

# BUSINESS DEPOSIT ACCOUNT CONTRACT



## BUSINESS DEPOSIT ACCOUNT AGREEMENT

In this Business Deposit Account Agreement, “you” and “your” refer to the entity that owns the deposit account(s) governed by this Business Deposit Account Agreement (the “Agreement”) and the duly authorized individuals who sign the signature card or deposit account resolutions for any deposit account. These terms also refer to any person or entity on whose behalf the account is opened. “We”, “us”, “our” and “Bank” refer to Essex Savings Bank.

“Account” means any deposit account whether checking or savings, interest bearing or non-interest bearing, and certificate of deposit accounts, maintained at Essex Savings Bank.

“Check” means (i) a draft, other than a documentary draft, payable on demand and drawn on a bank or (ii) a cashier's check or teller's check.

“Item” means any method that may be used to conduct a transaction on your account, including a check, substitute check, in-person withdrawal, automated teller machine (“ATM”) transaction, debit card (“Point of Sale”) transaction, telephone transfer, preauthorized payment, direct deposit, Automated Clearing House (“ACH”) transaction, bill payment instruction, transaction made by electronic means, draft, or funds transfer drawn on your account.

Except as otherwise provided in this Agreement or as otherwise defined in applicable law, “banking day” means every day, except Saturdays, Sundays and federal holidays.

### 1. GENERAL RULES FOR ALL DEPOSIT ACCOUNTS

#### 1.1 Your Agreement.

You agree to the terms of this Agreement for each deposit account that you maintain with us. The Agreement also includes the Schedule of Business Account Charges and the Rate Sheet(s) that have been provided to you separately, as well as other agreements and disclosures we provide to you in connection with your account (collectively, this “Agreement”). You must provide us with a deposit account resolution that is acceptable to us listing the authorized signatories to the account. The deposit account resolutions you provide to us are part of this Agreement. You must provide us with a new resolution whenever the signatories are changed. Until we receive and accept any changes to signatories we may rely on the last deposit account resolution to identify the authorized signatories on the account. You also agree that you and we have all rights given by law. You agree that, except as otherwise stated herein, the laws of the State of Connecticut shall govern this Agreement and that any action or legal proceeding arising out of this Agreement or relating to any deposit account shall be brought in a state or federal court located in Connecticut.

#### 1.2 Authorized Signatures.

For purposes of withdrawals and other account matters, unless we specifically agree otherwise in writing, we can honor any request or order signed by any person whose signature appears on the signature card for the account or as designated in the last deposit account resolution you have provided. We may supply endorsements as allowed by law on checks. You agree that we may pay, and charge your account for, all checks and orders bearing facsimile signature(s) of the person(s) required to sign such checks and orders, if such facsimile signatures resemble the facsimile signature(s) you have designated, regardless of who placed the facsimile signature(s) on the checks or orders.

#### 1.3 Collection of Items.

When you deposit a check to your account we collect the money from the bank or other party obligated to pay it. We act as your agent to do this. Except to the extent otherwise required by law, we are not responsible for losses that happen during collection of a check that are not caused by our own negligence.

Checks made payable to you must be deposited to your account. We do not cash such checks over the counter.

When you cash or deposit a check, we may require that funds equal to the amount of the check remain in your account or another account you have with us until the funds from that check become “available for withdrawal.” If we receive a check you have written on your account in an amount greater than the funds “available for withdrawal” (See our Ability to Withdraw Funds Agreement) from your account, we have the right not to pay that item.

If we credit your account or allow you to withdraw the amount of a deposited item and it is returned to us unpaid or we receive a notice of nonpayment of the item, we have the right to take that amount from your account or to obtain a refund by any method we deem proper, including the exercise of our right of set-off (see Section 1.8). If the amount of available funds in your account is less than the amount of the item, you are required to pay us the balance.

There are certain items that we may not cash or accept for deposit. These include checks drawn on banks in foreign countries. We may agree to try to collect the money for you from the bank on which the check is drawn. If we succeed, we will then deposit the money we collect into your account. We reserve the right to charge you for this service.

#### 1.4 Charges

(a) General. You agree to pay the charges listed on our Schedule of Business Account Charges. We can change these charges or add new ones upon giving any notice that may be required under Section 1.6 below. We may take these charges from your account.

(b) Minimum Balance to Waive or Reduce Charges. For certain accounts, we may waive or reduce certain account charges if you maintain a specific minimum balance. The minimum balance rules for waiving or reducing charges for business accounts are described in the Schedule of Business Account Charges.

(c) Earnings Credit. Business Checking accounts do not earn interest; however some do receive earnings credits each month, which is used to offset certain monthly activity charges. If the earnings credit is less than the monthly activity charges, you will be assessed a service charge for the difference. If the earnings credit is greater than or equal to the monthly activity charges, no service charge will be assessed. Any excess earnings credit cannot be carried over to the next month. The costs and credits associated with the accounts earning credit are detailed in our Schedule of Business Account Charges.

#### 1.5 Joint Accounts

(a) Joint Accounts with Right of Survivorship. If this is an account in the names of two or more individuals (such as a sole proprietor and another individual), unless we specifically agree otherwise in writing, it will be a joint account with right of survivorship as defined in Section 36a-290 of the Connecticut General Statutes or the successor to that statute. This means that each of you is making this Agreement with each other and with us. Each of you agrees that all amounts deposited by any of you, as well as any interest earned or bonus payments earned, can be paid to any one or more of you while you are all alive. After the death of any one or more of you, we can pay any money in the account to any one or more of you who is then alive. Each of you gives to all of the others authority to deposit to the account any check payable to any one or more of you. For certain checks, such as a check payable by the government, we may require all persons to whom the check is payable to endorse the check for deposit. If we honor a check which was signed by any one or more of you, or any other type of transfer or withdrawal made by one of you, and this causes an overdraft, each of you is liable for the overdraft, whether or not you signed the check or authorized such transfer or withdrawal or benefited from its proceeds.

(b) Limitation on Number of Owners. We have the right to limit the number of owners on any account.

#### 1.6 Amendments

(a) Interest Rate.

(i) Certificates of Deposit (CDs). The interest rate (and the resulting annual percentage yield) payable on any fixed rate CD will be the rate(s) established at the opening of the account for the term of that account.

(ii) Variable Rate Accounts. All other accounts, other than fixed rate CDs described above, are variable rate accounts. This means that your interest rate and annual percentage yield may change. We may change the simple interest rate(s) and resulting annual percentage yield(s) on your account at our discretion at any time without prior notice to you.

(b) Other Amendments. We can make amendments to this Agreement by posting written notice in our lobbies or by delivery to you of a copy of the amendment(s). In the event that any state or federal law or regulation require that we give you notice of additional or increased charges and certain other changes to the terms of an account which may be adverse to you before those amendments can become effective, we will comply with such requirements.

#### **1.7 Waiver of Your Rights to “Notice of Dishonor” and “Presentment”.**

If another institution refuses to pay a check (called “dishonor”) which you deposited or cashed, we may put the check through for collection again. We will not always give you notice that the check was dishonored before putting the check through for collection again. This means that in this instance you are “waiving” your right to “notice of dishonor.”

In the process of collecting a check that you have deposited to your account, you agree that we may delay putting the check through for collection. This means that you are “waiving” your right to have us begin the process of “presenting” the check by the next banking day.

#### **1.8 Right of Set-Off.**

Unless this right is denied to us by law, we can take any funds in your account to pay any debt you owe us that is in default (including unpaid charges). This is called the right of set-off and applies to all funds of yours in our possession now or in the future in any account you maintain with us. We can use this right of set-off without going through any legal process or court proceedings. We will not be liable for dishonoring any items when the exercise of this right of set-off results in there being insufficient funds in your account to honor such items. If we exercise this right by taking what you owe us from a Certificate of Deposit account, such payment shall be deemed an early withdrawal, and an early withdrawal penalty may be imposed.

#### **1.9 Collection Fees.**

If in the course of collecting any money you may owe us we incur expenses or fees, we may take those from your account, including attorneys’ fees unless applicable law prohibits us from doing so because a law suit was not instituted. If there are not sufficient available funds in your account to cover these expenses or fees, the unpaid balance of such fees or expenses is your responsibility.

#### **1.10 Identification.**

We can require proper identification for check cashing and any account transactions.

#### **1.11 Social Security Number/Tax Identification Number Required.**

If you fail to give us a correct Social Security or Taxpayer Identification Number for the account, we can refuse to open an account or we may close your account or require you to apply for a Taxpayer Identification Number. When allowed by law, we can also take from your account any charges imposed by the Internal Revenue Service (IRS) which result from your failure to provide us with the proper taxpayer identification number.

We may also be required by federal law to withhold part of any interest you earn and pay it to the IRS. When we do this, the amount we withhold will be reported to you and the IRS annually and applied by the IRS to the payment of any federal income tax you owe for that year.

#### **1.12 Our Right to Close, Limit, or Convert Accounts.**

We reserve our right to stop offering any particular type of account. We also reserve the right to close your account at any time for any reason. We will mail you a check for the amount of available funds on deposit as soon as is reasonable. We reserve the right to decline to open an account for any person or business entity. If we decline to open an account based on information we receive from a credit reporting agency, we will provide you, if required by law, with a notice detailing the reason for our denial and the name, address and phone number of the agency that provided the information. We have the right to limit the number of accounts owned by any depositor(s). You agree that we may convert your account to another type of account at any time, provided that we give you any advance notice that may be required.

#### **1.13 Enforcement of Our Rights.**

We can choose not to enforce or to delay in enforcing any of our rights under this Agreement without losing them in the future.

#### **1.14 Address.**

You must inform us immediately, in writing, of any change in your mailing or email address. Unless you do so, we may continue to mail or send statements and other notices to your physical address or e-mail address (if you have signed up for electronic statements) as it appears on our records.

#### **1.15 Statements and Errors, Alterations, Forgeries and Unauthorized Withdrawals.**

You agree to carefully examine and balance your periodic statements, including any items returned to you or described on or with your statements, as soon as you receive them. If you do not let us know of any forgeries, alterations, unauthorized withdrawals or errors of any kind within 60 (sixty) days of the mailing date (or the date you were notified that your statement was made available if you receive your statement electronically) of the statement containing or describing the check(s), withdrawals or deposits in question, we may consider the checks paid and withdrawals and deposits described in the statement to be genuine, authorized and/or without error. We may also consider the statement to be correct. We will not be liable to you for payment of any forged or altered check, unauthorized withdrawal or incorrect deposit if you fail to notify us of the forgery, alteration, unauthorized withdrawal or incorrect deposit within that 60 (sixty) day period and your failure causes us to suffer a loss. Further, we will not be liable for forged or altered checks or unauthorized withdrawals if the forgery, alteration or unauthorized withdrawal resulted from your negligence. You may have to bear losses that could have been prevented if you had discovered and told us within the 60 (sixty) day period of any errors or unauthorized transactions.

Notwithstanding the foregoing, in order for us to process a claim for an unauthorized ACH debit posted to your account, you must notify us by the close of business on the Banking Day after the item is posted to your account. If you do not notify us within this timeframe, we may not be able to dispute the transaction with the originating bank, in which case we are not obligated to credit your account for the amount of the debit.

Like most banks, we use automated systems to process checks and other items in order to handle more efficiently the high volume of items we receive for processing. You agree that the use of such automated systems constitutes ordinary care by us, and we will not be liable to you for forgeries or alterations not detected by such systems. Further, we will not be liable to you or to any third party for losses due to a forgery or alteration that a reasonable bank could not have detected with commercially reasonable and general banking practices.

Our checking and NOW accounts are truncated. This means that we do not return your original cancelled checks with your statements. You agree that we are not required to return your original checks with your statements. We will include images of your cancelled checks with your statements. You have the right to request a copy of your original check, if required by law.

#### **1.16 Use of Our Checks and Forms**

(a) Checks. We can require that you use only checks we have approved. The only checks we have given our prior approval to are the ones offered to you through us by our approved vendor. If you use a check we have not approved we can manually process the nonconforming check and charge you the fees listed, if any, in our Business Schedule of Charges.

(b) Forms. We can also require that you use our forms for making deposits, withdrawals and any other account activities.

### **1.17 Not Transferable.**

Your deposit account is not transferable to anyone unless we agree in writing. You may not voluntarily transfer or pledge your account without our consent. This does not affect a transfer occurring by operation of law, such as that which would occur on death, bankruptcy or as a result of a court order.

### **1.18 Stop Payment Orders.**

If you request us to stop payment on a check, you will be charged the stop payment fee listed on our Business Schedule of Charges and we will make a good faith effort to do so. The stop payment order must describe the check with reasonable certainty (must include date, check number, amount of check and payee). If the stop payment order does not do so, or if we do not have a reasonable opportunity to act on it, we will not be liable if we fail to stop payment, or if our payment of the check causes other checks to be returned for insufficient funds. If we do stop payment of a check at your direction, you agree to pay all costs we may incur as a result. A written stop payment order is good for 6 (six) months unless we receive written notice to remove it or renew it before the 6 (six) month period expires. Any renewal of a stop payment order will be good for an additional 6 (six) months. Each stop payment order is subject to the Bank's verification that the check described in the order has not been paid. This verification may occur subsequent to the time the Bank accepts the stop payment order. An oral stop payment order will lapse after fourteen calendar days if you do not confirm the order in writing within that time.

### **1.19 Receipt of Funds Transfer.**

"Electronic Funds Transfers" are transfers of funds to your account which are not initiated by a check, draft, or similar paper instrument issued by you, but by electronic means, as further defined in Section 5 below. Any Electronic Funds Transfer made to your account will be provisional and subject to refund until final settlement occurs and we receive credit. We may, at our discretion, refuse to accept any Electronic Funds Transfer; provided it is an Electronic Funds Transfer we are not required by law to accept. See Section 5 below for additional terms and conditions applicable to Electronic Funds Transfers.

### **1.20 Postdated Checks.**

If the date written on a check is later than the date the check was issued, the check is called "postdated." We will not look to see if a check is postdated when we determine whether or not to pay the check. We have the right to charge against your account any payment we make on a postdated check before the date on the check, unless you have given us notice of the postdated check. The notice must describe the check with reasonable certainty (must include date, check number, amount of check and payee). If the notice does not do so, or if we do not have a reasonable opportunity to act on the notice, we will not be liable if we pay the check before the date on the check or if such payment causes other checks to be returned for insufficient funds. A notice of a postdated check will never be good beyond the date on the check. An oral notice of a postdated check is good for no longer than 14 (fourteen) days unless we receive written confirmation from you within that time. A written notice of a postdated check is good for no longer than 6 (six) months. Any renewal of a notice of a postdated check will be good for an additional 6 (six) months. If you request that we do not pay a postdated check prior to the date of the check, we may charge you the fees listed, if any, in our Business Schedule of Charges.

### **1.21 Payment of Checks and Withdrawals.**

(a) We may honor transactions and pay checks drawn on your account in any order we determine, even if honoring transactions or paying checks in the order we decide results in an insufficient balance in your account to pay other transactions or withdrawals that could have been paid. If there are not available funds in the account to pay all of the checks and other charges against the account (such as automated teller machine (ATM) withdrawals, bank fees, preauthorized transfers and other electronic debits charged to your account), you will have to pay an overdraft fee or return item fee. A fee (either an overdraft fee or return item fee) is charged for each item presented against non-sufficient funds whether we choose to pay the item or not. We will determine in our sole discretion whether to pay an item presented for payment if the account does not contain sufficient available funds. Whether we pay or do not pay an item for which there are insufficient funds, we will send you a notice disclosing the overdraft amount and the fees associated with the overdraft. The overdraft and return item fees are listed in the Schedule of Business Account Charges.

(b) We offer an overdraft protection transfer service that automatically transfers funds from your statement savings account to your checking account when you overdraw your checking account. If we have agreed to establish this service for you, you agree that we may automatically transfer, up to the available balance in the designated statement savings account (subject to minimum balance requirements), the exact amount needed to cover any checks or withdrawals which would overdraw your account. Limitations on this type of preauthorized transfer from a statement savings account are described below in section 2.11.

### **1.22 Stale Dated Checks.**

We may, at our option, pay a check that is over 6 (six) months old, but we are not required to do so.

### **1.23 Over Credited Account.**

If we credit your account for an amount in excess of the checks or funds actually received for deposit, we may take the excess from your account without prior notice to you. We will not be liable for dishonoring any items when the removal of the excess funds results in there being insufficient funds in your account to honor such items.

### **1.24 Check Clearing for the 21st Century Act ("Check 21").**

A federal law, known as the "Check Clearing for the 21st Century Act" or "Check 21", took effect on October 28, 2004. This law provides for an instrument called a "substitute check." A substitute check contains an accurate copy of the front and back of the original draft and bears the legend: "This is a legal copy of your check. You can use it the same way you would use the original check." As noted in the legend, a substitute check is the same as the original draft for all purposes, including proving that you made a payment. Any paper item you issue or deposit that is returned to you may be returned in the form of a substitute check. Even if you have cancelled items returned with the statements for your account, the Bank may in its sole discretion withhold substitute checks therefrom. You agree that you will not transfer a substitute check to the Bank, by deposit or otherwise, if the Bank would be the first financial institution to take the substitute check, unless the Bank has expressly agreed in writing to take it.

### **1.25 Third Party Checks and Drafts.**

If you authorize a merchant, check writing service or other third party to draw one or more checks or drafts against your account, you agree that you will be responsible for the amount of the checks or drafts. If you want to revoke the third party's authorization you must notify such party in writing. You also agree to request us to stop payment on these transactions. We may require you to close your account and open a new account to prevent such future transactions. We will not be liable if you do not do so, and we do not stop payment on the transaction(s). You also agree that we will not be liable for failing to stop the transaction(s) if we do not have a reasonable amount of time to act on your request, or if your request did not provide enough information to identify the transaction(s) including the exact check number and dollar amount.

### **1.26 Change in Ownership or Authorized Signers.**

If you wish to add an owner to, delete an owner from, or otherwise change the ownership of an account, we may require you to close the account, to surrender any passbook or similar account documents, and to open a new account listing the new owners. If the account is a Certificate of Deposit, we may require you to pay any applicable early withdrawal penalty when you close the account. If you wish to add, delete or change authorized signers on an account without changing account ownership, you will be required to provide us with new signature cards and a new deposit account resolution that is acceptable to us.

### **1.27 Service of Process.**

If we receive a court order, levy, garnishment, execution or other similar legal process (all of which we call "legal process") concerning the funds in your account, we may place a "hold" on the funds in your account, for the amount stated in the legal process. We may also place a "hold" on the funds in your account if we reasonably believe we may sustain a loss pending the resolution of any dispute, claim, or investigation concerning your account. Funds held may be removed from your account and held in escrow until the matter is resolved. A "hold" means you cannot withdraw funds and we will not pay checks out of the funds subject to the "hold." We may also surrender the funds in your account as required by any legal process. We will not be liable if these actions cause checks to be returned for insufficient funds.

### **1.28 Endorsements.**

You agree that all endorsements on any check you deposit to your account will be made in the area designated for endorsements on the reverse side of the check. You agree that you are liable for any loss resulting from a failure to comply with this requirement. We may supply endorsements as allowed by law on checks.

### **1.29 LIMITS OF LIABILITY.**

UNLESS EXPRESSLY PROHIBITED OR OTHERWISE RESTRICTED BY APPLICABLE LAW, OR UNLESS OTHERWISE PROVIDED IN THIS AGREEMENT, OUR LIABILITY IS

LIMITED AS FOLLOWS: WE WILL NOT BE LIABLE TO YOU OR TO ANY THIRD PARTY FOR (I) YOUR ACTS OR OMISSIONS OR THOSE OF ANY THIRD PARTY, (II) THE ACTS OR OMISSIONS OF ANY OTHER PERSON OR ENTITY, INCLUDING BUT NOT LIMITED TO ANY CLEARING HOUSE ASSOCIATION, TRANSACTION PROCESSING NETWORK, LICENSOR OR PROCESSOR, ANY FEDERAL RESERVE BANK, ANY OTHER FINANCIAL INSTITUTION OR ANY SUPPLIER, ANY PRIVATE OR COMMON CARRIER COMMUNICATION OR TRANSMISSION FACILITY, ANY TIME-SHARING SUPPLIER OR ANY MAIL OR COURIER SERVICE, AND NO SUCH PERSON OR ENTITY WILL BE DEEMED OUR AGENT, (III) FOR ANY OF OUR ACTIONS OR FAILURE TO ACT UNDER OR IN CONNECTION WITH THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH CONDUCT CONSTITUTES WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, OR (IV) FOR ANY FAILURE OR DELAY IN PERFORMING ANY OF OUR OBLIGATIONS UNDER THIS AGREEMENT IF SUCH FAILURE OR DELAY IS CAUSED BY CIRCUMSTANCES BEYOND OUR REASONABLE CONTROL, INCLUDING ANY NATURAL DISASTER (SUCH AS EARTHQUAKES OR FLOODS), EMERGENCY CONDITIONS (SUCH AS WAR, RIOT, FIRE, THEFT OR LABOR DISPUTE OR DIFFICULTIES), LEGAL CONSTRAINT OR GOVERNMENTAL ACTION OR INACTION, BREAKDOWN OR FAILURE OF OUR COMPUTER, TRANSMISSION OR COMMUNICATIONS FACILITIES AND EQUIPMENT OR OF THIRD PARTIES, BREAKDOWN OF ANY PRIVATE OR COMMON CARRIER COMMUNICATION OR TRANSMISSION FACILITIES, ANY TIME-SHARING SUPPLIER AND ANY MAIL OR COURIER SERVICE, OR YOUR ACT, OMISSION, NEGLIGENCE OR FAULT. IF A COURT FINDS THAT WE ARE LIABLE TO YOU BECAUSE OF OUR ACTS OR OMISSIONS IN CONNECTION WITH THIS AGREEMENT, YOU MAY RECOVER FROM US ONLY YOUR ACTUAL DAMAGES. IN NO EVENT WILL YOU BE ABLE TO RECOVER FROM US INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES OR LOST PROFITS, EVEN IF YOU ADVISE US OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING LIMITATION OF LIABILITY WILL NOT APPLY WHERE EXPRESSLY PROHIBITED BY THE LAWS GOVERNING YOUR ACCOUNT. Except to the extent that the Bank fails to exercise ordinary care or breaches this Agreement, you agree to indemnify and hold the Bank and its directors, officers, employees, and agents harmless from all claims, demands, losses, liabilities, judgments, and expenses (including their attorneys' fees and legal expenses) arising out of or in any way connected with the Bank's performance under this Agreement. You agree that this indemnification will survive the closing of your account and the termination of any service.

### **1.30 USA PATRIOT Act.**

The following is important information about our procedures for opening a new account. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you:

- When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you
- We may also ask to see your driver's license or other identifying documents
- We may also ask for certain business documents, such as a certificate of incorporation, a business tax return or other documents relating to your business

### **1.31 Restricted Transactions.**

In accordance with the requirements of the Unlawful Internet Gambling Enforcement Act of 2006 and Regulation GG, this notice is to inform you that restricted transactions are prohibited from being processed through your account or relationship with us. Restricted transactions are transactions in which a person accepts credit, funds, instruments or other proceeds from another person in connection with unlawful Internet gambling. In the event we identify a suspected restricted transaction, we may block or otherwise prevent or prohibit such transaction and further we may close your account or end our relationship with you.

## **2. RULES THAT APPLY TO SAVINGS ACCOUNTS**

### **2.1 Interest.**

All accounts that earn interest are savings accounts. The rates and other information about how we calculate interest are set forth in the Schedule of Interest

### **2.2 When Interest Begins To Accrue On Deposited Checks.**

Interest begins to accrue on a noncash deposit made to a savings account on the business day the deposit is considered to have been made (see our Ability to Withdraw Funds Disclosure for the definition of the term "business day" and an explanation of when a deposit is not considered made on the day you deliver checks to us).

### **2.3 Balance Calculation Method.**

We use the daily balance method to calculate interest on your account. This method applies a daily periodic rate to the balance in your account each day. Certain accounts have tiered rates. This means that the interest rate you earn will depend on the daily balance in your account. For purposes of determining the principal balance on which interest is calculated, we include deposits on the business day the deposit is considered to have been made (see the Ability to Withdraw Funds Disclosure for the definition of the term "business day" and an explanation of when a deposit is not considered made on the day you deliver checks to us).

### **2.4 Minimum Balance to Earn Interest.**

For certain savings accounts, we require a minimum balance to earn interest. The amounts of these minimum balances are described on the Schedule of Interest. We use the daily balance method to determine if the minimum balance requirement has been met. This method applies a daily periodic rate to the balance in your account each day. For accounts with a minimum balance requirement, you will only earn interest on days when your balance is not below the required minimum. You must maintain at least that balance in the account each day to obtain the disclosed annual percentage yield.

### **2.5 Tiered-Rate Features for Certain Accounts.**

Certain accounts have tiered rates. This means that the interest rate you will earn will depend on the daily balance in your account. The interest rates and annual percentage yields for each tier are shown on the Schedule of Interest. You will earn the interest rate and resulting annual percentage yield applicable to your daily balance tier on the entire balance in your account.

### **2.6 Crediting and Compounding of Interest.**

Our crediting and compounding policies for all savings accounts are set forth in our Schedule of Interest.

### **2.7 Restrictions on Withdrawals.**

We have the right to require that you give us at least 7 (seven) days written notice to withdraw funds from any type of Savings, NOW, or Money Market Account. We would expect, except in unforeseen circumstances, to give advance notice of our intent to impose this requirement.

### **2.8 Passbook Accounts.**

A passbook account is any account for which a passbook is issued. We record transactions for this account in your passbook or on separate documents. To make a passbook withdrawal, you must present the passbook and verify the balance before you leave. If you lose the passbook, inform us right away. We may close your account and require you to open a new passbook account if you lose your passbook.

Every payment which we make to a person presenting your passbook to us with a signed withdrawal order will be valid, provided we exercise reasonable care. This means that if anyone obtains possession of your passbook and withdraws from your account by forging your signature on a withdrawal form, we will not be liable to you for the amount withdrawn unless you notified us that the passbook was lost prior to the withdrawal or we were negligent in permitting the withdrawal.

We do not permit preauthorized transfers or Electronic Funds Transfers from this type of account. If you intend to allow preauthorized transfers from an account, we may ask you to open a statement savings account for this purpose. See Section 2.11 below for limits on these and other types of transfers from passbook accounts.

Our record of the transactions to and from your account is the official bank record of such transactions. If there is a difference between our records and the information on the passbook, you agree that we will consider our record to be correct.

## **2.9 Statement Savings Accounts.**

We will send you a periodic statement for this account. Except in the case of a Money Market Account, transfers by check, draft or similar order are not permitted from this account. We permit preauthorized transfers from this account, but see Section 2.11 below for limits on these and other types of transfers from statement savings accounts.

## **2.10 Money Market Accounts.**

Our Money Market Accounts are statement savings accounts. Limitations on transfers are further described in Section 2.11 below.

## **2.11 Limits on Transfers.**

You are not limited to the number of transfers you can make on passbook, statement savings, money market and other types of savings accounts in person, by messenger or through an ATM. However, federal regulations limit the number of transfers and electronic payments from such accounts to a maximum of six (6) per monthly statement cycle from the following categories: preauthorized transfers, including overdraft protection; telephone transfers; electronic transactions, including transactions through our online banking service ("Essex Online Banking"); checks, Check Card payments to third parties; Automated Clearing House (ACH) transactions and wire transfers. The limitations on preauthorized transfers do not apply to preauthorized transfers made to pay loans you have with us.

If you exceed the limitations set forth above for 2 (two) consecutive months, we may be required to close the account, take away the account's transfer capabilities, or convert the account to a NOW account or checking account. You may be charged a penalty as itemized in our Schedule of Business Account Charges if you exceed these limitations.

## **2.12 Prohibition On Preauthorized, Automatic, and Telephone Transfers.**

Withdrawals by means of preauthorized, automatic, or telephone transfer are not allowed from Passbook Accounts or Certificates of Deposit.

## **2.13 Certificate of Deposit ("CD") Time Account.**

(a) The Term. A CD is a type of deposit which requires you to leave money in the account for a certain period of time (called the "term") to earn interest throughout the term at the specified rate. CDs are subject to penalties for early withdrawal, that is, withdrawal before the "Maturity Date". The Maturity Date is the first day following the last day of the term. These penalties are described in Paragraph (e) below. When you establish a CD, you may select any term that we currently offer, as described in our current Schedule of Interest.

(b) Later Deposits. Later deposits to CDs are not permitted, unless specifically permitted by the terms of our Schedule of Interest.

(c) Notice of Maturity. We are required by federal law to send a notice of maturity for all our automatically renewable CDs with terms greater than one month.

(d) Automatic Renewal of CDs. All of our Certificates of Deposit are automatically renewable unless we notify you in writing prior to the Maturity Date that your CD will not automatically renew. If you do not withdraw the funds from an automatically renewable CD within the "grace period" of seven (7) calendar days after maturity, your CD will be automatically renewed as of the Maturity Date of the maturing CD for a similar term at the regular rate of interest (excluding special promotional rates) we are then paying on CDs with that term. If you elect against automatic renewal of your CD, you must give us written instructions. You must direct us (1) to renew the CD for a term which you specify and which we allow, (2) to deposit the funds in another account you maintain with us, or (3) to mail you a check. We must get your instructions within seven (7) days after the end of the term. When properly renewed, your new CD will begin on the Maturity Date of the maturing CD. If you renew a CD or it is automatically renewed, all interest which is on deposit at the time of renewal will become principal of the renewed CD.

(e) Penalty For Early Withdrawal. We will allow withdrawal from your CD before the Maturity Date without penalty in the following events: (1) a court's declaration of your mental incompetence, or (2) your death. In all other cases you cannot withdraw all or any part of the deposit before the Maturity Date without our consent. We can only give our consent at the time you ask to make a withdrawal. If we consent to an early withdrawal, we may impose a penalty on the amount that you withdraw. For a CD with a term of 91 days to one year, the penalty will be an amount equal to three (3) months' interest on the amount withdrawn at the rate being paid on the deposit. For a CD with a term of more than one (1) year to five (5) years, the penalty will be an amount equal to six (6) months' interest on the amount withdrawn at the rate being paid on the deposit. For a CD with a term of more than five years, the penalty will be an amount equal to one (1) year's interest on the amount withdrawn at the rate being paid on the deposit. We may take all or part of the penalty from the original deposit, if necessary.

(f) Effect of Interest Withdrawal. The annual percentage yield shown on our Schedule of Interest assumes that interest will remain on deposit until maturity. A withdrawal of interest prior to maturity will reduce earnings.

## **2.14 IOLTA AND IORETA Accounts.**

An "IOLTA" (Interest on Lawyer's Trust Accounts) is an interest bearing account on which you can draw checks, established pursuant to Section 51-81c of the Connecticut General Statutes or the successor thereto. All interest earned on an IOLTA is paid to an entity designated under rules adopted by the Connecticut Superior Court. An "IORETA" (Interest on Real Estate Trust Accounts) is an interest bearing checking account on which you can draw checks, established pursuant to Section 8-265f of the Connecticut General Statutes or the successor thereto. All interest earned on an IORETA account is paid to the Connecticut Housing Finance Authority.

## **3. RULES FOR NOW ACCOUNTS**

### **3.1 Statement Savings Account.**

A NOW account is a statement savings account upon which you can draw an unlimited number of checks. The rules for savings accounts described earlier in Sections 2.1 through 2.7 also apply to a NOW account.

### **3.2 Limitation.**

A NOW account may only be opened and maintained at the Bank by certain non-profit organizations and governmental entities.

## **4. RULES FOR CHECKING ACCOUNTS**

### **4.1 Demand Deposit.**

A checking account is a demand deposit account. This means we do not reserve the right to require notice before withdrawal from these accounts. We do not pay interest on a checking account.

### **4.2 Availability.**

Checking accounts may be owned by an individual or any form of legal entity.

### **4.3 "ACH" Transfers To Business Checking Accounts.**

If you receive a credit from a third party into a business checking account by means of an automated clearing house (“ACH”), any deposit or payment order via the ACH made to your account(s) will be provisional and subject to return until final settlement through a Federal Reserve Bank occurs or we have received payment as provided in Section 4A-403(a) of the Uniform Commercial Code. In the case of receipt of such a credit, (a) we do not have to give notice to you of receipt of the entry, (b) you agree that such entry may be transmitted through one or more ACH’s, (c) you agree to be bound by the rules of such ACH’s, and (d) your rights and obligations with respect to such entry will be construed in accordance with and governed by the laws of the State of New York.

## **5. ELECTRONIC FUNDS TRANSFERS**

### **5.1 Electronic Funds Transfers.**

An “Electronic Funds Transfer” (EFT) is a transfer of funds by electronic means. The term EFT includes all Point-of-Sale transfers, ATM transfers (deposits and withdrawals), direct deposits, electronic payments, transfers initiated by telephone, by a computer terminal (“Essex Online Banking”), wire transfers and transfers conducted over an Automated Clearing House network (“ACH”). Certain wire transfers, ACH transfers and transfers conducted through Essex Online Banking are governed by separate agreements. In the event of a conflict between this Agreement and the provisions of our wire transfer, ACH and Essex Online Banking agreements, the provisions of the separate wire transfer, ACH and Essex Online Banking agreements shall control. To initiate an EFT transaction an “access device” may be required. This can be a card, a code, or any other means of access to an account or a combination of these. A computer password will be the access device for your Essex Online Banking transfers.

### **5.2 EFT Services and Authorized Persons.**

Subject to transfer limitations set forth in this Agreement, you may use a card, password or PIN, as applicable, to access your accounts in order to:

- Withdraw cash from your checking or statement savings account
- Make deposits to your checking or statement savings account
- Transfer funds between your checking and statement savings accounts, or from your checking or statement savings account to your loan or mortgage account
- Pay bills through the Essex Online Banking system if applicable
- Pay for purchases at places that have agreed to accept your card or PIN

Some of these services may not be available at all terminals. Any person you authorize by deposit account resolution or in a separate form or agreement provided by us (each an “Authorized Person”) is authorized to make or order electronic funds transfers to or from your account(s). We will debit your account for the amount of an electronic funds transfer and will charge your account for any fees related to the transfer. Some transactions may require a signature for authorization. You hereby authorize any Originating Depository Financial Institution (ODFI) to initiate, pursuant to ACH operating rules, ACH debit entries to your account for electronic presentment or re-presentment of items written or authorized by you.

### **5.3 MasterCard® Check Card and ATM Card.**

All information requested by us must be received prior to the issuance of a MasterCard® Check Card or ATM Card (each a “Card”). All Cards will have full access to any accounts designated for use with the Card. When using the MasterCard® Check Card to access your account to make a purchase through a merchant, you are authorizing us to withdraw funds from your checking account to pay for the purchase. Use of your Card is governed by our Commercial Account Agreement for ATM/Debit Card Use. In the event of a conflict between the provisions of that agreement and this Agreement, the provisions of the Commercial Account Agreement for ATM/Debit Card Use will govern.

### **5.4 Documentation of Funds Transfers.**

You can get a receipt at the time you make any transfer to or from your account using one of our ATMs or at merchant Point-of-Sale terminals. You will get a monthly account statement (except for passbook accounts). If you bring your passbook to us, we will record any electronic deposits that were made to your account since the last time you brought in your passbook. You can get balance and transactional information on any day. This information may only be current as of the close of business on the previous business day

### **5.5 Stopping Payments.**

If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here’s how:

Call us at (860)767-4414, toll free at (877) 377-3922 or write us at Essex Savings Bank, PO Box 950, Essex, CT 06426 Attn: Deposit Operations Department, in time for us to receive your request 3 (three) business days or more before the payment is scheduled to be made. If you call, we will require you to put your request in writing and get it to us within 14 (fourteen) days after you call.

Oral instructions are good for 14 (fourteen) days and written stop payment instructions are good for 6 (six) months unless we receive written notice to remove it or renew it before the 6 (six) month period expires.

You may, subject to the Operating Rules of the National Automated Clearing House Association, place a stop payment on ACH debits to your account if you provide us with notice in such a time and manner that allows us a reasonable opportunity to act on the stop payment order prior to acting on the debit entry. We will not be liable for failing to stop payment on an ACH debit (i) if we do not have a reasonable period of time to act before the ACH debit is paid, (ii) if, as applicable, you fail to notify us that your check was converted to an ACH debit entry, or (iii) if you failed to provide us with enough information to identify the transaction.

### **5.6 Charges for EFT Services; Termination of Services.**

Any charges for EFT services are contained in the Schedule of Business Account Charges. Other parties may impose surcharges when transactions are initiated from ATMs not operated by Bank. We reserve the right to terminate any of the above described services without notice. All MasterCard® Check Cards and ATM Cards are the property of the bank and must be returned to us immediately upon termination.

### **5.7 What You Should Do if Your Card or Password is Lost or Stolen.**

Tell us AT ONCE if you believe your card, PIN, or password has been lost or stolen or is in the possession of an unauthorized person, 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 available for withdrawal in your account. Also, if your statement shows transfers that you did not make, including those made by card, PIN, password or other means, tell us at once. Notwithstanding any shorter period established in this Agreement in connection with reporting errors or unauthorized transactions (with the exception of ACH debits to your account, which are outlined in Section 1.15), if you do not tell us within 60 (sixty) days after the statement was mailed to you, the statement will be deemed to be correct and you will not be able to dispute any transfers. If you believe your card or PIN has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call us at (860)767-4414, toll free at (877) 377-3922 or write us at Essex Savings Bank, P.O. Box 950, Essex, CT 06426 Attn: Deposit Operations Department.

### **5.8 What You Should Do In Case of Errors or Questions.**

In case of errors or questions about your electronic transfers, call us at (860) 767-4414, toll free at (877)377-3922 or write us at Essex Savings Bank, P.O. Box 950, Essex, CT 06426 Attn: Deposit Operations Department 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. Notwithstanding any shorter period established in this Agreement in connection with reporting errors or unauthorized transactions (with the exception of ACH debits to your account, which are governed by Section 1.15), if you do not tell us within 60 (sixty) days after the statement was mailed to you, the statement will be deemed to be correct and you will not be able to dispute any errors.

We will need to know:

- Your name and account number
- A description of the error or the transfer you are unsure about, and a clear explanation of why you believe it is an error, or why you need more information
- The dollar amount of the suspected error

If you tell us orally, we will require that you send us your complaint or question in writing within 10 (ten) business days.

**5.9 Limitation of Liability.** YOU ARE FULLY RESPONSIBLE FOR ANY TRANSACTION MADE BY USE OF AN ATM CARD, MasterCard® CHECK CARD (EXCEPT AS STATED ABOVE), Essex Online Banking, PIN, OR PASSWORD WHETHER OR NOT OBTAINED OR RETAINED BY A PERSON NOT AUTHORIZED BY YOU TO INITIATE ELECTRONIC FUNDS TRANSFERS. YOU AGREE TO IMMEDIATELY REIMBURSE US FOR ANY LOSS, CLAIM OR DAMAGE WE MAY SUSTAIN AS A RESULT OF THE USE OF ANY CARD, PIN, OR PASSWORD. WE SHALL HAVE NO LIABILITY FOR ANY LOSS, CLAIM, OR DAMAGE YOU MAY SUSTAIN AS A RESULT OF THE USE OF ANY CARD, PIN, OR PASSWORD. WE WILL NOT BE LIABLE EVEN IF THE UNAUTHORIZED USE OCCURS AFTER YOU HAVE ASKED US TO DEACTIVATE THE CARD, PIN OR PASSWORD, WHETHER WE HAVE ACTED ON THE REQUEST OR NOT.

WITHOUT LIMITING THE ABOVE, WE WILL NOT BE LIABLE:

- FOR DELAYS OR MISTAKES THAT OCCUR BECAUSE OF REASONS THAT ARE BEYOND OUR CONTROL (E.G., FIRE, FLOOD, OR WAR), DESPITE REASONABLE PRECAUTIONS THAT WE HAVE TAKEN.
- IF ANY ATM OR ATM SYSTEM NETWORK OR OTHER ELECTRONIC COMMUNICATION SYSTEM WAS NOT WORKING PROPERLY, OR IF THERE IS A POWER FAILURE.
- IF, THROUGH NO FAULT OF OURS, YOU DO NOT HAVE SUFFICIENT FUNDS IN YOUR ACCOUNT TO MAKE THE TRANSFER, THE TRANSFER WOULD EXCEED THE CREDIT LIMIT ON YOUR OVERDRAFT PROTECTION, IF APPLICABLE, OR YOUR ACCOUNT HAS BEEN CLOSED.
- IF THE FUNDS ARE SUBJECT TO LEGAL PROCESS RESTRICTING THE TRANSFER.
- IF WE ARE OTHERWISE EXEMPTED FROM LIABILITY UNDER APPLICABLE LAWS AND REGULATIONS.

IN NO EVENT SHALL WE BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR OTHER NONDIRECT DAMAGES, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT OR OTHERWISE, AND EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

MasterCard® Zero Liability Protection. If your Card was issued under the MasterCard® small business card program, you may have no liability for certain unauthorized transactions, provided you and your use of the Card meet the requirements of the zero liability program.

**5.10 Uniform Commercial Code Article 4A and Other Agreements.** Except as amended by this Agreement, electronic fund transfers we permit that are subject to Article 4A of the Uniform Commercial Code will be subject to such provisions of the Uniform Commercial Code as enacted by the State of Connecticut.

#### Office Locations

##### Corporate Office

35 Plains Road (860) 767-4414  
Toll Free (877) 377-3922  
essexsavings.com

##### Essex

35 Plains Road (860) 767-2573  
9 Main Street (860) 767-8238



Equal Housing Lender

##### Chester

203 Middlesex Avenue (860) 526-0000

##### Madison

99 Durham Road (203) 318-8611

##### Old Lyme

101 Halls Road (860) 434-1646

##### Old Saybrook

155 Main Street (860) 388-3543

Member FDIC

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