

Dynamic Limit Overdraft Privilege Service Disclosure

It is important for you to use your checking account responsibly and to never intentionally overdraw your account. However, we realize that financial shortfalls happen from time to time and we have several options available for you. As a benefit to our customers, we offer these useful services to cover you in the event that you overdraw your checking account.

Overdraft Protection Options

***Transfer from another account** - If you have other accounts with us, you can authorize us to transfer the funds needed to cover your overdraft. The transfer fee for this overdraft protection is \$5.00 each day a transfer occurs.

***Line of credit** - A line of credit is available to qualifying customers. This service requires you to complete an application and approval is based on your credit factors. Contact a loan officer for applicable terms and conditions. Interest rates may also vary, based on your credit factors. If Approved this service will allow funds to sweep into your account and prevent an overdraft.

*** Dynamic Limit Overdraft Privilege Service** - Dynamic Limit Overdraft Privilege Service is a discretionary deposit service available to FNBC Bank customers that maintain their accounts in good standing and in a responsible manner. Dynamic Limit Overdraft Privilege Service is not a line of credit. With Dynamic Limit Overdraft Privilege Service we will strive to pay your overdraft items up to your daily overdraft limit, however, whether your overdrafts will be paid is discretionary and we reserve the right not to pay items even if we have previously paid items for you.

All deposits to overdrawn accounts are applied to the negative balance.

1. Items presented against a negative balance, whether paid or returned unpaid will be charged our normal overdraft fee or non- sufficient fund return item fee of \$25.00, for each item presented.
2. For consumer accounts, the overdraft fee daily limit is \$125.00 per account and the non-sufficient fund fee daily limit is \$125.00 per account. Which may create a daily total of \$250.00 for NSF and OD Fees.
3. Available overdraft funds/limit will be reduced by the amount of items presented and all fees charged.
4. There is no daily limit on overdraft fees or non-sufficient fund fees on business accounts.

Presenting items against insufficient funds can be an expensive business. We encourage you to manage your account responsibly and choose those services that will best assist you. Because Dynamic Limit Overdraft Privilege is discretionary, and the limit is dynamic and may change daily, you may want to consider more than one option for the payment of inadvertent overdrafts.

Eligibility for Dynamic Limit Overdraft Privilege Service - The Dynamic Limit Overdraft Privilege service is a discretionary deposit service available at the sole discretion of the FNBC Bank. No application is required and eligibility is available to customers whose accounts are maintained in a responsible manner. The checking account must have unlimited check writing privileges to be eligible for Dynamic Limit Overdraft Privilege Service. Our Key Rescue Checking account and Fiduciary accounts are not eligible.

Important information: If you elect to have Dynamic Limit Overdraft Privilege Service for your eligible account, a \$300.00 overdraft limit may be added to the account. This usually occurs within three business days. The limit is dynamic and may change daily, based on the activity criteria on your account. The limit may decrease or increase from the original \$300.00 added to your account. The minimum limit is \$0 and the maximum is \$1,500.00 for any consumer account with Dynamic Limit Overdraft Privilege Service.

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The Dynamic Limit Overdraft Privilege Service limits include, but may not be limited to, the following criteria:

- " Age of the account
- " Dollar amount of deposit and number of deposits
- " History of overdraft repayment
- " Deposit frequency

Your accounts will not be considered to be handled in a responsible manner if any one of the following occurs or has occurred, and may not be eligible for Dynamic Limit Overdraft Privilege Service.

- " FNBC's Key Rescue Checking account is not an eligible account
- " Any Chexsystems reporting
- " Previous charged off accounts
- " Currently past due more than 30 days on any loan at FNBC Bank
- " Customer has had an Overdraft Repayment Plan in the past 12 months
- " Fiduciary accounts are not eligible

Transactions eligible for Dynamic Limit Overdraft Privilege Service - Dynamic Limit Overdraft Privilege Service will be available for all checks written, in-person withdrawals, ACH preauthorized transactions, Internet banking, and telephone banking. Dynamic Limit Overdraft Privilege Service will not be available on consumer accounts for ATM and everyday debit card transactions unless you provide authorization by completing a Reg E opt in form for consent of our fees and service. You may opt out of REG E every day debit card and ATM transactions at any time.

NOTE: If you have consented to Dynamic Limit Overdraft Privilege Service for ATM transactions, you may want to consider verifying your balance before initiating an ATM cash withdrawal. All overdrafts will be subject to our \$25.00 overdraft fee for each withdrawal until the account returns to a positive balance.

Dynamic Limit Overdraft Privilege Opt Out - . You may never need to take advantage of Dynamic Limit Overdraft Privilege Service, but you may find it useful in the event of a temporary shortfall. You may choose to opt out of Dynamic Limit Overdraft Privilege service at any time. If you decide at any time that you do not want to have the service, simply contact FNBC Bank and we will provide you with an opt out form to remove this benefit from your account. By opting out you are instructing FNBC Bank to return all unpaid items presented against insufficient funds. If you opt-out, you will still be charged our \$25.00 non-sufficient returned item fee. Customers who receive a Social Security, federal direct deposit, or any other entitlement benefit must opt-out if they do not want FNBC Bank to apply those funds to pay an overdraft.

Payment order of items -The order in which items are posted to your account may affect the total fees assessed to your account. The items we post and pay first are wire transfers, ATM withdrawals, debit card transactions, withdrawals and any checks cashed by our employees based on dollar amount from least to greatest. We then pay any items that were submitted electronically, such as ACH items, preauthorized automatic transfers, telephone-initiated transfers and any other electronic transfers based on dollar amount from least to greatest. Finally, we pay the remaining items. Payment order of items posted is based on items presented each day, and may not be the same as when the transaction occurred.

NOTE: Please be aware that holds placed on your account for pending electronic transactions, such as hotel or rental car deposits, reduce your available balance and may cause your account to become overdrawn.

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Termination of Dynamic Limit Overdraft Privilege -Your Dynamic Limit Overdraft Privilege may be suspended or permanently removed based on the following criteria:

- " You do not bring your account to a positive balance within 30 days of becoming overdrawn.
- " You are more than 30 days past due on any FNBC Bank loan or delinquent on any other obligation to FNBC Bank.
- " You are subject to any legal or administrative orders, levy, or are currently a party in a bankruptcy proceeding.
- " You have an outstanding balance on an overdraft repayment plan.
- " Your account is being reviewed for fraudulent activity or transactions.
- " The primary account owner is less than 18 years old.
- " A ChexSystems or any other negative indicator has been reported to us.
- " Your account is classified as inactive.
- " You have an unresolved prior loss with FNBC Bank.
- " We do not have a valid address for you.
- " We believe you are not managing your account in a responsible manner which may harm you or us.

Account Agreement - Your account agreement describes the duties, obligations, and rights of depositors, authorized signatories and FNBC Bank with regard to your deposit accounts. That account agreement is incorporated herein for all purposes as if it were set forth verbatim as to matters not directly addressed by this disclosure. Your account agreement and this disclosure shall be construed so as to minimize conflicts between them.

Disclaimer - Our Dynamic Limit Overdraft Privilege Service program is discretionary and is not an obligation to pay any specific transaction presented. The provisions of the program may be denied to any customer at any time, or from time to time. For example, overdrafts may not be paid if an account is not in good standing, the customer is not making regular deposits, or if they have too many overdrafts. The customer does not have a contractual right to the Dynamic Limit Overdraft Privilege Service program and at no time is payment guaranteed by the program. Furthermore, we have no obligation to notify customers before paying or returning an item.

Waiver - FNBC Bank's forbearance from, or delay in, exercising any of FNBC Bank's rights, remedies, privileges, or right to insist on your strict performance of any provisions of your account agreement, this Dynamic Limit Overdraft Privilege disclosure, or any other provision related to your account, shall not be construed to be a current or future waiver of the Bank's rights, remedies or privileges.

Remedy - You and FNBC Bank agree that the exclusive remedy and forum for all disputes arising out of the Dynamic Limit Overdraft Privilege or your or FNBC Bank's performance there under, except for matters you or FNBC Bank take to small claims court, is arbitration by an independent arbitrator pursuant to the applicable rules of the American Arbitration Association, except as prohibited by law.

Effective Date - All information listed in this disclosure is effective as of October 1, 2013