

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 in two different ways.

1. We have standard overdraft practices that come with your account. See below for details.
2. We also offer overdraft protection plans, such as a link to a savings account or an overdraft line of credit, which may be less expensive than our standard overdraft practices. To learn more, ask about these plans.

This notice explains our standard overdraft practices.

**We determine whether you have enough money in your account for purposes of assessing overdraft or NSF fees based on your available balance. Please also see the Terms and Conditions Overdraft Addendum. It includes an example of transactions that result in overdraft fees using the available balance method.*

What are the standard overdraft practices that come with my account?

We **do** authorize and pay overdrafts for the following types of transactions:

- a. Checks and other transactions made using your checking account number
- b. Automatic bill payments

We **do not** authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):

- a. ATM transactions
- b. Everyday debit card transactions

We pay overdrafts at our discretion, which means that 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 transaction will be declined.

What fees will I be charged if First State Bank pays my overdrafts?

Under our standard overdraft practices:

- a. We will charge you a fee of up to **\$34** each time we pay an overdraft. The cost will be based upon the dollar amount of the item that will cause the account to be overdrawn.
- b. We will charge you a **\$10** fee for each overdraft item paid that is less than or equal to **\$20**
- c. We will charge you a **\$34** fee for each overdraft item paid that is greater than **\$20**
- d. No overdraft fee will be charged if your total overdrawn balance is less than or equal to **\$5**
- e. No overdraft fee will be charged for each overdraft item that is less than or equal to **\$5**
- f. There is also a **\$7.00** charge after the fifth business day, and **\$7.00** each business day thereafter, if the account remains overdrawn by greater than **\$5**
- g. There is a limit of five overdraft fees per day that we will charge you when you overdraw your account

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, you can do any of the following:

- Log on to www.fsb.bank/safeguard and follow the instructions to complete the authorization
- Call us during business hours at 866-372-1275 and ask for extension 779
- Complete the form below and choose the most convenient delivery option:
 - Mail to First State Bank, PO Box 305, Eastpointe, MI 48021-9971
 - Fax it to 586-445-4793
 - Drop it off during business hours at any of our branches
 - Drop it off anytime in the night deposit box at any of our branches

You have the right to revoke the opt-in at any time by notifying First State Bank.

Overdraft Authorization

Yes, I **want** First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions for the following First State Bank Checking Account(s): _____

No, at this time, I **do not want** First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Signature: X _____ Date _____

Name: _____

By:

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, 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. Charges such as overdraft, NSF fees, and service charges, etc. may also be assessed against an account.

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. No fees will be charged for each overdraft item that is less than or equal to \$5.00 whether the item is paid or return 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 a limit of five non-sufficient fund items charged per day, per consumer account. 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.

Nonsufficient Funds (NSF) Fees

If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee for returning the payment. Be aware that such an item or payment may be presented multiple times and that we do not monitor or control the number of times a transaction is presented for payment. You agree that we may charge you an NSF fee each time a payment is presented if the amount of money available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.