



OVERDRAFTS AND OVERDRAFT FEES

As a service to our customers and to help avoid the significant fees that may be charged by third parties for unpaid items, First State Bank (the "Bank") strives to cover overdrafts when possible. To this end, the Bank offers overdraft protection plans, such as a link to a savings account or an overdraft line of credit. The Bank also offers a standard overdraft service which may authorize and pay overdrafts for checks, automatic bill payments and other transactions using your checking account number. In addition, but not part of the standard overdraft service, the Bank may authorize and pay overdrafts for ATM transactions and everyday debit card transactions; however, customers must opt-in to take advantage of this service.

Evaluation Criteria

It is the obligation of the Bank 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 for a particular account.

Criteria used for account evaluation includes: Age of account, Deposit regularity, Deposit activity, and Overdraft incident trends.

If an account satisfies the above evaluation criteria, the Bank may authorize and cover overdrafts resulting from automatic bill payments, checks and other transactions using a checking account number. Additionally, if the customer chooses to opt-in to additional protection (see "What You Need to Know about Overdrafts and Overdraft Fees"), then the Bank may cover ATM withdrawals and point-of-sale or debit card transactions when the account does not have sufficient collected and/or available funds. These services remain discretionary. 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.

Order in which Checks and Other Debits are Paid and/or Returned

In the event the Bank covers overdrafts, credits/deposits are posted first. Then, debits/checks are posted in the highest-to-lowest amount within the following sequence: tax levies and garnishments, charges (including but not limited to overdraft, NSF charges, service charges, etc.), In-house preauthorized payments, checks presented at First State Bank, check/debit card purchases, ATM withdrawals, ACH debits, checks processed through the clearing house system, and authorized transfers between accounts.

If a check is submitted or a transaction is made for funds exceeding what is available in the account, the customer is immediately responsible for the amount of any overdraft and applicable fees. It is the obligation of the customer to keep the account in good standing with the Bank and, should an overdraft situation occur, to bring the account to a positive balance immediately without notice or demand from the Bank.

Fees

When an account has insufficient funds, there is a \$34.00 fee charged for every non-sufficient fund item over \$20.00 or a \$10.00 fee charged for every non-sufficient fund item less than or equal to \$20.00, whether the item is paid or returned unpaid. There is a \$7.00 charge after the fifth business day, and \$7.00 each business day thereafter, if the account remains overdrawn. There is no limit to the number of non-sufficient fund items charged per day. No overdraft fees will be charged if an account's total overdrawn balance is less than or equal to \$5.00. The assessment of fees for items presented against the account does not obligate the Bank to pay the request for funds, nor does it obligate the Bank to provide prior written notice of the decision to refuse payment.