

HSA CUSTODIAL AGREEMENT AND DISCLOSURE

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BB&T

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HSA CUSTODIAL AGREEMENT AND DISCLOSURE

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HEALTH SAVINGS ACCOUNT CUSTODIAL AGREEMENT

Form 5305-C

*Under Section 223 of the Internal Revenue Code
Do not file this form with the Internal Revenue Service*

Introduction

The Account Owner named on the BB&T Health Savings Account Application (“Account Owner,” and also referred to herein using pronouns such as “you” and “your”) is establishing this Health Savings Account (“HSA” or “Custodial Account” or the “Account”) exclusively for the purpose of paying or reimbursing Qualified Medical Expenses of the Account Owner, his or her spouse, and Dependents. The Account is being opened with Branch Banking and Trust Company (the “Bank” or “BB&T” or “Custodian,” and also referred to herein using pronouns such as “we,” “us” and “our”). The Account Owner has assigned to this Custodial Account the funds described in the BB&T Health Savings Account Application. For married persons, each spouse who is eligible to open an HSA and wants to contribute to an HSA must establish his or her own account. The identifying number for an HSA will be the Account Owner’s individual HSA account number.

Account Owner Representations of Eligibility

The Account Owner represents that, unless this Account is used solely to make Rollover Contributions as defined below, he or she is eligible to contribute to this HSA; specifically, that he or she: (1) is covered under a High Deductible Health Plan (“HDHP”); (2) is not also covered by any other health plan that is not an HDHP (with certain exceptions described herein for plans providing preventive care and limited types of permitted insurance and permitted coverage); (3) is not enrolled in Medicare; and (4) cannot be claimed as a Dependent on another person’s tax return. BB&T has no obligation to verify that any applicant for an Account is eligible to establish an HSA under applicable laws and regulations.

Purpose of Form 5305-C

IRS Form 5305-C, on which this section of the Agreement titled “Health Savings Account Custodial Agreement” is based, is a model custodial account agreement that has been approved by the IRS, with permissible additional provisions that may be agreed to between the Custodian and Account Owner. The model agreement provisions provided by the IRS are contained below in Articles I through X. The additional provisions added by the Custodian are contained in Articles XI through XV. Also, further provisions applicable to BB&T HSAs, including certain disclosures required by various banking laws and regulations, are contained below under “Health Savings Account Additional Terms and Conditions.” An HSA is established after the custodial account agreement is fully executed by both the Account Owner and the Custodian, which occurs when both parties have signed the Health Savings Account Application. The agreement can be completed at any time during the tax year. An HSA must be created in the United States for the exclusive benefit of the Account Owner.

Do not file Form 5305-C or any part of this Agreement with the IRS. Instead, keep the Agreement with your records.

For more information on HSAs, see Notice 2004-2, 2004-2 I.R.B. 269, Notice 2004-50, 2004-33 I.R.B. 196, Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and other IRS published guidance.

Definitions

Certain terms used in this Agreement, which are not defined elsewhere herein, shall have the following meanings:

1. “Agreement” means this Health Savings Account Custodial Agreement and Disclosure booklet, including all provisions set forth under the headings of “Health Savings Account Custodial Agreement,” “Health Savings Account Additional Terms and Conditions,” and “Health Savings Account Disclosure Statement,” as any of the foregoing may be amended from time to time.
2. “Archer MSA” means an Archer Medical Savings Account, as defined in Code Section 220(d).
3. “Beneficiary” means the beneficiary or beneficiaries named by the Account Owner to receive the funds remaining in the Account upon the Account Owner's death.
4. “Code” means the Internal Revenue Code of 1986, as amended or replaced from time to time, and any regulations thereto.

5. “Dependent” means a dependent, as defined in Code Section 152 (determined without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B)), of the Account Owner.
6. “Family Coverage” under an HDHP is coverage that is not Self-Only Coverage.
7. “HDHP” or “High Deductible Health Plan” means a plan described in Code Section 223(c)(2). (See Section III.A. of the Disclosure Statement portion of this Agreement for more information regarding when an insurance plan qualifies as a High Deductible Health Plan under Code Section 223(c)(2)).
8. “HSA” or “Health Savings Account” means a health savings account, as defined in Code Section 223(d).
9. “IRS” means the Internal Revenue Service.
10. “Qualified Medical Expenses,” as defined in Code Section 223(d)(2), means amounts paid for certain specified (but not all) expenses related to medical care. (See Section VII.B. of the Disclosure Statement for further information regarding Qualified Medical Expenses.)
11. “Rollover Contribution” means a contribution of a distribution described in Code Sections 220(f)(5) or 223(f)(5) from an Archer MSA or an HSA, respectively, benefiting the Account Owner and made to the Account within 60 days after the date of the distribution from the Archer MSA or HSA.
12. “Self-Only Coverage” is coverage under an HDHP covering only the Account Owner and does not include Dependent or spousal coverage.

Agreement

The Account Owner and the Custodian make the following Agreement:

Article I

1. The Custodian will accept additional cash contributions for the tax year made by the Account Owner or on behalf of the Account Owner (by an employer, family member or any other person). No contributions will be knowingly accepted by the Custodian for any Account Owner that exceed the maximum amount for Family Coverage plus the catch-up contribution.
2. Contributions for any tax year may be made at any time before the deadline for filing the Account Owner’s federal income tax return for that year (without extensions).
3. Rollover Contributions from an HSA or an Archer MSA (unless prohibited under this Agreement) need not be in cash and are not subject to the maximum annual contribution limit set forth in Article II.
4. Qualified HSA funding distributions from an individual retirement account must be completed in a trustee-to-trustee transfer and are subject to the maximum annual contribution limit set forth in Article II.

Article II

1. The maximum annual contribution limits for the two most current years for Accountholders with Self-Only Coverage and Accountholders with Family Coverage are set forth in the most recent HSA Pricing Guide which is made available to you periodically (hereinafter, the “Pricing Guide”). These limits are subject to annual adjustments.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. An additional catch-up contribution may be made for an Accountholder who is at least age 55 or older and not enrolled in Medicare. This figure will be reflected in your Pricing Guide.
4. Contributions in excess of the maximum annual contribution limit are subject to an excise tax. However, the catch-up contributions are not subject to an excise tax.

Article III

It is the responsibility of the Account Owner to determine whether contributions to this HSA have exceeded the maximum annual contribution limit described in Article II. If contributions to this HSA exceed the maximum annual contribution limit, the Account Owner shall notify the Custodian that there exist excess contributions to the HSA. It is the responsibility of the Account Owner to request the withdrawal of the excess contributions and any net income attributable to such excess contributions.

Article IV

The Account Owner's interest in the balance in this custodial account is non-forfeitable.

Article V

1. No part of the custodial funds in this Account may be invested in life insurance contracts or in collectibles as defined in Section 408(m) of the Code.
2. The assets of this Account may not be commingled with other property except in a common trust fund or common investment fund.
3. Neither the Account Owner nor the Custodian will engage in any prohibited transaction with respect to this Account (such as borrowing or pledging the Account or engaging in any other prohibited transaction as defined in Section 4975 of the Code).

Article VI

1. Distribution of funds from this HSA may be made upon the direction of the Account Owner.
2. Distributions from this HSA that are used exclusively to pay or reimburse Qualified Medical Expenses of the Account Owner, his or her spouse, or Dependents are tax-free. However, distributions that are not used for Qualified Medical Expenses are included in the Account Owner's gross income and are subject to an additional 20 percent tax on that amount. The additional 20 percent tax does not apply if the distribution is made after the Account Owner's death, disability, or reaching age 65.
3. The Custodian is not required to determine whether the distribution is for the payment or reimbursement of Qualified Medical Expenses. Only the Account Owner is responsible for substantiating that the distribution is for Qualified Medical Expenses and must maintain records sufficient to show, if required, that the distribution is tax-free.

Article VII

If the Account Owner dies before the entire interest in the Account is distributed, the entire Account will be disposed of as follows:

1. If the Beneficiary is the Account Owner's spouse, the HSA will become the spouse's HSA as of the date of death.
2. If the Beneficiary is not the Account Owner's spouse, the HSA will cease to be an HSA as of the date of death. If the Beneficiary is the Account Owner's estate, the fair market value of the Account as of the date of death is taxable on the Account Owner's final return. For other Beneficiaries, the fair market value of the Account is taxable to that person in the tax year that includes such date.

Article VIII

1. The Account Owner agrees to provide the Custodian with information necessary for the Custodian to prepare any report or return required by the IRS.
2. The Custodian agrees to prepare and submit any report or return as prescribed by the IRS.

Article IX

Notwithstanding any other Article that may be added or incorporated in this Agreement, the provisions of Articles I through VIII and this sentence are controlling. Any additional Article or provision in this Agreement that is inconsistent with Section 223 of the Code or IRS published guidance will be void.

Article X

This Agreement will be amended from time to time to comply with the provisions of the Code or IRS published guidance. Other amendments may be made in accordance with Article XIV.

Article XI

Except as hereinafter provided, funds in the Account shall be held in an interest-bearing sub-account with the Custodian and shall be insured by the Federal Deposit Insurance Corporation up to the Standard Maximum Deposit Insurance Amount.

Article XII

1. The Account Owner shall notify the Custodian in writing of any change of address. Such change shall be effective upon the Custodian's receipt of the change of address notice.
2. The Account Owner shall fully indemnify the Custodian from any and all liability which may arise in connection with the Account, except that which arises from negligent conduct or willful misconduct of the Custodian. Other than as set forth in the previous sentence or as otherwise provided herein, the Custodian shall not incur any liability of any nature in connection with the Account.
3. The Account Owner agrees to pay the Custodian the fees specified in the fee schedule reflected in the Pricing Guide provided to the Account Owner by the Custodian. The Custodian may amend or replace the fee schedule at any time by giving the Account Owner 30 days prior written notice. The Account Owner shall pay the Custodian's fees and other expenses incurred in the Custodian's performance of its duties related to this Account. The Account Owner also shall reimburse the Custodian for all reasonable expenses, including legal expenses, that the Custodian may incur in connection with the administration of the Account. The Custodian may charge its fees against the assets of the Account and be paid from such Account assets.
4. The Account Owner shall have the right to terminate this Account by giving 30 days written notice to the Custodian. If the Account Owner's employer contributes to the Account, termination of the Account shall be effective only after the Account Owner terminates payroll contributions. The Account Owner shall appoint a successor custodian or trustee authorized to act as such in relation to HSAs under the Code. As soon as is practicable following written notice of this appointment, the Custodian shall transfer all assets and appropriate records of the Account to the successor custodian or trustee. The Custodian, however, may retain a portion of the assets of the Account as a reserve for payment of anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor custodian or trustee upon satisfaction of these fees and expenses.
5. The Bank shall not be liable for any actions or failures to act on the part of any successor custodian or trustee, nor for any tax consequences the Account Owner may incur resulting from any transfer or distribution.

Article XIII

1. The Custodian shall receive and invest contributions, and shall hold and distribute assets of the Account pursuant to the written directions of the Account Owner. The Custodian shall keep records of its administration of the Account, receipts of funds, and disbursements and other transactions involving the Account.
2. The Custodian shall furnish a report to the Account Owner concerning the status of the Account at least once annually, or more often if required by law.
3. The Custodian shall have no responsibility for determining the tax effect of contributions to the Account by, or on behalf of, the Account Owner. Likewise, the Custodian shall have no responsibility for determining the tax effect of distributions from the Account to, or on behalf of, the Account Owner.
4. The Custodian shall not be obligated to commence or defend any legal action or proceeding in connection with the Account unless agreed upon by the Custodian and the Account Owner or their legal representatives.
5. The Custodian shall have the following powers and rights in addition to those stated elsewhere and/or granted by law:

- a. to pay any tax attributable to any asset of the Account or any benefit or distribution paid from the Account; prior to release of any asset or distribution from the Account, the Custodian may require a release or similar document from the applicable taxing authority in order to protect itself from possible tax liability;
 - b. to employ suitable agents and counsel;
 - c. to perform any and all acts it deems necessary to effect the proper management of the Account; and
 - d. to begin, maintain, or defend any litigation necessary in connection with the administration of the Account, but the Custodian shall not be required to do so unless fully indemnified to its satisfaction.
6. The Custodian may resign and terminate this Agreement at any time upon 30 days written notice to the Account Owner and shall turn over to the successor custodian or trustee all assets, minus expenses, and appropriate records of the Account. The Custodian, however, may retain a portion of the assets of the Account as a reserve for payment of anticipated remaining fees and expenses, and shall pay over any remainder of this reserve to the successor custodian or trustee upon satisfaction of these fees and expenses. The Custodian shall not be liable for the acts or omissions of any successor custodian or trustee.
 7. After the Custodian has transferred the assets of the Account in connection with the termination of the Account, including any reserve as provided in this Article XIII or in Article XII, it shall be relieved of all further liability with respect to the Account.
 8. The Custodian shall have the right, power and authority to do each and every act and thing and to enter into and carry out each and every agreement with respect to the Account which may be necessary or advisable to discharge its responsibilities under this Agreement.

Article XIV

1. This HSA Custodial Agreement includes and is intended to be the Internal Revenue Service's model custodial account agreement (IRS Form 5305-C). Certain additions have been made in accordance with Article XI of the model agreement and have been drafted with the intention that they comply with the provisions of Section 223 of the Code and any regulations thereunder. However, the tax consequences of the establishment of an Account under this Agreement, and the contributions to and distributions from the Account, are the responsibility of the Account Owner and the Account Owner's tax and legal advisors.
2. The Custodian shall have the right to amend or modify this Agreement at any time, including retroactively, to comply with the requirements of the Code and applicable law. The Custodian will provide written notice to the Account Owner of any such amendment. Any other material amendments shall require the Account Owner's consent, by action or no action, and will be preceded by written notice to the Account Owner. Unless otherwise required by law, the Account Owner is deemed to automatically consent to an amendment by continuing to maintain the Account after the Custodian has sent notice of an amendment, which means that the Account Owner's written approval is not required for the amendment to apply to the Account.

Article XV

1. Unless the Account Owner has expressly objected to the disclosure of such information, pursuant to Securities and Exchange Commission Rule 14b-2 promulgated under the Securities Exchange Act of 1934, as amended, the Custodian is required to disclose the following information to each issuer of securities held under this Agreement from time to time: the Account Owner's name, address and holdings of securities of that issuer. To object to and prevent such disclosure under Rule 14b-2, the Account Owner must notify the Custodian in writing.
2. Any notice provided for in this Agreement shall be effective when the Custodian sends it to the Account Owner at the Account Owner's last known address in the Custodian's records. Any notice to be given to the Custodian shall be considered effective when the Custodian receives it.
3. This Agreement shall be governed by federal law and regulations and to the extent applicable, the laws of the state in which the branch office where the Account was opened is located. If the Account was not opened in person at a branch office, but by mail, telephone, or over the internet, and the Account Owner resides, or maintains a residence, in a state where the Bank operates a branch office, this Agreement will be governed by the laws and regulations of the United States and to the extent applicable, the laws of the state of such residence. If the Account Owner does not reside, or maintain a residence, in a state where the Bank operates a branch office and the Account was opened by mail, telephone, or over the internet, this Agreement will be governed by the laws and regulations of the United States and to the extent applicable, the laws of the State of North Carolina. The foregoing provisions

shall apply without giving effect to any choice of law rules purporting to require the application of the laws of another jurisdiction. Any lawsuits, claims or other proceedings arising from or relating to the Account or this Agreement, including without limitation, the enforcement of the Arbitration provisions hereof, shall be subject to the exclusive jurisdiction of the courts of the state whose law governs this Agreement, without regard to any conflicting choice of law rules. Venue shall lie in the same state as the law governing this Agreement, exclusive of any other state.

4. The Account shall be maintained for the exclusive benefit of the Account Owner or his or her Beneficiaries and may not be attached or alienated, unless permitted by law.
5. Notwithstanding Article VI, distribution of funds from the Account may be subject to reasonable restrictions on frequency or minimum amounts established by the Custodian and communicated in advance to the Account Owner in the Health Savings Account Additional Terms and Conditions or elsewhere.
6. The Account Owner may repay to the Account any amount distributed from the Account because of a mistake of fact due to reasonable cause that an expense paid or reimbursed by the Account was a Qualified Medical Expense, by no later than April 15 of the year following the year the Account Owner knew or should have known the distribution was a mistake. The Custodian may rely on the Account Owner's representation that the distribution was a mistake that qualifies for a return as provided herein.
7. Notwithstanding Article I, the Custodian may require the Account Owner to furnish written evidence that any property comprising all or part of any Rollover Contribution qualifies as a "rollover contribution" under Code Section 223 prior to accepting the contribution as a rollover.
8. The Account Owner acknowledges that he or she has received and read this Agreement, including this HSA Custodial Agreement, the Health Savings Account Additional Terms and Conditions, and the Health Savings Account Disclosure Statement relating to the Account and set forth below. By signing the Health Savings Account Application, the Account Owner agrees to all terms of the Agreement, including this HSA Custodial Agreement, the Additional Terms and Conditions and the Disclosure Statement, and further agrees that the information in the Application is true and accurate as of the date thereof.

HEALTH SAVINGS ACCOUNT ADDITIONAL TERMS AND CONDITIONS

A. OVERVIEW

These Health Savings Account Additional Terms and Conditions, along with the HSA Custodial Agreement and HSA Disclosure Statement contained in this booklet and constituting part of the Agreement, plus the BB&T Corporation Consumer Privacy Notice (which will be provided to you separately from this booklet), all govern your Health Savings Account. When you open a Health Savings Account at BB&T, you are agreeing to be bound by the terms of all of the foregoing, which are legally binding contracts. Any or all of the foregoing may be amended from time to time by the Bank, and the Bank will provide you written notice of any material amendments, as described in the HSA Custodial Agreement. Continued use of the Health Savings Account after we send notice of amendment constitutes acceptance of any amendments to these Additional Terms and Conditions, the Custodial Agreement, the Disclosure Statement or the BB&T Corporation Consumer Privacy Notice, as applicable. Please keep a copy of these documents, and any amendments thereto, for your reference.

The schedule of fees and maintenance charges for your HSA, along with any minimum opening deposit or ongoing balance requirements (if any) is set forth in the Pricing Guide provided to you at account opening.

1. **In General.** Your Health Savings Account is a tax-exempt custodial account established for the purpose of paying your Qualified Medical Expenses, provided that you are covered under a High Deductible Health Plan (“HDHP”) when contributions are made and you satisfy other eligibility requirements described in the HSA Disclosure Statement.

You, your employer or any other person may contribute to this HSA on your behalf. The total amount of contributions that may be made in a calendar year are limited, depending on whether you have HDHP Self-Only Coverage or Family Coverage, your age, your marital status, whether you have contributed to other HSAs or to any Archer MSAs during the year, and other legal restrictions. You may deduct contributions made to this HSA on your federal tax return, up to the limits allowed by law. You should check with your tax advisor to determine whether you may deduct HSA contributions on your state tax return. Employer contributions, up to the limits allowed by law, are excludible from your income.

Subject to certain requirements described in the HSA Custodial Agreement and the HSA Disclosure Statement, contributions to this HSA grow tax-free - that is, earnings and interest on your HSA funds are not taxable income while they are in the HSA (or when they are distributed to pay Qualified Medical Expenses) and are not reported on your federal tax return.

Distributions from the HSA are not included in your taxable income if they are used exclusively to pay or reimburse Qualified Medical Expenses. Distributions used for purposes other than Qualified Medical Expenses are includable in gross income and are generally subject to an additional 20% penalty.

2. **No Tax or Legal Advice.** The Bank’s responsibility is limited to the handling of your Account funds in accordance with the terms of this Agreement. The Bank cannot give you tax or legal advice on the establishment of an HSA or how contributions to and distributions from your HSA apply to your particular situation, and none of the services provided or any communications made by BB&T pursuant to this Agreement, whether oral or written, are or should be construed as tax or legal advice. You are solely responsible for determining your eligibility to participate in an HSA, determining your contribution limit under the HSA, maintaining records sufficient to demonstrate that HSA distributions were made to pay for or reimburse Qualified Medical Expenses, and otherwise complying with applicable tax laws and regulations. You should consult with your attorney or personal tax advisor about these matters.
3. **Not Acting as a Fiduciary.** Nothing herein is intended to extend fiduciary services with respect to the account. BB&T, as Custodian is not intended to have or exercise discretionary authority or responsibility with respect to the management of your Account.
4. **Opening Your HSA.** By signing the application for an HSA or depositing funds in the Account, you become subject to this Agreement. You agree that any information supplied on the HSA Application form is true and correct. You agree that the Bank may obtain reports from credit bureaus or consumer reporting agencies to investigate or verify the information provided. The Bank may also verify your employment, compensation, assets, debts, and references for purposes of considering your eligibility for products or services. Our approval or denial of your request to open an HSA is in our sole discretion. The signature on the HSA Application and/or any signature card which may accompany the HSA Application is the authorized signature for the Account. The Bank is authorized to recognize any such signature for the payment of funds and for other purposes relating to the HSA, but will not be liable for refusing to honor any instruction if we believe, in good faith, that the signature appearing on the instruction is not genuine or authorized. If we provide you a signature card to sign and return to us and you fail to do so, you agree that the Bank

will not be liable for honoring any signed instructions if we believe in good faith that the signature appearing on those instructions is authorized. For purposes of this paragraph and this Agreement, in some cases the term “signature” may include signatures appearing on HSA applications or other documents that are completed and signed electronically using the Account Owner’s “e-signature.”

5. USA PATRIOT Act Disclosure. Under federal law, the Bank is required to use reasonable procedures to verify the identity of any person seeking to open an account with the Bank, including an HSA. The Bank’s identity verification procedures require the Bank to request certain information from you or third parties regarding you, and you agree to provide the Bank with, and consent to the Bank obtaining from third parties, such requested information, which may include your signature, as a condition of opening the HSA. To the extent that you fail to provide or to consent to the provision of any such information, that failure shall be grounds for the Bank to not open the HSA, or to close the HSA.
6. Roles of Third Parties. In some cases, certain third parties (individually, a “Third Party,” and collectively, “Third Parties”) may work with BB&T to provide various services or aspects of the HSA account opening or account maintenance/administration processes. These may include: (a) your employer; (b) Third Party Administrators (“TPAs”) that provide account opening and ongoing administrative services as an intermediary between the Custodian on the one hand and businesses and their employees on the other; and (c) insurance brokers or other firms that assist businesses and their employees with their health care benefit plan needs, including providing HSA account opening services. Any such Third Parties may provide you with initial information about BB&T HSAs, assist you with obtaining answers to your questions about HSAs, obtain completed account applications for forwarding to the Bank, collect information to verify applicants’ identities as described above, and perform other aspects of the account opening process. They may also collect HSA contributions made by you or others and periodically transfer them to a designated account at the Bank for crediting to your HSA. In addition, TPAs may perform such services as processing distributions requested by Account Owners, transmitting other Account Owner instructions to the Bank, handling certain recordkeeping and tax reporting matters, and providing telephone and/or online support to Account Owners. You agree that: (a) all Third Parties contemplated by this paragraph will have access to such personal, financial and account information relating to you, the Account Owner, as may be necessary or desirable to perform the functions for which the Third Party has been engaged; (b) to the extent such a Third Party acts as an intermediary between you and the Bank, you hereby authorize the Third Party as your agent to interact with the Bank as may be required or appropriate in the administration of your HSA; and (c) to the extent a Third Party performs services or aspects of HSA account opening and administration that would otherwise be performed by BB&T, certain references in this Agreement to BB&T, the Bank, the Custodian, “we,” “us,” “our” and the like will be deemed to refer instead to the Third Party, or to BB&T and the Third Party collectively, as appropriate in the context. Also, BB&T and any Third Party may utilize such additional affiliated or unaffiliated service providers or vendors (for example, software/systems providers) as they deem necessary or desirable in connection with the administration of your HSA. Depending on the services or products being provided by these additional parties, they may or may not be “visible” to Account Owners. You acknowledge and agree that such additional providers may also have access to such information for such purposes as described in item (a) above.
7. Nature of Your HSA. Your HSA is an interest-bearing custodial account at the Bank, the cash deposits of which are insured by the Federal Deposit Insurance Corporation up to the Standard Maximum Deposit Insurance Amount. You may access your HSA to pay or reimburse Qualified Medical Expenses via a BB&T Benefit Access VISA® Debit Card (your “Card”), through BB&T OnLine Bill Pay, ACH debit transactions, checks or by obtaining a withdrawal at any Bank branch. Use of the Card or OnLine Bill Pay to make HSA distributions is additionally subject to the terms of separate agreements which will be provided to you with the Card or when you enroll for OnLine Bill Pay.

You may arrange with BB&T to have funds automatically deposited into your HSA from another account at the Bank or from an account at a third-party financial institution. We are not responsible for any fees charged by other financial institutions. We will place a three (3) business day hold on the amount of any automatic transfer into the HSA from a third-party institution. Such transferred funds cannot be invested or withdrawn from the HSA until the three (3) business day hold expires, although the funds will earn interest during the hold period.

B. HSA DEPOSIT ACCOUNT TRUTH IN SAVINGS DISCLOSURE

The interest paid on the cash deposited in your HSA (i.e., excluding funds invested in mutual funds) will be calculated as set forth below. Disclosures of current interest rates and Annual Percentage Yields on HSAs are set forth on the “BB&T Interest Schedule” given to you at account opening.

1. Annual Percentage Yield. The Annual Percentage Yield (“APY”) is a measure of the total amount of interest paid on an account based upon the interest rate and frequency of compounding. The APY is expressed as an annualized rate, based on a 365-day year or a 366-day year in a leap year if interest is earned or anticipated to be earned on February 29. Accounts opened after February 29 in a leap year earn interest based on a 365-day year. For variable rate accounts, the calculation is based only on the initial interest rate in effect when the account is opened (or advertised), and assumes that this rate will not change during the period the Account is maintained.
2. Variable Rate Accounts. Unless otherwise disclosed to you, your HSA will be a variable rate interest-bearing transaction account. The interest rate and APY may change at any time and in our sole discretion.
3. Compounding and Crediting of Interest. Interest begins to accrue no later than the first business day the Bank receives credit for the deposit of non-cash items (for example, checks), i.e., interest is paid on collected balances. The Bank relies upon the availability schedule of its Federal Reserve Bank to establish when credit is received for the deposit of non-cash items. Interest is compounded daily and credited on the last day of the statement cycle. If your Account is closed before interest is credited, you will not receive the accrued interest.
4. Balance Calculation. We calculate interest on the full amount of the collected balance in your Account each day. We use the daily balance method to calculate the interest on your Account. This method applies a daily periodic rate to the collected balance in the Account each day.
5. Withdrawal Notice. Federal regulations require us to reserve the right to require at least seven (7) days written notice prior to withdrawal of all or part of your funds deposited.
6. Tiered Interest Rate. Your interest rate is determined by the cash balance in your Account according to the following tiers:

\$0 - \$2,499
 \$2,500 - \$9,999
 \$10,000 - \$24,999
 \$25,000+

The interest rate tiers are based on the minimum principal balance that you maintain in your Account. Payment of interest will be calculated by applying the appropriate tier variable interest rate to the daily collected balance in your Account.

7. Deposits and Withdrawals. You are permitted to make deposits (contributions) to and transfers or withdrawals (distributions) from the Account at any time subject to the rules governing HSAs as described herein and also subject to the Bank’s right as described above to require seven (7) days written notice prior to withdrawal of all or part of the funds on deposit. Subject to the requirements of the Internal Revenue Code, transfers from this HSA to another HSA deposit account may be made at any time without penalty.

C. ELECTRONIC FUND TRANSFER AGREEMENT AND DISCLOSURES

If you deposit funds into your HSA through an electronic terminal, telephone, computer, or magnetic tape, or if you use your Card to make payments from the HSA, or if you otherwise authorize an electronic fund transfer from your HSA, the terms set forth below apply. You agree to conduct all electronic fund transfers in accordance with these provisions, and you agree to conduct all electronic fund transfers involving the Card in accordance with both these provisions and those of any separate agreement and disclosure provided in connection with the issuance of your Card. In the event of any conflict between the terms set forth below and the provisions contained in any separate agreement and disclosure you receive with your Card, then the most current of the conflicting agreements will govern with respect to any Card transactions, unless applicable law provides otherwise.

1. Verification of Transactions. Transaction records issued with respect to an electronic fund transfer will be subject to verification and adjustment in accordance with the rules and regulations of the Bank and applicable law. Where there is a conflict between a transaction record and the Bank’s record, the Bank’s record shall control.
2. Overdrafts. You agree not to conduct any transaction(s) to withdraw more than the applicable daily limit on any day, or which would cause the balance in your HSA to go below zero. We may reject any such transaction.
3. International Transactions. VISA will convert to U.S. dollars any purchase, credit, cash disbursement, or reversal transaction made to your account in a currency other than U.S. dollars. The conversion rate will be determined using VISA currency conversion

procedures then in effect. Under the currency conversion procedure that VISA International uses, the non-U.S. dollar transaction amount is converted into a U.S. dollar amount by multiplying the transaction amount in the non-U.S. dollar currency by a currency conversion rate. The currency conversion rate between the transaction currency and the billing currency used for processing international transactions is a rate selected by VISA from the range of rates available in wholesale currency markets for the applicable central processing date, which rate may vary from the rate VISA receives, or the government-mandated rate in effect for the applicable central processing date. The currency conversion rate is subject to change by VISA. The date the conversion rate is applied by VISA is either: (a) the date the transaction is processed; or (b) the day before the date the transaction is processed. Thus, the conversion rate applied may differ from the rate on the date of your transaction. Any fees imposed by us in connection with foreign currency conversions and in connection with transactions occurring outside of the United States, Puerto Rico, and the U.S. Virgin Islands (international transactions) will be disclosed in the Pricing Guide.

4. Holds on Funds . When you use the Card to make purchases or to pay bills, the merchant or medical provider (“merchant”) may submit to the Bank a preauthorization for the transaction, which we may accept or decline. In certain circumstances, VISA and other payment networks permit the preauthorization amount to be estimated by the merchant, which may be more or less than the final transaction amount. If we accept the preauthorized amount submitted by the merchant, we are obligated to pay the submitted item, and the available balance on the HSA will be reduced by the amount of the preauthorization submitted by the merchant (a “hold”) even if the final settlement of the transaction has not yet been received or processed by us. This hold, which may be more or less than the final transaction amount, may affect the funds available in the HSA to pay for other transactions. As a result, other transactions may be declined, dishonored or not paid. We are not responsible if we do not authorize or pay any transactions while such a hold is in place. Your HSA will be debited when the settlement transaction corresponding with the preauthorized amount has cleared through us, or the hold on your Account will be released in three (3) business days, whichever first occurs. A merchant may reverse the preauthorization at your request, and/or extend or modify the amount of the preauthorization in certain circumstances.
5. Rejection of Transfers . We reserve the right to reject any electronic fund transfer that we reasonably believe is made in connection with an unlawful transaction or activity, including gaming, gambling or lottery, or that is not for a Qualified Medical Expense.
6. No Stop Payments; Returns, Refunds and Disputes . You may not stop payment on any transactions initiated by use of your Card. Any returns of purchases, or any claims or disputes regarding goods or services purchased or bills paid with the Card, or regarding any preauthorization submitted by a merchant, must be directed to the merchant and resolved between you and the merchant. If you are entitled to a refund of any amount for any reason, you agree to accept such refund in the form of a credit to the Card and the Account. You may not receive cash refunds on any Card transactions.
7. Changes in, and Termination of Right to Use, Card and Other Types of Electronic Fund Transfers . The Card remains our property and we may terminate your right to use it and require its return at any time for any reason. We may also terminate your right to use any other types of electronic fund transfer services we may provide in connection with your HSA, and we may make changes in any such services or in the features available with the Card at any time in our discretion. Where required by law, you will receive advance notice of any of the foregoing actions. You may cancel the Card at any time by returning it to us, and you may terminate your use of any other electronic fund transfer services by providing appropriate notice to us.
8. Zero Liability Policy for Card Purchases . You may have no liability for unauthorized Card purchases, subject to the following terms and conditions:
 - a. Our zero liability policy applies only to unauthorized purchases using your Card. Any claims of unauthorized Card purchases that do not meet the conditions of this section are governed by the disclosures below entitled: “Your Liability for Unauthorized Transfers from Your Account.”
 - b. Our zero liability policy may not apply if: (a) we determine that the unauthorized transaction was a result of gross negligence or fraud on your part; (b) you fail to provide us with a statement or affidavit of your claim within the time requested; (c) we determine that the transaction was not “unauthorized” as defined below; or (d) you fail to report the loss, theft, or unauthorized use of your Card within a reasonable period of time. A reasonable period of time will be determined by the Bank in its sole discretion, but in no event will it be shorter than the time periods specified in the disclosures below entitled “Your Liability for Unauthorized Transfers from Your Account.”
 - c. *“Unauthorized” Defined*. A transaction is considered “unauthorized” if it is initiated by someone other than you (the cardholder) without your actual or apparent authority, and you receive no benefit from the transaction. A transaction is not

considered “unauthorized” if: (a) you furnish the card, card number, or other identifying information to another person and give that individual express or implied authority to perform one or more transactions and the person then exceeds that authority; or (b) for any other reason the Bank concludes that the facts and circumstances do not reasonably support a claim of unauthorized use.

9. Your Liability for Unauthorized Transfers from Your Account. Tell us AT ONCE if you believe your Card has been lost or stolen, or if you believe that a transfer has been made from your HSA without your permission using information from one of your checks or otherwise. Telephoning is the best way of minimizing your possible losses. Except in situations governed by the zero liability policy described above, if you tell us within two (2) business days after you learn of the loss or theft of your Card or the unauthorized transaction, you can lose no more than \$50 if someone makes electronic transfers without your permission. If you do NOT tell us within two (2) business days after you learn of the loss or theft of your Card or the unauthorized transaction, and we can prove that we could have stopped someone from making electronic transfers without your permission if you had told us, you could lose as much as \$500.

Also, if your periodic statement transaction history or other Card transaction information provided to you shows transactions that you did not make, tell us at once. If you do not tell us within 60 days after the transmittal of such information, you may not get back any money you lost after the 60 days if it can be proven that we could have stopped someone from taking the money if we had been notified 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.

10. Telephone Number and Address to be Notified in Event of a Lost or Stolen Card or Other Unauthorized Transfer. If you believe your Card has been lost or stolen, or that someone has used the Card or otherwise transferred funds from your HSA without your permission, immediately call 1-800-226-5228 or write to Fraud Management, P.O. Box 1014, Charlotte, NC 28201.
11. Business Days. For purposes of these disclosures, our business days are Monday through Friday, except Bank and/or federal holidays.
12. Types of Available Transfers and Limits on Transfers.
- a. *Account Access.* You may use your Card to pay for Qualified Medical Expenses. If you have received checks in connection with your HSA, you may also authorize a merchant or other payee to make a one-time electronic payment from your HSA using information from a check to pay for a purchase or to pay a bill. You may not use the Card at any Automated Teller Machine or ATM, to receive cash back from a merchant, or to deposit funds into your HSA.
 - b. *Limitations on Dollar Amounts of Transfers.* The daily limit for Card point-of-sale transactions is your “available balance” up to \$25,000. Your “available balance” means the amount of funds held in cash in your HSA as-of the prior business day, adjusted for pending transactions. Other limitations may also apply. Please contact your Relationship Banker for additional details.
13. Fees. Fees imposed in connection with electronic fund transfers, if any, will be disclosed to you in advance in the Pricing Guide or elsewhere. See Article XII of the HSA Custodial Agreement above for additional information concerning fees.
14. Documentation of Transfers.
- a. *Receipts.* You can obtain a receipt from the merchant at the time you make any point-of-sale purchase or payment using your Card. You should retain your receipts in case they are later needed to help verify that your transactions are for Qualified Medical Expenses.
 - b. *Preauthorized Deposits.* If you have arranged to have direct deposits made to your Account at least once every sixty (60) days from the same person or company, you can call us at 1-800-226-5228, during normal business hours, to find out whether or not the deposit has been made.
 - c. *Periodic Statements.* You will receive a monthly Account statement showing your electronic fund transfers, but we may send it less frequently if the Account has no activity.

15. Preauthorized Transfers/Payments.

- a. *Right to Stop Payment and Procedure for Doing So.* If you have told us in advance to make regular payments from your HSA either by draft or by using your Card number, you can stop any of these payments. Here's how: You may call 1-800-226-5228 or visit a branch to complete a stop payment form. If you orally request a stop payment, we may require you to also put your request in writing and get it to us within fourteen (14) days after you call. You should refer to the BB&T OnLine Banking Services Agreement for the procedure to stop an online payment.
- b. *Notice of Varying Amounts.* If these regular payments may vary in amount, the person you are going to pay will tell you, ten (10) days before each payment, when it will be made and how much it will be.
- c. *Liability for Failure to Stop Payment of Preauthorized Transfer.* If you order us to stop one of these payments three (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.

16. Bank's Liability for Failure to Make Transfers. If we do not complete an electronic fund transfer to or from your HSA on time or in the correct amount according to our agreement with you, we will be liable only for your actual losses or damages; provided, however, that WE ARE NOT LIABLE FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES. In addition, we will not be liable to you in the following circumstances:

- a. If, through no fault of ours, you do not have enough money in your HSA to make the transfer.
- b. If the funds in your HSA are subject to legal process.
- c. If you attempt to complete a transaction that is not for a Qualified Medical Expense.
- d. If your Card has been reported lost or stolen and you attempt to use the Card without notifying us that it has been found.
- e. If we have reason to believe the requested transaction is unauthorized.
- f. If the transaction would exceed the security limitations on use of your Card.
- g. If the merchant terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- h. If circumstances beyond our control (such as fire, flood, water damage, power failure, strike, labor dispute, war, terrorism, computer breakdown, telephone line disruption, or a natural disaster) prevent the transaction, despite reasonable precautions that we have taken.
- i. If a merchant refuses to accept the Card.
- j. If any other exception stated in our agreements with you applies.

17. What to Do in Case of Errors or Questions about Your Electronic Fund Transfers.

Call us at 1-800-226-5228, or write us at:

Fraud Management
P.O. Box 1014
Charlotte, North Carolina 28201

Tell us 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 sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

You will need to tell us:

- a. your name and HSA Account or Card number;
- b. why you believe there is an error or why you need more information;

- c. the dollar amount involved; and
- d. if known, approximately when the error took place.

If you tell us orally, we may require that you also send us your complaint or question in writing within ten (10) business days. We will determine whether an error occurred within ten (10) business days after we hear from you, or within twenty (20) business days for new accounts, and we will correct any error promptly. If we need more time, however, we may take up to forty-five (45) days to investigate your complaint or question, or up to ninety (90) days for new accounts, foreign initiated transactions and point-of-sale transactions. If we decide to do this, we will recredit your account within ten (10) business days, or within twenty (20) business days for new accounts, for the amount you think is in error, minus a maximum of \$50, 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 in writing, and we do not receive it within ten (10) business days, or within twenty (20) business days for new accounts, we may not recredit your account and you will not have use of the money during the time it takes us to complete our investigation. We will tell you the results within three (3) 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.

18. Disclosure of Information to Third Parties. Subject to applicable law, we may disclose information to third parties about your HSA, the Card or the transactions you make:
- a. where it is necessary for completing transactions;
 - b. to verify the existence and condition of the Card or the HSA for a third party, such as a credit bureau or merchant;
 - c. to comply with government agency or court orders;
 - d. as otherwise required or permitted by law or government regulation;
 - e. if you give us your written permission;
 - f. to our associates/employees, auditors, affiliates, service providers, or attorneys as needed;
 - g. to third-party service providers (such as benefits administrators that determine pharmacy benefits under group health programs) and third parties involved in the processing of Card transactions; and
 - h. as stated in the BB&T Corporation Consumer Privacy Notice.

D. GENERAL ACCOUNT TERMS

1. Correction of Errors. The Bank has no duty to compare the items listed on the deposit slip with the items accompanying the slip when the deposit is received by the Bank for accuracy as the Bank relies upon the information you provide on your deposit slip when initially processing your deposit. Therefore, you have a duty to accurately record cash, each item being deposited, and the total amount of your deposit on your deposit slip or at the ATM. If an error in your deposit is later detected, it will be corrected by the Bank unless otherwise agreed. Final Credit to your account is based on the total sum of the cash and items actually received by the Bank.

You will be sent a notice of any adjustment we make to your deposit that is more than \$10 dollars. Any correction made to your deposit of \$10 or less will be reflected on your bank statement. You may confirm the Final Credit amount of your deposit and your account balance at any time. Under this agreement, you are required to review your bank statement and report any errors within thirty (30) days from the statement date. Your statement will be deemed final and correct on the thirtieth (30th) day from the date of the statement.

2. Provisional Credit. All items are credited to your Account or cashed against your Account on a provisional basis that may be revoked if payment of the item is not received. You agree that for any item not paid, returned unpaid, that we believe will be returned unpaid, or that is returned pursuant to any applicable operating or clearinghouse rules, the Bank may charge back the item against your Account without regard to whether such item was returned within any applicable deadlines. At our option and without notice to you that an item has been returned, we may resubmit any returned item for payment. You waive notice of nonpayment, dishonor, and protest regarding any items credited to or charged against your Account. You further agree that regardless of any final

settlement, if an item is cashed against your Account or deposited to your Account and is unpaid or is returned to us based upon a breach of warranty claim or any other reason, we may deduct the amount of the item from your Account, or place a hold on your Account for the amount of the item until liability for the item is determined.

In receiving items for deposit or collection, the Bank acts as your collection agent and you agree that our duty of care is governed by Section 4-202 of the Uniform Commercial Code. You further agree that terms such as “the check has cleared,” “the funds are available,” or similar statements made by the Bank about a check not drawn on us, means only that you were provided provisional credit, subject to final payment, and that the item could still be returned and charged back against your Account. You agree to contact the bank on which the check was drawn to determine if a check you deposit has “cleared” or is “good.”

We may refuse to accept for deposit or collection items payable in a currency other than U.S. dollars. If we accept such an item, you assume the risk associated with currency fluctuation. Items drawn on foreign banks are subject to final payment by the foreign bank and as such may be returned unpaid later than a similar item drawn on a U.S. bank. U.S. laws and regulations governing the time for returns and collections are not applicable and you bear the entire risk of a returned item which can be charged back to your account at any time. You agree that we may use our current buying or selling rate, as applicable, when processing such an item, inclusive of any domestic or foreign bank.

3. Missing Endorsements. The Bank is authorized to accept for collection and credit to your Account items made payable to any one or more of the parties in whose name your Account is established, with or without endorsement. If you fail to endorse an item that you submit for deposit, the Bank has the right, but is not obligated, to supply the missing endorsement.
4. Deduction of Fees. Fees and other service charges made in accordance with the rules of the Bank in effect at the time of such charge may be deducted prior to any other debits to your Account. The Bank shall not be liable for refusing to honor an item presented for payment or refusing to authorize any payment because of insufficient funds as a result of deducting such fees. Any fees (or portions thereof) that are unposted due to insufficient funds at the time for posting may be collected at a later date without prior notice when sufficient funds are available in the Account.
5. Stop Payments. You may, by order to the Bank, stop payment of checks, and in some cases, other types of transactions (all of the foregoing, “items”), payable from your Account. **You may not, however, stop payment on a cashier’s check or certified check and, as noted elsewhere above, you may not stop payment on any transactions initiated using your Card.** The stop payment order must be received by the Bank at such time and in such manner as to afford the Bank a reasonable opportunity to act on it prior to any action by the Bank with respect to the item. For purposes of determining whether to act on a stop payment order, an item is deemed received when it is presented by electronic or other means, or at an earlier time based on notification received by us that an item drawn on your Account has been deposited for collection in another financial institution, and no more than one such determination need be made. All stop payment orders which are received by the Bank on a Saturday, Sunday, or a Bank and/or federal holiday, shall be treated as having been received on the next business day. Because items are retrieved by a computer, you must inform the Bank of the exact amount of the item, the item number, date, payee, and account number. The Bank is not responsible for failure to stop payment if the item is not defined with reasonable certainty. If you request a stop payment on a check that is presented to us for payment electronically (such as a substitute check, converted check, remotely created check, or imaged check) and that does not contain the check number, we will attempt to stop payment based on the information you provided. However, we will have no liability for our inability to stop payment on such an electronic item, as our stop payment process for checks is dependent upon the ability to read a check number. You may be charged a stop payment fee even if we are unable to implement any stop payment order, whether in the circumstances just described or otherwise. A stop payment order is effective for six (6) months from the date it was received and may be renewed in writing for additional six (6) month periods. The Bank may recredit your account after paying an item over a valid and timely stop payment order to the extent of any loss you actually suffered. You must prepare and sign a statement fully describing the dispute establishing your rights against the payee, agree to transfer to the Bank all of your rights against the payee or other holder of the item, and assist the Bank in any legal action taken against that party.
6. Statements; Address Changes. A statement describing all activity, earned interest, fees and other transactions will be mailed, sent electronically or otherwise made available to you at regular intervals. From time to time, we may also send or make available to you notices and other information concerning your Account. The statements and other information will normally be delivered to the postal or electronic address of the Account Owner as reflected in our records. Mailed statements shall be deemed received by you on the earlier of the actual date of receipt or within ten (10) calendar days of the date appearing on the statement. Electronic statements or notices shall be deemed received on the date they are transmitted to the e-mail address you provided.

You agree to notify us promptly of any change in your contact information, including postal address, e-mail address or telephone number. The Bank may rely on any instructions purportedly made by you, or on your behalf, to change your contact information, without liability. You also agree that if a third party vendor or the U.S. Postal Service or one of its agents notifies us of a change in your postal address, we may change your address based on that information. The Bank will have no liability to you for changing your address based on such information, even if such information is in error. If any of your statements or other Account information or notices are returned to us because of an incorrect postal address or an incorrect, changed or expired e-mail address, we may stop delivering statements or other information or notices until a valid address is provided. If your account remains inactive or is in a dormant status, we may elect not to provide further account statements. Copies of such statements and any enclosures can be reproduced upon request, subject to any applicable fees. Any statements that are returned as undeliverable will be destroyed and subject to any applicable fees. Any statements held for you at a branch office will be destroyed after a limited time and subject to any applicable fees.

You must notify the Bank immediately if you do not receive your statement within ten (10) days after your regular statement date. The Bank will not be liable to you for any damages as a result of your failure to promptly notify us of any change of your address, your failure to notify us that you did not receive your statement, or your failure to make arrangements to receive your statement. You are responsible for the accuracy of your statement whether or not reviewed, and it shall be deemed final and correct after thirty (30) days from the statement date, unless applicable law requires a longer period.

7. Payment of Items: Overdrafts. In general, the Bank will post debits to your Account in chronological order. Chronological posting is utilized when the Bank can identify both date and time information for the transaction. For each processing day, the Bank will post all credits to your account first, in low to high dollar amount. Following credits, debits will be posted to your account in chronological order. As a result, prior day debits and fees will post before current day debits and fees. Items sent by merchants for authorization prior to being submitted for final payment will post according to the date and time of the authorization request. Debits that cannot be posted in chronological order will post in low to high dollar amounts after chronological debits are posted, followed by checks in sequential order. We reserve the right to change our posting order or categories from time to time.

ACH Debits will memo-post to your account throughout the day. This means that as the bank receives ACH Debit transactions, most will be applied to your account as pending transactions and your available balance will be reduced accordingly. This makes you aware earlier in the day of what will be going into nightly processing to be paid or returned. Please ensure enough funds are available in your account to cover these and any other transactions to avoid overdraft and returned items and associated fees.

You should request a withdrawal/distribution only to the extent that there are sufficient available funds in your Account. You are in the best position to ensure that your Account has sufficient funds to cover any debit by maintaining an accurate and current record of your deposits and withdrawals. You have the ability to confirm your Account balances through BB&T Phone24, BB&T OnLine or by contacting any branch prior to initiating any debit transaction. We have no obligation to permit any withdrawal or distribution at a time when your available balance is insufficient to cover it, and we will normally refuse to process any such attempted withdrawal or distribution. However, on occasion it is possible that an overdraft in your Account could occur, and in such event, you will be required to promptly reimburse us from other funds outside of your HSA, upon our demand, which reimbursed funds will not be considered a contribution to your HSA. We do not currently charge returned item ~~insufficient funds~~ or overdraft fees in connection with attempted withdrawals/distributions from HSA accounts, whether such attempted withdrawals/distributions are returned unpaid (as is our normal practice) or paid into overdraft status. However, we reserve the right to institute any such fees in the future, and if we do so, you will receive advance notice of such fees.

Please note that certain transactions received by the bank between 9:00 pm ET and 11:59 pm ET on business days may memo-post to your account. These transactions include debit card transactions, internal transfers, Zelle transactions, VISA Money Transfer Credits, VISA Credit returns, and ATM withdrawals. This means that when the bank receives these transactions between 9:00 pm ET and 11:59 pm ET, they may be applied to your account as pending transactions and your available balance will be adjusted accordingly. Please ensure sufficient funds are available in your account to cover these and any other transactions to avoid overdraft and returned items and associated fees.

8. Collection of Amounts Owed to Bank. If we must collect any amounts you owe us, you will be responsible for our reasonable expenses of collection, including court costs and attorneys' fees to the extent permitted by law.
9. Arbitration. IT IS IMPORTANT THAT YOU READ THIS ARBITRATION PROVISION CAREFULLY. IT PROVIDES THAT YOU MAY BE REQUIRED TO SETTLE A CLAIM OR DISPUTE THROUGH ARBITRATION, EVEN IF YOU PREFER TO LITIGATE SUCH CLAIMS IN COURT. YOU ARE WAIVING RIGHTS YOU MAY HAVE TO LITIGATE THE CLAIMS IN

COURT OR BEFORE A JURY. YOU ARE WAIVING YOUR RIGHT TO PARTICIPATE IN A CLASS ACTION LAWSUIT, CLASS ACTION ARBITRATION OR OTHER REPRESENTATIVE ACTION WITH RESPECT TO SUCH CLAIMS.

Any claim or dispute (“Claim”) by either you or us against the other arising from or relating in any way to your Account, this Agreement, or any transaction conducted at the Bank or any of its affiliates in connection with the HSA, will, at the election of either you or us, be resolved by binding arbitration. This arbitration provision governs all Claims, whether such Claims are based on law, statute, contract, regulation, ordinance, tort, common law, constitutional provision, or any other legal theory, and whether such Claim seeks as remedies money damages, penalties, injunctions or declaratory or equitable relief. Claims subject to this arbitration provision include Claims regarding the applicability of this provision or the validity of any other provisions of the Agreement or any prior agreement. As used in this arbitration provision, the term “Claim” is to be given the broadest possible meaning, and includes Claims that arose in the past or that arise in the present or future. If a party elects to arbitrate a Claim, the arbitration will be conducted as an individual action. This means that even if a class action lawsuit or other representative action, such as those in the form of a private attorney general action, is filed, any Claim related to the issues of such lawsuits will be subject to individual arbitration if you or we so elect. Claims subject to arbitration also include Claims that are made as counterclaims, cross-claims, third-party claims, interpleaders or otherwise. Notwithstanding this arbitration provision, if you have a Claim that is within the jurisdiction of a small claims court, you may file your Claim there. Any appeal from a decision of a small claims court shall be subject to this arbitration provision.

The arbitration, including the selection of the arbitrator, shall be administered by JAMS. To start an arbitration, you or we must give notice of an election to arbitrate. This notice may be given after a lawsuit has been filed and may be given in papers or motions in the lawsuit. Our notice to you may be provided to you at your last known address or at such other address as we may have in our records. Your notice to us shall be given to: Litigation Practice Group Manager, BB&T Legal Department, P.O. Box 1255, Winston-Salem, NC 27102. All fees and costs are allocated pursuant to the rules of the JAMS. The arbitrator may award any fees, costs, and expenses including attorneys’ fees, as permitted by the administrator’s rules. If there is a conflict between the rules and procedures of the administrator and any term in this arbitration provision, the terms of this arbitration provision shall prevail. You or the Bank may bring a summary or expedited motion to compel arbitration of any Claim or to stay the litigation of any Claims pending in any court. Such a motion or action may be brought at any time. The failure to initiate or request arbitration at the beginning of a dispute or claim shall not be construed as a waiver of the right to arbitration.

You may obtain a copy of the current rules of the arbitration administrator, including information about arbitration, fees, and instructions for initiating arbitration by contacting JAMS, at www.jamsadr.com.

You and the Bank each agree that under this Agreement, you and the Bank are participating in transactions involving interstate commerce which shall be governed by the provisions of the Federal Arbitration Act, Title 9 of the United States Code (“FAA”) and not by any state law concerning arbitration. The arbitrator shall follow applicable substantive law to the extent consistent with the FAA, applicable statutes of limitation and applicable privilege rules, and shall be authorized to award all available remedies, including without limitation, damages (to the extent not limited by this Agreement), declaratory, injunctive and other equitable relief, and attorneys’ fees and costs. The arbitrator shall follow rules of procedure and evidence consistent with the FAA, this provision and the administrator’s rules.

Any court with jurisdiction may enter judgment upon the arbitrator’s award. The arbitrator’s award will be final and binding, except for any appeal right under the FAA. Unless applicable law provides otherwise, the appealing party will pay the cost of appeal, regardless of its outcome. However, we will consider in good faith any reasonable written request for us to bear the cost of your appeal. We will pay any fees or expenses we are required by law to pay or in order to make this arbitration provision enforceable.

This arbitration provision shall survive termination or suspension of the Account or this Agreement. If any portion of this arbitration provision is deemed invalid or unenforceable, it shall not invalidate the remaining portions of this arbitration provision or the Agreement; provided, however, if the limitations on class actions are struck in a proceeding brought on a class, representative or private attorney general basis, without impairing the right to appeal such decision, this entire arbitration provision (other than this proviso) shall be null and void in such proceeding.

IN NO EVENT AND UNDER NO CIRCUMSTANCES SHALL A PARTY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

E. AVAILABILITY OF FUNDS

1. GENERAL ABILITY TO WITHDRAW FUNDS.

Our policy is to provide availability of funds based upon the deposit type and how your deposit is received. Until funds are available, you may not withdraw the funds in cash and we will not use the funds to pay checks that you have written, point-of-sale transactions, debit card, ACH or preauthorized transfers.

Determining the Availability of a 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 during regular business hours on a business day that we are open, we will consider that day the day of your deposit. However, if you make a deposit after the end of a current business day, a Saturday or Sunday, a federal holiday, or on a day we are not open; we will consider the deposit made on the next business day we are open. Inclement weather, natural disasters, or computer or electronic failures may also affect the banking day and business hours.

Business hours and days vary by branch or facility location and are posted at our branches. Business days and hours for other deposit methods are outlined as applicable in the ATM DEPOSITS, MOBILE DEPOSITS, AND ONLINE, TELEPHONE, AND IN-BRANCH ELECTRONIC TRANSFERS BETWEEN BB&T ACCOUNTS sections. Business hours are subject to change from time to time at our discretion.

Availability depends on the type of deposit and is explained below.

Same-Day Availability

Funds from the following deposits are available on the business day we receive the deposit.

- Wire Transfers
- Electronic Deposits
- U.S. Treasury checks payable to you

If you make the deposit in person to one of our associates, funds from the following deposits are also available on the same business day we receive the deposit:

- Cash.
- Generally, checks payable to you (First \$100 is immediately available)
- State and local government checks that are payable to you and if you use a special deposit slip available from the teller station in a branch
- Cashier's, certified, and teller's checks that are payable to you and if you use a special deposit slip available from the teller station in a branch
- Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders, if these items are payable to you.

2. **ATM DEPOSITS.** Special rules apply for the availability of deposits received at Bank ATMs. At Bank ATMs, generally, all cash and the first \$100 of your total check deposits received before 9:00 p.m. ET will be made immediately available. Please note that for check deposits made between 9:00 pm and 9:30 pm ET, the \$100 credit will not be immediately available. The remainder of your deposit will be available as outlined in the **General Ability to Withdraw Funds** section.

For determining the availability of your deposits made at Bank ATMs, every day is a business day, except Saturdays, Sundays and federal holidays. If you make a deposit before 9:00 p.m. ET on a business day, we will consider that the day of your deposit. If you make an ATM deposit after 9:00 p.m. ET on a business day, on a Saturday or Sunday, or on a federal holiday, we will consider that the deposit was made on the next business day we are open. You should consult your transaction receipt for the exact posting date of any ATM deposit.

3. **MOBILE DEPOSITS.** Mobile deposits are generally available to you on the same business day we receive your deposit. For determining the availability of your mobile deposits, every day is a business day, except Saturdays, Sundays and federal holidays. If you make a deposit before 9:00 p.m. ET on a business day, we will consider that the day of your deposit. If you make a mobile deposit after 9:00 p.m. ET on a business day, on a Saturday or Sunday, or on a federal holiday, we will consider that the deposit was made on the next business day we are open.

4. ONLINE, TELEPHONE, AND IN-BRANCH ELECTRONIC TRANSFERS BETWEEN BB&T ACCOUNTS. Online, telephone, and in-branch electronic transfers between your BB&T accounts are considered deposits. These deposits are available to you on the same business day we receive your deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

For determining the availability of your online, telephone, or in-branch electronic transfers between your BB&T accounts, every day is a business day, except Saturdays, Sundays and Bank and/or federal holidays. If you make a deposit before 9:00 p.m. ET on a business day, we will consider that the day of your deposit. If you make a deposit after 9:00 p.m. ET on a business day, on a Saturday or Sunday, or on a federal holiday, we will consider that the deposit was made on the next business day we are open.

5. OTHER ELECTRONIC DEPOSITS. BB&T offers a variety of services that allow clients to process deposits such as Outside Transfer Service (OTS), INGO and Zelle. These are considered electronic direct deposits and are subject to the availability practices outlined in the **General Ability to Withdraw Funds** section in addition to the terms and conditions of the applicable service agreement. If you are registered with the Zelle service, deposits received through Zelle will be available to you immediately. A payment may be returned if it is determined that it was made in error or was the result of fraud. For additional information, please refer to the Zelle Terms & Conditions found within U by BB&T. Deposits received as a Real-Time Payment (RTP) will be available to you immediately. Funds received from a Real-time Payment will be considered a same day deposit if received prior to 9pm. You acknowledge that any RTP is governed specifically by RTP Operating Rules of The Clearing House in effect at the time of the transaction and can be found at <https://www.theclearinghouse.org/payment-systems/real-time-payments> (RTP Rules). You authorize the Bank, at any time, to debit your account in the amount of a RTP if we receive a proper Request for Return of Funds in accordance with the RTP Rules. A payment may be returned if it is determined that it was made in error, was the result of fraud, or was made in violation of applicable law or the RTP Rules. You are not permitted to receive a RTP in violation of this agreement and you may not accept any payment on behalf of any person or entity not domiciled in the United States.

6. LONGER DELAYS MAY APPLY.

Second Business Day Availability

In some cases, we may not make all of the funds from a check available on the same business day as the deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$100 of your deposit will be immediately available. An additional \$125 will be made available during nightly processing on the business day we receive your deposit, for a total of \$225.

If we are not going to make all of the funds from a check deposit available on the same business day of your deposit, we will notify you at the time you make your deposit. We also will tell you when the funds will be available. If your deposit is not made directly to one of our associates, or if we decide to take this action after you have left the premises, we will mail you the notice no later than the next business day after we receive your deposit. If you will need the funds from a deposit right away, you should ask when the funds will be available.

Seventh Business Day Availability

Funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,525 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment

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. When a hold is placed for longer than two business days, you will not have any funds immediately available for use.

7. SPECIAL RULES FOR NEW ACCOUNTS.

If you are a new customer, the following special rules will apply during the first 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, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the same business day we receive your deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,525 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our associates, the first \$5,525 may not be available until the second business day after the day of your deposit. Funds from all other check deposits may not be available until the ninth business day after the day of your deposit.

ATM deposit functionality may be limited for temporary access devices issued for new deposit accounts.

HEALTH SAVINGS ACCOUNT DISCLOSURE STATEMENT

I. Introduction

This Disclosure Statement explains various rules governing your Account, which is intended to be a Health Savings Account described in Section 223 of the Internal Revenue Code. The content of the Disclosure Statement relates to your rights and obligations as an HSA Account Owner. Please note that the Disclosure Statement is a summary and should be read in conjunction with the HSA Custodial Agreement. In the event of any conflict, the provisions of the HSA Custodial Agreement will prevail.

II. General Rules

An HSA must satisfy certain requirements of the Code. The HSA Custodial Agreement incorporates those requirements. In brief, an HSA must satisfy the following requirements:

1. the HSA must be governed by a written instrument;
2. the HSA Custodian, except in the case of a rollover or a direct transfer, may accept only cash contributions (“cash” here meaning not literally in the form of paper currency or coins, but rather monetary funds transmitted or deposited with the custodian in any form that is typically accepted within the U.S. banking system);
3. the HSA may not invest in life insurance contracts or collectibles (as defined in Code Section 403(m));
4. a person’s interest in the HSA must be non-forfeitable at all times;
5. HSA assets cannot be commingled with other property except in a common trust fund or common investment fund; and
6. the HSA Custodian must be a bank, savings and loan association, credit union, or other person approved by the Secretary of the Treasury.

Amounts contributed to your Account are generally deductible on your federal income tax return for the year in which the contribution is made, even if you do not itemize deductions. If your employer contributes to your Account (including contributions made under your employer’s cafeteria plan), the contributions may be excluded from your gross income. Distributions from your Account (including earnings on your contributions) that are used to pay or reimburse Qualified Medical Expenses will not be subject to federal income taxes. If a distribution is not used to pay or reimburse Qualified Medical Expenses, the distribution will be subject to federal income taxes and may be subject to a 20% excise tax unless the distribution is made after your death, your total disability, or you reach the age at which you are eligible to enroll in Medicare (generally age 65).

III. HSA Contributions

A. Eligibility

In order to have contributions made to your Account during any calendar month, you must satisfy the following requirements:

1. You must be covered under a "High Deductible Health Plan" or “HDHP” as of the first day of the month in which a contribution is made to a Health Savings Account. For each calendar year, the IRS establishes, for both qualifying HDHPs with Self-Only (single) Coverage and qualifying HDHPs with Family Coverage, (i) minimum annual deductibles and (ii) maximum out-of-pocket expense limits with respect to allowed costs (including the deductible, but not premiums). All of these figures, for the two most current years, are set forth in the most recent edition of the Pricing Guide. The figures are subject to annual adjustments. Special rules apply to HDHPs that provide more favorable benefits for services rendered by in-network providers.

In the case of Family Coverage, a plan is an HDHP only if the plan does not pay any benefits until the family (or any covered family member) has incurred allowed medical expenses that are greater than the annual deductible for the family as a whole (the umbrella deductible). If the plan pays benefits after an individual family member reaches an individual deductible (an embedded deductible) that is less than the umbrella deductible, the plan is not an HDHP.

An HDHP may provide certain preventive care benefits without a deductible or with a lower deductible than the minimum annual deductible described above.

Your employer or the provider of an HDHP should be able to tell you whether or not the HDHP satisfies the HSA eligibility requirements. However, you are solely responsible for determining if your health plan qualifies as an HDHP for purposes of HSA eligibility.

2. You must not have any non-HDHP health coverage, with several exceptions. You may have coverage for accidents, disability, dental care, vision care or long-term care and certain types of flexible spending accounts and health reimbursement accounts that provide limited benefits. In addition, the following types of insurance are permitted:
 - a. insurance where substantially all of the coverage relates to liability incurred under workers' compensation laws, tort liabilities or liabilities relating to ownership or use of property (e.g., auto insurance);
 - b. insurance for a specified disease or illness; and
 - c. insurance paying a fixed amount per day (or other period) of hospitalization.

Caution: All health care coverage available to you, as an individual, spouse or dependent, must be examined when determining whether you have non-HDHP health coverage. Your coverage under your spouse's or dependent's health plan, any Health Reimbursement Arrangement ("HRA") or any Health Care Flexible Spending Account ("Health FSA") offered through a cafeteria plan under Code Section 125 could all be HSA-disqualifying non-HDHP health coverage. To the extent any of these plans provide coverage to you that is not subject to the minimum annual deductible and maximum out-of-pocket expense requirements described above or is not limited to the permissible types of coverage, then coverage under one of these plans could affect your eligibility to have contributions made to your Account.

Example: Assume John has Family Coverage under a High Deductible Health Plan through his employer. John's wife, Mary, participates in a typical Health FSA offered through her employer's cafeteria plan. Neither John nor Mary is eligible to contribute to an HSA because they have other coverage in addition to the High Deductible Health Plan. This coverage disqualifies both Mary and John from HSA participation because Mary's Health FSA can reimburse medical care expenses incurred by either Mary or John; it is not limited to permissible benefits (e.g., dental, vision, etc.), and it is not subject to a deductible.

3. You must not be enrolled in Medicare (Part A, Part B, Part D, or any other Medicare benefit).
4. You must not be able to be claimed as a dependent on someone else's federal income tax return.

An otherwise ineligible individual may establish an HSA to receive amounts transferred from his or her ex-spouse's HSA in connection with a divorce. The surviving spouse beneficiary of a deceased HSA holder may treat an inherited HSA as his or her own, even if the surviving spouse is an otherwise ineligible individual.

B. Maximum Contributions

You, your employer, your family members, or any other person may make contributions to your Account. However, all contributions to your Account are subject to the annual HSA contribution limits discussed below.

Your employer may allow you to make contributions to your Account through payroll deduction and forward those contributions to the Custodian on your behalf. All contributions (other than Rollover Contributions or HSA transfers described in Section VI below) must be made in cash and not in other forms of property such as stocks, bonds, etc.

Your employer must report any employer contributions to your Account on your IRS Form W-2. The Custodian will report annual contributions to your Account on IRS Form 5498-SA.

Annual HSA Contribution Limits

The total amount that may be contributed to your HSA for any taxable year is the sum of the limits determined separately for each month. The limit for each month is based on whether, as of the first day of each month, you are eligible to contribute to an HSA and whether you have HDHP Self-Only Coverage or Family Coverage. However, if you become HSA-eligible mid-year, you may make a full year's

contribution, up to the maximum annual contribution limit, as long as you maintain your HSA eligibility through the end of the testing period (described below).

Sum of the Monthly Contribution Limits

The maximum annual contribution to an HSA is the sum of the contribution limits determined separately for each month, based on eligibility and health plan coverage on the first day of the month. For this purpose, the monthly limit is 1/12 of the annual maximum amount established each year by the IRS for Self-Only Coverage or for Family Coverage, as applicable. In addition, the maximum HSA contribution is increased by an additional contribution amount (catch-up amount) for individuals age 55 or older as of the last day of the calendar year who are not enrolled in Medicare. The catch-up contribution is also computed on a monthly basis. All of the foregoing annual maximums, for the two most current years, are set forth in the most recent edition of the Pricing Guide and are subject to annual adjustments.

If an individual is not an eligible individual on the first day of the last month of the individual's taxable year (December 1 for calendar year taxpayers), the individual's maximum HSA contribution for the year is determined under the sum of the monthly contribution limits rule.

Example: Individual E, age 35 (thus not eligible for catch-up contributions) and a calendar year taxpayer, has HDHP Self-Only Coverage and is an eligible individual only for the months of May, June and July of a given year. The full annual contribution limit does not apply to E because E is not an eligible individual on December 1 of that year. Instead, E's contribution limit for the year is 3/12ths of the annual limit.

Full Contribution Rule for Mid-Year Enrollees

If you are a calendar year taxpayer and become HSA eligible later than January 1 and you remain an eligible individual on December 1 of that year, you will be allowed to make contributions as if you had been enrolled in the HDHP for the entire year. You are treated as enrolled in the same HDHP coverage (i.e., Self-Only or Family Coverage) as you have on December 1. This full contribution rule also applies to catch-up contributions. However, if you make HSA contributions under this full-contribution rule, you must remain HSA eligible during the "testing period" described below. The above dates are adjusted accordingly for non-calendar year taxpayers.

Example: Individual A, a calendar year taxpayer, first becomes HSA-eligible on December 1 of a given year and has HDHP Family Coverage. Individual A is treated as an eligible individual and as having HDHP Family Coverage for all 12 months of that year. Assuming Individual A has not contributed to another HSA or an Archer MSA, Individual A's contribution limit for the year is equal to the full annual maximum.

The Testing Period

If you make HSA contributions under the full contribution rule discussed above, you must remain HSA-eligible during the 13-month testing period, or be subject to adverse tax consequences.

The testing period begins on the first day of the last month of the taxable year and ends on the last day of the 12th month following that month. Thus, for a calendar year taxpayer, the testing period is from December 1 of the current year to December 31 of the following year.

If you cease to be HSA-eligible during the testing period (other than because of death or disability), the additional contributions that were made under the full contribution rule (i.e., the amount contributed under the full contribution rule minus the amount that could have been contributed under the sum of monthly contribution method) will be included in your gross income for the taxable year that you cease being an HSA-eligible individual. Such amounts will also be subject to an additional 10% penalty tax.

Limits for Married Individuals

There are special rules for calculating the annual contribution limit for married individuals:

1. If either spouse is covered by an HDHP with Family Coverage, then both spouses are treated as having Family Coverage. The HSA contribution limit for Family Coverage is a joint limit which is to be split equally between the spouses, unless they agree to a different division.
2. The additional catch-up contribution for individuals age 55 and older is an individual limit, and if you and your spouse are both over age 55, each of you may make the additional contribution if you have separate HSAs.

IV. Deadline for Making HSA Contributions

Once your Account has been established, you can make contributions for a taxable year as of the first day of the year (or if later, the date on which you establish your HSA). The latest date on which contributions can be made for a year is the due date of your federal income tax return for that year (without extensions). Generally, this date is on or around April 15 of the following year. Concerning any contribution made between January 1 and the tax filing deadline, you, your employer or other person making the contribution must notify the Custodian of the intent to apply the contribution towards the previous taxable year's contributions; otherwise, the Custodian will apply it to the current taxable year.

V. Excess Contributions

It is your responsibility to determine whether you have exceeded the maximum contribution limit under Code Section 223(b) and as described in Section III above. Excess contributions are subject to an excise tax of 6% for each taxable year in which the excess contribution remains in your Account. This excise tax may be avoided if the excess contributions, plus earnings, are distributed to you on or before the due date of your federal income tax return, with extensions, for the taxable year in which they were made. The withdrawn earnings are taxable to you in the year in which you receive them.

VI. Rollovers and Transfers

Transfers from Another HSA or an Archer MSA

You may roll over funds from another HSA or an Archer MSA to your Account without being subject to the annual contribution limits. If you receive a distribution from another HSA or Archer MSA, you must roll over the distribution to your Account within 60 days after you receive the distribution. You can make only one Rollover Contribution to your Account during a 12 month period. You may also choose to have the custodian on your other HSA directly transfer the funds from your old account to your current Account. This is called a trustee-to-trustee transfer. Trustee-to-trustee transfers are not subject to the once-every-12-months limitation applicable to rollovers. The Custodian, in its discretion, may accept rollover contributions in cash or in property, such as stocks and bonds.

Transfers from Health FSAs and HRAs

After December 31, 2011, HSAs may not accept transfers from health reimbursement arrangements (HRAs) or flexible spending accounts (FSAs).

Transfers from an Individual Retirement Account (IRA)

HSA-eligible individuals can elect to make a one-time direct trustee-to-trustee transfer from an IRA (other than a Simple IRA or a SEP IRA) to their Account. Unlike rollovers, the maximum transfer from an IRA to an HSA is your maximum HSA contribution for the year. The amount transferred is not included in your income, is not deductible, and reduces your HSA contribution limit for the year.

If the initial transfer is made during a month when you have Self-Only Coverage at the beginning of the month, an additional transfer (up to the contribution limit) can be made during a later month in that year in which you have Family Coverage.

If you fail to be an HSA-eligible individual within 12 months following the month of the transfer (unless because of your death or disability), then the amount of the transfer must be included in your taxable income and is subject to an additional 10% tax.

VII. Distributions

A. In General

You may direct the Custodian to distribute amounts (including a withdrawal by you) from your Account at any time. If the distribution is used to pay or reimburse a Qualified Medical Expense (which includes a rollover to another HSA or an Archer MSA), then the distribution will not be subject to federal income tax. If the distribution is not used to pay or reimburse a Qualified Medical Expense, then the distribution must be included in your gross income for federal income tax purposes. In addition, a distribution that is not used to pay or reimburse Qualified Medical Expenses will be will be taxed as ordinary income and may be subject to a 20% excise tax unless the distribution is made after you die, become disabled or reach the age at which you are eligible to enroll in Medicare (generally age 65) or is a timely refund of excess contributions (as described in Section V above).

If you are no longer eligible to make contributions to your Account (as described in Section III above), you can still continue to receive tax-free distributions to pay or reimburse you for Qualified Medical Expenses.

The Custodian will report annual distributions from your Account on IRS Form 1099-SA.

B. Qualified Medical Expenses

To be tax-free, a distribution must be used to pay or reimburse a Qualified Medical Expense incurred after you establish your Account. A "Qualified Medical Expense" is an amount paid for medical care, as defined in Code Section 213(d), that is not reimbursed by insurance or otherwise and is incurred by you, your spouse, or a Dependent. IRS Publication 502 generally describes expenses that are deemed to be for medical care within the meaning of Code Section 213(d), but not every health-related or medical care expense that you, your spouse or your Dependents incur is a Qualified Medical Expense for HSA purposes. In particular, most premiums paid for health insurance coverage are not Qualified Medical Expenses. However, the following types of health insurance premiums are still treated as Qualified Medical Expenses:

1. any premiums for coverage under a health plan during any period of continuation of coverage pursuant to federal law (e.g., COBRA);
2. long-term care insurance;
3. health insurance premiums paid while receiving federal or state unemployment compensation; and
4. health insurance premiums (other than a Medicare supplemental policy) once you have reached the age at which you are eligible to enroll in Medicare (generally age 65).

Additionally, only medicines that are insulin or prescribed medicines (determined without regard to whether the drug is available without a prescription) are considered Qualified Medical Expenses.

You are solely responsible for determining whether a distribution qualifies as a Qualified Medical Expense.

C. Death; Designating Beneficiaries

The Account Owner may, on forms provided by the Custodian, designate one or more Beneficiaries to receive the balance in the Account upon the Account Owner's death. Unless the Account Owner specifies otherwise, each Beneficiary designation filed with the Custodian by the Account Owner will cancel all previous Beneficiary designations. The consent of the Beneficiary(ies) is not required for the Account Owner to revoke a Beneficiary designation. If no Beneficiary is named, or if all the named Beneficiaries predecease the Account Owner, the Account Owner's estate shall be deemed to be the Account Owner's Beneficiary.

Upon the death of an HSA Account Owner, any amounts remaining in the Account will transfer to the Beneficiary named in the Beneficiary designation form. If your named Beneficiary is your surviving spouse, then upon your death, your Account will be treated as your surviving spouse's HSA and the transfer is not taxable. The surviving spouse would be subject to income tax only to the extent that any distributions from the HSA were not used for Qualifying Medical Expenses.

If your named Beneficiary is someone other than your surviving spouse, then upon your death, your Account stops being treated as an HSA and the value of your Account must be included in the Beneficiary's gross income. The includable amount is reduced by any payments from the HSA made for your Qualified Medical Expenses if those expenses are paid within one year after your death. If you have no Beneficiary or your estate is your Beneficiary, then the value of your Account must be included in income on your final federal income tax return.

Notwithstanding anything stated in this Agreement, upon learning of the Account Owner's death, the Custodian may, in its discretion, make a final distribution to a Beneficiary of his or her interest in the Account. This distribution may be made without the Beneficiary's consent and may be placed in an interest-bearing or similar account maintained by the Custodian or any of its affiliates.

VIII. Prohibited Uses of Your Account

You may not pledge any part of your Account as security for a loan. If you do so, the amount you pledge as security will be treated as a distribution and it will be fully taxable as ordinary income, and the 20% excise tax will apply if the distribution is deemed to be made before you die, become disabled or reach age 65. In addition, you may not use any portion of your Account to purchase life insurance. For other prohibited transactions involving your Account, see Section XI below.

IX. Account Is Always 100% Non-Forfeitable

Your interest in your Account is always 100% non-forfeitable.

X. Tax Consequences of Account

Your Account was established with the intention that it complies with all provisions of the Internal Revenue Code regarding Health Savings Accounts. However, the Internal Revenue Service has not made a determination that your Account meets the applicable requirements of the Internal Revenue Code. The tax consequences of the establishment of your Account, and the contributions to, and distributions from, your Account are the responsibility of you and your tax and legal advisors.

The Custodian has the right to amend your HSA Custodial Agreement at any time in order to meet the requirements of the Code. The Custodian will notify you in writing of any such amendment.

XI. Prohibited Transactions

Neither you nor the Custodian may engage in certain "prohibited transactions" relating to your Account, including:

1. the sale, exchange, or lease of any property between your Account and an interested party;
2. the loan of money or extension of credit between your Account and an interested party;
3. the furnishing of goods, services, or facilities between your Account and an interested party;
4. the use for the benefit of an interested party of any portion of the assets of your Account; and
5. any "self-dealing" or breach of fiduciary duty by an interested party as it relates to your Account.

An "interested party" includes you, the Account Owner, your Beneficiaries and any persons or entities, such as relatives, corporations and partnerships, which are connected to you in any substantial way.

If you or the Custodian engage in a prohibited transaction involving your Account, your Account will lose its tax exemption and will be treated as distributed to you as of the first day of the year of the transaction. Thus, your Account's entire value will be included in your taxable income during the year in which the prohibited transaction occurs, and the 20% excise tax will apply if the distribution is deemed to occur before you reach age 65, die, or become disabled.

XII. Custodian's Fees

The Custodian will charge you fees based on the Pricing Guide in effect as of the date you executed the HSA Custodial Agreement. Upon 30 days written notice, a new or amended Pricing Guide may be put into effect. These fees, plus other expenses such as legal expenses, may be paid from the assets of your Account.

XIII. Filing and Recordkeeping Requirements

You must file a Form 8889 (or any other form designated by the IRS for HSA reporting) and attach it to your Form 1040 if you (or your spouse, if married filing a joint return) had any activity in your Account (or your spouse's HSA) during the year. You must file the form even if your employer or your spouse's employer made the contributions on your behalf.

You must keep records sufficient to show that:

1. the distributions from your HSA were used exclusively to pay or reimburse Qualified Medical Expenses;
2. the Qualified Medical Expenses had not been previously paid or reimbursed from another source; and
3. the Qualified Medical Expenses had not been taken as an itemized deduction in any year.

Do not file these records with your Form 8889. Keep them with your other tax records.

XIV. Account Owners Should Consult with Their Tax Advisors

The rules governing federal income tax consequences of HSAs are very technical, so that the above description of tax consequences is general in nature and does not purport to be complete. Moreover, statutory provisions are subject to change, as are their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state or local tax law may not be the same as under the federal income tax law.

Thus, you are urged to consult with your personal tax advisor for HSA information relating to your particular circumstances.

XV. Right to Revoke

If, within seven days from the date you sign the Health Savings Account Application and receive the Agreement, you decide for any reason that you do not wish to establish the HSA, then you may revoke your Account by notifying BB&T in writing of your revocation. The written notice must either be delivered in person or mailed within the seven-day period to the following address:

Branch Banking and Trust Company
HSA Administration
P.O. Box 1489
Lumberton, NC 28359-1489

The notice must be mailed from within the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed, and sent by first-class, certified, or registered mail. If you elect to revoke your Account, you are entitled to receive a refund of the entire amount paid into the Account without any adjustment or penalty. The date of the postmark will be considered the date of mailing unless the notice is sent by certified or registered mail, in which case the date of certification or registration will be considered the date mailed.

If, during the seven-day period in which you are entitled to revoke your Account, a material adverse change in the information set forth in this Disclosure Statement or in the HSA Custodial Agreement becomes effective, you will be notified of that change and a new seven-day period during which you may revoke will begin on the date you receive notice of such changes.

XVI. Additional Information

If you desire further information on HSAs, you should contact your personal tax advisor.