

COURTESY PAYSM DISCLOSURE – A Discretionary Overdraft Service

Berkshire Bank (“we, us or our”) offers the Courtesy PaySM service. It is our policy to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards. If your account qualifies for Courtesy PaySM, we will consider, without obligation on our part, paying items for which your account has insufficient or unavailable funds, instead of automatically returning those items unpaid. This document explains how Courtesy PaySM operates.

We are not obligated to pay any item presented for payment if your account does not contain sufficient available funds.

WITHDRAWAL INFORMATION: Berkshire Bank uses the available balance when we process transactions to your account. The available balance is the amount of funds you can use for withdrawal from your account without causing an overdraft. It includes all cleared and all known pending (not yet cleared) card or other debit transactions and any holds on your balance which could include funds held to comply with court orders or other legal obligations. Funds subject to a hold, dispute or legal process are not available funds. When a transaction is “posted,” the dollar value of that transaction is added to or subtracted from the balance of your account. The order in which you make withdrawals from your account may not be the same as the order in which those transactions are posted. Please see the following examples of how this can occur:

- Checks

When you write a check to pay a merchant, the merchant may not present the check to us for payment until several days later. Sometimes funds in your account are not available to cover your checks and other items, and it may appear that you have enough funds in your account to cover a debit but still get an overdraft fee on the debit. This can occur when your account balance included funds that were not available at the time we processed the debit.

- Debit Card Point of Sale (POS), ATM Card or other Electronic Withdrawals

These withdrawal transactions reduce your available balance at the time you authorize your purchase. Overdraft fees (if applicable) are assessed on these debit transactions at the time the payment becomes final, which in some cases may take several days. If your account does not have a sufficient available balance, the posting order can impact the number of overdraft fees you incur. Merchants may request a temporary authorization 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. This authorization 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 business days before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions will be reduced by the amount of the authorization hold. If another transaction is presented for payment in an amount greater than the funds left after the deduction of the authorized hold amount, that transaction will be an insufficient funds (NSF) transaction if we do not pay it or an overdraft transaction if we do pay it. You will be charged an NSF or overdraft fee according to our NSF or overdraft fee policy. You will be charged the fee even if you would

have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

Here is an example of how this can 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 card transactions, (2) we pay the overdraft, and (3) our overdraft fee is \$37 per overdraft. We do not charge the overdraft fee if the transaction is less than \$4.49. You have \$140 in your account. You are at a gas station and use your debit card at the card reader on a gasoline pump. At this point the final cost is not determined and the gas station's processing system immediately requests an authorization hold on your account for a specific amount, for example, \$100. Our processing system then authorizes a temporary authorization hold on your account in the amount of \$100, 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 shows that you have \$40 in your account available for other transactions ($\$140 - \$100 = \$40$) even though you would have \$90 in your account available for other transactions if the amount of the temporary authorization hold was equal to the amount of your purchase ($\$140 - \$50 = \$90$). Later, another transaction you have authorized is presented for payment from your account in the amount of \$80 (this could be a check you have written, another debit card transaction, an ACH debit or any other kind of electronic payment request). This other transaction is presented before the amount of the temporary hold is adjusted to the amount of your purchase (remember, it may take up to three business days for the adjustment to be made). Because the amount of this 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 \$40, your account will be assessed the overdraft fee of \$37 according to our overdraft fee policy. You will be charged this \$37 fee according to our policy even though you would have had enough money in your account to cover the \$80 transaction if your account had only been debited the amount of your purchase rather than the amount of the temporary authorization hold or if the temporary hold had already been adjusted to the actual amount of your purchase.

PAYMENT ORDER OF ITEMS: When we process multiple transactions in a single business day, we may post items in any order. We generally group transactions in categories by type of transaction and post in the order they are presented (time stamped). The following are the most common categories and types:

- Deposits that have become available to you post first;
- We then may charge for any debt owed to us. In most cases, fees related to transactions would be assessed the day of the transaction and would be deducted from the available balance after the transaction is completed. You will not be charged an overdraft fee on items presented to us that are less than \$4.49;
- We pay Debit items in the following order:
 - Wire transfers, ATM and POS debit card transactions, in-person withdrawals and checks cashed at a Berkshire Bank branch, internal transfers to other Berkshire Bank accounts, payments and transfers initiated via Online Banking, and returned deposited items;

- ACH debits that you have preauthorized then post lowest to highest dollar amount;
- Checks not presented in-person at a Berkshire Bank branch post lowest to highest dollar amount;
- We then typically assess any Overdraft Fee, NSF Return Item Fee (Insufficient Funds), UAF Overdraft Fee (Uncollected/Unavailable Funds Fee) on the day the debit caused the overdraft or returned item. More than one overdraft fee may be charged against the account per day, not to exceed 5 per day. Continuous OD (overdraft) fees are assessed on the fifth business day that the balance has been overdrawn. The fee would be deducted from the available balance at that time;
- Service Charges that will be assessed at the end of your statement cycle may include a Monthly Maintenance Service Charge, Below Minimum Balance Maintenance Fee, Returned Mail Fee or Regulation D Violation Fee (If applicable).

We may give preference to any fees, charges, checks, debits or other items payable to us. However, if for some reason we must manually post your payments, items presented for payment may be paid in an order we select. On your account statement we do not necessarily report debits and credits in the order that we posted them to your account. If an item is presented without sufficient available funds in your account to pay it, we may, at our discretion, pay the item (creating an overdraft) or return the item (NSF). If we overdraw your account, you agree to repay us immediately, without notice or demand from us. See "Fee" section for the amount of the overdraft and NSF fees as well as the Common Features Fee Schedule for more information.

If you are expecting a credit to your account by ACH, you should not schedule a debit to occur on the same day as your ACH credit may not be received until after your debit, resulting in an overdraft. For example, an ACH withdrawal transaction may be held for up to two business days before it posts to your account. We may change our posting order at any time, but we will notify you if such a change may affect you adversely.

We encourage you to make careful records and practice good account management. This will help you to avoid writing checks without sufficient available funds and incurring the resulting fees.

TRANSACTIONS THAT MAY QUALIFY FOR COURTESY PAYSM:

An overdraft (negative) balance may result when you do not have enough money in your account to cover a transaction. Although there are many reasons why your account might become overdrawn, most overdrafts result from the following:

- a) You write a check, swipe your debit card or initiate an electronic funds transfer in an amount that exceeds the amount of funds available in your account;
- b) You deposit a check or other item into your account and the item is returned unpaid, which causes a negative balance in your account once your balance is reduced by the amount of the returned check;
- c) You have inadequate funds in your account when we assess a fee or service charge; or

- d) You initiate a transaction before funds deposited into your account are "available" or "finally paid" according to our Funds Availability Policy. For example, if you deposit a check into your account, the proceeds of that check may not be available to you for up to seven days after you deposit the check. If you do not have sufficient funds in your account—independent of the check—to cover the transaction, you will incur an overdraft.

When we determine that funds in your account are subject to a hold, dispute, or legal process, then these funds are not available to cover your checks and other items. Holds include deposit holds, holds related to cash withdrawals, and authorization holds we place on the account for debit card transactions. We may also treat as an insufficient funds item each fee that creates an overdraft and each deposited item returned to us unpaid that creates an overdraft. Checks and other transactions made using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions (if opted-in) initiated for payment against your checking account(s) may be processed by us using your assigned Courtesy PaySM limit.

HOWEVER we will not include ATM, everyday non-recurring debit card and POS transactions within our Courtesy PaySM service using your assigned Courtesy PaySM limit unless you have opted-in to our overdraft service. **Everyday non-recurring** debit card transactions are typically purchases made with your debit card or debit card number for a one-time or day-to-day basis. For example, you use your debit card to purchase groceries, gas, or coffee in the morning. You may opt in by notifying one of our customer service representatives. Customers who do not opt in will have their everyday debit card and POS transactions declined if presented against an overdrawn account.

CUSTOMER OPT-OUT: Participation in Courtesy PaySM is not mandatory. You may opt-out of the service any time by notifying one of our customer service representatives. Furthermore, you may revoke your affirmative consent to have ATM and everyday debit card transactions considered for payment under Courtesy PaySM without removing other items from the service. Simply inform us of your preference.

We retain full discretion to decline to pay any item under the Courtesy PaySM service. This means we can refuse to pay any overdraft for any reason. Even if we decide to pay an overdraft item, absent an agreement to the contrary, such payment does not create any duty to pay future overdrafts. If we do not authorize and pay an overdraft, your transaction will be declined and we may assess Non-Sufficient Funds (NSF) fees on your account in accordance with your account agreement and the fee schedule in effect at the time of the overdraft.

FEES: We may deduct fees, overdrafts and other amounts you owe us from your accounts you have with Berkshire Bank. We may make these deductions at any time without prior notice to you or request from you. If there are not enough funds in your account to cover the amounts you owe us, we may overdraw your account. You agree to immediately pay all fees, overdrafts and other amounts you owe us. We may use funds that have been deposited to your account (including deposits of payroll and government benefits) to pay fees, overdrafts and other amounts you owe us. Sometimes you appear to have enough funds in your account to cover a debit but still get an overdraft fee on the debit. This can occur when your account balance included some funds that

were not available at the time we processed the debit. Funds subject to a hold, dispute, or legal process are not available funds. For each overdraft we pay, we will charge the standard per-item overdraft fee set forth in our Common Features Fee Schedule (currently **\$37.00**). In addition, a Continuous OD (Overdraft) Fee of **\$35.00** will be imposed every five business days until you bring your account positive. This fee is applied to your account when it has been overdrawn for five or more consecutive business days. A maximum of five charges, or \$175, will be charged for each time period your account remains in a negative status. Other fees can lead to a negative balance, which can lead to additional fees. This fee is in addition to Overdraft Item and NSF Return Item fees that may apply to your account for each overdraft or returned item. You can avoid this fee by promptly covering your overdraft – deposit or transfer enough available funds to cover your overdraft, plus any fees we assessed, within the first five consecutive business days that your account is overdrawn.

ACCOUNTS ELIGIBLE FOR COURTESY PAYSM: Courtesy PaySM is a discretionary service and is generally limited to a **\$750** overdraft (negative) balance for eligible personal checking accounts or a **\$1,500** overdraft (negative) balance for eligible business checking accounts. In addition, you must be opted in to our overdraft services for the payment of overdrafts on ATM and everyday debit card transactions. Please note that both per-item and Continuous Overdraft fees count toward your Courtesy PaySM limit. We may in our sole discretion limit the number of accounts eligible for Courtesy PaySM to one account per household or per taxpayer identification number. Further, Courtesy PaySM is usually extended only to accounts in good standing. An account in good standing exhibits, but is not limited to, the following characteristics:

- a) The account has been open for at least 30 days.
- b) The account has deposits totaling at least \$450 aggregate in the last six months.
- c) The account demonstrates consistent deposit activity.
- d) The account is not subject to any legal or administrative order or levy, such as bankruptcy or tax lien.

We will not include unused Courtesy PaySM amounts in the account balances we provide you on bank receipts, ATM screens, Internet banking applications, and similar displays. We will notify you if we pay or return any insufficient or unavailable funds items on your account; however, we have no obligation to notify you before we pay or return any item. The amounts of any overdrafts, including our fees, are due and payable immediately or on demand.

We may refuse to pay an overdraft for you at any time, even if your account is in good standing and even though we may have previously paid overdrafts for you. The amount of any overdrafts plus our overdraft fee(s) that you owe us shall be due and payable upon demand.

LIABILITY: If there is an overdraft paid by us on an account with more than one owner on the signature card, each owner presenting the item creating the overdraft shall be jointly and severally liable for such overdrafts *plus our overdraft fee(s)*.

ELIGIBLE ACCOUNT TYPES: The account types that are eligible for the Courtesy PaySM service are Personal Checking, NOW Checking, and Business Checking.

OPTIONAL OVERDRAFT PROTECTION SERVICES: You can avoid fees for overdrafts and declined or returned items by making sure that your account always contains sufficient available funds to cover all of your transactions. We offer services that you can use to help you manage your account and help you avoid overdrafts, such as Online/Mobile Banking and Account Alerts. You may apply for overdraft protection from Reddi-Cash (Berkshire Bank's personal line of credit product); you may have automatic transfers set up from your savings or money market account to your checking account (limit on the number of transfers per month will apply); or you may use an established business line of credit account and/or funds transfer from a designated asset account. These plans can help you avoid overdrafts and declined or returned items. While fees apply when you use an Overdraft Protection plan, the fees under the plan may be less expensive than the fees for overdrafts and declined or returned items.

IF YOU NEED HELP: Overdrafts should not be used to pay ordinary or routine expenses, and you should not rely on overdrafts as a means to cover these expenses. If at any time you feel you need help with your financial obligations, please contact one of our customer service representatives at 800.773.5601 or visit your local branch office.

ALWAYS A DISCRETIONARY SERVICE: Our Courtesy PaySM Service **does not constitute an actual or implied agreement between you and us. Nor does it constitute an actual or implied obligation of ours or by us. This service represents a purely discretionary privilege or courtesy that we may provide to you from time to time and that may be withdrawn or withheld by us at any time, without prior notice or reason or cause.**

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