



April 02, 2018

Paying attention to your financial needs is our top priority. As a valued customer of First Community Bank, we are pleased to announce our enhanced discretionary overdraft services, **Courtesy Protection (CP) and Courtesy Protection Plus (CP+)**, which will begin on May 08, 2018. At our discretion, we will strive to pay any nonsufficient (NSF) fund items which may be presented against your account, instead of returning the item unpaid. This service may provide some comfort if items arrive on your account when insufficient funds exist and may save you the embarrassment and hassle of returned checks. There is no application process because the service is automatic for eligible accounts, unless you request otherwise.

The bank's **CP** and **CP+** service is under no obligation to pay items when your account has nonsufficient funds, even if previous NSF transactions were paid. With these services we will strive to pay your overdrafts when possible at those times when your account balance is not sufficient to cover the items that you have presented against it. We do so in anticipation that you will be making a deposit immediately to bring your account to a positive balance. The amount we pay into overdraft is determined without discrimination using a risk-based assessment approach for each account and may change daily. We reserve the right to discontinue the service at any time and without notice.

The bank's current NSF fee of \$35.00 is charged to your account for each NSF transaction regardless of whether the NSF transaction is paid or returned. **This service is in effect for checks, preauthorized automatic debits, or electronic transactions where there are insufficient funds in your account to cover the transaction.**

As a First Community Bank debit card holder and because of federal regulations, we need your affirmative consent in order to pay any ATM or one time Debit Card transactions into overdraft (this is our CP+ service). Attached to this letter is a decision form, as well as some helpful information on managing overdrafts. Please read these documents carefully and then choose the option that best fits your needs and return the ATM/DEBIT Card Opt-In form to your local banking center or mail it to First Community Bank, ATTN Customer Service, P O Box 2030, San Benito, TX 78586.

The bank's Courtesy Sweep Protection Service will remain unchanged. If you have this service and have an overdraft, money will be transferred from your linked account before the **CP/CP+** overdraft service would apply.



Please know that transactions may not be processed in the order in which they occurred, and the order in which transactions are received and processed can affect the total amount of overdraft fees assessed. Generally transactions are posted in the order in which they are received. Automated Clearing House (ACH) post first, followed by debit card transactions, then checks. We reserve the right to change the order of payment, without notice to you, if we suspect fraud or possible illegal activity affecting your account.

We hope to save our accountholders substantial fees charged by merchants and other payees for returned items. If you do not wish to be included under this policy and would prefer to have your non-sufficient fund items returned or denied, please call us at 1-877-399-3331 and speak with any member of our Customer Service Department and we will exclude you from this service. The same non-sufficient fund fees will be assessed when your items are returned.

While we have adopted this service to provide the highest level of service to you and to allow for the consistent treatment of overdraft transactions, please know we are not encouraging you to overdraw your account and we typically will not pay overdrafts if your account is not in good standing, if you are not making regular deposits, or if you have too many overdrafts. Account-holders should not become dependent on this service to meet short-term cash needs. Abuse of this service may result in removal from the service. The bank has the right to require immediate repayment of an overdraft.

There are other options to cover overdrafts which could save you money. One option is our Courtesy Sweep Protection Service, which will link your checking account to a savings account or other checking account. Funds will be transferred in amounts needed to cover the overdrawn balance and there will be a fee of \$2.00 per transfer. Money will be transferred from your linked account before the discretionary overdraft service would apply. We would be happy to discuss these options in an effort to meet your needs. Please feel free to contact your local banking center for more information.

For more details, please read the enclosed flyer or contact your local First Community Bank banking center or call our Customer Service Department at 1-877-399-3331. Our Courtesy Protection Service is just another way to better serve you and your financial needs.

Sincerely,

First Community Bank

Managing Overdrafts

Having insufficient funds in your account can put you at risk for bouncing checks or having your ATM / Debit Card transactions denied at a gas station or store. It can mean embarrassing phone calls and unwanted fees charged by vendors. First Community Bank has several tools and tips for making smart decisions about managing your overdrafts.

INCLUDED SERVICES

☒ **Courtesy Protection Service**

We understand that mistakes happen. When they do, we strive to pay your overdrafts on the following types of transactions:

- Checks
- Automatic Bill Payments
- Telephone-initiated transfers or other electronic transfers
- Preauthorized automatic debits
- ATM transactions (included for business accounts, consumer accounts must opt in)
- Everyday Debit Card Purchases (included for business accounts, consumer accounts must opt in)

Our Courtesy Protection Service is a discretionary, non-contractual courtesy, where we strive to pay your overdrawn items and charge our standard NSF/OD fee of \$35 for each item overdrawn. This policy is a discretionary courtesy and may be withdrawn at any time. Payment of your overdraft item is NOT guaranteed.

OPTIONAL SERVICES

☐ **Courtesy Protection Plus Service**

For consumer accounts, our Standard Discretionary Overdraft Service may also be extended to cover the following types of transactions, if you inform us after you have received a special notice required by Regulation E.

- ATM withdrawals and transfers
- Everyday Debit Card Purchases

☐ **Link Your Accounts(Courtesy Sweep Transfer)**

You can link your checking and savings accounts. If you overdraw your checking account, we automatically transfer funds from your savings account to your checking account. There is a \$2 fee for each transfer.

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Tips for avoiding overdrafts

The following information will help you manage your account wisely.

Know Your Balance

- If you have a joint account, designate one person as the account manager
- Consider direct deposit of your payroll checks and other benefit payments
- Record all checks, ATM transactions, debit transactions, account fees, and deposits in your checkbook and keep a running balance
- Never write a check or make a charge on your debit card for more than you have in your account
- Make sure deposits to your account clear before withdrawing cash or making charges against those deposits
- Balance your checkbook against your bank statement every month

Keep Your Account Safe

- Report stolen checks or debit cards immediately
- Update your personal information when moving or changing names
- Don't use other people's checks or debit cards, or let them use yours
- Keep your checks and debit cards in a safe place

Check Writing Basics

- Always use a pen
- Don't erase mistakes
- Never sign blank checks
- Be cautious of post-dating checks
- Destroy voided or unused checks and deposit slips

Balance Inquiries

When you do a balance inquiry online or at a First Community Bank ATM, the balance provided reflects the deposits and withdrawals actually posted to your account.

Keep in mind this balance does not reflect transactions (deposits, checks, debits and ATM withdrawals) that are still outstanding and have not been processed against your account.

ATM / Debit Card Opt-In Form

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 Courtesy Protection that comes with your account.
2. We also offer additional overdraft protection plans, such as linking 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 Courtesy Protection practices.

What Courtesy Protection services come with my account?

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

1. Checks and other transactions made using your checking account number
2. Automatic bill payments

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

1. ATM transactions
2. 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 Community Bank pays my overdraft?

Under our Courtesy Protection practices:

1. We will charge you a fee of \$35 each time we pay an overdraft.
2. There is a limit on the total fees we can charge you for overdrawing your account. For personal checking account \$175(5*\$35).

What if I want First Community Bank 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, call 877-399-3331, or complete the form below and present it at any one of our banking centers, or mail it to: First Community Bank, Attn: Customer Service, PO Box 2030 San Benito, TX 78586.

☐ Yes, I want First Community Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

☐ No, I do not want First Community Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____ Signature _____

Date: _____ Account Number: _____