

QUESTION AND ANSWER GUIDE
Westsound Bank
Bremerton, WA

FDIC Call Center 1-800-830-4735

FDIC Call Center Hours of Operation – Pacific Time

Friday, May 8, 2009: Until 9:00 PM

Saturday, May 9, 2009: 9:00 AM – 6:00 PM

Sunday, May 10, 2009: 12:00 PM – 6:00 PM

Thereafter: 8:00 AM – 8:00 PM

Is My Account Fully Insured? <http://www2.fdic.gov/dip/index.asp>
Electronic Deposit Insurance Estimator: <http://www.myfdicinsurance.gov>

Westsound Bank, Bremerton, WA was closed Friday, May 8, 2009, by the Washington Department of Financial Institutions. Subsequently, the Federal Deposit Insurance Corporation (FDIC) was appointed Receiver. Share price does not trigger a bank closing and was not the reason for this failure. According to regulatory policy, there is no advance notice given to the public. Please see the Washington Department of Financial Institutions' Press Release for more information.

The good news is that no one lost any deposits as a result of the closure of Westsound Bank. To protect depositors, the FDIC Board of Directors approved the assumption of ALL of Westsound Bank's deposits, except brokered deposits, by Kitsap Bank, headquartered in Port Orchard, WA.

Brokered deposits and deposits solicited via a money desk, opened via the internet or an internet subscription service, or any such similar service will be paid by the FDIC. Details are provided below in question and answer #5.

YOU MAY CONTINUE TO USE YOUR SAME CHECKS, ATM/DEBIT CARDS UNTIL NOTIFIED.

ALL DIRECT DEPOSITS, INCLUDING SOCIAL SECURITY CHECKS, WILL CONTINUE AS USUAL.

The following answers are provided to the most commonly asked questions by customers of the failed bank. **The total balance in your account(s), except for brokered deposits, has been transferred to Kitsap Bank, Port Orchard, WA and will be available for transactions during regular business hours at the former Westsound Bank branches.**

[DEPOSIT QUESTIONS](#)

1. **[Over \\$250,000](#)** What if I had more than \$250,000 in my accounts at Westsound Bank?
2. **[Account Hold](#)** I have been advised there is a hold on my account. What does that mean?
3. **[ATM/Debit Card/Checks](#)** Can I continue to write checks or use my ATM/Debit card?

4. [Automatic Payments/Online Billpay](#) Will my automatic Billpay payments continue?
5. [Brokered Deposits/Deposit Broker](#) I am a deposit broker or I have brokered deposits.
6. [Checks not honored](#) A merchant will not honor my check. What can I do?
7. [Claim Account\(s\)](#) How do I claim my account(s)?
8. [Customer Impact](#) How does this action affect me?
9. [Deposits Existing at Assuming Bank](#) I already have other deposit accounts with the new bank. When combined with balances at this bank, my deposits exceed \$250,000. Are all funds insured?
10. [Direct Deposits, Social Security](#) What will happen to my direct deposits?
11. [Early withdrawal penalty](#) Will I incur an early withdrawal penalty if I close my CD before maturity?
12. [Final Statement](#) How will I get my final statement(s) from Westsound Bank?
13. [Interest](#) Will I continue to earn interest at the same rate?
14. [Interest Checks/Cashier's Checks](#) Can I cash my interest check or cashier's check?
15. [Internet Connection](#) Why doesn't my internet connection work?
16. [IRAs](#) What if I have an Individual Retirement Account (IRA)? Will my savings still be insured?
17. [Lose Any Money?](#) Will I lose anything on my deposit account?
18. [Outstanding Checks](#) What will happen to the checks which have not cleared my account?
19. [Records/Account Histories](#) What if I need information regarding my account during the time Westsound Bank was in business?
20. [Tax Reporting - 1098/1099s](#) Who will send my 1098 and/or 1099 information for 2008?
21. [Uninsured](#) Will I collect my uninsured deposits?
22. [Wire Transfer](#) Can funds be wired to me?

LOAN QUESTIONS

23. [Automatic Payments](#) Will my ACH transaction payment still occur on its assigned date?
24. [Construction Loan Draws](#) Will draws continue and will my project be completed?
25. [Construction Loan Voucher Control](#) Will my subcontractors be paid as before?
26. [Escrows](#) Who is my lender and has my loan contact changed?
27. [Fees](#) Are there any changes to fees or charges due to this event?
28. [Foreclosures: Will the FDIC continue foreclosures in process?](#)
29. [Lender and contact names](#) Who is my lender and has my loan contact changed?
30. [Loan Sales](#) Will my loan be sold?
31. [Line of Credit Advances – Home Equity](#) Can I continue to perform advances on my line of credit?
32. [Loan in Process](#) I have a loan currently in process. How is my loan impacted?
33. [Loan Sweeps](#) Will my loan sweep be discontinued?
34. [Offers to purchase other real estate](#) What happens to my offer to purchase real property?
35. [Overdraft Line of Credit](#) Will my overdraft line of credit continue to cover my overdrafts?
36. [Payments](#) How/where do I make my payments? Can I still pay by phone or at the branch?
37. [Pre-payment Penalty](#) If I refinance, will my pre-payment penalty be waived?
38. [SBA Application in Process](#) What will happen to my SBA loan application in process?
39. [What Happens Now](#) What will happen to my loan?

GENERAL QUESTIONS

40. [All-Deposit Transfer versus Insured Deposit Transfer](#) Why do all deposits, insured and uninsured, pass in some transactions but not in others?
41. [FDIC Insurance](#) Where can I find out more information about FDIC Insurance rules?
42. [Media](#) I represent a TV/Newspaper/Radio and would like some information.
43. [New Bank Insured?](#) Is the new bank insured by the FDIC?
44. [Safe Deposit Boxes](#) How can I claim the contents of my safe deposit box?
45. [Shareholders](#) I am a Shareholder of Westsound Bank. What happens to my shares?
46. [Unpaid Bill](#) I did some work for Westsound Bank and have not yet been paid.
47. [Work for FDIC – Contract or Employment](#) How can I contract or work for FDIC?

DEPOSIT QUESTIONS

1. What if I have more than \$250,000 in my accounts at Westsound Bank?

All deposit accounts, except brokered deposits, have been transferred in their entirety to Kitsap Bank, based in Port Orchard, WA. All former Westsound Bank offices will reopen for normal business hours on Monday, May 11, 2009, as branches of Kitsap Bank.

As an **All-Deposit Transfer** transaction, the total of all deposit accounts, except brokered deposits, whether within FDIC insurance limits or not, have been assumed by Kitsap Bank and will be available for business as usual.

2. I have been advised there is a hold on my account. What does that mean?

It is possible a depositor's account was held due to delinquent loans where the depositor is the borrower or guarantor. Additionally, any account pledged as collateral for a loan will continue to be held. A letter will be sent informing you of any holds placed by the FDIC, along with instructions on how to proceed. If you have any questions regarding these holds, please call your loan officer or the FDIC at the number provided in the letter.

3. Can I continue to write checks or use my ATM/Debit card?

You will be able to continue using your personal checks at this time, and your ATM/Debit card will continue to work.

4. Will my automatic payments through Billpay continue?

Billpay will be unavailable over the weekend; however, it will be available on Monday morning.

5. I am a deposit broker or I have brokered deposits. What do I need to do?

Depository Trust & Clearing Company (DTCC) brokered deposits will be paid out directly by the FDIC. Brokers will not need to provide documentation to the FDIC. If you are a DTCC participant broker, you must contact DTCC with any questions. If you are a customer who has a Westsound Bank deposit through a broker, you **must** contact your broker with any questions.

Deposits purchased through a non-DTCC broker or deposits that may have been solicited via a money desk, internet subscription service or otherwise opened through an internet account or similar program will receive an FDIC insurance check.

6. A merchant will not honor my check. What can I do?

You can provide a copy of this document or a copy of the press release from www.fdic.gov since both documents state all deposits have been transferred to Kitsap Bank, and it is business as usual. Copies of this press release will be available at the former Westsound Bank branches. Depositors or merchants can also call the FDIC at **1-800-830-4735** or the former Westsound Bank branches.

7. How do I claim my account(s)?

Your account(s), except for brokered deposits, has already been transferred to Kitsap Bank, and your account(s) will be handled as usual. Any withdrawal, renewal or additional deposits will “claim” your account. Please be advised that if there is no activity in your account in the next 18 months, that money will be turned over to your state as unclaimed property. Unclaimed property can be located by visiting www.missingmoney.com or contacting your state treasurer’s office or office of unclaimed property.

8. How does this failure affect me?

All deposits (both insured and uninsured) of Westsound Bank, except brokered deposits, have been transferred to Kitsap Bank, and it will be business as usual. If you held an account at Westsound Bank, you now have an account at Kitsap Bank that is available to you at your former Westsound Bank branches during regular business hours.

If you had a loan with Westsound Bank, please continue to make your payments to the same address as you have in the past until you are instructed otherwise. Continue to make your checks payable to Westsound Bank.

The former Westsound Bank locations will reopen for normal business hours on Monday, May 11, 2009. You will have continued access to your money through your ATM/debit card and by writing checks.

Can Westsound Bank customers use Kitsap Bank branches?

No, not at this time. During the transition of Westsound Bank records to Kitsap Bank systems, Westsound Bank customers should continue to conduct their banking business at former Westsound Bank branches. You will be notified when you can use Kitsap Bank branches.

Similarly, existing Kitsap Bank customers cannot use former Westsound Bank branches and should continue to conduct their business at Kitsap Bank branches.

9. I already have other deposit accounts with the new bank. When combined with balances at this bank, my deposits exceed \$250,000. Are all funds insured?

The transferred accounts will be separately insured for at least six months after the merger. This grace period gives a depositor the opportunity to restructure his or her accounts, if necessary.

CDs from the assumed bank are separately insured until the earliest maturity date after the end of the six-month grace period. CDs that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period. If a CD matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

10. What will happen to my direct deposits?

Direct Deposits will continue as normal, including Social Security checks. If you need to change anything in the future, please contact or visit your former Westsound Bank branch location to make those arrangements.

11. Will I incur an early withdrawal penalty if I close my CD before maturity?

No. You may withdraw funds from any transferred account without an early withdrawal penalty until you enter into a new deposit agreement with your new bank. Entering into a new deposit agreement can be done by either renewing your CD or making a deposit to, or a withdrawal from, your account.

12. How will I get my final account statement(s) from Westsound Bank?

You will receive your account statements at the same time you have received them in the past.

13. Will I continue to earn interest at the same rate?

All interest on insured deposits accrued through Friday, May 8, 2009, will be paid at your same rate. Kitsap Bank will be reviewing rates and will provide further information soon.

If you deposited funds through a broker, the interest will accrue and be paid through Friday, May 8, 2009.

14. Can I cash my interest check or cashier's check?

Interest checks and cashier's checks will continue to clear.

15. Will my Internet connection to Westsound Bank work?

The bank website will be available for regular transactions on Monday, May 11, 2009.

16. What if I have an Individual Retirement Account (IRA)? Will my savings still be insured?

Yes, all deposits, including IRAs have been transferred in their entirety to Kitsap Bank. IRA funds are insured separately from other types of accounts up to \$250,000.

If you close your IRA before maturity, you have 60 days to roll this over into another retirement vehicle. You should consult IRS Publication 590 and/or your tax advisor concerning the possible tax consequences of such distribution. IRS Publication 590 may be obtained by contacting your local IRS office or via the Internet at www.irs.gov.

17. Will I lose anything on my deposit account?

No. All accounts have been transferred in their entirety to Kitsap Bank and will be available starting on Monday, May 11, 2009.

18. What will happen to the checks which have not cleared my account?

Checks drawn on Westsound Bank that did not clear before Friday, May 8, 2009, will be honored up to your available balance.

19. What if I need information regarding my account during the time Westsound Bank was in business?

Please contact a representative of your new bank at your former Westsound Bank branch location to obtain a copy of any records you may need or visit your branch.

20. Who will send my 1098 and/or 1099 information after the end of the year?

Kitsap Bank will be responsible for mailing your 1099 tax information. Your 1098 reporting will be done by the FDIC or the servicer of your loan. You will be notified of any changes in ownership or servicing of your loan.

21. Will I collect my uninsured deposits?

All deposits have been transferred in their entirety to Kitsap Bank; therefore, there are no uninsured deposits.

22. Can funds be wired to me?

Please contact your former Westsound Bank branch location to obtain information regarding your wire request.

LOAN QUESTIONS

23. Will my automatic payment still occur on its assigned date?

You should experience no disruption in this service. We encourage you to check your bank account the day after your scheduled draft to verify the transaction. If the transaction did not occur, please notify your loan officer and we will research your loan.

24. Will construction draws continue? Will my project be completed?

Each loan is being reviewed independently, and you should direct your questions to your loan officer. These will be determined on a case-by-case basis.

25. Will my subcontractors be paid as before?

Each loan is being reviewed independently and will be determined on a case-by-case basis. You should direct your questions to your loan officer.

26. Will you continue to pay my escrows?

All services previously performed related to your loan will continue. Should you receive notification that any portion of your taxes or insurance were not paid, please notify your loan officer immediately.

27. Are there any changes to fees or charges due to this event?

No. The current fee structure will remain the same.

28. Will the FDIC continue foreclosures in process?

At this point, we have suspended all foreclosure actions in order to properly evaluate the loans and the borrower's ability to repay. It is our intention to sell all loans, and it will be up to the new owner to determine the best method of collection on the loan. There may be instances where the FDIC will continue with the foreclosure process, but this will be done on a case-by-case basis.

29. Who is my lender and has my loan contact changed?

Your loan is currently owned by the FDIC and is being serviced by all of the same personnel with whom you have worked in the past. All prior contacts remain the same.

30. Will my loan be sold?

Your loan may be sold at a future undetermined date. If that occurs, you will be notified in advance through written correspondence. If you are concerned about whom your future lender or servicer will be, you have the right to independently refinance your loan with another lender.

31. Can I continue to perform advances on my line of credit?

All lines of credit, including Home Equity Lines of Credit (HELOCs), have been suspended at this time and have been retained by the FDIC. You may contact Kitsap Bank to discuss establishing a borrowing relationship.

32. I have a loan currently in process. How is my loan impacted?

Please contact your loan officer directly.

33. Will my loan sweep be discontinued?

This will be determined on a case-by-case basis. Please contact your loan officer.

34. I was in the process of negotiating the purchase of real property held by Westsound Bank. Will my offer still be considered?

The FDIC will review offers made to purchase real property from the former Westsound Bank and will respond to the offers as soon as possible. The review process includes ordering a new appraisal, which could take up to 60 days or more.

The FDIC, as Receiver, has hired [CB Richard Ellis \(CBRE\)](#) to handle the management and disposition of real property acquired from the institution. If you have questions regarding the status of your offer please feel free to contact [CBRE](#) directly. Below is the contact information for [CBRE](#):

Kim Celoni
CB Richard Ellis / Global Corporate Services
FDIC Account
2100 Ross Avenue, Suite 400 | Dallas, TX 75201
1-866-260-8505
Email: FDIC-ORE@cbre.com

35. Will my overdraft line of credit continue to cover my overdrafts?

Yes. These lines have been transferred to Kitsap Bank. Please contact your new bank if you have additional questions regarding your accounts.

36. How and where do I make my payments?

You should continue to make your payments as agreed. Make checks payable to Westsound Bank and utilize the same payment address information. You may continue to make your payments at the branch or by phone via check or credit card.

37. If I refinance with another lender, will my pre-payment penalty be waived?

Any pre-payment penalty will be waived as long as FDIC as Receiver for Westsound Bank has control of the asset, and the borrower obtains refinancing of the outstanding balance on the account with another financial institution.

38. What will happen to my SBA loan application in process?

The FDIC as Receiver for Westsound Bank will not be originating any new loans.

If your loan has been approved by the SBA, but is not yet funded, please contact your loan officer. He will direct you to the proper SBA contact to help you locate another approved lender.

If your loan is in process, but is not yet approved by the SBA, we will release your SBA package on file with us to you, and you will need to apply with another SBA-approved lender. Please contact your loan officer to make arrangements to retrieve your application from the bank.

39. What will happen to my loan?

Each loan is currently being reviewed independently to determine the best action for that individual loan. If you are concerned about whom your future lender or servicer may be, you have the right to independently refinance your loan with another lender.

GENERAL QUESTIONS

40. Why do all deposits, insured or not, pass in some transactions but not in others?

The FDIC is required by law to employ the least-cost resolution measure for each failed financial institution. The most frequent result is for the FDIC to transfer only the insured deposits in a merger transaction. The FDIC is only able to transfer all deposits if the uninsured amounts are covered by the premium. The FDIC has been able to transfer all deposits in about 25% of the failures over the past 15 years.

41. How can I find out more about Federal Deposit Insurance rules?

You may access our website, which contains deposit insurance information and an Electronic Deposit Insurance Estimator (EDIE):

www.fdic.gov

Click on *Deposit Insurance*

Click on *Are my deposits insured?*

Click on *Your Insured Deposits* (for a comprehensive guide)

Click on *EDIE* (to calculate your insurance coverage)

You may also order any other FDIC publication:

3501 North Fairfax Drive
Room E-1002
Arlington, VA 22226

703-562-2200 Phone
703-562-2296
publicinfo@fdic.gov

42. I represent a TV/Newspaper/Radio and would like some information.

Please contact the Office of Public Affairs:

David Barr
202-898-6992
703-622-4790
dbarr@fdic.gov

43. Is the new bank insured by the FDIC?

Yes. Your deposit at Kitsap Bank is insured by the FDIC, and each depositor is insured to at least \$250,000, as established by law.

44. How can I claim the contents of my safe deposit box?

It is business as usual. You may go to your branch and access your safe deposit box or make appointments by calling your former Westsound Bank branch location.

45. I am a shareholder in WSB Financial Group, Inc. What happens to my shares?

The Westsound Bank had no publicly owned stock. Equity shareholders were invested in the holding company, [WSB Financial Group, Inc. Bremerton, WA](#) and not in the bank. Please do not file a claim with the Receiver, rather contact the holding company with any questions you may have.

46. I did some work for Westsound Bank and have not yet been paid. What should I do?

Please send your bills to the following address:

FDIC as Receiver for Westsound Bank
40 Pacifica
Irvine, CA 92618

47. How can I apply to work for FDIC as a contractor or employee?

You may access information about doing business with the FDIC by:

Visiting the FDIC Web Site at: www.fdic.gov

Select the Quick Link: [Contractors/Vendors/Outside Counsel](#)

Select: [Procurement Opportunities](#)

You must register in the Central Contractor Registration database at www.ccr.gov.

Entry into the database is not a guarantee that a contractor will receive a future solicitation.

You may also call 1-866-308-4470 for more information or send an email to ProcurementOpportunities@fdic.gov. Please include a statement of your corporate capabilities, contact information and Minority or Women-Owned Business (MWOB) status, if any.

To review positions currently available at the FDIC, you may review the information at the following link: www.fdic.gov/about/jobs/index.html.