday</b> – Monday's \$75 debit card transaction is received for payment posting. Account is overdrawn and overdraft fee may be assessed based on transactions that caused the balance to go into overdraft status.	-\$ 35.00 - <u>75.00</u> (\$75 debit card transaction) -\$110.00 + applicable fees***	-\$ 35.00 - <u>75.00</u> (\$75 debit card transaction) -\$ 110.00 + applicable fees***

\*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 remain the same.

\*\*Debit Card transactions are held for up to 3 business days, or until the transaction is received by the bank to post to the account, whichever occurs first. After 3 business days we will increase your available balance when a 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.

- **OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION:** Removed the following ownership and beneficiary designations that apply to Business Accounts in Illinois. This information is found in the Business Deposit Accounts Agreement.
  - o **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.
- **DEATH OR INCOMPETENCE:** Language added requiring proof of death.
  - o You agree to notify us promptly and provide acceptable proof of death if any person with a right to withdraw funds from your account(s) dies or is adjudicated (determined by the appropriate official) incompetent.
- **TELEPHONIC INSTRUCTIONS:** Updated to include text messages.
  - o 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, on a telephone answering machine or by text message.
- **ADDRESS OR NAME CHANGES modified to NAME AND CONTACT INFORMATION CHANGES:** Updated to include notification of changes to phone number and email.
  - o You are responsible for notifying us of any change in your name, address, telephone number and email.
- **RESOLUTION OF DISPUTES BY ARBITRATION:** Updated to include an accountholders rights to dispute transactions through arbitration.

**PLEASE READ THIS PROVISION CAREFULLY. UNDER THIS PROVISION, YOU WAIVE YOUR RIGHTS TO TRY ANY COVERED CLAIM IN COURT BEFORE A JUDGE OR JURY AND TO BRING OR PARTICIPATE IN ANY CLASS OR OTHER REPRESENTATIVE ACTION.**

The following provision applies to any claim, cause of action, proceeding, or any other dispute between you, on the one hand, and us, our respective parents, subsidiaries, affiliates, agents, employees, predecessors-in-interest, personal representatives, heirs and/or successors, and assigns, on the other hand (each a "Claim" as further defined under the heading "Claims Covered by Arbitration"), including all questions of law or fact related thereto.

**Agreement to Arbitrate:** Either you or we may elect in writing, and without the consent of the other, to arbitrate all Claims covered by this provision.

**Claims Covered By Arbitration:** Claims or disputes between you and us about your deposit account, transactions involving your deposit account, safe deposit box, and any related service with us are subject to arbitration. Any claims or disputes arising from or relating to this agreement, any prior account agreement between us, or the advertising, the application for, or the approval or establishment of your account are also included. Claims are subject to arbitration, regardless of what theory they are based on or whether they seek legal or equitable remedies. Arbitration applies to any and all such claims or disputes, whether they arose in the past, may currently exist or may arise in the future. All such claims or disputes are referred to in this section as "Claims."

**Claims Not Covered By Arbitration:** Claims subject to our agreement to arbitrate shall not include any Claim you file in a small claims court, so long as the Claim remains in such court and advances only an individual claim for relief.

**Commencing an Arbitration:** The arbitration will be governed by the Commercial Dispute Resolution Procedures and the Supplementary Procedures for Consumer Related Disputes, as applicable (collectively, the "AAA Rules") of the AAA, as modified by this Agreement, and will be administered by the AAA. The AAA Rules are available online at [adr.org](http://adr.org), by calling the AAA at 800-778-7879, or upon request.

A form for initiating arbitration proceedings is available on the AAA's website at [adr.org](http://adr.org). If the AAA is unavailable, the arbitration shall be administered by another arbitration provider as agreed to by the parties or selected by the court.

**Arbitration Procedure:** The arbitration shall be decided by a single neutral arbitrator selected in accordance with AAA's rules, as applicable. The arbitrator will decide the dispute in accordance with the terms of our account Agreement and applicable substantive law, including the Federal Arbitration Act and applicable statutes of limitation. The arbitrator shall honor claims of privilege recognized at law. The arbitrator may award damages or other relief (including injunctive relief) available to the individual claimant under applicable law. The arbitrator will not have the authority to award relief to, or against, any person or entity who is not a party to the arbitration. The arbitrator will take reasonable steps to protect customer account information and other proprietary or confidential information. Any arbitration hearing shall take place in the federal judicial district that includes your home address, unless you and we agree in writing to a different location or the arbitrator so orders. If all Claims are for \$10,000 or less, you may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing in accordance with AAA's rules.

At your or our request, the arbitrator will issue a reasoned written decision sufficient to explain the essential findings and conclusions on which the award is based. The arbitrator's award shall be final and binding, subject to judicial review only to the extent allowed under the Federal Arbitration Act. You or we may seek to have the award vacated or confirmed and entered as a judgment in any court having jurisdiction.

**No Class Action or Joinder of Parties:** The arbitrator may award injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief necessitated by that party's individual Claim; any injunctive relief must be individualized in nature and cannot affect Account holders other than the claimant. YOU AND THE BANK AGREE THAT EACH MAY BRING CLAIMS AGAINST THE OTHER ONLY IN YOUR OR ITS INDIVIDUAL CAPACITY AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, OR AS A PRIVATE ATTORNEY GENERAL OR ON BEHALF OF THE GENERAL PUBLIC. Further, unless both you and we agree otherwise, the arbitrator may not consolidate more than one person's claims, and may not otherwise preside over any form of a representative or class proceeding.

**Waiver of trial by jury. YOU IRREVOCABLY WAIVE ANY RIGHT YOU HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING BY US AGAINST YOU OR BY YOU AGAINST US INVOLVING THIS AGREEMENT OR ANY MATTER IN DISPUTE BETWEEN YOU AND US THAT ARISES IN ANY WAY FROM THIS AGREEMENT.**

**Arbitration Costs:** Unless the applicable arbitration rules at the time of filing a Claim are more favorable to you, we will advance (i) all arbitration costs in an arbitration that we commence, and (ii) the first \$2,000 in arbitration filing, administration, and arbitrator's fees in an arbitration that you commence. The arbitrator may decide, however, who is finally responsible for these fees and costs as provided by law.

**Applicable Law:** You and we agree that you and we are participating in transactions that involve interstate commerce and that this provision and any resulting arbitration are governed by the Federal Arbitration Act. To the extent state law applies, the laws of the state governing your account relationship apply. No state statute pertaining to arbitration shall apply.

**Severability:** Except as this provision otherwise provides, if any part of this provision is deemed to be invalid or unenforceable by the arbitrator, that part will be severed from the remainder of this provision and the remainder of this provision will be enforced.

**Other Remedies:** This Agreement and the exercise of any of the rights you and we have under this provision shall not prohibit you or us from exercising any lawful rights either of us has to use other remedies available to preserve, foreclose or obtain possession of real or personal property or exercise self-help remedies, including setoff rights as described in this Agreement.

(6/2022)