

OVERDRAFT PROTECTION PROGRAM IMPORTANT INFORMATION

What is Overdraft Protection?

Overdraft Protection is an added service that does not require any special action on your part for authorizing and paying checks and automatic bill payments. However, First State Bank of the Southeast (FSB) will not authorize or pay overdrafts for ATM and Everyday Debit Card transactions unless you ask us to pay these items. Accordingly, you must sign an opt-in form to authorize the Bank to authorize and pay overdrafts on your ATM and everyday debit card transactions. The form must be signed and returned to FSB before you will receive Overdraft Protection for these items.

How does Overdraft Protection work?

As long as you maintain your account in good standing (defined as bringing your account to a positive balance within 30 days), FSB can honor overdraft items presented to the account up to the Overdraft Protection limit. When an overdraft item is presented to your account and paid a fee for insufficient funds (NSF) will also be deducted from the limit allowed. FSB will notify you by mail when an overdraft occurs. No interest will be charged on the overdraft balance.

What does my Overdraft Protection privilege cost?

An Overdraft Item Charge of \$33.00 will be charged for each item paid up to a maximum of \$198.00 per day. However, we don't charge you Overdraft Item Charges if your overdrawn balance is equal to \$10 or less at the end of the processing day. Checks and automatic bill payments may, at the Bank's election and up to the overdraft limit, not be returned provided if your account is in good standing. This service may also be applied to ATM and debit card transactions at your request. This overdraft protection service can save you the embarrassment of returned checks and extra expenses that may be associated with an additional returned check fees. In addition to the Overdraft Item Charge, an Overdrawn Account Charge of \$30 may be charged to your account for a continuous negative balance of 30 business days or more. The Overdrawn Account Charge is in addition to other fees you may pay.

How soon may I use my Overdraft Protection?

The Overdraft Protection limit will be placed on your account immediately. There is no waiting period. If you wish for First State Bank of the Southeast to authorize ATM and everyday debit card transactions you must sign the opt-in form for this service. Once confirmation has been sent to you we will begin authorizing ATM and everyday debit card transactions. First State Bank of the Southeast reserves the right to suspend, reduce or terminate Overdraft Protection for any reason at any time.

What is my Overdraft Protection limit?

New checking accounts (as of June 10, 2019) will receive an overdraft limit of \$250 at account opening. This overdraft limit will automatically raise to \$750 sixty days after opening the account as long as the account is at a positive balance at that time.

IMPORTANT: Paid overdraft items and assessed fees reduce your available overdraft limit balance. The bank reserves the right to suspend, reduce or terminate overdraft protection for any reason at any time.

How do I know when I use the overdraft limit?

You will receive an overdraft notice in the mail each time items are paid. The notice will show the check number, item amount and the Overdraft Item Charge. You should subtract these amounts from your balance.

What if I go beyond my Overdraft Protection limit?

Overdrafts above and beyond your established Overdraft Protection limit may result in an item or items being returned to the payee. Remember that a fee for a returned item is the same as a paid item. The normal Overdraft Item Charge will be charged per item presented to your account. Some returned items are presented twice to your account. The normal Overdraft Item Charge will be charged each time an item is presented and returned. FSB will continue to notify you by mail of any returned items. Please reference the account disclosures for the order of items paid.

How quickly must I repay my Overdraft Protection limit?

You should make every attempt to bring your account to a positive balance as quickly as possible. After an account is 30 business days overdrawn a \$30 Overdrawn Account Charge will be applied. If your account is in a negative balance status for 30 days your Overdraft Protection limit will be substantially reduced. If after a period of time your account has not been brought to a positive balance, we will have no option but to close your account and take other steps to recover funds through the use of a collection agency. We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

What are some ways I may have access to Overdraft Protection?

Transactions that will be honored under the program include:

- ATM card or Debit MasterCard (if you have so elected through opt-in to this part of the program)
- Checks and other debits cashed at teller windows
- ACH (Automated Clearing House) debit transactions
- Checks issued to a third party
- All transactions that currently are honored through your account.

Fees and Illustration:

Overdraft Item charge of \$33.00 (meaning an item causes your balance to become negative or your account already has a negative balance and the Bank elects to pay an item being posted to the account). Such items may be created by check, in-person withdrawal, ATM withdrawal, by bank fees, or other electronic means.

Returned Item charge of \$33.00 (meaning an item would cause your balance to become negative or your account already has a negative balance and the Bank elects to return an item as unpaid due to insufficient funds being available to pay the item). Such items may be created by check, in-person withdrawal, ATM withdrawal, by bank fees, or other electronic means.

If an account is overdrawn for 30 business days, we charge a continuous Overdrawn Account Charge of \$30.00 for each 30 business days the account is overdrawn (has a negative balance). Daily overdraft item charges may be created by check, in-person withdrawal, ATM withdrawal, by Bank fee, and/or by other electronic means. There are no limits to the amount of Return Item Charges that can be assessed to your account each day.

You will be charged a \$33.00 Overdraft Item Charge for each item paid under this program and your maximum Overdraft Item Charge per day is limited to \$198.00. Accordingly, if the Bank pays 5 overdraft items in one day, your total Overdraft Item Charge for that day would be \$165.00. Whereas if the Bank pays 10 overdraft items in one day, your total Overdraft Item Charge would be limited to \$198.00 for that day.

Overdraft Protection Customer Overdraft Policy:

An insufficient balance could result in several ways. Examples are: (a) the payment of checks, electronic funds transfer, or other withdrawal requests, ATM card or Master Money Debit card transactions; (b) payments authorized by you; (c) the return of unpaid items deposited by you; (d) the imposing of bank service charges; or (e) the deposit of items which according to the bank's Funds Available Policy are treated as not yet available. If your account does not contain sufficient funds, we are not obligated to pay any item presented for payment. However if you maintain your account in good standing, (defined as making regular deposits to bring your account to a positive balance within 30 days) and there are no legal orders outstanding, we may approve your reasonable overdrafts as a non-contractual courtesy. However, we may refuse to pay an overdraft for you at any time even if we may have previously paid overdrafts for you. You will be notified by mail of any non-sufficient funds items paid or returned that you may have. However we have no obligation to notify you before we pay or return any item. The amount of any overdraft plus our overdraft item charge(s) and any daily overdraft(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 drawing/presenting the item creating the overdraft, all account owners shall be jointly and separately liable for such overdraft plus our overdraft item charge(s).

Limitations:

Overdraft Protection is available to individually owned accounts in good standing for personal or household use. The Bank reserves the right to limit participation to one account per household. The Bank also reserves the right to suspend, reduce or terminate Overdraft Protection for any reason at any time.

Credit Counseling:

If you are continually overdrawn, you may benefit from credit counseling. Accordingly, you should consult these websites: <http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre26.shtm> or www.mymoney.gov. Please let a First State employee know if you cannot access this website and the Bank will print a copy for you.

Other Information:

As indicated above, more than one overdraft item charge may be charged against your account per day, depending on the number of items presented and other withdrawals made. The processing order utilized by the Bank may impact your total amount of overdraft fees. Currently, all credit transactions are processed first. The bank has chosen to pay certain exception items and overdraft related fees first. Then the bank pays ATM items, followed by ACH transactions, internal transfers, debit card transactions, on-us-checks, all other checks, and other fees. All electronic items (such as ATM, ACH and Debit Card items) are paid in an ascending amount order (meaning they are paid from the smallest amount to the largest amount) and checks are paid in serial number order.

Enrollment & Questions/Alternatives:

In order to have ATM and everyday debit card transactions included in your bounce protection please complete the attached form and return it to any First State Bank of the Southeast employee. Remember, you may choose to stop participating in the Overdraft Protect program at any time. Please contact the First State Bank of the Southeast Bookkeeping department if you have questions or to inquire about alternative programs which may be less costly - such as automatic transfers or personal lines of credit - which require a separate credit application and normal Bank credit approval standards apply.

What You Need to Know about Overdrafts and Overdraft Fees

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.
2. We also offer overdraft protection plans, such as a link to a savings account, which may be less expensive than our standard overdraft practices. To learn more, ask us about these plans.

This notice explains our standard overdraft practices.

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

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

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

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

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 transaction will be declined.

❖ What fees will I be charged if First State Bank of the Southeast pays my overdrafts?

Under our standard overdraft practices;

- We will assess a fee of \$33 each time we pay an overdraft up to a maximum of \$198 per day. If the final account balance after posting is overdrawn \$10 or less there will be no overdraft fee assessed.
- If your account is continually overdrawn for 30 business days we will assess a fee of \$30. This fee will be assessed for each 30 business day period the account is overdrawn.

❖ What if I want First State Bank of the Southeast to authorize and pay overdrafts on my ATM and everyday debit card transactions?

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions please complete the form below and return it to any of our branch locations or mail it to PO Box 400 Middleboro KY, 40965:

____ I want First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

____ I do not want First State Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Account number: _____

Print Name: _____

Signature: _____

Date: _____

OPT-OUT FOR ALL TRANSACTIONS

Waiver of Overdraft Protection Option:

If you do not wish to have Overdraft Protection please sign the following waiver and give to any Customer Service Representative or Teller.

I/we undersigned, as an account holder(s) of First State Bank of the Southeast, account number _____, do not wish to have the normal "Overdraft Protection" applied to this account. I/we understand that in signing this waiver, First State Bank of the Southeast will not provide overdraft protection, as disclosed by us for this account number. I/we also understand that by not having this protection, items presented against the account as insufficient funds will be returned and a return item fee charge may apply (see First State Bank of the Southeast Overdraft Protection Program for fee details). I/we further understand that in order to have First State Bank of the Southeast apply Overdraft Protection to this account in the future, the account must be in good standing at the time of the request to do so.

Signature: _____ Date: _____