

Information About Your Ulster Savings Bank VIP Free Interest Checking Account

Balance to Open

A qualified customer may open a VIP Free Interest Checking Account with a minimum deposit of \$50.00. Customers qualify for this account by having a direct deposit of payroll, Social Security or other recurring government payment, or by having an Ulster Savings Bank automatic mortgage loan payment arrangement.

Balance to Earn Interest

The account has no requirement that you maintain a minimum balance to earn interest at the Annual Percentage Yield then in effect.

Variable Rate Features

This is a variable rate account. Your Interest Rate and Annual Percentage Yield may change. The Interest Rate is set based on the Bank's discretion and may change at any time at the Bank's discretion.

Interest Computation

We use the daily balance method to calculate interest on your account. This method applies a periodic rate to the balance in the account each day.

Compounding Period

Interest compounds on your account daily, using a 365/360 interest factor.

Interest Accrual

Interest begins to accrue on the business day you deposit non-cash items, such as checks. Although your account may earn interest each day, you may not withdraw the earnings until the end of the interest crediting period (see Payment of Interest).

Payment of Interest

Accrued interest earned during the statement cycle will be credited to the account on the last day of the statement cycle period, provided the account remains open on that day. No interest will be credited to accounts closed before the last day of the statement cycle period.

Maintenance Fees and Service Charges

You may make unlimited withdrawals from your account each monthly statement cycle. If these withdrawals are made by check or, if you use an Ulster Savings Bank debit MasterCard, at either an Ulster Savings Bank Automated Teller Machine (ATM) or at a Point-of-sale terminal, there will be no transaction charges. Withdrawals at other ATM facilities will be processed at a fee of \$1.50 per transaction, in addition to any fee the facility owner may assess.

You may make an unlimited number of deposits at no charge.

If you have insufficient or unavailable funds in your account, at our discretion we may return a presented item unpaid or we may pay the item and permit you to overdraw your account. Refer to our latest version of our fee schedule for information on returned item, insufficient funds and overdraft fees.

Withdrawals and Payments

To withdraw money from your account you can write a check to yourself or a third party, sign a withdrawal slip or other methods which are agreed upon between the customer and the bank. Checks must be on a form acceptable to the Bank.

A withdrawal will be considered made when it is recorded on our books. This will not necessarily be the date that you initiated the transaction.

The Bank may refuse to honor any check presented more than six (6) months after the date on the check, but shall have no liability if it decides to honor such a check.

If you have an Ulster Savings Bank debit MasterCard you can also make withdrawals at an Automated Teller Machine (ATM) or other facility of NYCE/PLUS.

Requirements to Maintain Account

We will maintain your account as a VIP Free Interest Checking Account as long as you adhere at all times to all applicable rules, regulations, terms and conditions of that account and, during any three consecutive statement cycle periods, you have made at least one deposit to or one withdrawal from the account. If we determine that your account has not adhered to these requirements, your account may, at our discretion, be reclassified as an Unlimited Interest Checking Account and shall become subject to the requirements and fees applicable to Unlimited Interest Checking Accounts.

Monthly Statements

You will receive a monthly statement showing all account activity during the previous monthly period. This statement will include a summary of paid checks, an image copy of the checks and any maintenance and service fees. The monthly statement cycle period is determined by the account number and is normally 28 to 31 days — but may occasionally be as long as 35 days.

You must examine the statement (and checks) and notify the Bank within 14 days, in writing, of any discrepancies. If the discrepancy concerns an ATM or other electronic funds transfer transaction (Federal recurring payments, payroll deduction, Point-of-sale purchase, etc.) this notification period is extended to 60 days. If we do not hear from you within these time frames, we will assume the statement is correct.

Other Maintenance Fees and Service Charges

A listing of other maintenance fees and service charges applicable to your account are provided under separate cover.

The Bank will not be responsible if it refuses to accept (pay) a check you have written because there are not enough funds in the account after we have deducted a service charge.

Additional disclosures for your account are included on the attached sheet.