

Important Account Information For Our Customers

Citizens State Bank
Offices in Montrose and Waverly

609 Pacific Ave
PO Box 68
Waverly, MN 55390-0068
(763)658-4417

For information about FDIC insurance coverage of transaction accounts visit: www.fdic.gov.

YOUR ABILITY TO WITHDRAW FUNDS

This policy statement applies to "transaction" accounts. Transaction accounts, in general, are accounts which permit an unlimited number of payments to third persons and an unlimited number of telephone and preauthorized transfers to other accounts of yours with us. Checking accounts are the most common transaction accounts. Feel free to ask us whether any of your other accounts might also be under this policy.

Our policy is to make funds from your cash and check deposits available to you on the same business day that we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and we will use the funds to pay checks that you have written.

Please remember that even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks you deposit that are returned to us unpaid and for any other problems involving your deposit.

Determining the Availability of a Deposit

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 4:00 p.m. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 4:00 p.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open. If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in one of your accounts. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

Longer Delays May Apply

Case-By-Case Delays - In some cases, we will not make all of the funds that you deposit by check available to you on the same business day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$200 of your deposits, however, may be available on the first business day.

If we are not going to make all of the funds from your deposit available on the same business day that we receive your deposit, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the first business day after we receive your deposit.

If you will need the funds from a deposit right away, you should ask us when the funds will be available.

Safeguard Exception Delays - In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- We believe a check you deposit will not be paid.
- You deposit checks totaling more than \$5,000 on any one day.
- You redeposit a check that has been returned unpaid.
- You have overdrawn your account repeatedly in the last six months.
- There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

Special Rules for New Accounts - If you are a new customer, the following special rules may apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's checks, certified, teller's, traveler's, and federal, state and local government checks will be available on the first Business Day after the day of deposit if the deposit meets certain conditions. For example, the checks must be payable to you (and you may have to use a special deposit slip). The excess over \$5,000 will be available on the ninth Business Day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the first Business Day after the day of deposit.

Funds from all other check deposits will be available on the tenth Business Day after the day of deposit.

ELECTRONIC FUND TRANSFERS YOUR RIGHTS AND RESPONSIBILITIES

Indicated below are types of Electronic Fund Transfers we are capable of handling, some of which may apply to your account. Please read this disclosure carefully because it tells you your rights and obligations for the transactions listed. You should keep this notice for future reference.

Electronic Funds Transfers Initiated By Third Parties.

You may authorize a third party to initiate electronic funds transfers between your account and the third party's account. These transfers to make or receive payment may be one-time occurrences or may recur as directed by you. These transfers may use the Automated Clearinghouse (ACH) or other payments network. Your authorization to the third party to make these transfers can occur in a number of ways. In some cases, your authorization can occur when the merchant posts a sign informing you of their policy. In all cases, the transaction will require you to provide the third party with your account number and financial institution information. This information can be found on your check as well as on a deposit or withdrawal slip. Thus, you should only provide your financial institution and account information (whether over the phone, the Internet, or via some other method) to trusted third parties whom you have authorized to initiate these electronic funds transfers. Examples of these transfers include:

Preauthorized credits - You may make arrangements for certain direct deposits to be accepted into your checking or savings.

Preauthorized payments - You may make arrangements to pay certain recurring bills from your checking or savings.

Mobile Banking Transfers - You may access your account(s) by web-enabled mobile device by enrolling online at www.bankwaverly.com and using your mobile web App service and online banking password to:

- transfer funds from checking to savings
- transfer funds from savings to checking
- transfer funds from a line of credit to checking
- transfer funds from a line of credit to savings
- make payments from checking to loan accounts with us
- make payments from savings to loan accounts with us
- make payments from checking to third parties
- get checking account(s) information
- get savings account(s) information

You may be charged access fees by your cell phone provider based on your individual plan. Web access is needed to use this service. Check with your cell phone provider for details on specific fees and charges.

Electronic check conversion - You may provide your check to a merchant or service provider who will scan the check for the encoded financial institution and account information. The merchant or service provider will then use this information to convert the transaction in an electronic funds transfer.

Electronic returned check charge - You may authorize a merchant or service provider to electronically collect a charge in the event a check is returned for insufficient funds.

Telephone Banking transactions - types of transactions - You may access your account by telephone using your account number(s), personal identification number (PIN), social security number and touch tone phone to:

- transfer funds from all accounts to all accounts
- make payments from All accounts to All accounts
- get balance information about checking, savings, certificates of deposit, line of credit or Ready Reserve & loans
- get withdrawal history about checking, savings, line of credit or Ready Reserve & loans
- get deposit history about checking, savings, line of credit or Ready Reserve & loans
- get transaction history about checking, savings, line of credit or Ready Reserve & loans.
- You may access your account for telephone transactions at the following number(s) and during the following hours:
 - (763)658-4488 (24 hours a day)

ATM debit card transactions - types of transactions - You may access your account(s) by ATM using your ATM debit card and your account number and personal identification number (PIN) to:

- deposit funds to checking or savings
- withdraw cash from checking, savings or Line of Credit
- transfer funds from checking to checking
- transfer funds from checking to savings
- transfer funds from line of credit to checking and Savings
- transfer funds from savings to checking and Savings
- get balance information about checking or savings
- Some of these services may not be available at all terminals.

Debit Card ATM transactions - types of transactions - You may access your account(s) by ATM using your Debit Card and your account number and personal identification number (PIN) (as applicable) to:

- withdraw cash from checking, savings or line of credit & ready reserve
- transfer funds from checking to checking
- transfer funds from checking to savings
- transfer funds from savings to checking
- transfer funds from line of credit checking to checking & savings
- transfer funds from Ready Reserve to checking & savings
- get balance information about checking or savings
- Some of these services may not be available at all terminals.

Debit Card point-of-sale transactions - types of transactions - You may access your checking or your Line of credit & ready reserve account(s) by debit card to:

- purchase goods in person or by phone
- pay for services in person or by phone
- get cash from a participating merchant or financial institution
- do any transaction that can be made with a credit card

Advisory against illegal use; you agree not to use your card for illegal gambling or other illegal purposes. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the card holder may be located.

CURRENCY CONVERSION – MasterCard® If you perform transactions with your card with the MasterCard® logo in a currency other than US Dollars, MasterCard® International Inc., will convert the charge into a US Dollar amount. At MasterCard® International they use a currency conversion procedure, which is disclosed to institutions that issue MasterCard®. Currently the currency conversion rate used by MasterCard® International to determine the transaction amount in US Dollars for such transactions is generally either a government mandated rate or wholesale rate, determined by MasterCard® International for the processing cycle in which the transaction is processed, increased by an adjustment factor established from time to time by MasterCard® International. The currency conversion rate used by MasterCard® International on the processing date may differ from the rate that would have been used on the purchase date or the cardholder statement posting date.

IMPORTANT ADDITIONAL FEE NOTICE: On international transactions, MasterCard charges you a .2 percent Cross Border fee at the time of the transaction. In addition we are charged a .9 percent Cross Border Fee on the international transactions the customer makes. The bank will pass the .9 percent Cross Border Fee along to the customer.

Advisory Against Illegal Use - You agree not to use your card(s) for illegal gambling or other illegal purposes. Display of a payment card logo by, for example, an online merchant does not necessarily mean that transactions are lawful in all jurisdictions in which the cardholder may be located.

Online Banking - types of transfers - You may access your accounts by computer at www.bankwaverly.com and using your personal identification number (PIN) and log-in ID to:

- transfer funds from all accounts to all accounts
- make payments from all accounts to all accounts
- get balance information about checking, savings, certificates of deposit, line of credit or loans
- get withdrawal history about checking or savings
- get deposit history about checking or savings
- get transaction history about checking or savings

Limits and fees - Please refer to our fee disclosure for information about fees and limitations that may apply to these electronic fund transfers.

We may provide you with a temporary MasterCard Debit Card. You can identify this card by the 'Valued Customer' notation on the front of the card. This card will grant you the exact same access and protections as a personalized MasterCard Debit Card. The card however will expire once your permanent, personalized card has been activated. Because this card will expire and is only intended for temporary use, we highly recommend that you do not set up re-occurring transactions, and allow adequate time for transactions to post and settle before the card expires.

ATM Operator/Network Fees - When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

Termination - You may terminate the electronic fund transfer agreement by giving us written notice. For transfers you preauthorize with a third party, you should revoke authorization by appropriate notice to the third party. We may terminate the electronic fund transfer agreement by giving you verbal or written notice or account closure.

Documentation

Terminal transfers - You can get a receipt at the time you make any transfer to or from your account using one of our automated teller machines or point-of-sale terminals.

Preauthorized credits - If you have arranged to have direct deposits made to your account at least once every 60 days from the same person or company.

The person or company making the deposit will tell you every time they send us the money.

You can call us at (763)658-4417 to find out whether or not the deposit has been made.

Periodic statements - You will get a monthly account statement from us for your checking & ATM account(s).

You will get a monthly account statement from us for your savings and MMDA account(s), unless there are no transfers in a particular month. In any case, you will get a statement at least quarterly.

Preauthorized Payments

Right to stop payment and procedure for doing so - If you have told us in advance to make regular payments out of your account, you can stop any of these payments. Here is how:

Call or write us at the telephone number or address listed in this disclosure in time for us to receive your request three business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within 14 days after you call.

Notice of varying amounts - If these regular payments may vary in amount, the person you are going to pay will tell you, 10 days before each payment, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.)

Liability for failure to stop payment of preauthorized transfer - If you order us to stop one of these payments three business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

Financial Institution's Liability

Liability for failure to make transfers - If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

- (1) If, through no fault of ours, you do not have enough money in your account to make the transfer.
- (2) If you have an overdraft line and the transfer would go over the credit limit.
- (3) If the automated teller machine where you are making the transfer does not have enough cash.
- (4) If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- (5) If circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- (6) There may be other exceptions stated in our agreement with you.

Confidentiality

We will disclose information to third parties about your account or the transfers you make:

- (1) where it is necessary for completing transfers; or
- (2) in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
- (3) in order to comply with government agency or court orders; or
- (4) as described in our privacy policy disclosure, provided separately.

Unauthorized Transfers

(a) Consumer liability. (1) Generally, tell us AT ONCE if you believe your card and/or code has been lost or stolen. Telephoning is the best way of keeping your possible losses down. You could lose all of the money in your account (plus your maximum overdraft line of credit). We will be liable for all unauthorized transfers unless the unauthorized transfer was due to the loss or theft of your card and/or code. If due to the loss or theft of your card and/or code, and you notify us within 60 days of when the unauthorized transfer appears on the statement you can lose no more than \$50 if someone used your card and/or code without permission.

If you do NOT notify us within 60 days after the unauthorized transfer appears on your statement, and we prove that we could have stopped someone from using your card and/or code without your permission if you had told us within two days of when you discover the loss or theft of your card and/or code, you could lose as much as \$500 for unauthorized transfers that appear on the statement.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time period.

(2) Additional Limit on Liability for MasterCard® card. Unless you have been grossly negligent or have engaged in fraud, you will not be liable for any unauthorized transactions using your lost or stolen MasterCard® card. This additional limit on liability does not apply to ATM transactions, to transactions using your Personal Identification Number, which are not processed by MasterCard®, or to commercial cards.

(b) Contact in event of unauthorized transfer. If you believe that someone has transferred or may transfer money from your account without your permission, call or write us at the telephone number or address listed in this disclosure.

Right to Bring Civil Action

You may bring a civil action against any person violating any provision of Minnesota Statutes section 47.69 (governing consumer privacy and unauthorized withdrawals). If you prevail in such an action, you may recover the greater of your actual damages or \$500. You may also be entitled to recover punitive damages, your court costs and reasonable attorney's fees.

Point-Of-Sale Transactions

Payment for goods or services made in this manner shall not affect any of the rights, protections or liabilities in existing law concerning a cash or credit sale by means other than through the use of a terminal.

You cannot reverse a point-of-sale transaction.

Merchants are not required to provide a terminal receipt for a purchase made with your Debit card for \$15 or less.

Time Needed to Complete Terminal Transactions:

Withdrawals made at a terminal will normally be completed and charged to your account and charged to your account the following business day. Transfers between accounts will normally be completed the following business day.

Error Resolution Notice

In case of errors or questions about your electronic transfers, call or write us at the telephone number or address listed in this disclosure, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

(1) Tell us your name and account number (if any).

(2) Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.

(3) Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (five business days if the transfer involved a point-of-sale transaction and 20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point-of-sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (five business days if the transfer involved a point-of-sale transaction and 20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before the account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

Other Terms and Conditions

Illegal Gambling Prohibition Notice: You agree not to use your account for illegal gambling or other illegal purposes.

If you have inquiries regarding your account, please contact us at:

Citizens State Bank

Offices in Montrose & Waverly

609 Pacific Ave

PO Box 68

Waverly, MN 55390

BUSINESS DAYS:

Monday, Tuesday, Wednesday, Thursday and Friday

Holidays are not included.

PHONE:

(763)658-4417

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