

REGULATION E ELECTRONIC FUNDS TRANSFERS

POLICY AND PROCEDURES:

Policy: It is the policy of First National Bank Jasper to comply with all requirements of Regulation E regarding electronic access to consumer deposit accounts.

Procedures: To establish guidelines to follow in order to ensure proper handling of all electronic funds transfers, hereinafter to be referred to as "EFTs" in this document.

I Definition:

An EFT is any transfer of funds, other than a transaction originated by a paper instrument, which is initiated through an electronic terminal, telephone equipment, computer, or magnetic tape which orders or authorizes a bank to debit or credit an account. The type of EFTs offered within First National Bank, hereinafter referred to as the Bank, include the following:

1. Point-of-sale transfers
2. Automated teller transactions
3. Direct deposits or withdrawals of funds
4. Preauthorized EFTs
5. Telephone transfers
6. Internet Banking
7. Mobile Banking

II Disclosure Responsibilities:

The Bank will provide five types of disclosures to its consumers whose accounts are accessed by an EFT.

- * initial disclosure will be made when the consumer contracts for EFT services
- * each time a consumer initiates an EFT, a disclosure will be provided in the form of a receipt
- * preauthorized transfer disclosures will be given that include the consumer's right to stop payment on a preauthorized EFT
- * periodic disclosures will be provided to each account accessed by EFT on monthly bank statements, with additional yearly statement enclosures
- * disclosures will be provided electronically on the banks website

A. Initial Disclosures:

At the time the consumer contracts for EFT services, the Bank will provide a disclosure of all the terms and conditions of the transfer in readily understandable language. If any of these disclosed terms and conditions are changed to increase the consumer's cost or liability or to decrease accessibility to the customer's account, the Bank will notify the consumer in writing at least twenty-one (21) days before the effective date of the change.

B. Disclosures at Electronic Terminals:

Each time an EFT is initiated at an electronic terminal, a written receipt will be made immediately available to the consumer. This receipt will disclose the transaction amount, date, time, account identification, terminal location and the identity of any third party involved in the transaction.

C. Preauthorized Transfer Disclosures:

When a consumer's account is to be credited by a preauthorized EFT, the consumer is given a telephone number that may be called to find out whether or not the deposit has been made. This is disclosed in the initial disclosure statement. An EFT debit from a consumer's account can be preauthorized only by the account holder in writing with a copy of that authorization given to the consumer. The consumer may stop payment on a preauthorized EFT by giving the Bank oral written notice (3) days or more before the scheduled transfer. If the stop payment order is oral, the Bank requires the request also be made in writing and be provided to the Bank within fourteen (14) days after the oral request.

D. Periodic Disclosures to Consumers:

The Bank will provide each consumer with a periodic statement for each account accessed by an EFT. The statement will include all information that was disclosed at the electronic terminal. In addition, the statement will disclose any fees or charges assessed during the period, account balances at the beginning and close of the period, and the address and phone number a consumer could use for making inquiry or giving notice about an account error. The statement will be sent monthly.

E. Disclosures in Electronic Form:

The Bank will make available to its customers disclosures related to, but not limited to, online and mobile banking. If the information in these disclosures changes, the customer will be notified of new items available on the website.

III. Error Resolution:

In case of error or questions about EFTs, consumers must inform the Bank no later than sixty (60) days after the first statement is sent on which the problem or error appears. The Bank can be notified orally, however, the Bank requires the consumer to put the complaint in writing within ten (10) business days after the oral complaint is received. The Bank will determine within ten (10) business days (20 business days if the transfer involved a new account) after receipt of all pertinent information to inform the customer of the results of the investigation. If more time is needed the Bank may take up to 45 days (90 days if the transfer involved a new account, point-of-sale transaction or foreign-initiated transfer). If the investigation requires forty-five (45) days, the Bank will recredit the funds within 10 business days (20 business days if the transfer involved a new account) until the investigation is completed.

However, if the customer's complaint has been requested in writing and has not been received within the specified period of time, the Bank reserves the right not to recredit the account.

IV. Unauthorized Transfers:

In case of an unauthorized transfer no more than \$50 can be lost if the consumer tells the Bank within two (2) business day after learning of the loss or theft of a card and/or code or information from a check without the consumer's permission. If a consumer does not tell the Bank within two (2) and the Bank can prove that the use of the card and/or code could have been stopped the consumer could lose as much as \$500.

If a consumer's statement shows an unauthorized transfer and does not tell the Bank within 60 days after the statement was mailed the consumer may not get back any money lost after the 60 days if the Bank can prove that it could have stopped the loss if the Bank had been notified in time. If a good reason kept the consumer from telling the Bank the time period will be extended.

V. Issuance of Access Devices:

Access devices will be issued only in response to an oral or written request or application or as renewal or substitute card.

VI. Overdraft Protection:

The Bank will adhere to all regulatory requirements regarding Overdraft Protection programs. The Bank has developed policy to insure full compliance with Regulation E.