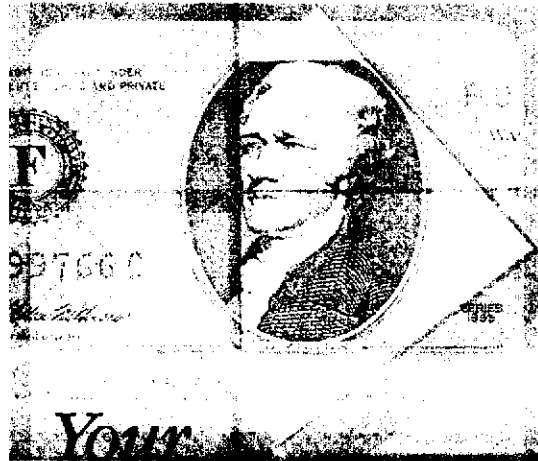




**FIRST FEDERAL SAVINGS
OF MIDDLETOWN**



DEPOSIT ACCOUNT

- *Terms and Conditions*
- *Electronic Transfers*
- *Funds Availability*
- *Truth in Savings*

**22 James Street
Middletown, NY 10940
(845) 343-1401
www.ffsmid.com**

24 Hour Telephone Banking # 1-866-695-4402 (Toll Free)

FIRST FEDERAL SAVINGS OF MIDDLETOWN TERMS AND CONDITIONS OF YOUR ACCOUNT

IMPORTANT INFORMATION ABOUT 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, street address, date of birth (for individuals), and other information that will allow us to positively identify you. We may also ask to see your driver's license (for individuals) or other identifying documents.

AGREEMENT - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully. If you sign the signature card, or open, or continue to have your account with us, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this package. If you have any questions, please feel free to call us during business hours at (845) 343-1401.

This agreement is subject to applicable federal laws and the laws of the state of New York (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) Give you disclosures regarding some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

LIABILITY - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. This includes liability for our costs to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees.

DEPOSITS - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a

business day we are open, or received on a day we are not open for business, as if initiated on the next following business day that we are open.

WITHDRAWALS - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs in the space designated for signatures on the signature card may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person signing the signature card to indorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge your account for a check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us, by any method we do not specifically permit, which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. Even if we honor a nonconforming request, we may treat continued abuse of the stated limitations (if any) as your act of closing the account. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. The fact that we may honor withdrawal requests that overdraw the available account balance does not obligate us to do so later. See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal.

We may require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D. Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See our Truth in Savings disclosures contained within this document for the specific penalty for early withdrawal.

OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION - These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

Individual Account - is an account in the name of one person.

Joint Account - With Survivorship (And Not as Tenants In Common) - is owned by two or more persons. Deposits and any additions to the account are the property of the owners as joint tenants with right of survivorship. This means that we may release the entire account to any owner during the lifetime of all owners. We may honor withdrawal requests (including checks) from any owner during the lifetime of all owners. We may be required to release money in the account to satisfy a judgment against or other valid debt incurred by any owner. We may honor withdrawal requests (including checks) from any surviving owner after the death of any owner, and may treat the account as the sole property of the surviving owner(s). Unless an owner directs us by written notice not to honor the withdrawal request (including checks) of an owner we will not be liable for doing so. After we receive such a notice, we may require written authorization of any or all joint owners for any further payments or deliveries.

Joint Account - No Survivorship (As Tenants In Common) - is owned by two or more persons, but none of you intend (merely by opening this account) to create any right of survivorship in any other person. We encourage you to agree and tell us in writing of the percentage of the deposit contributed by each of you. This information will not, however, affect the "number of signatures" necessary for withdrawal.

Revocable Trust Account - If two or more of you create such an account, you own the account jointly with survivorship. Beneficiaries cannot withdraw unless: (1) all persons creating the account die, and (2) the beneficiary is then living. If two or more beneficiaries are named and survive the death of all persons creating the account, such beneficiaries will own this account in equal shares, without right of survivorship. The person(s) creating this account type reserve the right to: (1) change beneficiaries, (2) change account types, and (3) withdraw all or part of the account funds at any time.

BUSINESS ACCOUNTS - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. We may require the governing body of the legal entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity.

STOP PAYMENTS - A stop-payment order must be given in the manner required by law, must be received in time to give us a reasonable opportunity to act on it, and must precisely identify the number, date and amount of the item, and the payee. We will honor a stop-payment request by the person who signed the particular item, and, by any other person, even though such other person did not sign the item, if such other person has an equal or greater right to withdraw from

this account than the person who signed the item in question. A release of the stop-payment request may be made only by the person who initiated the stop-payment order.

TELEPHONE & I-BANKING TRANSFERS - Telephone and/or I-Banking transfer of funds from one account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month (less the number of "preauthorized transfers" during the month). Other account transfer restrictions may be described elsewhere.

AMENDMENTS AND TERMINATION - We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to all of you.

STATEMENTS - You must examine your statement of account with "reasonable care and promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to bear the entire loss. Your loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer. We lose these protections if you establish that we failed to exercise ordinary care in paying an item with an unauthorized signature or alteration.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 14 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, forgeries, or any other errors in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

COMBINED STATEMENTS - Generally when you have more than one statement-based deposit account with First Federal, we will provide combined deposit statements, so long as the owner, or owners is identical for each account.

ACCOUNT TRANSFER - This account may not be transferred or assigned without our prior written consent.

DIRECT DEPOSITS - If, in connection with a direct deposit plan, we deposit any amount in an account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

TEMPORARY ACCOUNT AGREEMENT - If this option is selected, this is a temporary account agreement. Each person who signs in the space designated for signatures on the signature card (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

SETOFF - You each agree that we may (when permitted by law) set off the funds in this account against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note.

This right of setoff does not apply to this account if: (a) it is an IRA or other tax-deferred retirement account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), or (c) the debtor's right of withdrawal only arises in a representative capacity, or (d) social security or supplemental security income payments are deposited directly into this account pursuant to an agreement with us which permits such direct deposit without presentation to you at the time of deposit. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

RESTRICTIVE LEGENDS - We are not required to honor any restrictive legend on checks you write unless we have agreed in writing to the restriction. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1 000.00."

PAYMENT ORDER OF ITEMS - The law permits us to pay items (such as checks or drafts) drawn on your account in any order. To assist you in handling your account with us, we are providing you with the following information regarding how we process the items that you authorize. When processing items drawn on your account, our policy is to pay electronic items (ACH, POS & ATM) first; then checks according to the dollar amount. We pay the smallest items first. The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. Our payment policy minimizes the number of items that may result in an overdraft or NSF fee. If an item is presented without sufficient funds in your account to pay it, we may, at our discretion, pay the item (creating an overdraft) or return the item (NSF). The amounts of the overdraft and NSF fees are disclosed elsewhere. We encourage you to make careful records and practice good account management. This will help you to avoid writing checks or drafts without sufficient funds and incurring the resulting fees.

ACH AND WIRE TRANSFERS - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A- 403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

ELECTRONIC FUND TRANSFERS - YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may not apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

Electronic Funds Transfers Initiated By Third Parties - You may authorize a third party to initiate electronic funds transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearing House (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. In some cases, your authorization can occur when the merchant posts a sign informing you of their policy. In all cases, the transaction will require you to provide the third party with your account number and bank information. This information can typically be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your bank and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic funds transfers. Examples of these transfers include, but are not limited to:

- **Preauthorized credits.** You may make arrangements for certain direct deposits (such as U.S. Treasury or payroll) to be accepted into your checking, savings, or money market account(s).
- **Preauthorized payments.** You may make arrangements to pay certain recurring bills from your checking or money market account(s).
- **Electronic check conversion.** You may provide your check to a merchant or service provider who will scan the check for the encoded bank and account information. The merchant or service provider will then use this information to convert the transaction into an electronic funds transfer. This may occur at the point of purchase, or when you provide your check by other means such as by mail or drop box.
- **Electronic returned check charge.** Some merchants or service providers will initiate an electronic funds transfer to collect a charge in the event a check is returned for insufficient funds.

Internet (I-Banking) & Telephone Banking Transfers - types of transfers and dollar limitations -

You may securely access your FFSM accounts using I-Banking at www.ffsmid.com. I-Banking allows you to make electronic funds transfers between existing accounts and/or verify account activity. You may also access help with your accounts by telephone from 8:30 AM - 5:00 PM Monday through Friday at (845) 343-1401 or 24/7 by using our toll free telephone banking (VRU) at (866) 695-4402.

You may access your account to:

- Transfer funds between statement accounts
- View, or obtain information regarding recent account activity
- Get information about your account balance in checking , savings or loan accounts

FEES

- We do not charge for direct deposits to any type of account.
 - We do not charge for preauthorized payments from any type of account.
 - Please refer to our separate fee schedule for additional information about fees.
- Except as indicated elsewhere, we do not charge for electronic fund transfers.

Notice Regarding ATM Fees by Others

Though we do not charge you to withdraw funds at an ATM, you will likely be charged a fee by the operator of the ATM and/or by the automated transfer network that you choose to use.

DOCUMENTATION

- **Terminal transfers.** You can get a receipt at the time you make any transfer to or from your account using a point-of-sale terminal.
- **Preauthorized credits.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company, you can call us at (845)-343-1401 to find out whether or not the deposit has been made.
- **Periodic statements.**

You will get a monthly account statement from us for your Checking, Statement Savings or Money Market accounts. You will get a monthly account statement from us for your passbook savings accounts, unless there are no transfers in a particular month.

For passbook accounts, if the only possible electronic transfers to or from your account are preauthorized credits, we do not send periodic statements. You may bring your passbook to us and we will record any electronic deposits that were made since the last time you brought in your passbook.

PREAUTHORIZED PAYMENTS

- **Right to stop payment and procedure for doing so.** If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:

Call us during business hours at (845) 343-1401 or write us at 22 James Street, Middletown, NY 10940 in time for us to receive your request 3 business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

Please refer to our separate fee schedule for the amount we will charge you for each stop payment order you give.

- **Notice of varying amounts.** If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this

notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)

• **Liability for failure to stop payment of preauthorized transfer.** If you order us to stop one of these payments 3 business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

FINANCIAL INSTITUTIONS LIABILITY

Liability for failure to make transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (4) There may be other exceptions stated in our agreement with you.

CONFIDENTIALITY

We may disclose information to third parties about your account or the transfers you make:

- (1) where it is necessary for completing transfers; or
- (2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- (3) in order to comply with government agency or court orders; or
- (4) if you give us written permission.

UNAUTHORIZED TRANSFERS

- (a) Consumer liability.** Tell us AT ONCE if you believe your debit card and/or PIN code has been lost or stolen. Telephoning us, (or after hours the 24/7 VISA Lost Card Help Line) right away is the best way of keeping your possible losses down. If you fail to do so, you could potentially lose all the money in your account. If you tell us within 2 business days, you can lose no more than \$50 if someone used your card and/or PIN without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your card and/or PIN and we can prove we could have stopped someone from using your card and/or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

- (b) Contact in event of unauthorized transfer.** If you believe your debit card and/or PIN code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call or write us at the telephone number or address listed on the cover of this brochure.

ERROR RESOLUTION NOTICE

In Case of Errors or Questions about Your Electronic Transfers, Call or Write us at the telephone number or address listed on the cover of this brochure, 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. 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 (if any).
- (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 (20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days if the transfer involved a new account) 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. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

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.

**FIRST FEDERAL SAVINGS OF MIDDLETOWN - COMPLIANCE DEPARTMENT
22 JAMES STREET, P.O. BOX 2023
MIDDLETOWN, NEW YORK 10940**

**Business Days: Monday through Friday Excluding Federal Holidays
Phone: (845) 343-1401**

MORE DETAILED INFORMATION IS AVAILABLE ON REQUEST

YOUR ABILITY TO WITHDRAW FUNDS AT FIRST FEDERAL SAVINGS OF MIDDLETOWN

Our general policy is to make funds from your check deposits available to you on the second business day after we receive your deposit, though electronic direct deposits will be available on the same day we receive the deposit. If you make your deposit in person to one of our employees then funds from the following deposits will be available to you on the first business day after we receive your deposit: Cash, wire transfers, U.S. Treasury checks, U.S. Postal Service money orders, cashiers, certified or teller's checks, checks drawn on First Federal Savings of Middletown, the Federal Reserve Bank or Federal Home Loan Bank, State or local government checks. The first \$ 200 from the aggregate of checks deposited is also available on the first business day after we receive your deposit. This policy applies to all of our deposit products. During the delay in funds availability, you may not withdraw the funds in cash and we will not use the funds to pay checks that you have written. Please remember that even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

For determining the availability of your deposits, every day is a business day except Saturdays, Sundays and Federal Holidays. If you make a deposit before 2:00 PM (our cutoff time) on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 2:00 PM or on a day that we are not open, or at our night depository, we will consider that the deposit was made on the next business day we are open.

LONGER DELAYS MAY APPLY:

In certain cases we will not make all of the funds that you deposit by check available to you on the second business day after the day of your deposit. However, the first \$ 200 of your deposits may be available on the first business day.

If we are not going to make all of the funds from your deposit available on the second business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available to you. If your deposit is not made directly to one of our employees, or if we decide to take action after you have left the premises, we will mail you the notice of delayed funds availability no later than the day after we receive your deposit.

If you feel you will need the funds from a deposit right away, you should ask when the funds will be available.

In addition, funds that you deposit by check may be delayed for a longer period under the following circumstances:

- a.) We believe a check you deposit may not be paid.
- b.) You deposit checks totaling more than \$ 5,000 in any one day.
- c.) You redeposit a check that has previously been returned unpaid.
- d.) You have overdrawn your account repeatedly in the last 6 months.
- e.) There is an emergency, such as failure of communications or computer equipment.
- f.) Other reasonable cause to doubt the collectability of the deposited check.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

SPECIAL RULES FOR NEW ACCOUNTS

If you are a new customer, the following special rules will apply during the first thirty (30) days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers as well as the first \$ 5,000 of a day's total deposits of Money Orders, Cashiers, Certified, Traveler's, and Federal, State and Local Government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable directly to you. The excess over \$ 5,000 will be available on the seventh business day after the day of your deposit. If you do not make the deposit in person to one of our employees, the first \$ 5,000 will not be available until the second business day after the deposit. Funds from all other check deposits will be available on the seventh business day after the day of your deposit.

Special Provisions

- A.) If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time the funds from the check would have been available if you had deposited it.
- B.) If we accept for deposit a check that is drawn on another bank, we may make the funds available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other deposit account would not then be available for withdrawal until the time periods that are described earlier in this disclosure for the type of check that you deposited.

TRUTH-IN-SAVINGS DISCLOSURES

PASSBOOK SAVINGS ACCOUNT

Rate Information: This account is an interest bearing account. The current interest rate is .15% with an annual percentage yield of .15%. We consider this to be a variable rate account. By this we mean that at our discretion the interest rate and the annual percentage yield may change any time. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). Interest will be compounded daily and will be credited to the account quarterly. If you close your account before interest is credited, you will not receive the accrued interest.

Balance Information: We use the daily balance method to calculate the interest on these accounts. This method applies a daily periodic rate to the principal in the account each day.

Limitations: You must deposit at least \$ 300 to open this account and you must maintain a balance of at least \$ 500 in the account each day to obtain the disclosed annual percentage yield. No interest will be earned if your balance is below \$ 500. If your balance falls below \$ 300 at any time, the account will be closed and a \$10 low balance closure fee will be charged. Withdrawals may be limited as specified in the Association's By-Laws. In accordance with the directives of the Federal Government under Regulation D, preauthorized, automatic, or phone transfers and ACH are limited to no more than six (6) per month. Withdrawals and transfers made in person or by mail are unlimited. With the exception of a \$10.00 fee for the replacement of a lost passbook and the above referenced early closure fee, there are no other fees or periodic charges associated with this account. The minimum amount you can withdraw by bank check is \$ 250.

STATEMENT SAVINGS ACCOUNT

Rate Information: This account is an interest bearing account. The interest rate on the account is .20% with an annual percentage yield of .20%. We consider this to be a variable rate account. By this we mean that the interest rate and the annual percentage yield may change. At our discretion, we may change the interest rate on the account as often as weekly. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). Interest will be compounded daily and will be credited to the account

monthly. If you choose to close this account, any uncredited interest will not be paid. You will receive a statement each month outlining all account activity for the previous calendar month.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of at least \$ 100.00 in the account each day to obtain the disclosed Annual Percentage Yield.

Limitations: You must deposit at least \$ 100.00 to open this account. You must maintain a minimum balance of at least \$ 100.00 at all times to avoid the imposition of a \$5.00/monthly minimum balance fee. You must make at least one deposit to or withdrawal from this account each year to prevent the imposition of a monthly account inactivity fee. In accordance with the directives of the Federal Government under Regulation D, preauthorized, automatic, or phone transfers and ACH are limited to no more than six (6) per month. Withdrawals and transfers made in person or by mail are unlimited. The fees and periodic charges associated with this account are listed below. Our policy is to delay the availability of deposited funds. Please see our Funds Availability policy for more detailed information.

NOW CHECKING ACCOUNT

Rate Information - This account is an interest bearing checking account. The current interest rate is .075% with an annual percentage yield of .075%. Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded daily and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.

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

Limitations: You must deposit at least \$ 100.00 to open this account and you must maintain a balance of at least \$ 1,000 in the account each day to obtain the disclosed annual percentage yield. A fee of \$ 7 will be imposed each statement cycle the balance in the account falls below \$1,000 on any day of the cycle. You may not place a stop payment on any ATM, POS or debit card transactions.

NOW CHECK-N-VEST CHECKING ACCOUNT

Rate Information - This account is an interest bearing checking account. The current interest rate is .075% with an annual percentage yield of .075%. Your interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on your account at any time. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded daily and will be credited to your account monthly. If you close your account before interest is credited, you will not receive the accrued interest.

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

Limitations: You must deposit at least \$ 100 to open this account and you must maintain a balance of at least \$ 1,000 in the account each day to obtain the disclosed annual percentage yield. If you maintain deposit balance of at least \$10,000 in an associated deposit account at First Federal, no monthly maintenance fee will be charged. Otherwise a maintenance fee of \$ 7 will be imposed each statement cycle the balance in the account falls below \$1,000 on any day of the cycle. You may not place a stop payment on any ATM, POS or debit card transactions.

NEW YORK BASIC CHECKING ACCOUNT

Rate Information: This is a non interest bearing account.

Limitations: You must deposit at least \$ 25 to open this account. You must receive at least one direct deposit on a monthly basis in order to qualify for this account. You may make an unlimited number of deposits without incurring any additional charge.

Fees: A monthly service fee of \$ 3 will be charged each month. In addition, an excess transaction fee of 50 cents will be charged for each debit transaction in excess of eight during a statement cycle.

Additional Features: A withdrawal shall be deemed to be made when it is recorded on our books, which is not necessarily the date that you initiated the transaction. You may not place a stop payment on any ATM, POS or debit card transactions.

MONEY MARKET PLUS ACCOUNT

Rate Information: This account is a tiered interest bearing account. The interest rate tiers on the account are as follows:

Balances between	Interest Rate	Annual Percentage Yield (APY)
\$.01 and \$999.99	.050%	.050%

\$1,000.00 and 49,000.00	.10%	.10%
Balances over \$ 50,000	.20%	.20%

We consider this to be a variable rate account. By this we mean that the interest rate and the annual percentage yield may change at our discretion at any time. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). Interest will be compounded monthly and will be credited to the account monthly. If you choose to close this account, any un-credited interest will not be paid. You will receive a monthly statement outlining all account activity for the previous month.

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

Limitations: You must deposit at least \$1,000.00 to open this account. In accordance with the directives of the Federal Government under Regulation D, withdrawals and preauthorized, automatic, internet, debit card or phone transfers (including by check and ACH) are limited to no more than six (6) per month. Withdrawals and transfers made in person or by mail are unlimited. Our policy is to delay the availability of deposited funds. Please see our Funds Availability policy for more detailed information.

Fees and Charges

If the balance in your account falls below \$ 1,000 at any time during the month you will be charged a \$ 7 monthly fee. If you exceed either of the Regulation D (withdrawal and transfer) limits outlined above, a \$10 "Excess Activity Fee" may be charged to your account. If a check is drawn on your account against insufficient funds, a \$ 17 fee will be imposed. A \$17 fee may also be charged if a check is drawn against "uncollected" funds in your account.

MONEY MARKET PREMIUM ACCOUNT

Rate Information: This account is a tiered interest bearing account. The interest rate tiers on the account are as follows:

<u>Balances between</u>	<u>Interest Rate</u>	<u>Annual Percentage Yield (APY)</u>
\$.01 and \$2,499.99	.025%	.025%
\$2,500.00 and \$19,999.99	.10%	.10%
\$20,000.00 and \$49,999.99	.15%	.15%
\$50,000.00 and \$99,999.99	.25%	.25%
\$100,000.00 and \$249,999.99	.35%	.35%
Balances over \$ 250,000	.55%	.55%

We consider this to be a variable rate account. By this we mean that the interest rate and the annual percentage yield may change at any time. Interest rates will be set at the discretion of our Board of Directors based upon market conditions. Rates are tiered and higher balances may earn a higher rate of interest. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). Interest will be compounded and credited to your account on a monthly basis. If you choose to close this account, any un-credited interest will not be paid. You will receive a monthly statement outlining all account activity for the previous month.

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

Limitations: You must deposit at least \$ 2,500 to open this account. In accordance with the directives of the Federal Government under Regulation D, electronic withdrawals or transfers from a Money Market Premium account to another account or to third parties by preauthorized, automatic, check, debit card, or telephone transfer are limited to 6 per month. Withdrawals and transfers made in person or by mail are unlimited. You may not place a stop payment on any ATM, POS or debit card transactions. Our policy is to delay the availability of deposited funds. Please see our Funds Availability policy for more detailed information.

Fees and Charges - An account fee of \$10 will be imposed every statement cycle if the balance in the account falls below \$2,500 on any day of the cycle. If you exceed either of the Regulation D (withdrawal and transfer) limits outlined above, a \$10 "Excess Activity Fee" may be charged to your account.

HOLIDAY CLUB ACCOUNT

Rate Information: This account is an interest bearing account. The interest rate on the club account is .15% with an annual percentage yield of .15%. We consider this to be a variable rate account. By this we mean that the interest rate and the annual percentage yield may change at any time at our discretion. Interest begins to accrue on the business day you deposit non-cash items (for example, checks). Interest will be compounded daily and will be credited to the account at maturity. If you choose to close this account prior to maturity, all accrued interest will be forfeited.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of at least \$ 5.00 in the account each day to obtain the disclosed Annual Percentage Yield.

Limitations: You must deposit at least \$ 5 to open this account. There are no limitations on the frequency or timing of additional deposits. You may not make any principal withdrawals from this account prior to the Club closing date without forfeiting your accrued interest earnings and incurring the early closeout fee described below. The account will mature on the first Monday of October. At that time you will receive a check (or a direct balance transfer into an account that you designate at First Federal Savings) from us in an amount that will include both principal deposited and interest earned on the account up to the date that the date of payout. For your added convenience you can transfer funds into this account at no charge using either free internal transfers or telephone banking. We consider this account to be "perpetual", meaning that other than making deposits it does not have to be reestablished after maturity.

Account Fees: There are no fees or periodic charges associated with this account with the exception of a Holiday Club early close out fee of \$5.

6 MONTH CD

Rate Information: This account is an interest bearing account. The Interest Rate on the account is .25% with an annual percentage yield of .25%. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 182 days. Interest begins to accrue on the business day that you deposit non-cash items (for example, checks). Interest will be compounded daily and depending upon your preference, will be credited to your account either monthly or quarterly.

Balance Information: We use the daily balance method to calculate interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance in the account of at least \$1,000 each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit at least \$ 1,000 to open this account. Additional deposits are only permitted at maturity.

Time Account Information: Your account will mature in 6 months. If you withdraw any of the principal before the maturity date we may impose a penalty of (3) three months interest, whether earned or not. You are permitted to withdraw interest credited in the term before maturity of that term without penalty. Any such withdrawal will reduce earnings. The account will automatically renew. You will have (7) Calendar days after the maturity date to withdraw funds without penalty.

12 MONTH CD

Rate Information: This account is an interest bearing account. The interest rate on the account is .45% with an annual percentage yield of .45%. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 12 months. Interest begins to accrue on the business day that you deposit non-cash items (for example, checks). Interest will be compounded daily and depending upon your preference, will be credited to your account either monthly or quarterly.

Balance Information: We use the daily balance method to calculate interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance in the account of at least \$ 1,000.00 each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit at least \$ 1,000 to open this account. Additional deposits are only permitted at maturity.

Time Account Information: Your account will mature in 12 months. If you withdraw any of the principal before the maturity date we may impose a penalty of (6) six months interest, whether earned or not. The annual percentage yield assumes interest compounds on a daily basis and will remain on deposit until maturity. You are permitted to withdraw

interest credited in the term before maturity of that term without penalty. Any such withdrawal will reduce earnings. The account will automatically renew. You will have (7) Calendar days after the maturity date to withdraw funds without penalty.

18 MONTH CD

An 18 Month CD available for IRA and Keogh Accounts only

Rate Information: This account is an interest bearing account. The interest rate on the account is .45% with an annual percentage yield of .45%. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 18 months. Interest begins to accrue on the business day that you deposit non-cash items (for example, checks). Interest will be compounded daily and will be credited monthly.

Balance Information: We use the daily balance method to calculate interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance in the account of at least \$ 1,000.00 each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit at least \$ 1,000 to open this account. Additional deposits are only permitted at maturity. You may not make any withdrawals from this account prior to maturity without incurring a penalty, with the exception of normal retirement distributions that are permitted under the plan.

Time Account Information: Your account will mature in 18 months. If you withdraw any of the principal before the maturity date we may impose a penalty of (6) six months interest, whether earned or not. This penalty will be waived for customers over age 59 ½ at the time of the withdrawal, as well as in the case of death or permanent disability of the account holder. Any such withdrawal will reduce earnings. The annual percentage yield assumes interest compounds on a daily basis and will remain on deposit until maturity. The account will automatically renew. You will have (7) Calendar days after the maturity date to withdraw funds without penalty.

30 MONTH CD

Rate Information: This account is an interest bearing account. The interest rate on the account is .65% with an annual percentage yield of .65%. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect for 30 months. Interest begins to accrue on the business day that you deposit non-cash items (for example, checks). Interest will be compounded continuously and will be credited quarterly.

Balance Information: We use the daily balance method to calculate interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance in the account of at least \$ 1000.00 each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit at least \$ 1,000 to open this account. Additional deposits are only permitted at maturity.

Time Account Information: Your account will mature in 30 months. If you withdraw any of the principal before the maturity date we may impose a penalty of (6) six months interest, whether earned or not. The annual percentage yield assumes interest compounds continuously and will remain on deposit until maturity. You are permitted to withdraw interest credited in the term before maturity of that term without penalty. Any such withdrawal will reduce earnings. The account will automatically renew. You will have (7) Calendar days after the maturity date to withdraw funds without penalty.

The following fees apply to all deposit accounts unless specified elsewhere in this disclosure:

Returned Item Fee: 2 nd Party Checks:	\$ 7.00 per returned item
Returned Item Fee: 1 st Party Checks:	\$ 17.00 per returned item
Returned Item Fee: Uncollected Funds	\$ 17.00 per occurrence
Copy of a check	\$ 3.00 per copy
Photocopy of Statement:	\$ 5.00 per page
Outgoing Domestic Wire Transfers:	\$ 10.00 per wire
Early Account Closure Fee (within 90 days)	\$ 20.00
Deposited Check Returned Unpaid	\$ 7.00
ACH or Electronic Return Fee**	\$ 17.00

Certified Check	\$ 5.00
Stop Payment (<i>All Items</i>)	\$ 7.00
Debit Card Replacement	\$ 10.00
Minimum amount of Withdrawal	
by Bank Check on all accounts	\$ 250.00
Account Activity Printout	\$ 5.00
Duplicate or Special Statement (per page)	\$ 5.00
Foreign Check Collection Fee	\$ 20.00
Account Research (per hour)	\$ 20.00
Levy Fees	\$ 25.00
Excess Transaction Fee (M/M, Passbook & Statement Savings)	\$ 10.00
Protest Fee for checks drawn on us	\$ 5.00
Protest Fee for checks <i>not</i> drawn on us	\$ 15.00
Holiday Club early closeout	\$ 5.00
Money Order fee for Customers	\$ 1.50
Money Order fee for Non-Customers	\$ 3.00
Customer purchase of Bank Check	
-- <i>other than by account withdrawal</i>	\$ 2.00
Bond Coupons per envelope	\$ 4.00
Over the Counter Checks (Per Page)	\$ 1.00
Loose Coin Counted for Depositors	
2.5% per \$100 of coin (\$5.00 Minimum Charge)	\$ 5.00
Non-Customer Check Cashing of	
Checks drawn on us (per item)	\$ 15.00
Inactivity fee (1 year without activity):	\$ 5.00

COMMERCIAL CHECKING FEES

Monthly Maintenance Charge	\$ 7.00
Per Check Deposited	\$.10
Per Each Deposit Ticket	\$.25
Per Each Check Paid	\$.15
The monthly average collected balance may earn an "Earnings Allowance" which may be applied against the monthly service fees. The "Earnings Allowance Rate" is a variable rate established by the bank on a monthly basis.	
Insufficient Funds**	\$ 20.00
Overdraft for each Debit or Check Paid**	\$ 20.00
ACH or Electronic Return Fee**	\$ 20.00
Deposited Check Returned Unpaid	\$ 12.00



FACTS

WHAT DOES FIRST FEDERAL SAVINGS OF MIDDLETOWN DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and Account Balances
- Payment History and Checking Account Information
- Transaction History and account transactions

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons First Federal Savings of Middletown chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does First Federal Savings of Middletown share?	Can you limit this sharing?
For our everyday business purposes— such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes— to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Who we are

Who is providing this notice?

First Federal Savings of Middletown

22 James Street, Middletown, NY 10940

What we do

How does First Federal Savings of Middletown protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards, as well as secured files and buildings.

How does First Federal Savings of Middletown collect my personal information?

We collect your personal information, for example, when you

- Open an account, or Apply for a loan
- Use your debit card
- We also collect your personal information from others, such as credit bureaus

Why can't I limit all sharing?

Federal law gives you the right to limit only

- sharing for affiliates' everyday business purposes—information about your creditworthiness
- affiliates from using your information to market to you
- sharing for non-affiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *First Federal Savings of Middletown has no affiliates*

Non-Affiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *First Federal Savings of Middletown does not share with non-affiliates so they can market to you*

Joint Marketing

A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *First Federal Savings of Middletown doesn't jointly market*

Other Important Information

**Member FDIC
Equal Housing Lender**