



**The First
State Bank**

FRIENDLIEST BANK ANYWHERE

FSB Overdraft Protection Program Disclosure

(Consumer and Commercial Accounts)

OVERDRAFT PROTECTION PROGRAM

It is the policy of The First State Bank, Louise ("Bank," "FSB," "us" or "we") to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards. The information in this document is intended to help customers ("you") understand what happens if your account is overdrawn and explain our optional Overdraft Protection Program. This disclosure and the Overdraft Protection Program apply to both consumer and commercial accounts. Understanding the concepts of overdrafts and non-sufficient funds (NSF) can help you avoid being assessed fees or charges.

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 FSB we do not encourage overdrafts. As always, we encourage you to manage your finances responsibly. Overdrafts should not be used to pay ordinary or routine expenses and you should not rely on overdrafts as a means to cover these expenses. However, we want to help you potentially avoid incurring additional merchant fees and possible damage to your credit history that might result if an item or transaction is returned unpaid. That's why we provide a special overdraft service as an option for FSB customers called the Overdraft Protection Program.

What is an overdraft and how is an overdraft determined?

Generally, an overdraft occurs when there is not enough money in your account to pay for a transaction, but we pay (or cover), in our discretion, the transaction anyway. An NSF transaction is slightly different. In an NSF transaction, we do not cover the transaction. Instead, the transaction is rejected and the item or requested payment is returned unpaid. In either situation, we can charge you an Overdraft Fee or a Returned Item (NSF) Fee, depending on whether the item is covered as an overdraft or returned unpaid. Please remember that we are not obligated to pay any item presented for payment if your account does not contain sufficient collected funds.

We use the Ledger or Current Balance when determining whether a transaction will cause your account to overdraw and for charging Overdraft and Returned Item Fees. Your account's Ledger Balance only includes transactions that have settled up to that point in time, such as deposits and payments that have posted to your account. The Ledger Balance does not include outstanding items (such as checks that have not yet cleared and electronic transactions, including debit card transactions, that have been authorized but which are still pending). The ending statement balance reflected on your periodic statement is the Ledger Balance for your account as of the statement date.

Please note that, on debit card purchases, merchants may request a temporary hold on your account for a specified sum of money when the merchant does not know the exact amount of the purchase at the time the card is authorized. The amount of the temporary hold may be more or less than the actual amount of your purchase. Some common transactions where this occurs involve purchases of gasoline, hotel rooms, or meals at restaurants. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your purchase, but it could be seven business days, or even longer in some cases, before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions, i.e., your Ledger Balance, will be reduced by the amount of the temporary hold. We have no control over the amount or the number of days the merchant may place a temporary hold on your account.

Please note that, if another transaction is presented for payment in an amount greater than the funds left after the deduction of the temporary

hold amount, you may be charged an Overdraft or Returned Item Fee, even if you would have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

Keeping track of your balance is important. You can review your balance in a number of ways including reviewing your periodic statement, reviewing your balance online, accessing your account information by phone, or coming into one of our branches. The arrangement of balance and/or transaction alerts for your account is also available through online and mobile banking.

How are items posted to my account?

The order in which items are paid is important, if there is not enough money in your account to pay all of the items that are presented. The payment order can affect the number of items overdrawn or returned unpaid and the amount of the fees you may have to pay.

Please note that items may not be processed in the order in which they occur or in the order in which you make them. Please see our [“Payment Order of Items”](#) disclosure for more information. In general, we will process and post items from the same business day in the following order:

- Deposits and credits are processed first.
- Withdrawals are processed next in the following order:
 - Cash transactions (including ATM) according to the dollar amount, with the smallest items being processed first;
 - Internal transactions according to the dollar amount, with the smallest items being processed first;
 - Debit card transactions according to the dollar amount, with the smallest items being processed first;
 - ACH transactions according to the dollar amount, with the smallest items being processed first;
 - Online transfers according to the dollar amount, with the smallest items being processed first; and
 - Checks in numerical order (check number sequence).

FSB reserves the right to change the payment order if the Bank suspects fraud or possible illegal activity affecting the account. FSB also reserves the right to post in any order, as permitted by law. Please note that account statements do not necessarily report debits and credits in the order that we posted them to an account.

Knowing when funds you deposit into your account will be made available is another important concept that can help you avoid being assessed fees or charges. Please see our [“Funds Availability Policy”](#) for information on when different types of deposits will be made available for withdrawal. For those accounts to which our Funds Availability Policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal. An item may be returned after the funds from the deposit of that item are made available for withdrawal. We may determine the Ledger Balance in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the times we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the Ledger Balance at the subsequent time will determine whether there are insufficient available funds.

What is the FSB Overdraft Protection Program?

The Overdraft Protection Program is a discretionary overdraft service available to eligible checking accounts. If your account qualifies and is in good standing, we will consider, without obligation on our part, paying items for which your account has insufficient or unavailable funds up to an assigned overdraft limit (“Overdraft Protection Limit”), instead of automatically returning those items unpaid. If you opt-in to this service, we would consider these payments under the Overdraft Protection Program, as long as your eligible account is in “good standing” (described below).

FSB’s discretionary Overdraft Protection Limit will generally be capped at up to a \$1,500.00 negative balance for consumer accounts and up to a \$2,500.00 negative balance for commercial accounts, subject to applicable restrictions. FSB’s Overdraft Protection Limit applicable to your account may be increased or decreased for certain eligible accounts at any time, in FSB’s sole discretion, including, but not limited to, due to consideration of the age of the account, deposit balances, deposit regularity, previous overdraft activity, account status relating to any legal or administrative order or levy, or status of loan obligations with FSB. Please note that the amount of any overdraft plus our Overdraft or Returned Item Fees for each item, per presentment, will be deducted from your Overdraft Protection Limit.

Of course, we can’t promise to pay every overdraft and we are never obligated to pay your overdrafts, even if your account is in good standing and even though we may have previously paid overdrafts for you. This service represents a purely discretionary privilege or courtesy that we may provide to you from time to time and which may be withdrawn or withheld by us at any time; without prior notice or reason or cause.

The Overdraft Protection Program applies to a variety of transactions, including checks and other transactions made using your checking account number, automatic bill payments, ATM transactions and everyday debit card transactions; however, for consumer accounts, we will not include ATM and everyday debit card transactions within our consumer Overdraft Protection Program or the Overdraft Protection Limit without first receiving your affirmative consent to do so (described below). Absent your affirmative consent, ATM and everyday debit card transactions generally will not be paid under the Overdraft Protection Program for consumer accounts.

What does the FSB Overdraft Protection Program cost?

There are no additional costs associated with the Overdraft Protection Program, unless you use it. Under the Overdraft Protection Program, you will be charged our standard per item, per presentment Overdraft Fee or Returned Item Fee set forth in our Fee Schedule (currently each fee is \$35.00 per item, per presentment), depending on whether the item is covered or returned unpaid.

For consumer accounts only, we limit the number of Overdraft and Returned Item Fees you will be charged to up to 7 total Overdraft and Returned Item Fees per day and we will not charge an Overdraft Fee for any items that result in a negative/overdrawn balance of \$5.00 or less.

For commercial accounts, there is no limit on the number of Overdraft and Returned Item Fees you may be charged per day.

No interest will be charged on the overdraft balance. 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.

Please be aware that an item may be presented and returned multiple times, resulting in multiple fees. The Bank does not monitor or control the number of times an item is presented for payment and there is no limit on the number of Returned Item Fees that can be assessed for an item, if the same item is presented for payment multiple times. FSB may charge a Returned Item Fee as set forth in our Fee Schedule each time an item is presented and returned if the Ledger Balance in your account is not sufficient to cover the item, regardless of the number of times the item is presented and returned, or if the item is later covered by the bank, in its discretion, as an overdraft. This means that you could incur multiple Returned Item Fees, as well as an Overdraft Fee, for the same item if it is presented and returned multiple times for payment.

If there is more than one (1) owner on the signature card, each owner, and agent, if applicable, drawing/presenting the item creating the Overdraft or Returned Item Fee(s) shall be jointly and severally liable for such fee(s). Each fee will be due and payable upon demand. We may use subsequent deposits, including direct deposits of social security or other government benefits, to cover any overdrafts and Overdraft and Returned Item Fees.

How does the FSB Overdraft Protection Program work?

If you opt-in, and as long as you maintain your account in "good standing," we may approve your overdraft items up to the Overdraft Protection Limit as a non-contractual courtesy. Remember, whether your overdrafts will be paid or not is at our sole discretion and we reserve the right not to pay your overdraft items at all times. The fact that we may honor withdrawal requests that overdraw the Ledger Balance of the account does not obligate us to do so later. So, you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past.

For consideration for the Overdraft Protection Program, your account must be open at least 30 calendar days and be in "good standing," meaning 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 the FSB Overdraft Protection Program as a continuing line of credit; and (3) there are no legal orders, levies or liens against your account. If your account is not in "good standing," we will typically return any items or transactions that would overdraw your account and assess a Returned Item Fee per item, per presentment.

Please note that FSB reserves the right to limit participation in the Overdraft Protection Program to one account per household or per taxpayer identification number, and to discontinue this service and return any overdrawing items at any time without prior notice.

How do I opt-in to the FSB Overdraft Protection Program?

If you would like to add the FSB Overdraft Protection Program to your account, please see our "[FSB Overdraft Protection Election Form](#)" for information on how to opt-in to this service. You may also opt-in by contacting your local branch or calling (979) 648-2691. If you opt-in, you may cancel at any time. If you do not opt-in, you can do so later at any time.

What if I want FSB to authorize and pay overdrafts on my ATM and everyday debit card transactions for my consumer accounts?

For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or everyday debit card transactions, if you have not also opted-in to that additional service. Please see our "[What You Need to Know About Overdrafts and Overdraft Fees Disclosure](#)" for information on how to opt-in or opt-out of that service. Absent your affirmative consent (opt-in), ATM and everyday debit card transactions generally will not be authorized if your Ledger Balance in your consumer account is insufficient. A consumer customer who does not affirmatively consent (opts-out) to overdraft protection for the payment of ATM and/or everyday debit card transactions, agrees to not overdraw their account for ATM and everyday debit card transactions (\$0 debit card overdraft limit).

If you would like access to the Overdraft Protection Program for ATM withdrawals and everyday debit card purchases for your consumer account, you'll need to opt-in to that additional service by contacting your local branch or calling (979) 648-2691. If you opt-in, you may cancel at any time. If you do not opt-in, you can do so later at any time.

How do I know when I have an overdraft or use my Overdraft Protection Limit?

You will receive an Overdraft notice each time items are paid where there was an insufficient balance in your account, including notice of the Overdraft Fees charged against your account. You will need to subtract the total fees when balancing your checkbook.

What if I go beyond the Overdraft Protection Limit?

Overdrafts that exceed the Overdraft Protection Limit will typically be returned unpaid to the payee and a Returned Item Fee will be charged per item, per presentment, to your account. A Non-Sufficient Funds (NSF) notice will be sent to notify you of any items that are returned unpaid. You will need to subtract the total fees when balancing your checkbook.

How quickly must I repay the items overdrawing my account?

You should make every attempt to bring your account to a positive end-of-day balance as soon as possible, and are required to bring your account to a positive balance within 30 calendar days to remain in good standing. If you are not able to bring your account to a positive balance within 30 calendar days, your Overdraft Protection Limit will be suspended and you will receive notice from FSB that any additional items will be returned unpaid and Returned Item Fees will be assessed per item, per presentment, until you bring your account to a positive balance.

How soon can I use the Overdraft Protection Program?

If you opt-in to the service, the Overdraft Protection Program may be available 30 calendar days after your account is opened, if your account is in "good standing" as defined above 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. You can also take advantage of FSB's account alerts. If you bank online or use our mobile banking services, you may establish an alert threshold to let you know when your balance is nearing your alert threshold.

However, if a mistake occurs, FSB offers additional ways to cover overdrafts in addition to the Overdraft Protection Program, such as Cash Link or Account Transfer. To learn more about these other ways to cover overdrafts, contact us at (979) 648-2691 or visit one of our branches.

What if I do not want the Overdraft Protection Program on my account?

The Overdraft Protection Program is always optional, so you do not have to opt-in. Also, if you do choose to opt-in, you can later opt-out or remove the service at any time. If you prefer that FSB not cover any items or transactions as overdrafts when there are not sufficient funds in your account, you can opt-out or remove the discretionary Overdraft Protection Program from your account at any time by contacting your local branch or calling (979) 648-2691.

Please note that, if you opt-out or remove the Overdraft Protection Program from your account, any items or transactions that would overdraw your account will be returned unpaid and a Returned Item Fee of \$35 per item, per presentment, will be imposed each time an item is presented and returned unpaid.