

FDIC Transaction Account Guarantee Program

Frequently Asked Questions

What is the program Blackhawk Bank is participating in?

Blackhawk is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through June 30, 2010, all non-interest bearing transaction accounts and NOW accounts paying less than 0.50 percent are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's general deposit insurance rules.

Why is Blackhawk Bank participating in this program?

We have a 128 year history of safeguarding our customers' deposits and are pleased to provide this added peace of mind and protection. We understand the pressures our customers and local businesses face in today's economy and we are committed to helping them achieve their financial objectives. This truly is a program designed to restore consumer confidence in the financial industry.

What deposit accounts are included in the definition of a "non-interest-bearing transaction account"?

A "non-interest-bearing transaction account" is defined as a transaction account with respect to which interest is neither accrued nor paid and on which the insured depository institution does not reserve the right to require advance notice of an intended withdrawal. This definition encompasses traditional demand deposit checking accounts that allow for an unlimited number of deposits and withdrawals at any time and NOW accounts paying less than 0.50 percent and was determined and set by the FDIC. This definition does not encompass interest-bearing money market deposit accounts (MMDAs).

How long will the Temporary Liquidity Guarantee Program's deposit coverage last?

The coverage will last through June 30, 2010.

How does the guarantee on non-interest-bearing transaction deposit accounts affect a customer's insurance coverage for other types of accounts?

The insurance coverage on non-interest-bearing transaction deposit accounts is over and above the \$250,000 in coverage provided to a customer already. For example, if a customer has \$500,000 in a non-interest-bearing transaction deposit account or NOW account earning less than .50% and \$250,000 in a certificate of deposit, the FDIC would fully insure the entire \$750,000.

How will a depositor know if their financial institution is participating in the Temporary Liquidity Guarantee Program?

Through one or both of the following ways:

- 1) The FDIC has posted and will maintain on its website a list of eligible entities that have chosen not to participate. If a financial institution is on this list, its non-interest-bearing accounts are only insured up to the current \$250,000 limits.

- 2) As of December 19, 2008, every insured depository institution that offers non-interest-bearing transaction accounts must post a prominent notice in the lobby of its main office and each branch, and, if it offers Internet services, on its website, clearly indicating whether or not the institution is participating in the transaction account guarantee program.

Are interest-bearing accounts that offer zero interest covered under the Temporary Liquidity Guarantee Program?

No. In general, only non-interest-bearing transaction accounts are covered. (NOW accounts with interest rates of 0.50 percent or less are also covered under the Transaction Account Guarantee Program, which was determined and set by the FDIC). The \$250,000 FDIC coverage would apply to interest-bearing accounts.

Are sweep accounts covered?

The funds remaining in a non-interest bearing transaction account after the sweep is processed is covered under the Transaction Account Guarantee Program, however the portion of the funds swept to a savings, money market, repo or other type of account, whether it's on or off balance sheet, is not covered. The funds in that account will be limited to the general FDIC insurance rules and limits.