

TERMS AND CONDITIONS: OVERDRAFT AND NON-SUFFICIENT FUNDS (NSF) FEES

It is the policy of Austin 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.

1. UNDERSTANDING AND AVOIDING OVERDRAFT AND NON-SUFFICIENT FUNDS (NSF) FEES

The information in this document is intended to help you understand what happens if your account is overdrawn. Understanding the concepts of overdrafts and non-sufficient funds (NSF) can help you avoid being assessed fees or charges.

An overdrawn account will typically result in you being charged an overdraft fee or a NSF fee. Generally, an overdraft occurs when there is not enough money in your account to pay for an item, but we may pay (or cover), in our discretion, the item anyway. For NSFs, we do not cover the item but instead, the item is rejected and returned. An “item” includes, but is not limited to, a check, substitute check, purported substitute check, remotely created check or draft, electronic transaction, draft, demand draft, image replacement document, indemnified copy, ATM withdrawal or transfer, debit card point-of-sale transaction, pre-authorized debit card payment, automatic transfer, telephone-initiated transfer, ACH transaction, online banking transfer to or from accounts at Austin Bank or external transfers to other institutions, online bill payment instruction, payment to or from other people, withdrawal or deposit slip, in-person transfer or withdrawal, cash ticket, deposit adjustment, wire transfer, and any other instruction or order for the payment, transfer, deposit or withdrawal of funds.

In either situation, we can charge you a fee. Please be aware that some types of items can be presented and returned for payment multiple times, resulting in a NSF fee each time an item is presented and returned, and an overdraft fee, if the item is later covered by the Bank, in its discretion, as an overdraft. This means that you could incur multiple NSF fees, as well as an overdraft fee, for the same item if it is presented and returned multiple times for payment. Please see Section 6 below for more information. Please also note that we will only charge you a fee for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have opted-in to that service, as described more fully below in Section 7.

2. DETERMINING YOUR ACCOUNT BALANCE

We use the “ledger balance” method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for an item. Your account’s ledger balance (sometimes called the actual balance) only includes items that have settled up to that point in time, such as deposits and payments that have posted to your account. The ledger balance does not include outstanding items (such as checks that have not yet cleared and electronic transactions, including debit card transactions, that have been authorized but which are still pending).

Your ledger balance may be overdrawn (become negative) by:

- Payments authorized by checks, ACH/electronic items, Austin Bank and foreign ATM or debit card transactions, online banking and telephone banking transactions;
- Payments authorized by you;
- The return of unpaid items deposited by you; or
- The imposition of bank service charges.

3. TEMPORARY DEBIT HOLDS CAN AFFECT YOUR ACCOUNT BALANCE

On debit card purchases, merchants may request a temporary hold on your account for a specified sum of money when the merchant does not know the exact amount of the purchase at the time the card is authorized. The amount of the temporary hold may be more or less than the actual amount of your purchase. Some common transactions where this occurs involve purchases of gasoline, hotel rooms, or meals at restaurants. When this happens, our processing system cannot determine that the amount of the hold exceeds the actual amount of your purchase. This temporary hold, and the amount charged to your account, will eventually be adjusted to the actual amount of your

purchase, but it could be seven business days, or even longer in some cases, before the adjustment is made. Until the adjustment is made, the amount of funds in your account available for other transactions, i.e., your ledger balance, will be reduced by the amount of the temporary hold.

Please note that if another transaction is presented for payment in an amount greater than the funds left after the deduction of the temporary hold amount, you may be charged an overdraft or NSF fee, even if you would have had sufficient funds in your account if the amount of the hold had been equal to the amount of your purchase.

4. PAYMENT ORDER OF ITEMS

The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. The payment order can affect the number of items overdrawn or returned unpaid and the amount of the fees you may have to pay.

Please note that items may not be processed in the order in which they occur or in the order in which you make them. In general, we will process and post items from the same business day in the following order:

1. All credits (deposits) from smallest to largest
2. All checks from largest to smallest on the date presented
3. All ACH debits from largest to smallest
4. All ATM withdrawals from largest to smallest
5. All Point-of-Sale, and Debit Card Transactions from largest to smallest on the date presented

Austin Bank reserves the right to change the payment order if the Bank suspects fraud or possible illegal activity affecting the account. Austin Bank also reserves the right to post in any order, as permitted by law. Account statements do not necessarily report debits and credits in the order that we posted them to an account.

5. FUNDS AVAILABILITY

Knowing when funds you deposit into your account will be made available is another important concept that can help you avoid being assessed fees or charges. Please see our “**Funds Availability Policy**” for information on when different types of deposits will be made available for withdrawal.

6. NON-SUFFICIENT FUNDS (NSF) FEES

If an item drafted by you (such as a check) or set up by you (such as a preauthorized transfer, debit card, or point-of-sale transaction) is presented for payment in an amount that is more than the ledger balance in your account, and we decide not to pay the item and instead return it, you agree that we can charge you a NSF each time the item for payment is presented and returned.

Please be aware that an item may be presented and returned multiple times and that we do not monitor or control the number of times an item is presented for payment. You agree that we may charge you a NSF fee of \$30.00 each time an item is presented and returned if the ledger balance in your account is not sufficient to cover the item, regardless of the number of times the item is presented and returned, or if the item is later covered by the Bank, in its discretion, as an overdraft. This means that you could incur multiple NSF fees, as well as an overdraft fee, for the same item if it is presented and returned multiple times for payment. Each fee will be due and payable upon demand.

There is no limit on the number of NSF fees that may be assessed; however, your account will not be charged an NSF fee for any returned item that is \$5.00 or less.

If there is more than one (1) owner on the signature card, each owner, and agent, if applicable, drawing/presenting the item creating the NSF fee(s) shall be jointly and severally liable for such NSF fee(s). We may use deposits you or others make to your account to pay overdrafts, fees and other amounts you owe us.

7. OVERDRAFT FEES

You understand that we may, at our discretion, honor withdrawal requests that overdraw your account for eligible account types after an account has been open for at least 30 days. In addition, we may, at our discretion, honor withdrawal requests that overdraw your account by up to \$100 within the first 30 days of account opening. However, the fact that we may honor withdrawal requests that overdraw the ledger balance of the account does not obligate us to do so later. So you can NOT rely on us to pay overdrafts on your account regardless of how frequently or under what circumstances we have paid overdrafts on your account in the past. We may change our practice of paying, or not paying, discretionary overdrafts on your account without notice to you. You can ask us if we have other account services that might be available to you where we commit to paying overdrafts under certain circumstances, such as a plan to sweep funds from another account you have with us.

You agree that we may charge you an overdraft fee of \$30.00 for each overdrawn item, including a fee for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have opted-in to that service, and the fee will be due and payable upon demand.

There is no limit on the number of overdraft fees that may be assessed; however, your account will not be charged an overdraft fee for any paid overdrawn item that is \$5.00 or less.

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 overdraft fee(s). We may use deposits you or others make to your account to pay overdrafts, fees and other amounts you owe us.

For consumer accounts, we will not charge fees for overdrafts caused by ATM withdrawals or one-time debit card transactions if you have not opted-in to that service. Please see our “**What You Need to Know About Overdrafts and Overdraft Fees Disclosure**” for information on how to opt-in or opt-out of that service. Absent your affirmative consent (opt-in), ATM and everyday debit card transactions generally will not be authorized if your ledger balance in your account is insufficient. A customer who does not affirmatively consent (opts-out) to overdraft protection for the payment of ATM and/or everyday debit card transactions, agrees to not overdraw their account for ATM and everyday debit card transactions (\$0 debit card overdraft limit).

If a consumer opts-out of overdraft coverage for the payment of ATM and/or everyday debit card transactions, on the third time such a consumer breaches the account agreement by overdrawing the account with an ATM or everyday debit card transaction, and there is an inherent risk to the bank, then the debit card may be restricted from further use. The debit card may be reissued **IF** the consumer:

- Consents to an automatic transfer from another account to cover overdrafts;
- Applies and qualifies for a loan product with an automatic transfer feature to cover overdrafts;
- Voluntarily and knowingly consents to opt-in to the bank’s debit card overdraft service; or
- Otherwise provides evidence of curing the breaches of the account.

Discretionary Service. We are not obligated to pay any item presented for payment if your ledger balance does not contain sufficient funds. We may refuse to pay an overdraft at any time, even if your account is in good standing and even though we may have previously paid overdrafts for you. Overdraft coverage services offered by Austin Bank do not constitute an actual or implied agreement between you and Austin Bank, nor does it constitute an actual or implied obligation of Austin Bank. The overdraft coverage service represents a purely discretionary courtesy or privilege that Austin Bank may provide to you from time to time and which may be withdrawn or withheld by Austin Bank at any time without prior notice or reason or cause. Extension of overdraft coverage services is subject to approval. Some restrictions do apply.

For overdraft privilege consideration, your account must be in “good standing.” This means that you must:

- Repay all overdraft and/or NSF fees within 30 days;
- Make deposits to your account(s) consistent with your past practices;

- Repay any negative balance(s) consistent with your past practices;
- You do not have any delinquent loan(s) with us of more than 30 days' past due;
- You do not have a Fresh Start Loan with us during which your overdraft privileges have been suspended during the term of the agreement;
- You do not have any garnishments, levies, or liens against your account(s);
- You do not have excessive NSF or overdraft fees assessed against your account;
- You make at least one (1) deposit to your account every 30 days.

Declining Overdraft Coverage. You may choose at any time to not participate in Austin Bank's discretionary overdraft service by visiting our website at www.austinbank.com, by calling our Customer Care Center at 1-800-644-9275, or by visiting us in person at any branch location. If you decline overdraft coverage, any items that would overdraw your account may be returned unpaid, and ATM/debit card transactions will not be authorized. A NSF fee of \$30 per item, per presentment, will be imposed each time an item is presented and returned unpaid.

Overdraft Balance Limit. Austin Bank's discretionary overdraft service may be subject to overdraft (negative) balance limits that may be increased or decreased for certain eligible accounts at any time, in Austin Bank's sole discretion, subject to applicable restrictions. Any and all fees and charges, including without limitation, all NSF and overdraft fees, will be included in this overdraft (negative) balance limit and will apply to any item that overdraws your account including, but not limited to, payments authorized by check, ACH/electronic transactions, Austin Bank and foreign ATMs/debit cards, online banking and telephone banking transactions. We will not include ATM and everyday debit card transactions within your assigned overdraft (negative) balance limit without first receiving your affirmative consent (opt-in) to do so.

Excessive Overdraft Use. Please contact us right away if you find that you are using overdraft coverage more often than you intend, do not understand why your account becomes overdrawn, or experience difficulty bringing your account to a positive balance. We would like to discuss your situation with you.

Following regulatory guidance, we will contact you if you are paying excessive overdraft fees (i.e., more than 6 fees in a rolling 6-month period) to discuss possible alternatives to overdraft coverage that may better meet your short-term credit needs. In the event you ask us to stop contacting you, we will honor your wishes. However, if we identify that the number and frequency of overdrafts increases materially for an extended period of time, we may contact you again to ensure overdraft coverage is still the most appropriate option available to you for covering your short term credit needs.

Removal of Overdraft Coverage. Overdraft coverage may be removed from any account at any time without prior notice or cause. Some common reasons overdraft coverage may be removed from an account include, but are not limited to:

- The account has been overdrawn for 30 or more consecutive days;
- You have been approved for a Fresh Start Loan to manage the repayment of overdraft fees;
- The account is subject to a restrictive hold (for example garnishment, liens, etc.);
- The account is dormant, has a bad address, has been charged off, or the account holder is deceased, in bankruptcy, there is a risk of fraud; or
- Based on safety and soundness concerns, if there is a history of potential chronic or excessive use of overdraft coverage, or you are in default of your obligations to Austin Bank.

8. BALANCE ALERTS

You may wish to take advantage of Austin Bank's account alerts. If you bank online or use our mobile banking services, you may establish an alert threshold to let you know when your balance is nearing your alert threshold.

Here's how it works: you set the threshold (say \$100) by logging into your account online and setting up the balance alert program. The alert system is based on your ledger balance (not including any overdraft coverage

limit). The ledger balance is finalized once a day in the evenings after all items have been posted, including deposits for which you have received credit, wire and cash items, ACH payments, and debit card payments that have been submitted for posting. If your ledger balance has fallen to your alert threshold, you will receive a text message (if you use the mobile banking program) or an email alert. You can then log on securely to your account for more information.