

# Overdraft Disclosure for Business Accounts

## Business Banking with Westamerica

Westamerica Bank's overdraft practices and information about our Overdraft Services and overdraft protection plans.



## ACCOUNT INFORMATION

OVERDRAFT SERVICES, FEES AND  
DISCLOSURE INFORMATION



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## **Overdraft Disclosure for Business Accounts**

This disclosure describes Westamerica Bank's overdraft practices for business accounts, and provides information about our Expanded Overdraft Service and an alternative protection option. It is important to understand that overdrafts are expensive and that our Expanded Overdraft Service may not be the best option. Our Expanded Overdraft Service is not required and you can choose not to have Expanded Overdraft Service at any time by calling 1-800-848-1088, notifying us in writing at Westamerica Bank, Direct Data Entry, B-2X, P.O. Box 1200, Suisun City, CA 94585-1200 or visiting one of our branches.

You should make every effort to not overdraw the account. When you conduct a transaction, make sure the account has enough money to cover the transaction. When you overdraw the account, our resulting fees and charges can be very expensive. You can avoid these fees by not overdrawing the account. The Bank offers Linked Overdraft Protection, which may be less costly and help you avoid overdrafts. See the Linked Overdraft Protection section of this disclosure for additional information regarding this product.

### **How Your Account Can Become Overdrawn**

The account can become overdrawn when you do not have enough available funds in the account to pay checks and other transactions that are being charged to the account. This can happen in several ways, such as (1) the payment of checks, electronic fund transfers or other withdrawal requests (such as cash withdrawals from a teller); (2) authorized payments; (3) the return of unpaid items deposited to the account; (4) bank service charges and other fees.

The Bank is not obligated to pay any transaction presented for payment if the account does not contain sufficient funds even if the account has Expanded Overdraft Service. In other words, we may refuse to pay an overdraft transaction at any time even though we may have previously paid overdrafts on the account. For example, the Bank may not pay overdraft transactions if the account is not in good standing, as described in the Limitations section of this disclosure, or if, based upon our review of how the account is managed, we determine that Expanded Overdraft Service is being used excessively or is being used as a continuing line of credit.

## Expanded Overdraft Service

Expanded Overdraft Service is a form of overdraft coverage that the Bank can use at its discretion to pay transactions when the account does not have sufficient funds. Upon account opening, the account is automatically enrolled in our Expanded Overdraft Service. This Overdraft Service is discretionary, which means we have the right to refuse to pay any transaction that would overdraw the account. Expanded Overdraft Service is NOT designed to help avoid future financial challenges and should not be used in that manner. Excessive use of this Overdraft Service is an indicator of poor account management and can result in significant expenses.

Under the Bank's Expanded Overdraft Service, we may at our discretion cover overdrafts resulting from:

- checks,
- ACH transactions (including automatic bill payments),
- other transactions made using the account number,
- ATM transactions,
- everyday debit card transactions.

Under our Expanded Overdraft Service, the account will be charged a **\$35** Overdraft Fee for each item we pay against insufficient available funds in the account, and the payment results in an overdraft (exceeding \$2.00 for non-analyzed accounts). The maximum number of items for which Overdraft Fees will be charged will be ten (10) paid items (or \$350) per day for non-analyzed accounts. There is no maximum charge per day for analyzed accounts.

**You can choose not to have Expanded Overdraft Service at any time.** If you opt out of Expanded Overdraft Service, the account will have no Overdraft Service.

## No Overdraft Service

You can **opt out** of our Expanded Overdraft Service at any time. If the account has No Overdraft Service, transactions which would cause an overdraft will be returned, rejected or declined rather than paid, and the following will happen (unless you have enough available funds in a Linked Overdraft Protection account):

- ATM and everyday debit card transactions will be declined rather than paid. We **do not charge a fee** for declining ATM or everyday debit card transactions. Typically, merchants do not charge a fee for declined ATM or everyday debit card transactions. You will need to arrange an alternative form of payment.
- Checks, ACH transactions (including automatic bill

payments), and other transactions made using the checking account number will be returned rather than paid. The Bank charges a **\$35** Insufficient Funds Fee for each return of an item due to insufficient funds, up to ten (10) items (or \$350) per day for non-analyzed accounts. There is no maximum charge per day for analyzed accounts. Some merchants may also assess a returned item fee, of which we have no control.

There may be limited instances where the Bank will pay a transaction into overdraft even if the account does not have sufficient funds to cover the transaction and does not have Expanded Overdraft Service. These transactions can occur, for example, when a transaction is approved but other activities reduce the balance in the account before the transaction is posted to the account.

**Expanded Overdraft Service is not required. You can choose not to have Expanded Overdraft Service at any time** by calling 1-800-848-1088, notifying us in writing at Westamerica Bank, Direct Data Entry, B-2X, P.O. Box 1200, Suisun City, CA 94585-1200, or visiting one of our branches.

## **Overdraft and Insufficient Funds Fees**

The Bank charges a **\$35** Overdraft Fee when we pay an item presented against insufficient available funds, and a **\$35** Insufficient Funds Fee when we return an item presented against insufficient available funds. The maximum number of paid and/or returned items for which these fees will be charged is ten (10) paid and/or returned items (or \$350) per day. There is no maximum charge for analyzed accounts. We may impose multiple fees as well as the same fees multiple times (such as fees for overdrafts and returned unpaid items) in connection with a single check or other transaction that has been returned or presented multiple times. This includes, for example, when an overdraft results from an item or ACH debit that is returned after being redeposited, or paid or rejected after being represented for payment. For non-analyzed accounts, the Bank does not charge the **\$35** Overdraft Fee for any transaction that overdraws your account \$2 or less.

## **Limitations**

Expanded Overdraft Service is a non-contractual courtesy that is available to accounts in “good standing.” When determining if the account is in good standing for purposes of Expanded Overdraft Service, the Bank may consider a number of factors, such as: (1) sufficient deposits being

made to bring the account to a positive end-of-day balance within 30 calendar days after the date the account was initially overdrawn (including the payment of all bank fees and charges); (2) the avoidance of excessive overdrafts suggesting the use of Expanded Overdraft Service as a continuing line of credit; and (3) a lack of legal orders, levies or liens against the account. We may, at our discretion, approve overdraft transactions up to and exceeding the account's Overdraft Service limit.

Even if the account has Expanded Overdraft Service, it is possible that transactions will be declined or returned rather than paid into overdraft. The Bank charges a **\$35** Insufficient Funds Fee for each return of a check, ACH transaction (including automatic bill payments), and other transactions made using the checking account number that is returned for insufficient funds rather than paid into overdraft. The maximum number of items for which Insufficient Funds Fees will be charged will be ten (10) returned items (or \$350) per day for non-analyzed accounts. There is no maximum charge per day for analyzed accounts.

The Bank does not promise to pay overdrafts under our Expanded Overdraft Service. The Bank reserves the right to limit participation and to suspend, revoke, or discontinue this service at any time without prior notice. When you use our Expanded Overdraft Service, you agree we will not be liable to you for any loss or damage based on a claim that you relied on us to pay any and all transactions which would overdraw the account. You further agree to indemnify and hold us harmless from any such claims for loss or damage made by any other person.

Overdraft Fees can add up and become significant. Overdrafts are not "free." A small transaction can become quite expensive if overdrafts occur due to the transaction. You should avoid overdrafts. If they occur, you should make every attempt to bring the account to a positive balance as quickly as possible. If you are not able to do so, you will receive a letter from us informing you of the situation and your options. If you do not bring the account to a positive balance, we will close the account and may take other steps to recover the unpaid balance.

## **Available Balance**

The Available Balance is the amount of funds available for withdrawal and authorizing of transactions. The Available Balance may be different than your register balance (sometimes called Ledger Balance). The Available Balance may be reduced by the following activity: funds on hold in

accordance with our Funds Availability Policy; our receipt of notice that a transaction will be presented or returned; our receipt of a legal process relating to your account; or your use of your account as security for a loan.

Pending transactions may affect your Available Balance as follows: deposits made available for your immediate use, such as cash deposits, electronic direct deposits and the portion of paper check deposits we make available according to our Funds Availability Policy, increase your Available Balance; withdrawals which have been authorized or are otherwise known to us, such as checks and preauthorized automatic ACH withdrawals that we receive for payment from your account but have not yet processed, reduce your Available Balance.

Pending debit card and ATM transactions may also affect your available balance. Generally, debit card purchases and ATM transactions have a two-step process that may impact the money available in your account to pay other items. These transactions usually begin with an electronic authorization request which is followed by an electronic settlement request later the same day or within a few days. If we authorize the transaction, we may place an authorization hold on the amount of funds necessary to cover the authorization. Depending on the merchant's practice, the authorization hold may be for the actual amount of the purchase or for the anticipated amount (which may be greater or less than the actual amount of the purchase). The amount of the authorization hold will reduce the money available in your account to cover other transactions. Even if you have sufficient funds in your account when we authorize a transaction and place an authorization hold, you may still be assessed an Overdraft Fee for the transaction if your account does not have sufficient funds to pay the transaction when it is actually presented for payment and posts to your account. This sometimes happens when the amount presented at settlement is greater than the amount of the authorization hold or when intervening transactions further reduce your account balance before the transaction is posted for settlement. This may cause an overdraft in your account or cause other transactions to be returned. However, we ignore any authorization holds for pending transactions during our daily processing for purposes of deciding if we will charge an Overdraft Fee or an Insufficient Funds Fee.

## **Order of Payment**

The order in which the Bank pays transactions is important if there is not enough money in the account to pay all

of the transactions presented on one day. Our order of processing transactions may not be the order in which they occurred, and the order in which transactions are processed and cleared can affect the total amount of fees (including Overdraft Fees and Insufficient Funds Fees). Processing checks, deposits and other payments is a dynamic environment that is complex and may change due to technological innovation, changes in payment systems or changes in our policies and practices (this includes our order of transaction processing). In the normal course of business, we generally pay transactions presented for payment from the account on a single banking day in the following order:

1. Bank fees and charges;
2. ATM and point-of-sale (POS) transactions;
3. Account transfers and withdrawals made at a branch;
4. Checks and other transactions.

Multiple items of the same type are paid in the order of highest dollar transactions first. Processing includes placing a hold on the account, paying transactions (and decisions regarding payment or return) and other aspects of our processing transactions (such as assessment of Overdraft Fees, Insufficient Funds Fees and/or other bank fees and charges).

Although this represents the Bank's general policy, there are several exceptions to the above-stated processing order. For example, we reserve the right to change the order of payment without notice if we suspect fraud or possible illegal activity affecting the account. The Bank does not manipulate processing on a daily, or on a customer-by-customer basis, in order to maximize fees.

There is no particular order of payment that is favorable to the account in every instance. There are advantages and disadvantages for any order of payment. In some cases, important transactions (which may be those with higher dollar amounts) may get paid earlier using this sequence. To avoid an overdraft or the possibility of a transaction being returned or rejected for insufficient funds, customers should take steps to ensure the account(s) have sufficient funds to cover all transactions, fees and charges. Please be aware that the order in which the Bank pays transactions may create multiple overdrafts or returned or rejected transactions during a single banking day.

You should not assume or expect that you will be able to avoid an overdraft by making a covering deposit before a transaction settles with us. Checks, for example, can clear very quickly – sometimes even on the same days as the check is presented to a merchant or other payee.



## **Notices Sent When Overdrafts Occur**

The Bank will promptly send a notice each time we charge an Overdraft Fee for a transaction that overdraws the account. You should subtract the transaction amount and the total fees from the account balance in your records. We will also notify you each time we return a transaction unpaid. You should subtract the total fees from the account balance in your records. However, we have no obligation to notify you before we pay or return any transaction. The amount of any overdraft, including bank fees and charges, is due and payable upon demand but, if no demand is made, it is due and payable no later than 30 calendar days after the date the account was initially overdrawn.

## **Linked Overdraft Protection**

The Bank recommends that you not overdraw the account. To protect against occasional, inadvertent overdrafts, we offer an alternative to our Expanded Overdraft Service. Linked Overdraft Protection may better serve your needs and could be less costly.

### **Linked Overdraft Protection**

You may link the business account to another Westamerica Bank account, such as a savings account or credit line account. If the account becomes overdrawn or the available balance falls below \$1.00, available funds will be automatically transferred from the linked account to the account once at the end of the day, provided there are enough funds to cover the amount of the overdraft and leave an available balance of \$1.00 in the account. The Bank will transfer in the amount needed to cover the entire potential overdraft and maintain an available balance of \$1.00 in the account (to keep the account open). No transfer will be made if the transfer amount would exceed the available balance in the linked account. For each transfer, a fee will be charged and debited from your account at the end of your statement cycle. This fee will not be charged if the potential overdraft is \$2.00 or less for non-analyzed business accounts or entirely due to bank fees and charges. Other restrictions apply. For the current fee amount, refer to the Bank's Schedule of Fees and Charges.

## **Maintain Good Account Records and Monitor Your Account Balance**

We encourage you to keep track of the account balance by recording all transactions, reconciling the account regularly,

and managing the account responsibly.

You can access the account balance online, via an ATM or by calling us. You may not be able to tell if a particular transaction will or may cause an overdraft. For example, a balance at an ATM may reflect the prior day's balance information. The bank account balance is continually changing, so any balance you see may not reflect current transactions or may otherwise be out of date.

## **Automatic Balance Alerts**

You can sign up for our automatic balance alerts which are available to StarConnect Plus online banking customers. If you sign up for automatic balance alerts, we will notify you if the account reaches a preset threshold you select. Alerts may help you avoid an overdraft, but are not intended to serve as a substitute for carefully monitoring the account balance and transactions. You should NOT rely solely on automatic balance alerts to avoid an overdraft. Additional terms and fees may apply.

## **Deposit Agreement and Disclosure**

The Bank's Deposit Agreement and Disclosure ("Deposit Agreement"), provided at the time the Westamerica Bank account was opened, generally controls the duties, obligations and rights you and any authorized signers on the account have, as well as our duties, obligations and rights with regard to the account. However, this Overdraft Disclosure (and all amendments thereto) shall control if a conflict arises between any provision of this Overdraft Disclosure for Business Accounts and the Deposit Agreement. We will provide additional copies of the Deposit Agreement upon request, or you may visit [www.westamerica.com](http://www.westamerica.com) to download the most current version of our Deposit Agreement.





## Your Community Banker™

For further information, please contact your local Westamerica Community Banker, visit us online at [Westamerica.com](http://Westamerica.com), or call Customer Service toll-free at 1-800-848-1088. Hearing impaired customers may use TDDs to contact us toll-free at 1-800-TDD-1088.



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