

OVERDRAFT PRIVILEGE PROGRAM

At times, unanticipated expenses or unforeseen problems can leave you with too little cash in your checking account. Having a check returned due to insufficient funds can be a costly, inconvenient and potentially embarrassing experience. At The First State Bank, Louise, we do not encourage overdrafts. As always, we encourage you to manage your finances responsibly. However, we want to save you from the additional merchant fees and possible damage to your credit history that might result if a check is returned. That's why we provide a special overdraft service for The First State Bank, Louise's customers.

What is Overdraft Protection?

The Overdraft Protection Program is a discretionary overdraft service requiring no action on your part that provides you a safety net up to an automatically assigned overdraft limit.

Your Overdraft Protection limit may be available for checks and other transactions made using your checking account number or automatic bill payment and recurring debit card payment. Also, at your request, we may authorize and pay ATM transfers or withdrawals and everyday debit card purchases using your limit.

Your account will be evaluated to determine the amount of your overdraft limit using the following criteria:

- Age of Account
- Deposit(s) Balances
- Deposit(s) Regularity
- Previous Overdraft Activity
- Account Status relating to any legal or administrative order or levy
- Status of Loan Obligations with the institution

What does my FSB Overdraft Protection cost?

There are no additional costs associated with this privilege unless you use it. You will be charged our Paid Item Non-Sufficient Funds charge [NSF Chg] of \$30.00 for each overdrawn item created by a traditional paper-based check, a teller withdrawal, an automatic payment (ACH) transaction, or a recurring debit card payment. Also, if you have requested us to do so, we may authorize and cover ATM transfers or withdrawals and everyday debit card purchases. For example, three paid items in one day will result in \$90.00 in paid item NSF charges. To help you manage your account, the total fees you have paid for items (both paid and returned) during the current month and for the year-to-date will be reflected on your monthly checking statement.

How does FSB Overdraft Protection work?

As long as you maintain your account in "good standing," we may approve your overdraft items within your current available FSB Overdraft Protection limit as a non-contractual courtesy.

For overdraft privilege consideration, your account is in "good standing" if you: (1) make sufficient deposits to bring your account to a positive end-of-day balance at least once every 30 calendar days (including the payment of all bank fees and charges); (2) avoid excessive overdrafts suggesting the use of FSB Overdraft Protection as a continuing line of credit; and (3) there are no legal orders, levies or liens against your account.

Please note that the amount of the overdraft plus our paid item NSF charge of \$30.00 for each item will be deducted from your overdraft limit. If the item is returned, the returned item NSF charge of \$30.00 will be deducted from your account.

No interest will be charged on the overdraft balance. We limit the amount of overdrafts you will be charged for up to 10 per day and we will not charge for overdrafts \$5.00 or less.

Please refer to the customer overdraft policy for additional details.

How do I know when I use the overdraft limit?

You will receive an overdraft notice each time items are paid, including fees. You will need to subtract the total fees when balancing your checkbook.

What if I go beyond my Overdraft Protection limit?

Overdrafts above and beyond your established Overdraft Protection limit may result in checks or other items being returned to the payee. The returned item NSF chg of \$30.00 will be charged per item and assessed to your account. An NSF notice will be sent to notify you of items paid and/or returned. We limit the total number of overdrafts per day to 10 items that you will be charge for. There will be no charge for an overdraft less than \$5.00.

How quickly must I repay my Overdraft Protection?

You should make every attempt to bring your account to a positive end-of-day balance as soon as possible, and must do so within 30 calendar days. If you are not able to do so, you will receive a letter from The First State Bank, Louise informing you that your Overdraft Protection limit has been suspended and additional items will be returned.

What are some of the ways I can access my Overdraft Protection limit? Will my limit be reflected in the balance I receive?

Below illustrates the different ways you can access your Overdraft Protection limit and indicates whether or not this limit will be reflected in the balance provided.

Access points	Is my overdraft privilege available?	Does the balance provided reflect my overdraft privilege limit?
Teller	Yes	No
Writing a Check	Yes	N/A
Debit Card (Recurring)	Yes	N/A
Debit Card (Everyday)	No**	N/A
ATM Withdrawal	No**	No
ACH Auto Debit	Yes	N/A
Online Banking	Yes	No
Bill Pay	Yes	N/A
Telephone Banking	Yes	No

**Overdraft Protection service will be made available for ATM or everyday debit card transactions upon your request. Visit one of our branches.

How soon can I use my Overdraft Protection?

If you are a new customer, you may be able to use the overdraft privilege service 30 calendar days after your account is opened, assuming your account is in "good standing" as defined in this disclosure.

What are some other ways I can cover overdrafts at The First State Bank, Louise?

The best way to avoid overdrafts and fees is to keep track of your account balance by entering all checks, debit card purchases and ATM withdrawals in your check register, reconcile your checkbook regularly and manage your finances responsibly. However, if a mistake occurs, The First State Bank, Louise offers additional ways to cover overdrafts in addition to Overdraft Protection such as Cash Link, Account Transfer or Lines of Credit (which is offered to qualified accounts).

Ways to Cover Overdrafts at The First State Bank	Example of Associated Fees*
Good account management	\$0
Link to another FSB transaction account	\$0
Overdraft Protection	Paid item NSF chg of \$30.00 for each item

* These costs are provided only as examples. Please ask us about our specific products and fees.

What if I do not want to have FSB Overdraft Protection on my account?

If you would like to have this service removed from your account, please contact your local branch or call 979-648-2691.

Overdraft Protection - Customer Overdraft Policy

As a service to account holders and to help avoid the significant fees that may be charged by third parties for unpaid items, the institution strives to pay account holders' overdrafts when possible. It is the obligation of the institution to operate in accordance with all safety and soundness standards. Therefore, a continual evaluation of all accounts is performed to determine if it is financially sound to honor items that may cause an overdraft situation for a particular account. The account criteria evaluated are:

- Age of Account
- Deposit(s) Balances
- Deposit(s) Regularity
- Previous Overdraft Activity
- Account Status relating to any legal or administrative order or levy
- Status of Loan Obligations with the institution.

When an account has non-sufficient funds, a \$30 NSF charge is charged for every non-sufficient fund item whether the item is paid or returned unpaid. We limit the amount of overdrafts you will be charged for up to 10 per day and we will not charge for overdrafts \$5.00 or less.

The institution is not obligated to cover any items defined as checks, preauthorized debits, or any other electronic transactions, presented for payment if the account does not contain sufficient collected and/or available funds. Furthermore, service charges assessed against items presented against the account, does not obligate the institution to pay said request for funds, nor does it obligate the institution to provide prior written notice of the decision to refuse payment. Should a check be submitted or a transaction be made for funds exceeding what is available in the account, pursuant to the Depositor's Account Agreement, the account holder is responsible for the amount of any overdraft and applicable fees immediately. It is the obligation of the account holder to keep their account in good standing with the institution and to bring their account to positive balance immediately should an overdraft situation occur, without notice or demand from the institution.

If the account holder would prefer that the institution not honor any items when there are not sufficient funds in the account, the account holder may opt out of this discretionary service by contacting the institution and expressing this preference. The account holder is fully aware that without this discretionary service or some other form of overdraft protection, such as cash link, account transfer, or line of credit (which is offered to qualified accounts), any items presented that overdraw the account may be returned unpaid with the applicable non-sufficient fund fee charged to the account for each item.

The Depositor's Account Agreement prescribes the duties, obligations and rights of the Depositor, as well as the Authorized Signatories and the institution with regard to the account. The terms of the Depositor's Account Agreement supersedes the overdraft policy in any potential conflict of interests.

So as not to exceed your limit, please note that the amount of the overdraft plus the bank's standard NSF chg of \$30.00 (per item) will be deducted from the overdraft limit. You may contact us at any time to request additional information on alternative ways to cover overdrafts.

LIMITATIONS: Overdraft Protection is a non-contractual courtesy that is available to individual/jointly owned accounts in good standing for personal or household use. The First State Bank reserves the right to limit participation to one account per household and to discontinue this service without prior notice.

I have read and understand The First State Bank's Overdraft Protection Program.

OPT-OUT

I elect to **decline** the "FSB Overdraft Protection" Program for the following account:

Name _____ Signature: _____

Account Number(s): _____

Dated: _____

First State Bank allows a customer in good standing (defined as making regular deposits and bringing your account to a positive balance at least once every 30 days) to elect to participate in the FSB Overdraft Protection by opting in at a later date.

OPT-IN

I **authorize** The First State Bank to place the "FSB Overdraft Protection" Program on the following account(s):

Name _____ Signature: _____

Account Number(s): _____

Dated: _____