

Discretionary Overdraft Protection Policy

Section 1.01 **Purpose**

- (a) It is the policy of *First Liberty National Bank* to comply with all applicable laws and regulations regarding overdrafts and to conduct business in accordance with applicable safety and soundness standards.

Section 1.02 **Oversight:**

- (a) The Board of Directors shall provide proper oversight of the policy and its programs and will review the key features of the policy annually.
- (b) The Compliance Committee shall provide a quarterly review of the program and present appropriate reports.
- (c) The Senior Vice President and Cashier are in charge of overseeing the Charge-off/Recoveries of Overdraft deposit accounts.
- (d) The Deposit Services Department is accountable for the daily maintenance of the Overdraft Privilege program.

Section 1.03 **Stipulations**

- (a) The account requirements for obtaining Discretionary Overdraft Protection are that a consumer account (primarily used for personal and household purposes) has been open for:
 - (i) *If a personal account, has been open at least thirty (30) days; or*
 - (ii) *If a commercial account, has been open for at least thirty (30) days,*
 - (iii) *The account is maintained in good standing, which includes at least:*
 - 1) *Bringing the account balance to a positive balance within every thirty (30) day period for a minimum period of 24 hours;*
 - 2) *Not being in default on any loan or other obligation to First Liberty National Bank; and*
 - 3) *Not being subject to any legal or administrative order or levy*
- (b) First Liberty National Bank will strive to pay overdrafts within the overdraft privilege limits, but payment by First Liberty National Bank is a discretionary courtesy and not a right of the accountholder or an obligation of First Liberty National Bank. This privilege for consumer checking accounts will generally be limited to:
 - (i) *A maximum of \$750 overdraft (negative) balance; or*

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- (ii) *This privilege for commercial accounts will generally be limited to a maximum of \$3500 overdraft (negative) balance.*

Section 1.04 **General Provisions**

- (a) Overdraft privilege is not a line of credit. However, if a customer inadvertently overdraws their account, the Bank will have the discretion to pay the overdraft, subject to the limit of an account holder's overdraft privilege and the amount of the overdraft fee. First Liberty National Bank is not obligated to pay any item presented for payment if a customer's account does not contain sufficient available funds. Any discretionary payment by First Liberty National Bank of an overdraft check (or items, such as ATM withdrawals) does not obligate First Liberty National Bank to pay any other overdraft check (or item), or to provide prior notice of its decision to refuse to pay such check (or item).
- (b) While First Liberty National Bank will have the discretion to pay overdrafts on accounts in good standing (as described above), any such payment is a discretionary courtesy, and not a right of the accountholder or an obligation of First Liberty National Bank and First Liberty National Bank in its sole and absolute discretion, can cease paying overdrafts at any time without prior notice of reason or cause.
- (c) For our consumer accountholders First Liberty National Bank will not pay overdrafts for ATM or everyday debit card transactions after August 15, 2010 unless First Liberty National Bank has provided the customer with the notice required by section 205.17(b) of Regulation E and the customer has opted in to the payment of these overdrafts. In order to avoid overdrafts due to ATM and everyday debit card transaction, First Liberty National Bank will place a hold on the customer's account for any ATM or everyday debit card transactions authorized until the transaction settles. ATM and everyday debit card transactions usually settle within two business days after the transaction is authorized. The amount of the hold will be for the amount authorized, or as permitted under applicable payment network rules. Holds on authorized ATM and everyday debit card transactions will be removed prior to settlement where required by applicable payment network rules.
- (d) In addition for both personal and commercial accounts, the customer may Opt Out of the Overdraft Privilege services for check, ACH and debit card bill payment transaction at any time by contacting one of our Account Services Representative.
- (e) Training will be provided for appropriate bank personnel in order for them to be able to explain the Discretionary Overdraft Privilege features clearly and to explain other choices available to the customer to cover inadvertent overdrafts, such as:

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- (i) Overdraft Line of Credit (subject to credit approval)
- (ii) Personal Loan (subject to credit approval)
- (iii) Transfer from another related deposit account (Cash Link)

Section 1.05 Balance Information Availability

- (a) Internal Bank systems will include the discretionary overdraft amount in the customer's available balance.
- (b) External Bank systems will not include the discretionary overdraft amount in the customer's available balance. These systems include:
 - (i) Internet Banking
 - (ii) ATM Banking
 - (iii) Telephone Banking
 - (iv) Mobile Banking
- (c) Customer Balance Alerts are available to customers for balance notification. The Balance Alert feature is available to all FLNB Internet Banking and FLNB Mobile Banking customers. The customer sets the minimum balance level to reach for a Balance Alert notice to be sent. The Balance Alert notifications are sent at the customer's request to either via the internet banking application, e-mail, or text message. There is no charge to the customer for this service.

Section 1.06 **Account Fees and Charges:**

Any and all fees and charges, including without limitation the non-sufficient funds fees (as set forth in the Bank's fee schedules and deposit account agreement and disclosure), will be included as part of the maximum amount. It may be possible that the customer's account will become overdrawn in excess of the overdraft privilege amount as a result of the assessment of a fee.

- (a) Our standard Overdraft fee of \$30 will be imposed for overdrafts created by checks, ACH, ATM withdrawals, everyday debit card transactions, in-person withdrawals, or by other electronic means. Transactions may not be processed in the order in which they occurred, and the order in which transactions are received and processed may impact the total amount of fees incurred.
- (b) The total of the discretionary overdraft privilege (negative) balance, including any and all fees and charges, including all Returned Item fees is due and payable upon demand, and Depositor and each Authorized Signatory will continue to be liable jointly and severally, for all such amounts, as described in the Deposit Account Agreement and Disclosure.

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- (c) The daily transaction limit **on personal accounts (primarily used for personal and household purposes)** subject to a fee for overdraft costs will be set at six (6). All transactions paid into overdraft above this limit will not be charged an overdraft fee.
- (d) The bank has established a de minimis overdraft amount of \$5.00 **on personal accounts (primarily used for personal and household purposes)**. Should a transaction overdraw a **personal** account in the amount of \$5.00 or less, no overdraft fee will be assessed.

Section 1.07 Marketing and Disclosure:

- (a) All marketing pieces, including scripts for radio and TV, as well as ads, will be reviewed by the Compliance Officer to assure conformity with Regulation DD and the Unfair or Deceptive Acts or Practices Act.
- (b) The Deposit Account Agreement and Disclosure provided to the customer at the time they open an account with the Bank controls the duties, obligations and rights of the Depositor, the Authorized Signatories and First Liberty National Bank with regard to a customer's checking account.
- (c) The Deposit Account Agreement (and all amendments thereto) and its terms shall control any possible conflict, if any, between any provision of this Discretionary Overdraft Privilege Policy and the Deposit Account Agreement and Disclosure.
- (d) A copy of the Deposit Account Agreement and Disclosure is located in Appendix A of this policy.
- (e) A copy of the Discretionary Overdraft Privilege Notice with Opt Out Notice is located in Appendix B of this policy.

Section 1.08 Check Processing

- (a) Checks and electronic debit transactions are processed by order of presentment from various entities, such as, the Federal Reserve Bank clearing system, Automated Clearing House Association, and Over-the-Counter processing within the bank.
- (b) Checks are paid in the following order:
 - (i) First – Over-the-Counter checks by check serial number sequence, from lowest to highest number

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- (ii) Second – Electronic transactions will post by Transaction Code sequence with lowest transaction code posting first, from low dollar to high dollar within transaction code sequence.
- (iii) Third –In-Clearing checks from the Federal Reserve Bank of Dallas, by check serial number sequence, from lowest to highest number
- (c) The Bank reserves the right to pay a debit transaction in any order.

Section 1.09 Monitoring

- (a) Accounts are monitored daily to identify abuse of overdraft usage.
 - (i) Receive 15 day notice of overdraft
 - (ii) Receive 20 day telephone call
 - (iii) Receive 30 day notice of loss of OD Privilege
 - (iv) Receive 40 day telephone call reminder of overdraft and offer Fresh Start Repayment Plan
 - (v) Receive 45 day notice reminder of overdraft and off the Fresh Start Repayment Plan again
- 1) Fresh Start Repayment Plan offered at 30 day notice
 - a) The “Fresh Start Repayment Plan” allows the customer to repay delinquent overdraft balances in convenient installments.
 - b) Fresh Start Repayment Plan will be made only for the balance due (outstanding overdrafts + fees)
 - c) No interest will be charged on Fresh Start Repayment Plan
 - d) Fresh Start Repayment Plan amounts for \$300.00 or less will be paid in equal monthly installments over a 6-month period, with a maximum of 12 months.
 - e) Fresh Start Repayment Plan amounts greater than \$300.00 will be paid in equal monthly installments over a 12-month period.
 - f) Generally, the overdraft amount should be at least \$100.00 to utilize a Fresh Start Repayment plan.
 - g) Monthly payments will be automatically debited from the customer’s checking account. NO coupons, bills, or notices will be mailed to the customer.

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- h) Customers may continue using their checking account, making deposits and writing checks, while they have a Fresh Start Repayment plan. However, the customer will not have an Overdraft Privilege until the Fresh Start is paid in full.
 - i) See Appendix C for the Fresh Start Repayment Plan Agreement
- (vi) Charge Off account after 60 days
- (b) Excessive use of the overdraft program occurs when a customer has more than 6 transactions that incur an overdraft fee in a twelve month period. Transactions that are returned and incur a Returned Item Fee, or are paid but the overdraft fee is waived, are not included in the calculation.
 - (c) The customer will be contacted by mail or electronic notification within 30 calendar days of the excessive use of the overdraft program and notified of other available alternative overdraft products.
 - (d) The customer will be given the telephone number and address of a Personal Banker to contact to discuss the alternative overdraft products.
 - (e) After customer notification takes place, the excessive use counters are reset and the 6 transaction count begins again.

Appendix A

Deposit Account Agreement and Disclosure

Appendix A

YOUR DEPOSIT ACCOUNT TERMS AND CONDITIONS

AGREEMENT - This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us. Please read this carefully. If you sign the signature card or open or continue to use the account, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us.

This agreement is subject to applicable federal laws and the laws of the state of Texas (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
- (4) give you disclosures of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document.

As used in this document the words "we," "our," and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular. "Party" means a person who, by the terms of an account, has a present right, subject to request, to payment from the account other than as a beneficiary or agent.

LIABILITY - You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges. You authorize us to deduct these charges directly from the account balance as accrued. You will pay any additional reasonable charges for services you request which are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. You will also be liable for our costs to collect the deficit as well as for our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or in any other dispute involving your account including, but not limited to, disputes between you and another joint owner; you and an authorized signer or similar party; or a third party claiming an interest in your account.

DEPOSITS - We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us"). Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next business day that we are open.

WITHDRAWALS - Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs to open the account or has authority to make withdrawals may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person who signs or has authority to make withdrawals to indorse any item payable to you or your order for deposit to this account or any other transaction with us. You agree that, as to any item that we have no opportunity to examine the signatures, such as an electronic check conversion transaction where a check or similar item is converted into an electronic fund transfer as defined in the Electronic Fund Transfers regulation, you waive any requirement of multiple signatures for withdrawal. We may charge your account for a check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us, by any method we do not specifically permit, which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. Even if we honor a nonconforming request, we may treat continued abuse of the stated limitations (if any) as your act of closing the account. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. The fact that we may honor withdrawal requests that overdraw the available account balance does not obligate us to do so later. You agree that we may charge fees for overdrafts and use subsequent deposits, including direct deposits of social security or other government benefits, to cover such overdrafts and overdraft fees. If we are presented with an item drawn against your account that would be a "substitute check," as defined by law, but for an error or defect in the item introduced in the substitute check creation process, you agree that we may pay such item. See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy disclosure does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal.

We may require not less than 7 days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit, or from any other savings account as defined by Regulation D. Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your notice of penalty for early withdrawal.

UNIFORM SINGLE-PARTY OR MULTIPLE-PARTY ACCOUNT SELECTION FORM NOTICE – The type of account you select may determine how property passes on your death. Your will may not control the disposition of funds held in some of the following accounts. You may choose to designate one or more convenience signers on an account, even if the account is not a convenience account. A designated convenience signer

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may make transactions on your behalf during your lifetime, but does not own the account during your lifetime. The designated convenience signer owns the account on your death only if the convenience signer is also designated as a P.O.D payee or trust account beneficiary.

SINGLE-PARTY ACCOUNT WITHOUT "P.O.D" (PAYABLE ON DEATH) DESIGNATION – The party to the account owns the account. On the death of the party, ownership of the account passes as a part of the party's estate under the party's will or by intestacy.

SINGLE-PARTY ACCOUNT WITH "P.O.D" (PAYABLE ON DEATH) DESIGNATION – The party to the account owns the account. On the death of the party, ownership of the account passes to the P.O.D beneficiaries of the account. The account is not a part of the party's estate.

MULTIPLE-PARTY ACCOUNT WITHOUT RIGHT OF SURVIVORSHIP – The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of a party, the party's ownership of the account passes as a part of the party's estate under the party's will or by intestacy.

MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP - The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of a party, the party's ownership of the account passes to the surviving parties.

MULTIPLE-PARTY ACCOUNT WITH RIGHT OF SURVIVORSHIP AND "P.O.D." (PAYABLE ON DEATH) DESIGNATION - The parties to the account own the account in proportion to the parties' net contributions to the account. The financial institution may pay any sum in the account to a party at any time. On the death of the last surviving party, the ownership of the account passes to the P.O.D. beneficiaries.

CONVENIENCE ACCOUNT - The parties to the account own the account. One or more convenience signers to the account may make account transactions for a party. A convenience signer does not own the account. On the death of the last surviving party, ownership of the account passes as a part of the last surviving party's estate under the last surviving party's will or by intestacy. The financial institution may pay funds in the account to a convenience signer before the financial institution receives notice of the death of the last surviving party. The payment to a convenience signer does not affect the parties' ownership of the account.

TRUST ACCOUNT - The parties named as trustees to the account own the account in proportion to the parties' net contributions to the account. A trustee may withdraw funds from the account. A beneficiary may not withdraw funds from the account before all trustees are deceased. On the death of the last surviving trustee, the ownership of the account passes to the beneficiary. The trust account is not a part of a trustee's estate and does not pass under the trustee's will or by intestacy, unless the trustee survives all of the beneficiaries and all other trustees.

BUSINESS, ORGANIZATION AND ASSOCIATION ACCOUNTS - Earnings in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. We may require the governing body of the entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the entity.

STOP PAYMENTS - You must make any stop-payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it before our stop-payment cutoff time. To be effective, your stop-payment order must precisely identify the number, date and amount of the item, and the payee.

You may stop payment on any item drawn on your account whether you sign the item or not, if you have an equal or greater right to withdraw from this account than the person who signed the item. A release of the stop-payment request may be made only by the person who initiated the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. Additional limitations on our obligation to stop payment are provided by law (e.g., we paid the item in cash or we certified the item).

TELEPHONE TRANSFERS - A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Unless a different limitation is disclosed in writing, we restrict the number of transfers from a savings account to another account or to third parties, to a maximum of six per month (less the number of "preauthorized transfers" during the month). Other account transfer restrictions may be described elsewhere.

AMENDMENTS AND TERMINATION - We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to all of you.

STATEMENTS – Your Duty to Report Unauthorized Signatures, Alterations and Forgeries - You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you will have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance, exceed a total of 30 days from when the statement is first sent or made available to you.

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You further agree that if you fail to report any unauthorized signatures, alterations or forgeries in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation is without regard to whether we used ordinary care. The limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Your Duty to Report Other Errors - In addition to your duty to review your statements for unauthorized signatures, alterations and forgeries, you agree to examine your statement with reasonable promptness for any other error - such as an encoding error. You agree that the time you have to examine your statement and report to us will depend on the circumstances. However, such time period shall not exceed 60 days. Failure to examine your statement and report any such errors to us within 60 days of when we first send or make the statement available precludes you from asserting a claim against us for any such errors on items identified in that statement and as between you and us the loss will be entirely yours.

Errors relating to Electronic Fund Transfers or Substitute Checks - (For consumer accounts only) - For information on errors relating to electronic fund transfers (e.g., computer, debit card or ATM transactions) refer to your Electronic Fund Transfers disclosure and the sections on consumer liability and error resolution. For information on errors relating to a substitute check you received, refer to your disclosure entitled Substitute Checks and Your Rights.

ACCOUNT TRANSFER - This account may not be transferred or assigned without our prior written consent.

DIRECT DEPOSITS - If, in connection with a direct deposit plan, we deposit any amount in an account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from the account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

TEMPORARY ACCOUNT AGREEMENT - If this option is selected, this is a temporary account agreement. Each person who signs to open the account or has authority to make withdrawals (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

SETOFF - We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note.

This right of setoff does not apply to this account if prohibited by law. For example, the right of setoff does not apply to this account if: (a) it is an Individual Retirement Account or similar tax-deferred account, or (b) the debt is created by a consumer credit transaction under a credit card plan (but this does not affect our rights under any consensual security interest), (c) the debtor's right of withdrawal only arises in a representative capacity, or (d) the debt is created by a home equity loan. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of setoff.

RESTRICTIVE LEGENDS - We are not required to honor any restrictive legend on checks you write unless we have agreed in writing to the restriction. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000.00."

CHECK PROCESSING - We may process items mechanically by relying on the information encoded along the bottom of the items. This means that we may not individually examine all of your items to determine if the item is properly completed, signed and indorsed. You agree that we have not failed to exercise ordinary care solely because we use an automated system to process items and do not inspect all items processed in such a manner. We reserve the right not to inspect each item because using an automated process helps us keep costs down for you and all account holders. We may determine the amount of available funds in your account for the purpose of deciding whether to return an item for insufficient funds at any time between the time we receive the item and when we return the item or send a notice in lieu of return. We need only make one determination, but if we choose to make a subsequent determination, the account balance at the subsequent time will determine whether there are insufficient available funds.

CHECK CASHING - We may charge a fee for anyone that does not have an account with us who is cashing a check, draft or other instrument written on your account. We may also require reasonable identification to cash such a check, draft or other instrument. We can decide what identification is reasonable under the circumstances and such identification may be documentary or physical and may include collecting a thumbprint or fingerprint.

TRUNCATION, SUBSTITUTE CHECKS, AND OTHER CHECK IMAGES - If you truncate an original check and create a substitute check, or other paper or electronic image of the original check, you warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check you create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to retain the original check in conformance with our internal policy for retaining original checks. You agree to indemnify us for any loss we may incur as a result of any truncated check transaction you initiate. We can refuse to accept substitute checks that have not previously been

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warranted by a bank or other financial institution in conformance with the Check 21 Act. Unless specifically stated in a separate agreement between you and us, we do not have to accept any other electronic or paper image of an original check.

REMOTELY CREATED CHECKS - Like any standard check or draft, a remotely created check (sometimes called a telecheck, preauthorized draft or demand draft) is a check or draft that can be used to withdraw money from an account. Unlike a typical check or draft, however, a remotely created check is not issued by the paying bank and does not contain the signature of the account owner (or a signature purported to be the signature of the account owner). In place of a signature, the check usually has a statement that the owner authorized the check or has the owner's name typed or printed on the signature line. For example, if a person provides an account number in response to a telephone solicitation, the telephone solicitor can use the account number to issue a remotely created check to withdraw money from that account.

You warrant and agree to the following for every remotely created check we receive from you for deposit or collection: (1) you have received express and verifiable authorization to create the check in the amount and to the payee that appears on the check; (2) you will maintain proof of the authorization for at least 2 years from the date of the authorization, and supply us the proof if we ask; and (3) if a check is returned you owe us the amount of the check, regardless of when the check is returned. We may take funds from your account to pay the amount you owe us, and if there are insufficient funds in your account, you still owe us the remaining balance.

UNLAWFUL INTERNET GAMBLING NOTICE - Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

ACH AND WIRE TRANSFERS - This agreement is subject to Article 4A of the Uniform Commercial Code - Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or a beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearing house association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a payment order to credit an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

FACSIMILE SIGNATURES - You authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose.

Appendix B

Discretionary Overdraft Privilege Notice with Opt Out Notice

Appendix B

What You Need to Know About Overdrafts and Overdraft Fees

Language that is preceded by a box below is included only if the box is checked or marked with an "X".

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway.

We can cover your overdrafts as follows:

We have standard overdraft practices that come with your account.

- We also offer one or more overdraft protection plans which may be less expensive than our standard overdraft practices, such as the following (to learn more, ask us about these plans):
- A line of credit
- A link to another account
- A personal loan (subject to credit approval)

This notice explains our standard overdraft practices.

What are our standard overdraft practices that come with your account?

We do authorize and pay overdrafts for the following types of transactions:

- Checks
- Checks and other transactions using your checking account number
- Automatic bill payments

(Note to institution: The first of the following two options should be chosen for accounts opened before July 1, 2010, and the second should be chosen for accounts opened on or after July 1, 2010.)

- Commencing August 15, 2010, we do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):
 - ◆ ATM transactions
 - ◆ Everyday debit card transactions
- We do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below):
 - ◆ ATM transactions
 - ◆ Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction. If we do not authorize and pay an overdraft, your transaction will be declined.

Appendix B

What fees will be charged if First Liberty National Bank pays my overdraft?

Under our standard overdraft practices the following fees are imposed (if more than one fee is checked, both the first fee checked and any additional fee(s) checked are imposed):

- We charge a fee of \$ _____ each time we pay an overdraft.
- We charge a fee of up to \$ 30.00 each time we pay an overdraft.
- We charge a fee of \$ _____ for each day your account is overdrawn.
- We charge a fee of up to \$ _____ for each day your account is overdrawn.
- If the account is overdrawn for more than consecutive days, we charge a fee of \$ _____ for each day your account is overdrawn.
- If the account is overdrawn for more than consecutive days, we charge a fee of up to \$ _____ for each day your account is overdrawn.

One of the following three boxes must be checked or marked with an "X", and if the third is chosen, describe the fee limit:

- There is no limit to the total fees that we can charge you for overdrawing your account.
- The maximum number of overdraft fees that we can assess is limited to **\$180.00** per day.

What if I want First Liberty National Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions?

If you want us to authorize and pay overdrafts on ATM and everyday debit card transactions, do one of the following:

- Call 936-336-6471
- Visit
- Complete and sign the Election Form below, detach it at the dotted line, and deliver it to us or mail it to us at P O Box 10109 / 1900 Sam Houston, Liberty, TX 77575

-----ELECTION FORM-----

____ I want First Liberty National Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions with respect to the account identified below.

X: _____
Printed Name: _____
Date: _____
Account Number: _____

Appendix B

OPT-OUT Discretionary Overdraft Privilege

I, _____, request and authorize First Liberty National Bank to eliminate the Overdraft Privilege Limit from the following checking accounts:

Checking Account Number: _____

Checking Account Number: _____

Checking Account Number: _____

Checking Account Number: _____

I understand that without the Overdraft Privilege, insufficient items or items drawn against uncollected funds presented for payment on this account may be returned unpaid, and whether the item is paid or returned unpaid, an insufficient fee of \$30.00 will be assessed for each insufficient item presented for payment with up to a limit of \$180.00 per day on each **personal** account (**primarily used for personal and household purposes**).

Signature

Date

Once completed, please mail to the below address or present to us in person:

First Liberty National Bank
Personal Banker
PO Box 10109
Liberty, Texas 77575

Appendix C

FRESH START REPAYMENT PLAN AGREEMENT

Appendix C

FRESH START REPAYMENT PLAN AGREEMENT

FIRST LIBERTY NATIONAL BANK
1900 Sam Houston Avenue
Liberty, Texas 77575

Depositor (s) _____

Address _____

Social Security # _____

For value received the depositor(s) jointly and severally, if more than one, promises to pay to the order of Bank at the office indicated above the total of payments as shown herein accordance with the schedule of payments as shown herein.

Annual Percentage Rate: 0.00%

Finance Charge: \$0.00

Repayment Amount \$ _____

Total of Payments \$ _____

Your payment Schedule will be:

Number of payments

Amount of Payments

When Payments are Due:

\$ _____

Monthly on the _____ 3rd _____

Beginning _____, 2011

The depositor(s) authorize the Bank to debit checking account number _____ in order to pay the monthly payments. The bank will automatically debit the account **only** for the amount of the monthly payment. The depositor(s) account will remain open and the depositor(s) will be able to continue making deposits and withdrawals on this account. **The Depositor(s) agrees that non-payment of one monthly charge may cause the account to be closed and the entire balance due and payable immediately, and chargeable to the above account.**

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

The purpose of this "Fresh Start" repayment plan is to pay an overdraft in the depositor/s checking account mentioned above. The Depositor/s agrees that the overdraft feature of this checking account will be suspended until the amount identified above is paid in full as agreed.

The depositor(s) will be limited to one "Fresh Start" repayment plan per customer at one time.

Date: _____

Depositor Signature: _____

Depositor Signature: _____