

## DISCLOSURE STATEMENT REQUIRED BY ELECTRONIC FUND TRANSFER ACT

### Alden State Bank

#### 1. Meaning of some words. In this disclosure statement:

- a. "We," "us," "our" and "ours" mean Alden State Bank, 13216 Broadway, P.O. Box 238, Alden, NY 14004-0238;
- b. "You" and "your" mean any individual who has opened or opens a deposit account with us other than on behalf of an organization;
- c. "Your checking account" means any demand deposit or NOW account with us open in your name, whether alone or also in the name of someone else, if the account is established primarily for personal, family or household purposes;
- d. "Your savings account" means any savings, money market or other interest-bearing deposit account (other than a NOW account) with us open in your name, whether alone or also in the name of someone else, if the account is established primarily for personal, family or household purposes; and
- e. "Electronic transfer" means, whether made through an automated clearing house or in any other way, any transfer of funds to or from your checking account or your savings account that is begun electronically other than any transfer of funds made under an agreement between you and us (for example, an agreement providing for transfers of funds to or from the account made using a debit card or a computer banking or bill payment service).

#### 2. Kinds of electronic transfers. The following kinds of transactions involving your checking account or your savings account are kinds of electronic transfers:

- a. The direct deposit of social security or other governmental benefits to the account by a government if begun electronically;
- b. The direct deposit of salary, wages or similar compensation to the account by an employer if begun electronically;
- c. The direct deposit of recurring payments (for example, dividends) to the account if begun electronically;
- d. Recurring transfers of funds from the account to make recurring payments (for example, insurance premiums) if begun electronically but not under a computer banking or bill payment service;
- e. Recurring transfers or a one-time transfer of funds from the account under a computer banking or bill payment service provided to you by someone other than us;
- f. A one-time transfer of funds from the account that is to pay for a purchase or to pay a bill and is begun electronically by a merchant or other payee using information (for example, the number of the account and our bank routing number) available on a check provided for use with the account; and
- g. A one-time transfer of funds from the account that is to pay a fee for the return unpaid of a check or electronic transfer and is begun electronically by the payee of the check or electronic transfer.

#### 3. Limitations on transfers. The total of all electronic transfers from your savings account during any monthly statement period for the account or monthly period at the end of which we review the account to determine whether to send you or otherwise make available to you a statement for the account and all other transfers of funds from the account during that monthly statement period or monthly period that are a preauthorized, automatic, telephonic or computer transfer of funds to another deposit account with us or to a third party, a transfer of funds to a third party made by using a card (for example, a transfer of funds to pay the purchase price of goods or services) or a transfer of funds made by a check, a draft or any other order payable to a third party may not exceed six.

#### 4. Statements. Approximately once a month, we will send you or otherwise make available to you a statement for your checking account. Unless your savings account is an account for which we issue a passbook, approximately once a month or approximately once a quarter, we will send you or otherwise make available to you a statement for your savings account. But, even if your savings account is an account for which we send you or otherwise make available to you a statement approximately once a quarter,

we will review it approximately once a month and send you or otherwise make available to you a statement for it if any electronic transfer has been credited to or charged against it since we last reviewed it. Any statement for your checking account or your savings account that we send you or otherwise make available to you will show all transactions credited to or charged against the account during the period covered by the statement.

#### 5. Passbook. If your savings account is an account for which we issue a passbook and you bring the passbook to any of our banking offices, we will record in the passbook all electronic transfers made to the account since the last time we recorded electronic transfers in the passbook.

#### 6. Verifying electronic transfers. If you arrange with us to have electronic transfers made to your checking account or your savings account, you may telephone us at 716-937-3381 to find out whether any of the transfers has been made.

#### 7. Our liability for failure to make electronic transfers. With exceptions, we will be liable to the extent provided by applicable law for damages you suffer as a result of our failure to make any electronic transfer on time and in the correct amount according to any agreement between you and us concerning the transfer. Examples of exceptions to our liability are as follows:

- a. The transfer is to be made from your checking account or your savings account, and, before the transfer is to be charged against that account, either that account or the account to which the transfer is to be made is closed;
- b. The transfer is to be made from your checking account or your savings account and, when the transfer is processed or is to be charged against the account, we in good faith believe that the transfer is being made without your authorization or is fraudulent;
- c. The transfer is to be made from your checking account or your savings account and, through no fault of ours, when the transfer is processed or is to be charged against the account, the amount of the transfer exceeds the amount of money available for withdrawal from the account (taking into consideration, if the account is tied to a line of credit account or other overdraft facility with us, the amount of credit available under the line of credit account or other overdraft facility);
- d. The transfer is to be made from your checking account or your savings account and, when the transfer is processed or is to be charged against the account, money in the account is subject to any legal process (for example, a tax levy, a subpoena or an order providing for restraint, attachment, garnishment or execution) or administrative hold restricting its removal from the account, is collateral for a loan or other extension of credit or is the subject of a dispute or legal proceeding;
- e. An occurrence beyond our control (for example, a fire, flood, failure or malfunction of any computer or telecommunications equipment or service, act of war or terrorism or governmental action or inaction) prevents us from making the transfer despite our exercise of reasonable care to prevent the occurrence and our exercise of diligence to make the transfer despite the occurrence;
- f. A technical malfunction known to you at the time the transfer should have been made prevents us from making the transfer; and
- g. Our failure to make the transfer is justified by any provision of any agreement between you and us concerning your checking account, your savings account, any line of credit account or other overdraft facility with us to which your checking account is tied or transfers of funds to or from any of the accounts or the other overdraft facility or by applicable law.

If we are liable for damages you suffer as a result of our failure to make the transfer on time and in the correct amount, we will be liable for actual damages only and not consequential or punitive damages if the failure was not intentional and resulted from a bona fide error despite our maintenance of procedures reasonably adapted to avoid the error.

#### 8. Stopping of electronic transfers. If you authorize us to make a series of recurring electronic transfers from your checking account or your savings account, you may order us to stop any transfer in the series by telephoning us

at 716-937-3381 or writing us at Alden State Bank, 13216 Broadway, P.O. Box 238, Alden, NY 14004-0238, Attention: Operations Area, in time for us to receive the order to stop the transfer at least three of our business days before the date on which the transfer is scheduled to be made. The order will not be binding on us as to the transfer if we do not receive it at least three of our business days before the date on which the transfer is scheduled to be made. However, even if we do not receive the order at least three of our business days before the date on which the transfer is scheduled to be made, we may follow it even though it will not be binding on us. If we receive the order at least three of our business days before the date on which the transfer is scheduled to be made, we will be liable to the extent provided by applicable law for damages you suffer as a result of our failure to comply with the order, but we will be liable for actual damages only and not consequential or punitive damages if the failure was not intentional and resulted from a bona fide error despite our maintenance of procedures recently adapted to avoid the error. If the order is not in writing, we may require you to provide a written confirmation of the order to us so that we receive the written confirmation within 14 days after the date the order is given to us. In that case, the order will cease to be binding on us 14 days after the date it is given to us unless we receive the written confirmation during the 14 days. However, even if we do not receive the written confirmation during the 14 days, we may continue to follow the order even though it is no longer binding on us. The order may be limited to a single transfer in the series, or it may apply to all future transfers in the series. If it applies only to a single transfer in the series, we may, but we will not have to, allow any other transfer in the series.

**9. Electronic transfers varying in amount.** At least 10 days before the date we make any of a series of recurring electronic transfers that may vary in amount and that are to be made to a particular person from your checking account or your savings account, we or that person will send to you a written notice of the amount of the transfer and the date the transfer is to be made. As an alternative to having the notice sent to you before each of the transfers is to be made, you may be able to choose to have it sent to you only when the amount of any of the transfers will differ by more than a certain amount set by you from the amount of the previous transfer in the series or will fall outside certain limits set by you.

**10. Business days.** Our business days are Monday through Friday, excluding legal holidays.

**11. Notice of unauthorized electronic transfer.** If you believe that any electronic transfer may have been or may be made without your authorization, you must contact us at once by telephoning us at 716-937-3381 or writing us at Alden State Bank, 13216 Broadway, P.O. Box 238, Alden, NY 14004-0238, Attention: Operations Area.

**12. Your liability for unauthorized electronic transfers.** If any statement for your checking account or your savings account that we send you or

otherwise make available to you shows any electronic transfer made without your authorization, we are not notified of the unauthorized transfer within 60 days after the date we send you the statement or otherwise make it available to you and we can show that we could have stopped the unauthorized taking of money from the account had we been notified of the unauthorized transfer during those 60 days, you will have to bear (subject to limitations under federal law) the loss of money taken from the account after the end of those 60 days and before we are notified of the unauthorized transfer. For a good reason (such as a long trip or hospital stay by you), we will extend those 60 days for a reasonable time.

**13. Disclosure.** In the regular course of our business but only in accordance with applicable law, we will disclose information about your checking account, your savings account or any transaction involving the account:

- a. In any receipt issued in connection with the transaction;
- b. As necessary to complete the transaction or to resolve any error or dispute concerning the transaction;
- c. In any statement for the account that we send or otherwise make available;
- d. To someone in whose name the account is open;
- e. In accordance with the written permission of someone in whose name the account is open;
- f. To verify the existence and condition of the account or to report our experience concerning the account to a third party such as another financial institution, a credit reporting agency or a merchant;
- g. To any affiliate of ours for the purpose of offering or providing any other product or service to you;
- h. To any agent, contractor or vendor of ours for the purpose of providing any service to us in the regular course of our business or completing marketing activities of ours; or
- i. To comply with any order of any court or other governmental body or otherwise as required or allowed by applicable law.

**14. Other electronic fund transfers.** This disclosure statement is required by the Electronic Fund Transfer Act and applies only to electronic transfers as defined in clause e of Section 1. Other types of electronic fund transfers that are subject to the Electronic Fund Transfer Act (for example, electronic fund transfers to or from your checking account or your savings account made using a debit card issued by us or a computer banking or bill payment service offered by us) will be covered in separate agreements that contain disclosures required by the Electronic Fund Transfer Act.

#### In Case of Errors or Questions About Your Electronic Transfers

Telephone us at 716-937-3381  
and ask for our Operations Area  
or

Write us at Alden State Bank,  
13216 Broadway, P.O. Box 238, Alden, NY 14004-0238,  
Attention: Operations Area

as soon as you can, if you think your statement is wrong or if you need more information about a transfer listed on the statement. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number.
- (2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- (3) Tell us the dollar amount of the suspected error.

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

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account.

For errors involving new accounts or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit your account for the amount you think is in error.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.