

**First State Bank**

**What You Need to Know About Overdrafts and Overdraft Fees**

Language that is preceded is included only if marked with an "X".

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway.

We can cover your overdrafts as follows:

We have standard overdraft practices that come with your account.

We will also offer one or more overdraft protection plans which may be less expensive than our standard overdraft practices, such as the following (to learn, ask us about these plans):

A line of credit

A link to another account

This notice explains our standard overdraft practices.

**What are our standard overdraft practices that come with your account?** We do authorize and pay overdrafts for the following types of transactions:

Checks

Checks and other transactions using your checking account number

Automatic bill payments

Commencing August 15, 2010 we do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):

- ATM transactions
- Everyday debit card transactions

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- ATM transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transactions will be declined.

**What fees will be charged if First State Bank pays my overdraft?** Under our standard overdraft practices the following fees are imposed (if more than one fee is checked, both the first fee checked and any additional fee(s) checked are imposed):

We charge a fee of \$32.00 each time we pay an overdraft.

If the account is overdrawn for more than 3 consecutive days, we charge a fee of \$5.00 for each day you account is overdrawn.

The maximum number of Non Sufficient funds (NSF) fees that we can assess on Bounce Protection accounts is limited to 4 per day.

**What if I want First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions?** If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, do one of the following:

Call

Visit

Contact First State Customer Care Center at 1-877-910-0173

## First State Bank - Overdraft Privilege Product Disclosure

It is the practice of First State Bank (“the bank, we, us or our”) to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards.

A non sufficient funds (negative) balance may result from overdrafts created by checks, in-person withdrawal, ATM withdrawal, ACH, debit card, or other electronic means.

We are not obligated to pay any items presented for payment if your account does not contain sufficient collected funds. Rather than automatically returning unpaid non sufficient fund items, First State Bank may approve overdrafts as a non-contractual courtesy through our overdraft privilege program. We do strive to pay items resulting in an overdraft; however we must have a consumers consent to authorize and pay overdrafts on ATM and every day debit card transactions.

In the normal course of business, we generally pay in the following payment order:

1. Debit card transactions
2. Other electronic debit transactions
3. Check processed in check number order

We reserve the right to change the payment order without notice to you if we suspect fraud or possible illegal activity affecting your account.

Overdraft Privilege should not be viewed as an encouragement to overdraw your account. As always, we encourage you to manage your finances responsibly.

We also offer other options to prevent overdrafts, such as a link to another account or line of credit. Please contact our Customer Care Center at 1-877-910-0173 or your local branch for more information.

### **Limitations:**

The overdraft privilege program is a non –contractual, discretionary courtesy that is available to consumer accounts. The amount that may be paid into overdraft is determined without discrimination using a risk assessment approach for each account, and may change daily. This approach includes a systematic review and evaluation of the age of the account, normal deposit activity, and changes in repayment patterns for each account to establish reasonable and prudent negative balances that would be routinely repaid by normal, expected, and reoccurring deposits. Payments of overdrafts will be monitored and will vary on an ongoing basis.

First State Bank reserves the right to limit participation to one account and to discontinue this service without prior notice.

### **New Accounts:**

Each account will receive overdraft privilege of \$100.00 day two (day one and two must be business days) after the account is opened.

### **Fees:**

Any fees and charges, including without limitation on our non-sufficient funds/overdraft fees as set forth in our fee schedule -\$32.00 per item and \$5.00 after three (3) consecutive days in negative, will be included in this limit and will apply to any transaction that overdraws your account including checks, in person withdrawal, ATM withdrawal, ACH, debit card, or any other electronic means. The daily fee limit charged for non-sufficient/overdrafts fees will be no more than four (4) fees assessed per day on items that are paid. There is no daily limit on items that may be returned.

We may refuse to pay an overdraft for you at any time, even though your account is in good standing and even though we may have previously paid overdrafts for you. You will be notified by mail for all non sufficient funds/overdraft items paid or returned; however, we have no obligation to notify you before we pay or return any item. The amount of any overdrafts plus our non sufficient funds and/or overdrafts (NSF/OD) charge(s) that you owe us shall be due and payable upon demand. If there is an overdraft paid by us on an account with more than one (1) owner on the signature card, each owner, and agent if applicable, drawing/presenting the item creating the overdraft, shall be jointly and severally liable for such overdrafts plus our non sufficient funds and/or overdraft (NSF/OD) charge(s).

**If your account exceeds six (6) overdrafts within a rolling 12 month period, First State is required by FDIC to provide notice. The Notice will include a list of alternatives offered through First State Bank to avoid an overdraft as well as information on agencies/organizations that provide free financial counseling.**

If you decide for any reason the overdraft privilege product no longer meets your financial needs, you may discontinue it by contacting our Customer Care Center at 1-877-910-0173 or visiting your local branch.

Your monthly periodic statement will include a total of all overdraft/NSF fees charged to you for the month and year to date. This information is provided so that you may better manage your account. You should note that your Overdraft Privilege limit will be included in your balance provided by a teller, ATM receipt, online banking or 24 hour telephone banking access, in addition to your ledger balance.

August 18, 2012