

Deposit Agreement and Disclosures

Effective May 27, 2015, for deposit accounts

CommunityBank

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Welcome to Community Bank

Thank you for opening and keeping an account with us. Please read this entire agreement carefully so you understand your rights and obligations for your deposit account and deposit relationship with us and keep it in a convenient place for future reference.

Community Bank is a Department of Defense owned banking program operated through a contract with a commercial financial institution. The Defense Finance and Accounting Service, in coordination with the Military Service banking representatives, is responsible for the oversight and management of Community Bank. Community Bank is referred to as "we", "us", "Community Bank" or "the Bank" within this Agreement. "You" and "Your" means each and every owner of the account and each and every other person with authority to withdraw funds from the account or otherwise operate the account.

Our accounts and services are generally available through all of our channels - in our banking centers, through telephone banking and online. However, some accounts and services may not be available at all times, in all locations, or through all channels.

How to Get Started

After you open your account, please consider these optional services. They can help you manage your account.

- Debit card – use your debit card to pay for purchases at merchants that accept debit cards, to make deposits at select Community Bank ATMs, and to withdraw cash from ATMs.
- Direct Deposit – have your paycheck, retirement benefits, or other source of income deposited electronically into your checking or savings account.
- Online Banking – helps you manage and keep better track of your finances. Here are some of the things you can do using Online Banking:
 - Check your account balances and review transaction history.
 - Transfer funds between your accounts.
 - Receive your statements and posted checks online, then review or print them at your convenience.
 - Reorder checks and change your address.
- Online Bill Pay service – pay your stateside bills electronically.
- Scheduled Savings Transfers – helps make saving easier by automatically transferring money from your checking account to your savings account.
- Mobile Banking – access your accounts from the convenience of your internet-enabled phone.

- Overdraft Protection Service from another linked account, such as your savings account or a line of credit.
 - Helps you avoid overdrafts and declined or returned checks and other items by automatically transferring available funds from your linked account to your checking account.

How to Access Your Account

You can access your account and get information about our accounts and services:

- At our banking centers and at Community Bank ATMs.
- Through our Online Banking Service at www.dodcommunitybank.com.
- Through your internet-enabled mobile phone
- By calling customer service at the number on your account statement.

You can locate our nearest banking center or ATM on our website www.dodcommunitybank.com.

The Agreement for Your Account Binding Contract

This *Deposit Agreement and Disclosures*, the applicable *Schedule of Fees*, the signature card and other account opening documents for your account are part of the binding contract between you and us (this “Agreement”) for your deposit account and your deposit relationship with us. They contain the terms of our agreement with you. Please read all of these documents carefully.

This *Deposit Agreement and Disclosures* also summarizes certain laws and regulations that apply to common transactions, provides some disclosures for deposit accounts required by federal law, and establishes terms that cover some transactions or situations that the law either does not cover or allows us to change by this contract. The *Schedule of Fees* lists our accounts and account fees.

When you complete our account opening documents (as an example, you sign our signature card), request an account, or keep your account open, you acknowledge that you have reviewed and understand the terms of this Agreement and you agree to be governed by these terms. You understand that these terms, as we may change or supplement them periodically, are a binding contract between you and us for your deposit account and your deposit relationship.

Our deposit relationship with you is that of debtor and creditor.

This Agreement and the deposit relationship do not create a fiduciary, quasi-fiduciary or special relationship between us. We owe you only a duty of ordinary care. Our internal policies and procedures are solely for our own purposes and

do not impose on us a higher standard of care than otherwise would apply by law without such policies or procedures.

We give this Agreement to you when we open your account. You may obtain additional copies of this Agreement at a banking center, visiting our website, or by calling the number on your statement.

Changes to This Agreement

We may change this Agreement at any time. We may add new terms. We may delete or amend existing terms. We may add new accounts and services and discontinue existing accounts or services. We may convert existing accounts and services into new accounts and services.

We ordinarily send you advance notice of an adverse change to this Agreement. However, we may make changes without prior notice unless otherwise required by law. We may, but do not have to, notify you of changes that we make for security reasons or that we believe are either beneficial or not adverse to you.

When we change this Agreement, the then-current version of this Agreement supersedes all prior versions and governs your account. If you continue to use your account or keep it open, you are deemed to accept and agree to the change and are bound by the change. If you do not agree with a change, you may close your account as provided in this Agreement.

See the *Notices, Statements and Other Communications* section for information about how we provide notice.

Closing an Account

You or we may close your checking or savings account at any time without advance notice, except that we may require you to give us seven days advance notice when you intend to close your savings or interest bearing checking account by withdrawing your funds. See *Notice of Withdrawal* in the *Other Terms and Services* section. You or we may close your time deposit account at maturity without advance notice.

If your account reaches a zero balance, or you apply for an account but never deposit funds into it, we may either keep the account open or close the account without notice.

Sometimes after an account is closed, we receive a deposit for credit to the account or a check or other item for payment from the account. If this happens, we may at our option and without any liability to you: either return the deposit, check or other item; or we may reopen the account and accept the deposit, check or other item for you, even if this overdraws your account and causes you to incur overdraft fees.

Sometimes after an account which had funds in it is closed, and while we are still holding the funds from the account, we receive a withdrawal request, check or other item for

payment from the account. We may refuse the withdrawal request and return the check or other item.

We are not liable for any losses or damage that may result from refusing the withdrawal or dishonoring the check or other item, even if we are still holding funds that would cover the withdrawal, check or other item.

If your account is overdrawn when closed, you agree to pay immediately all amounts you owe us. If your account had funds in it when closed, we may:

- hold the funds for your pick up or to pay outstanding or expected items or claims;
- deposit the funds in another of your accounts with us; or
- mail the funds to any of you by check at the address in our records for the account.

If your account earned interest before it closed, your funds stop earning interest when the account is closed, even if we continue to hold the funds. As an example, if we mail funds from an interest bearing account to you by check, then your funds do not earn interest, even if the check is returned to us or is not cashed.

Once you return to the U.S. from your tour of duty overseas, you will have 90 days from your departure before your account is closed. You may close your account sooner if all financial matters have been resolved (automatic drafts, direct deposits, etc.). If you do not close the account, we will close the account for you and mail any remaining funds to you at the most current address that you have provided us. If you have an installment loan still outstanding, you may retain a savings account with us to be used for the automatic payment to be drafted. This account will be closed once the loan is paid off.

This Agreement continues to govern matters related to your account even after your account closes.

Governing Law

While many of the federal laws do not apply to bank offices outside the United States, the applicable terms associated with certain laws and regulations outlined in this agreement will be followed. This Agreement, and your and our rights and obligations under this Agreement, are governed by and interpreted according to federal law of the United States and the laws of the state of Texas. We ordinarily maintain your account at the banking center where we open your account. However, we may transfer your account to another banking center in the same Country. If Texas and federal law are inconsistent, or if Texas law is preempted by federal law, federal law governs.

Explanation of Some Terms

Definitions

Please keep in mind the following definitions as you review the Agreement.

Account balance – is the ledger balance adjusted for deposit holds and pending transactions, but does not include any available overdraft protection funds.

Annual Percentage Yield (APY) – is a percentage rate reflecting the total amount of interest paid on the account, based on the interest rate and frequency of compounding.

Average daily balance – to determine this balance for a statement cycle, we take the end-of-day balance in the account for each day in the statement cycle, add those balances together, and then divide that sum by the number of days in the statement cycle.

Banking Center – means a branch of Community Bank.

Business days – our business days are Monday through Friday, excluding U.S. and country specific bank holidays. Please note that we may switch from one business day to the next business day before the end of the calendar day and while a banking center is still open. Hours of the business day for an ATM or banking center are available at the ATM or banking center.

Collected balance – is the ledger balance for the account minus that portion of funds deposited for which we have not received credit based on the availability schedule we apply to the account.

Community Bank, Bank, we, us and our – means Community Bank.

Item – includes all orders and instructions for the payment, transfer or withdrawal of funds from an account. As examples, item includes: a check, substitute check, purported substitute check, electronic transaction (including an ACH transaction, ATM withdrawal or transfer, or point-of-sale transaction), draft, demand draft, remotely created check, remotely created consumer check, image replacement document (IRD), indemnified copy, preauthorized draft, preauthorized payment, automatic transfer, telephone-initiated transfer, Online Banking transfer or bill payment instruction, withdrawal slip, in-person transfer or withdrawal, cash ticket, deposit adjustment, or other order of instruction for the payment, transfer, or withdrawal of funds, or an image, digital image or a photocopy of any of the foregoing. Item also includes any written document created or authorized in your name that would be a check or draft but for the fact that it has not been signed.

Item may also include a cash-in ticket and a deposit adjustment. Item may also include a check, draft, warrant, or other item deposited to your account, including a deposited item that was returned unpaid.

Minimum daily balance – the lowest end-of-day balance in the account during a statement cycle.

Previous Day balance – is the amount that we determine is in the account for a day after we finish processing that day's transactions.

You and your – means each and every owner of the account and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account.

Headings and Interpretation

We include section and paragraph headings in this Agreement to help you find terms and provisions. The headings are for convenience or reference only. They do not limit the term or provision. 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. In some sections we give examples. The examples cover some, but not all, of the situations or items that are covered by the section.

Information About You and Your Account

Information You Give Us

When you open an account with us, you give us information about yourself and confirm that it is correct. We enter the information into our records. We may rely on that information until you notify us of a change and we have had a reasonable time to act on the new information.

Identification

Federal law, including the USA PATRIOT Act, requires all financial institutions to obtain, verify and record information that identifies each customer who opens an account with that financial institution.

When you apply for an account (as an owner or signer), we may ask for your legal name, address, date of birth and your Tax Identification Number (TIN). We may require one or more forms of unexpired photo identification. We may validate the information you provide to us to ensure we have a reasonable assurance of your identity. We may contact you for additional information. If your account is funded before we verify your information, you may not have access to your funds. If we are not able to verify your identity to our satisfaction, we will not open your account or we may close the account if it was previously funded.

Community Bank's Privacy Policy

Our privacy policy is described on our website, www.dodcommunitybank.com. The privacy policy describes our policy on handling customer information and describes the situations when we may disclose information, including some examples. This privacy policy is not binding on us.

Credit Reports and Other Inquiries

We may make any inquiries that we consider appropriate to help us verify your identity and determine if we should open, maintain, collect or close your account. This may include verification of employment and credit reports or other reports from account information services and credit reporting agencies.

Disclosing Information About You and Your Account

This section applies to both organizational and personal accounts. We may disclose information about your accounts to credit reporting agencies, the Department of Defense, and to other persons or agencies who, in our judgment, have a legitimate purpose for obtaining information. From time to time, subject to any applicable financial privacy laws or other laws or regulations, we may provide information on you and your accounts:

- where it is necessary for completing transactions;
- to account information services, such as ChexSystems, Inc.;
- to anyone who we reasonably believe is conducting a legitimate credit inquiry, including inquiries to verify the existence or condition of an account for a third party such as a lender, merchant or credit bureau;
- in response to any subpoena, summons, court or administrative order, or other legal process which we believe requires our compliance;
- in connection with collection of indebtedness or to report losses incurred by us;
- in compliance with any agreement between us and a professional, regulatory or disciplinary body;
- in connection with potential sales or transfers of business operations;
- to service providers who help us meet your needs by assisting us in providing or offering our products or services; and
- to other third parties or as required under applicable law or regulation.

Account Information Services. If we close your account because of your unsatisfactory handling, we may report to account information services such as ChexSystems, Inc. Your name, address, Taxpayer Identification Number (TIN), driver's license number (or other identification number) and the date and reason we closed the account will be included in such reporting. The account information service may supply this information to others. This may adversely impact your ability to establish an account at any financial institution for up to five years from the date of the report.

Government Notification. Because of the unique nature of the Community Bank (i.e., that it is operated under the

authority of the U.S. Department of Defense), the following additional actions will occur in the event negative activity is recorded for your account.

Once a deposit account or loan with Community Bank is charged-off, we will report this information to the appropriate U.S. Government office in addition to any account information services. The Government will use this information to collect the monies owed.

Telephone Calls: Calling, Monitoring and Recording

When you give a telephone number directly to us, or place a telephone call to us, you authorize us to place calls to you at that number. You understand that a “telephone number” includes a cell phone number and “calls” include both telephone calls and text messages to or from your phone or cell phone. As examples, we may place calls to you about fraud alerts, deposit holds, and amounts you owe us (collection calls) on your account. You authorize us to monitor, and to record, telephone conversations and other electronic communications you have with us and with our representatives for reasonable business purposes, including security and quality assurance. We will not remind you that we may be monitoring or recording a call at the outset of the call unless required by law to do so. You consent and agree in advance to these terms and conditions.

Release of Information

You can obtain information about your account by many methods, including at a banking center, by telephone, by mail and through Online Banking. We believe we have adopted reasonable security measures for each method, but we cannot ensure against unauthorized inquiries or intrusions. You agree that we are not responsible for the release of information to anyone who has gained possession of your ATM card, debit card or other code, internet enabled phone, smart phone, or access device or who has learned your identifying characteristics such as personal identification number (PIN), account number or social security number, even if you have not authorized them to obtain the information.

Account Ownership

Some General Terms

When you open an account, we may rely on information you give us and we maintain in our records. We determine the type and ownership of the account from this information. You are responsible for notifying us when personal information changes.

When you ask us to make a change to this information or your account, and we agree to the change, the change is not effective until we have had a reasonable time to act on the new information. As an example, if you ask us to change the

signers on your account, your requested change is not effective until we have a reasonable time to act on it. If we ask you to give us additional documents or information, and you do not do so promptly, we may not act on your request, or close your account.

When we accept a deposit to an account or permit a withdrawal or payment from an account, we may rely upon the form of the account and the terms of this Agreement at the time we process the transaction. We do not have to inquire about the source or ownership of any funds we receive for deposit or about the application of any withdrawal or payment from an account. When we permit a withdrawal or payment from an account at the request of any signer, or the agent of any signer, in accordance with the terms of this Agreement, the withdrawal or payment is a complete release and discharge of the Bank from all claims regarding the withdrawal or payment.

If you instruct us to open an account in the names of two or more people, and we do so, but later determine that one or more of them have not completed our account opening documents or other requirements, you agree to hold us harmless for reliance on your instruction. We may in our discretion for all purposes and circumstances (including determining ownership of the account following the death of any person in whose name the account was opened) either treat the account as being owned by all persons in whose names the account was opened or treat the account as being owned solely by the persons who have signed or completed our account opening documents or other requirements. If we treat the account as owned by all persons in whose names the account was opened, we may permit the non-signing person to withdraw funds or take other action on the account without any liability to you.

We may open an account without regard to whether you are married and without regard to whether the funds on deposit are your community or separate property. We may require you to close the account in order to remove a co-owner, terminate a joint ownership or change a pay-on death designation.

Some Basic Terms for Joint Accounts

If more than one person's name appears in the title of a personal account without a fiduciary, beneficiary or other designation, then the account is a joint account. All persons whose names appear on the account are co-owners of the account, regardless of whose money is deposited in the account.

Each co-owner acts as the agent of each other co-owner. Each co-owner authorizes each other co-owner to operate the account without the consent or approval of any other co-owner. We may act and rely on the instructions of one co-owner without liability to any other co-owner. So as

examples, one co-owner may without the consent or approval of the others:

- add additional persons as co-owners;
- deposit funds and withdraw or transfer part or all of the funds in the account;
- endorse for deposit to the joint account on behalf of any other co-owner an item payable to another co-owner;
- instruct us to stop payment on a check or other item that another co-owner wrote on the account;
- obtain an ATM Card or a debit card;
- draw upon an overdraft or other line of credit connected to the account;
- obtain information about the account, including transactions conducted by other co-owners;
- pledge the account as security for any debts; and
- close the account.

Each co-owner is jointly and severally liable to us for all fees, charges and other amounts owed to us on, and all costs, losses and liabilities related to, this Agreement or the account.

All joint accounts are presumed to be joint accounts with the right of survivorship, unless Texas law does not permit this presumption or we have agreed with you in writing that the account is owned in another capacity. Right of survivorship means that when a co-owner dies, the funds in the account belongs to the surviving co-owner(s), subject to our right to charge the account for any amount the deceased co-owner or a surviving co-owner owes us. The rights of survivorship continue between surviving co-owners and we may pay the funds in the account to any surviving co-owner. Texas law may impose requirements that must be met to create a joint account with right of survivorship. You are solely responsible for meeting these requirements.

Some Basic Terms for “Payable on Death”

Accounts

For an individual or joint account, you may choose to make your account payable on your death to one or more payable on death (“POD”) beneficiaries. You can make your account a POD account by instructing us to list each POD beneficiary on the account and complying with Texas law. Texas law may impose requirements that must be met to create a POD account.

As an example, you may have to include certain words or letters in the account title to create a POD account, such as: “payable on death,” “POD,” “in trust for,” “ITF,” “as trustee for,” “ATF,” “transfer on death,” “TOD,” or “Totten Trust.”

You are solely responsible for meeting these requirements. We may treat an account which names a POD beneficiary as a POD account. However, if the applicable requirements are

not met, we may treat your account as though there is no POD beneficiary.

During your lifetime, a POD account belongs to you. You may close the account, remove or add one or more POD beneficiaries, change the account type or ownership, and withdraw all or part of the funds in the account. When the account owner or last co-owner dies, we may pay any funds remaining in the account to the then-surviving (if any) POD beneficiary(ies), subject to our right to charge the account for any amount a deceased owner, co-owner or POD beneficiary owes us. We may distribute the account balance, subject to any bank claims, to such beneficiaries payable to one or all surviving beneficiaries jointly, or payable individually, in equal shares, to each surviving beneficiary. A POD beneficiary does not acquire an interest in the account until after the death of the account owner or the last co-owner. A POD beneficiary may acquire an interest in the account at that time but only if the POD beneficiary is alive.

Some Basic Terms Organizational Accounts

If the account owner is a government entity, corporation, unincorporated association, limited liability company, limited liability partnership, fiduciary, partnership, sole proprietorship or other entity holding an account in any capacity other than an individual capacity, each person signing the signature card or completing other account opening requirements represents and agrees that they:

- are fully authorized to execute all documents or otherwise complete our requirements in their stated capacity;
- have furnished all documents or other information necessary to demonstrate that authority; and
- will furnish other documents and complete other requirements as we may request from time to time.

We may refuse to recognize any resolution affecting the account that is not on our form or that appears to us to be incomplete or improperly executed.

Organizational accounts require a "Letter of Authorization" which is issued by applicable Base Command, and must be renewed bi-annually. If this "Authorization" is not kept current, we may, at our sole discretion, close the account and send the funds to the address on the account.

Transferring Ownership

Your account is for your use only. It is non-transferable and non-negotiable. Ownership of your account is transferable only on our records with our consent.

- You may not grant, transfer or assign any of your rights to your account without our written consent.
- Even if we consent, we may require that you close the account and that the new account owner open a new account in their name.

- We may refuse to acknowledge or accept your attempted pledge or assignment of your account or any interest in it, including a notice of security interest.

Checking and Savings Accounts

Types of Accounts

We offer several different types of checking and savings accounts for customers.

- The *Schedule of Fees* describes our accounts and lists applicable fees.
- The *Schedule of Fees* does not apply to Organizational accounts.

Eligibility for NOW Accounts

NOW accounts are commonly called interest checking accounts. Federal law provides that NOW accounts may only be opened and used by the following customers:

- individuals (including sole-proprietors),
- certain non-profit organizations, and
- federal, state or local governmental entities

If we believe that you are not eligible to own a NOW account, we may either close the account or convert it to another type of account. When we refer in this agreement to checking accounts, the reference includes NOW accounts.

Demand Deposit Accounts

Demand deposit accounts are commonly called checking accounts. All types of customers can open a demand deposit account. Demand deposit accounts do not earn interest. When we refer in this agreement to checking accounts, the reference includes demand deposit accounts.

How We Calculate Interest on Interest-Bearing Checking and Savings Accounts

If you have an interest-bearing checking or savings account, then please note the following.

- Your funds earn a variable rate. Your interest rate and annual percentage yield (“APY”) may change. At our discretion, we may change the interest rate for your account at anytime without notice or limit.
- We compound and credit interest to your account monthly.
- We use the daily-balance method to calculate the interest on your account.
- The daily rate is $1/365$ —or in a leap year we may use $1/366$ —of the interest rate.
- For personal checking accounts and personal and organizational savings accounts, the daily-balance method applies a daily periodic rate to the collected balance in the account each day.
- For organizational checking accounts on analysis, the daily-balance method applies a daily periodic rate to the collected balance in the account each day (less an

amount that we determine applies for reserves applicable generally to transaction accounts under the rules of the Federal Reserve).

- When you deposit a non-cash item (such as a check), interest begins to accrue on the non-cash item no later than the business day on which we receive credit for the non-cash item.

Some checking accounts do not earn interest. Some checking accounts may require a minimum balance to earn interest. The checking accounts that earn interest are described in the *Schedule of Fees* as interest-bearing accounts.

We set interest rates at our discretion, in accordance with direction received by the Department of Defense. We may occasionally offer interest rate bonuses and other special promotions on specific accounts or to specific customers. These offers do not apply to all accounts, customers or locations. You may obtain current interest rates for your account by visiting our website, calling us at the number for customer service on your statement or by asking a banking center associate.

Limits on Withdrawals and Transfers from Savings Accounts

This Agreement and federal law impose limits on the number of certain types of withdrawals and transfers you can make each month from a savings account. Please note that these limits do not apply to deposits and they do not apply to withdrawals and transfers you make at one of our banking centers, by mail or at an ATM.

You can make no more than six transactions each monthly statement cycle (or each month if you have a quarterly statement cycle) from among the following:

- Preauthorized transfers from your savings account (including transfers for overdraft protection).
- Telephone transfers from your savings account. Telephone transfers include instructions to transfer funds sent to us by facsimile or other electronic transmission.
- Online/Mobile banking transfers or bill payment transfers from your savings account.
- If checks, drafts or debit cards are allowed on your savings account, no more than three of the six transactions may be checks, drafts or point-of-sale transactions.

We count a transaction on the date that we post it to your savings account. This date may be different from the date you authorize, transfer or write the transaction, which means a transaction made during one statement cycle may not be counted until a later statement cycle.

If you exceed the transaction limits on more than an occasional basis, we may revoke your privileges on that

account or we may convert your savings account to another type of account, such as a checking account. Your funds may no longer earn interest after we convert your account.

When you use our Online Banking bill payment service, we recommend that you do not use a savings account as your bill payment account because of these limits on transfers.

Note: A fee may apply to some withdrawals or transfers. Please see the *Schedule of Fees* for your account.

Time Deposit or CD Account

When you open a time deposit account, you agree to leave your funds in the account until the maturity date of the account. We often refer to a time deposit account as a “CD” or a “Certificate of Deposit”, even though we may not issue a “certificate”. A time deposit account is neither transferable nor negotiable.

Terms of CDs

We offer terms of CDs for personal and organizational customers from 90 days to three years.

The *Schedule of Fees* describes our CD terms.

How we Calculate Interest on CDs

Your funds earn interest during the term of the time deposit account. We calculate interest as follows:

- Time deposits earn interest at a fixed rate. Fixed rate means that the interest rate that we apply to your account on the day we open it will not change for the term of the account.
- We use the daily-balance method to calculate the interest on your account. This method applies a daily periodic rate to the ledger balance in the account each day. The daily rate is $1/365$ — or in a leap year we may use $1/366$ — of the interest rate.
- When you deposit a non-cash item (such as a check), interest begins to accrue on the non-cash item on the business day the deposit is received. Deposits you give us on a weekend or bank holiday are treated as received the next business day.
- The annual percentage yield for your account assumes that interest will remain on deposit until maturity. A withdrawal will reduce earnings.

We generally set interest rates for new time deposit accounts based on the amount you deposit, and the term you select. Rates for new accounts may change daily. You may obtain current rates by visiting our website, calling us at the number for customer service on your statement or by asking a banking center associate.

Disbursing Interest

Depending on the term of your account, we will reinvest the interest in your account at maturity for terms of less than one year; and annually on the anniversary date for terms of more than one year.

CDs That Automatically Renew

Unless your account information states that your time deposit does not automatically renew, we automatically renew your account by reinvesting your funds. We reinvest both principal and interest.

When we automatically renew your CD, the term for the reinvested CD is the same length as the previous term of your account unless we notify you that we are changing the term of the CD. For time deposits with a fixed interest rate, the interest rate and APY for any renewal term is based on the rate we offer on the first day of the new term for the type of CD, amount and term of the reinvested deposit. Unless specifically stated otherwise, any bonus or special promotion we are offering will not apply to automatically renewing accounts. If at any maturity date we no longer offer time deposit accounts of the same term and type, we may reinvest your funds in a time deposit that we believe offers similar features.

CDs That Do Not Automatically Renew

Some time deposit accounts may not automatically renew. If your account information states that your time deposit does not automatically renew, then your account may not earn interest after its maturity date.

Grace Period

The grace period begins on the first day after the maturity date. The grace period is ten calendar days. You may make a deposit or withdrawal, or change the length of the term, once during the grace period and, if you take one of these actions, the grace period ends on that day. If the last day of the grace period is a non-business day (a weekend or bank holiday), then the grace period ends on the last business day before that non-business day. We may pay interest during the grace period based on the rate we offer on the first day of the new term for the amount, and term of the deposit. Grace period transactions may require the closing of your CD and opening of a new one with a different account number.

Deposits to a CD

You may make an additional deposit to your account during its grace period. Otherwise, for all CDs you may not make deposits during the term of the CD. You may not make a deposit to a time deposit account by wire or automated clearinghouse (ACH) transfer at any time.

Early Withdrawals

You have contracted to keep your funds on deposit for the stated term. You may not withdraw all or part of a time deposit account except as provided in this Agreement. At our discretion, we may allow you to withdraw all or part of your funds at times other than the grace period. Each time we permit you to make an early withdrawal of principal, we may charge you an early withdrawal penalty.

We may deduct the penalty from your interest or principal. The early withdrawal penalty is:

- For CDs with terms up to 12 months, the penalty is an amount equal to 30 days interest of the amount withdrawn
- For CDs with terms longer than 12 months, the penalty is an amount equal to 90 days interest of the amount withdrawn

Please note that the term of a CD is the specified period of time you agreed to leave your funds on deposit – not the time remaining until maturity of your CD.

If we are required to pay an amount from your CD (e.g. levy or garnishment), we may charge you an early withdrawal penalty, calculated on the amount withdrawn from the CD.

Closing or Redeeming a CD

We may close or redeem an automatically renewable account at the end of the term. You may close or redeem your account during its grace period.

Information About Fees and Charging Your Account

Fees

You agree to pay for our services in accordance with the fees that apply to your account and your deposit relationship with us.

Account Fees Your account is subject to the fees described in the *Schedule of Fees* that applies to your account.

- The *Schedule of Fees* lists account fees that apply to our deposit accounts. The *Schedule of Fees* does not apply to organizational accounts.
- The schedule that applies to your account is part of the binding contract between you and us.

The fees for our products and services may vary from country to country or between regions within a country. We charge account fees to you based on the country or region in which the banking center where we maintain your account is located. Account fees are not based on your country of residence or the country where you use or purchase the service. Your account fees and terms may differ from those of other customers with the same type of account, based on our assessment of your overall relationship with us.

Fees for Other Services In addition to checking, savings and CD accounts we also offer many other services, such as wire transfers, cashier's checks and bond redemption. You can get current information about these services and the fees that apply to them at a banking center or by calling us at the customer service number shown on your account statement.

We may occasionally list fees for some of these services in the *Schedule of Fees*. Fees for these services may vary from

country to country. The fees you pay for these services are those charged by us in the country where we establish the service. We may change these fees at any time without notice.

How We Set Fees We set our fees based on many factors, including the value we offer, our competitive position, deterrence of misuse of an account by our customers, and ultimately through our contract with the Department of Defense. We may also consider costs in setting fees, but we do not set our fees based only or primarily on the direct or overall costs and expenses associated with providing the particular account or service involved.

Charging an Account

We may deduct fees, overdrafts and other amounts you owe us under this Agreement from your accounts with us. We may make these deductions at any time without prior notice to you or request from you. If there are not enough funds in your account to cover the amounts you owe us, we may overdraw your account, without being liable to you. You agree to pay immediately all fees, overdrafts and other amounts you owe us. We may use deposits you or others make to your account (including deposits of payroll and government benefits) to pay fees, overdrafts and other amounts you owe us. Some government payments (such as Social Security, Supplemental Security Income, Veterans and other federal or state benefits) may be protected from attachment, levy, garnishment or other legal process under federal or Texas law.

If such protections would otherwise apply to deductions we make for amounts you owe us, to the extent that you may do so by contract, you waive these protections and agree that we may use these funds to pay fees, overdrafts and other amounts you owe us under this Agreement.

Insufficient Funds – Overdrafts and Returned Items

You can avoid fees for overdrafts and declined or returned items by making sure that your account always contains sufficient available funds to cover all of your transactions. We offer services that you can use to help you manage your account and help you avoid overdrafts, such as our Online Banking service. Please visit our website for information about this service.

We recommend that you enroll in one of the optional Overdraft Protection plans described below. These plans can help you avoid overdrafts and declined or returned items.

Overdrafts and Declined or Returned Items

When we determine that you do not have enough available funds in your account to cover a check or other item, then we consider the check or other item an insufficient funds item. If you have enrolled in one of the optional Overdraft

Protection plans and have enough available funds in the linked account under the Overdraft Protection plan, we transfer funds to cover the item. Otherwise, without notice to you, we either authorize or pay the insufficient funds item and overdraw your account (an overdraft item) or we decline or return the insufficient funds item without payment (a returned item).

We may pay overdrafts at our discretion, which means we do not guarantee that we will always, or ever, authorize and pay them. If we overdraw your account to pay items on one or more occasions, we are not obligated to continue paying future insufficient funds items. We may pay all, some, or none of your overdrafts, without notice to you. If we do not authorize and pay an overdraft, then we decline or return the transaction unpaid.

The *Schedule of Fees* for your account explains when we charge you fees for overdrafts and for declined or returned items and the dollar amount of the fees. Please review the *Schedule of Fees* for your account carefully.

If we overdraw your account, you agree to repay us immediately, without notice or demand from us. We ordinarily use deposits you or others make to your account to pay overdrafts, fees and other amounts you owe us. Sometimes funds in your account are not available to cover your checks and other items. When we determine that funds in your account are subject to a hold, dispute, or legal process, then these funds are not available to cover your checks and other items.

We usually make this determination once at the end of the day when we process items. As examples of holds, holds include deposit holds, holds related to cash withdrawals, and authorization holds we place on the account for debit card transactions. We may also treat as an insufficient funds item each fee that creates an overdraft and each deposited item returned to us unpaid that creates an overdraft.

For some organizational accounts, when your account is overdrawn, we may also charge you interest on the overdraft amount. Please see the *Schedule of Fees* for your account.

What are “items”? Items include all orders and instructions for the payment, transfer, or withdrawal of funds from your account. As examples, item includes a check, draft, image, substitute check, everyday non-recurring debit card transaction, recurring debit card transaction, ACH transaction, ATM transaction, preauthorized payment, automatic transfer, telephone-initiated transfer, Online/Mobile Banking transfer or bill payment instruction, withdrawal slip, and in-person payment, transfer or withdrawal instruction. For more examples, please review the definition of items in the *Explanation of Some Terms* section.

What are everyday non-recurring debit card transactions and what are recurring debit card transactions? Everyday non-recurring debit card transactions are usually purchases made with your debit card or debit card number on a one-time or day-to-day basis. As examples, you use your debit card for purchases of groceries, gas, or coffee.

Recurring debit card transactions are usually transactions that you set up to occur automatically, such as automatic bill payments. As examples, you give merchants your debit card number to use for rent, mortgage, car, or utility payments.

Posting Orders

We determine the order in which we process and post deposits and other credits and checks and other items to your account. We may pay or authorize some items, and decline or return others, in any order we deem appropriate. When you do not have enough available funds to cover all of the items presented that day, some processing and posting orders can result in more insufficient funds items and more overdraft and returned item fees than other orders. We may choose our processing and posting orders regardless of whether additional fees result. Please see the *Processing and Posting Orders* section for more information.

Occurrences

An “occurrence” is a day during which your account has at least one overdraft item or returned item. If we transfer your account to another banking center or convert it to a different type of account, your record of overdraft items and returned items continues to apply.

Overdraft Protection Plans

We recommend that you enroll in one of the optional Overdraft Protection plans described below to help protect your account from overdrafts and declined or returned items. The fees under these plans may be less expensive than the fees for overdrafts and returned items.

The *Schedule of Fees* for your account explains the fees and other charges that apply to Overdraft Protection plans.

Please review the *Schedule of Fees* for your account carefully.

Please note the following. Some of these Overdraft Protection plans may not be available in all countries or accounts. Only one plan can be linked to a personal checking account at a time. Some checking accounts are not eligible for these plans.

Under some plans we make transfers in a minimum amount so we might not make a transfer if you do not have at least the minimum transfer amount available under the plan. To link accounts under these plans, all of the owner(s) of the checking account must be an owner of the other account. Certain other restrictions may apply.

Overdraft Protection from a Savings Account This plan links your checking account to a Community Bank savings account with the same owners. To link these accounts, the checking account and savings account must be located in the same country.

When you do not have enough available funds in your checking account to cover an item, we may automatically transfer funds from the available balance in your savings account to your checking account. We may charge an overdraft protection transfer fee for each transfer. Funds you deposit into your savings account may not be available immediately for overdraft protection transfers. Each transfer counts as one of the six limited transactions you are allowed each month from your savings account. We will cancel this Overdraft Protection plan if your checking account is closed. Please see the *Schedule of Fees* for your account for more information about overdraft protection from another deposit account.

Overdraft Protection from Your Line of Credit This plan links an eligible Community Bank line of credit to your checking account for overdraft protection.

When you do not have enough available funds in your checking account to cover a check or other item, we may automatically advance funds from your linked line of credit and transfer the funds to your checking account. The advance is made under, and is subject to, the terms and conditions described in the line of credit agreement. We ordinarily make the advance as long as you are not in default under the line of credit agreement and as long as the advance does not cause you to exceed the amount of your available credit on your line of credit. All owners of the checking account must be on the line of credit. The funds advanced are subject to fees and finance charges under the line of credit agreement. We may also charge an additional overdraft protection transfer fee to your checking account for each transfer.

The Line of Credit requires an application, and approval following normal credit criteria. Please see your line of credit agreement for more information about advances from your line of credit.

Processing and Posting Orders

Processing and Posting Orders

We may determine in our discretion the order that we process and post credits, debits and holds to your account. We may credit, authorize, accept, pay, certify, decline or return credits, debits and holds arriving to your account on the same day in any order at our option. We may change our processing and posting order at any time without notice to you. We may give reference to debits payable to us. On your account statement we do not necessarily report debits and credits in the order that we posted them to your account. As

examples: Credits include teller deposits, direct deposits and credits we make.

Debits include checks, debit card purchases, withdrawals (in-person, ATM, preauthorized and Online), payments, fees, charges and other items.

Holds include deposit holds, debit card authorizations and holds related to cash withdrawals and electronic transfers.

Debit Categories

We may establish different categories for different types of debits, move debit types among categories, and determine posting orders within each category and among categories. A category may include more than one type of debit. As an example, we may treat ATM withdrawals and debit card purchases as one category, and checks as another category, and then process and post ATM withdrawals and debit card purchases before we process and post checks. Some categories may have different posting orders than other categories. We may change categories and orders within categories at any time without notice.

Transactions Made After Business Day Ends

Some transactions that you make late in the day, after our business day has ended, are still included in the balance for your account that we use to process your transactions for that day. These transactions are listed below.

The following credit transactions increase your balance: cash deposited at a Community Bank ATM or at a banking center and transfers to your account from another Community Bank deposit account made at a Community Bank ATM, at a banking center, through Online/Mobile Banking or by calling customer service. The following debit transactions reduce your balance: cash withdrawals made at an ATM or at a banking center and transfers from your account made at an ATM, at a banking center, through Online/Mobile Banking or by calling customer service.

We show these transactions as posting to your account on our next or later business day, even though we included them in the balance we use to process your transactions on our prior business day. This process may impact when fees apply to your account.

The credits may help you avoid overdrafts, returned items and related fees the prior business day. However, the debits may cause you to incur overdrafts, returned items and related fees.

Posting Order Determined at End of Day

We do not process and post credits, debits and holds to your account in the order in which they occur or we receive them. Often, they are not posted to your account on the same day that they occur. As an example, when you write a check or pay a merchant, the merchant may not present the check to us for payment until several days later.

Sometimes we temporarily post credits, debits or holds to your account during the day. When we do this, we may change their posting order at the end of the day. We may treat credits, debits and holds to your account which we receive on a day as if we received all of them at the end of the day and post them in the order we determine.

High to Low Dollar Posting

We ordinarily process and post debits within each category from the highest to lowest dollar amount, regardless of the order in which they occur or we receive them. When you do not have enough available funds in your account to cover all of the items we receive that day, high-to-low posting order may result in more overdraft items and returned items and more fees than may have resulted if we had used another posting order.

Overdraft Fees

Some processing and posting orders may result in more overdraft items and returned items and more fees than other orders. We may choose our processing and posting orders regardless of whether additional fees may result. You can avoid overdraft fees by making sure that your account always contains sufficient available funds to cover all of your transactions.

Sometimes you appear to have enough funds in your account to cover a debit but still get an overdraft fee on the debit. This can occur when your account balance included some funds that were not available at the time we processed the debit. Funds subject to a hold, dispute or legal process are not available funds.

Processing Deposits and Cashed Items

Certain transactions that you perform may not be effective until we are able to transmit information about the transaction to and process that information in the country where we opened your account.

Cashing Items or Accepting Items for Deposit

We may accept, accept for collection only, refuse, or return all or part of any deposit. If we accept checks or other items for deposit to your account or cash them, you are responsible for the checks and other items if there is a subsequent problem with them.

- If we cash a check or other item for you or credit it to your account and it is not paid for any reason, we may charge your account for the amount of the check or other item, even if this causes your account to become overdrawn.
- We may accept a check or other item for deposit to your account from anyone. We do not have to question the authority of the person making the deposit.

- If your account is overdrawn, we may use the deposit to pay the overdraft and any fees you owe us.
- All deposits are subject to our subsequent verification and adjustment, even if you have already withdrawn all or part of the deposit unless you can prove our determination was erroneous.
- We may refuse to accept for deposit to your account items payable to another person.
- In receiving checks or other items for deposit or collection, we act only as your collecting agent and assume no responsibility beyond the exercise of ordinary care. We are not responsible for errors and delays made by others in the collection process.
- When you send us deposits by mail, we may treat them as received at the time we receive actual delivery of deposits sent by mail. If you place deposits in other depositories, we may treat them as received when we remove the deposits from other depositories.
- We may assess a charge for processing cash in a deposit.
- If you give us cash that we later determine to be counterfeit, we may charge your account for the amount we determine to be counterfeit.
- You will not knowingly deposit items into your account that do not have either a true original signature of the person on whose account it is drawn or an authorized mechanical reproduction of that person's signature.
- If we accept a cash deposit in unusual denominations, such as a large number of coins, we may assess a charge for processing the deposit.

Deposit Slips You should always use our personalized deposit slips with your preprinted name and account number. If you use a blank deposit slip from one of our banking centers, rather than your personalized deposit slip, we are not liable to you for errors that may result from your or our hand encoding the account information.

Official Items We cannot verify that money orders, cashier's checks or similar items are authentic and valid at the time you ask us to cash them or accept them for deposit.

If we cash, or accept for deposit, a money order, cashier's check or similar item and we later learn that the item is fraudulent, counterfeit or invalid for some other reason, we may charge your account for the amount of the item. This may occur even if we previously made the funds available to you, or this causes your account to become overdrawn.

Local Items Local items include, but are not limited to, items presented which are in U.S. Dollars and drawn on a bank located in the United States, or in the country in which the item is presented.

Foreign Items Foreign items include, but are not limited to items presented which are drawn on a bank in a country

other than the country in which the account was established; or an item which is issued in a currency other than U.S. Dollars or some other currency that may be available in the country in which the transaction is being processed.

Checks Lost in the Collection Process

When we cash a check for you or accept a check for deposit to your account, we are acting as your agent in collecting the check. We are not responsible if the check is lost or delayed in the collection process. We may charge your account for the amount of the check, even if this causes your account to become overdrawn, if a check is lost during the collection process or if the financial institution on which the check is drawn gives us a photocopy of the check or a debit slip representing the check.

A check that was lost may not be returned to us for some time. Despite any delay, we may charge your account when we receive either the returned check, a copy of the check, or a notice of return.

Collection Items

We may accept certain items — such as certain securities and checks payable in foreign currencies or at foreign locations — on a collection basis only. We route and process collection items separately. We normally credit your account for collection items only after we receive payment for them. But if we do credit your account and then do not receive payment, we may debit your account for the amount of the item, even if this causes your account to become overdrawn. We charge fees for processing collection items. Financial institutions in the collection process and the financial institution on which the collection item is drawn may also charge fees. If a financial institution requires payment of a fee before that institution will process the collection item, we may pay the fee and charge your account.

A financial institution may subtract its fee from the amount of the payment we receive. You have to pay these fees even if the collection item is returned unpaid. Collection items may take three weeks or more before we receive credit. For our current collection fees, call us at the number for customer service shown on your statement, or ask a banking center associate.

Demand Drafts and Remotely Created Checks

If you deposit a demand draft or remotely created check (an unsigned draft or a preauthorized draft) into your account, you warrant and guarantee that the draft or remotely created check is authorized according to the terms on its face by the person identified as drawer. You agree to indemnify us from all loss, expense and liability related to a claim that such draft or check was not authorized by the persons on whose accounts it was drawn.

Deposit Delivery and Preparation

You may deliver deposits to us through various methods including our banking centers, ATMs, night depositories, mail and other automated depositories. Night depositories are intended primarily for non-personal deposits. We may use the method and time of delivery to determine when you receive credit for the deposit.

If we credit your account for the amount shown on the deposit slip or otherwise specified by you, the credit is subject to subsequent verification by us and our determination of the amount of your deposit is final and binding as long as we follow our customary practices. If you provide an endorsement or encode the amount on an item deposited to your account, such encoding must adhere to any standards set by federal and Texas law and banking industry practice.

If we authorize you to use a deposit container, bag, or envelope, you authorize us to open the deposit container, bag, or envelope in your absence and credit the contents to your account. We may treat the contents of the deposit container, bag, or envelope as not accepted by us for deposit until we have verified the contents. If you make your deposit through a mechanical or automated depository such as an ATM or night depository, you agree to exercise due care in opening, closing and properly securing the depository. If your deposit includes items that we do not accept for deposit, we may hold those items until claimed by you.

For business/organization customers using our night depository safekeeping service, deposits will not be processed until the customer returns to the banking center during business hours, as the Bank keeps no keys to open these containers.

Deposit Error Correction

When we receive your deposits, we may provisionally credit your account for the amount declared on the deposit slip, subject to later verification by us.

You must ensure that the amount declared on the deposit slip is correct even if you did not prepare the deposit slip. If later we determine that the amounts declared on the deposit slip are incorrect, we may adjust (debit or credit) your account.

We report adjustments on your account statement. However, if the error in completing the deposit slip was inadvertent and is less than our standard adjustment amount, we may not adjust the deposit unless you notify us of the error within one year of the date of your periodic statement that shows the deposit. After this notice period has passed without your bringing an error to our attention, the deposit amount indicated on the statement will be considered finally settled. That is, if the actual amount

deposited was less than the amount declared on the deposit slip, the difference will become your property and if the actual amount deposited was more than the amount declared on the deposit slip, the difference will become our property. We may change our standard adjustment amount from time to time without notice to you.

Encoding Deposits

If you are a organizational client, you may ask us for permission to encode the MICR line of an item you deposit with us. If we permit this, you agree to follow the instructions we give you for preparing and encoding your deposits. If you make an encoding mistake that results in costs, losses or damages to us, you agree to reimburse us for our costs, losses and damages, including attorneys' fees. We may charge them to your account.

We are not liable for any claims, costs, losses, or damages you may incur when you encode your own items.

If our equipment is unable to read what we consider a significant number of your encoded items, we may refuse to accept some or all of your items and we may charge you fees for each item we do accept.

You must provide us with a replacement or a copy of each original check if the deposit is lost or destroyed. We are not liable to you if you are unable to do so.

Endorsing Checks

We may endorse and/or collect items deposited to your account without your endorsement but may, at our option, require your personal endorsement prior to accepting an item for deposit. If you deposit items which bear the endorsement of more than one person or of persons who are not signers on the account, we may refuse the item or may require you to have their endorsement guaranteed before we accept an item.

We may accept for deposit checks payable to any signer on your account when endorsed by any other signer. When you endorse checks that you ask us to cash or deposit, you must endorse checks in the area that extends 1 1/2 inches from the trailing edge of the back of the check. You must also confine information that you place or have preprinted on the back of your checks to the same area.

Otherwise, it may overlap into the area reserved for the banks' endorsements. The trailing edge is the left side of the check when you look at it from the front.

If you endorse a check outside of that area, mark or otherwise obscure the other area or a prior endorsement or make an endorsement that is illegible or incomplete, we may refuse the item or we may accept such non-conforming endorsement and you agree to hold us harmless from any loss, delay, liability, claim or damage which may arise as a result.

If it becomes necessary for us to return one of your checks, your endorsement or information placed on the back of the check may interfere with the bank endorsements and cause delays in returning the item. You are liable for and agree to reimburse us for all claims, costs, losses and damages that result from late return of a check due to material entered on the back of the check that obscured or interfered with the depository or another bank's endorsement.

Identifying the Account for Your Deposit

You must correctly identify the account to which you want funds deposited. We may credit a deposit to an account based solely on the account number listed on the deposit slip or other instruction to credit an account, even if the name on the deposit slip or other instruction differs from the name on the account.

You are responsible for any claim, cost, loss or damage caused by your failure to properly identify the account to which a deposit is made or intended to be made.

Overpayments and Reversals

If funds to which you are not entitled are deposited to your account by mistake or otherwise, we may deduct these funds from your account, even if this causes your account to become overdrawn. If the funds were transferred from your account, we may reverse the transfer. We can do this without giving you any prior notice or demand.

Returned Items

This section applies to items that you deposit or that we cash for you (a "cashed or deposited item") and includes items drawn on us as well as items drawn on other financial institutions. You are responsible for returned items.

If a cashed or deposited item is returned to us at any time for any reason by the bank on which it is drawn or any collecting bank, we may accept that return, pay the claiming party, and charge the item to your account without regard to whether we or the other bank finally paid the item or returned the item in accordance with any applicable midnight deadline or clearinghouse rule.

We may also deduct from your account any interest you may have provisionally earned on the item. We may charge you a fee for each returned item. Different fees may apply to domestic and foreign items.

We may debit your account for a returned item at any time on or after the day it is returned to us by electronic, automated clearinghouse ("ACH") or other means or on the day we receive notice that the item is being returned to us - whichever is earlier. As an example: if an item deposited in your account has been paid by the bank on which it is drawn (including on us) and that item is later returned to us with a claim that the item was altered, forged, unauthorized, bears a forged or missing endorsement or should not have been

paid for any reason, we may at our discretion charge the item against your account or place a hold on the amount of that item against your account until the claim is finally resolved. We may take these actions without prior notice to you and regardless of whether settlement with respect to such item is considered final.

We are not obligated to question the truth of the facts that are asserted, to assess the timeliness of the claim, to take any action to recover payment of a returned item, or to assert any defense. We do not need to notify you in advance of our actions related to the claim. If you do not have sufficient available funds to cover a returned item, we may overdraw your account.

We are not liable to you if there are insufficient funds to pay your items because we withdraw funds from your account or in any way restrict your access to funds due to a hold or debit to your account in connection with a returned item. You agree to repay immediately an overdraft caused by a return of a cashed or deposited item.

In some cases, the financial institution on which the returned check or other item is drawn may send us an electronic notice of return, an indemnified copy of the original, an image replacement document (“IRD”) or an image, instead of returning the item. We may act on, and you agree to be bound by, the electronic notice of return, or indemnified copy or IRD just as if the original item had been returned. We may send the unpaid item back for collection a second time before notifying you, but we are not obligated to do so. You waive notice of dishonor and protest.

You agree that we will have no obligation to notify you of any item that is being returned. However, if we receive advance notice from another financial institution that it is returning to us unpaid a check of \$2,500 or more, we may send you a notice.

Substitute Checks

You agree that you will not cash or deposit “substitute checks” as defined by federal law or Image Replacement Documents (“IRD”) that purport to be substitute checks and have not been previously endorsed by a bank. If you cash or deposit such an item, you give us the same warranties and indemnities that we, as a reconverting bank, would give under applicable law or regulation and you agree to reimburse us for claims, losses, costs and damages we may incur. If you provide us with an electronic representation of a substitute check for deposit into your account instead of an original check, you agree to reimburse us for all claims, losses, costs and damages we incur because the substitute check resulting from the electronic representation does not meet applicable substitute check standards or causes duplicate payments.

Third-Party Endorsements

We may require that checks and other items you want to deposit or cash be endorsed by all parties to whom the items are payable. We may require verification of any endorsement through either an endorsement guarantee or personal identification.

When Funds are Available for Withdrawal and Deposit Holds

This section will help you understand when funds you deposit will be available for withdrawal in most cases. Once your funds are available, you can withdraw them in cash and we will use them to pay checks and other items you initiate. We generally follow the availability policy described below. However, due to the worldwide scope of Community Bank operations and related challenges in processing checks and other items, and the fact that U.S. funds availability laws do not apply overseas, we will not be liable to you if for any reason we do not follow the terms of this policy in any given instance.

Our general policy is to make funds from your cash and check deposits available to you no later than the first business day after the day of your deposit. However, in some cases we place a hold on funds that you deposit by check.

A hold results in a delay in the availability of these funds. When we place a hold, you will have to wait a few days before being able to use the funds. When we decide to place a hold at the time you make your deposit, the teller will give you a notice that lets you know funds are on hold.

For ATM deposits, the hold notice is usually mailed to you once the deposit is processed.

The hold notice will let you know the date when the funds will be available for you to use. In some cases, you will not get the hold notice from the teller at the time of the transaction, but later by mail. You can avoid holds by using direct deposit or wire transfer.

In many cases, we make funds from your deposited checks available to you sooner than we are able to collect the checks. This means that, from time to time, a deposited check may be returned unpaid after we made the funds available to you. Please keep in mind that even though we make funds from a deposited check available to you and you withdraw the funds, you are still responsible for problems with the deposit. If a check you deposited is returned to us unpaid for any reason, you will have to repay us and we may charge your account for the amount of the check, even if doing so overdraws your account.

Your Ability to Withdraw Funds

Our general policy is to make funds from your cash and check deposits available to you no later than the first

business day after the day we receive your deposit. Our policy is to make funds from electronic direct deposits made through the automated clearing house (ACH) and incoming wire transfers available to you on the day of the deposit. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and United States federal holidays.

If you make a deposit on a business day that we are open at one of our banking centers before the end of the local business day, or at one of our ATMs before 3:00 p.m. local time in the country where we maintain your account, or such later time as is available at that banking center or posted at or on the ATM, we consider that day to be the day of your deposit. However, if you make a deposit in a banking center or at an ATM after such time, or on a day when we are not open, or it is not a business day, we consider that the deposit was made on the next business day we are open.

Longer Delays May Apply

Due to the Global nature of our business, timely processing of paper items in many cases is not possible. However, we continue to generally provide you with access to these funds before we receive credit for them.

In some cases, we will not make all of the funds that you deposit by check available to you by the first business day after the 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.

If we decided to do this, the funds will generally be available by the tenth business day after the day of your deposit. The first \$200 of your deposits, however, may be available no later than the first business day after the day of your deposit.

If we are not going to make all of the funds from your deposit available by the first business day after the day of your deposit, we generally notify you at the time you make your deposit. We 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 mail you the notice by the next business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available.

In addition, we may delay the availability of funds you deposit by check 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 communications or computer 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 tenth business day after the day of your deposit. In some situations, we may place a hold on funds for up to 30 days.

Special Rules for New Accounts

If you are a new customer, the following special rules may apply during the first 30 days the account is open. Funds from electronic direct deposits to your account are available on the day we receive the deposit. Funds from deposits of cash and wire transfers are available no later than the first business day after the day of your deposit if the deposit meets certain conditions. Funds from all check deposits are generally available by the tenth business day after the day of your deposit.

However, we may place longer holds on certain items for other reasons, such as large deposits (see *Longer Delays May Apply* above).

Government Checks, Cashier's Checks and Other Special Types of Checks

Our policy is to make funds from U.S. Treasury checks that are payable to you available no later than the first business day after the day of the deposit. If you make the deposit in person to one of our employees, and meet the other conditions noted below, our policy is to make funds from the following types of deposits available no later than the first business day after the day of your deposit:

- State and local government checks that are payable to you.
- Cashier's, certified and teller's checks that are payable to you.
- Federal Reserve Bank checks, Federal Home Loan Bank checks and U.S. Postal Service money orders that are payable to you.

However, we may place longer holds on certain items for other reasons, such as large deposits (see *Longer Delays May Apply* above).

Holds on Other Funds

If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. If we accept for deposit a check that is drawn on

another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your ability to withdraw a corresponding amount of funds that you have on deposit in another account with us. In either case, we make these funds available in accordance with our policy described above for the type of check that was cashed or deposited.

Processing Withdrawals

Subject to the terms and conditions of the Agreement, you may withdraw your deposited funds in cash or by other accepted means (such as wire transfer) at any Community Bank banking center or, in the United States, at our San Antonio, Texas Home Office address listed on the back of this agreement.

Note: Certain transactions that you perform may not be effective until we are able to transmit information about the transaction to and process that information in the country where we opened your account.

Cashing Checks for You

Check cashing services may not be available at some banking centers. We may occasionally refuse to cash a check written to you.

If we do cash such a check and it is returned to us unpaid for any reason at any time, we may deduct the amount of the check from your account, even if this causes your account to become overdrawn, and we may charge you a fee.

We may cash checks payable to any signer on your account when endorsed by any other signer.

If you ask us to cash a check or other items for you, we may apply the proceeds of the check or other item to fees, overdrafts and other amounts you owe us.

Cashing Your Checks for Others

If a person wants to cash your check in one of our banking centers, we may:

- require identification satisfactory to us, and
- charge them a fee for cashing the check

If the person with your check fails or refuses to satisfy our requirements, we may refuse to cash the check. We are not liable to you for refusing to cash the check or for charging a check-cashing fee.

Checks with Legends or Restrictions

Some customers print or write legends or restrictions on their checks. Sometimes the person to whom the check is payable prints or writes a legend or restriction on the check. Legends and restrictions include conditions, special or restrictive instructions, and other notations. Some examples are: "not valid after 60 days", "not valid over \$1,000" or "paid in full". We may disregard legends and restrictions. We may pay the item even if the legend or restriction has not been met. We are not liable to you for any claims, costs,

losses or damages that result from the placement of these legends or restrictions on your checks, or from our failure to abide by them.

Collection Items

When another financial institution submits to us for collection an item drawn on your account, we may charge the other financial institution a fee.

When you do not have enough funds in your account for us to process a collection item drawn on your account, we may charge you an overdraft or returned item fee.

Check Stock and Ink

You agree to bear the risk of loss if you use check stock that contains defects, such as printing inaccuracies, faulty magnetic ink, faulty encoding, or duplicate serial numbers. Checks you write may be converted into electronic images (truncated) during the check collection and return process. You also agree to bear the risk of loss if: you elect to have your checks printed by a vendor that has not been approved by us; you use check stock or features (such as security features) that cause critical data to disappear or be obscured upon truncation; or you make your check out in a way (such as, using a lightly colored ink) that causes critical data to disappear or be obscured upon truncation.

You should not preprint your driver's license (or other ID), date of birth, or Social Security number on your checks.

Converting Checks to Electronic Debits

Some businesses convert checks that you give them into electronic debits (sometimes referred to as an electronic check) and then sends us an electronic debit for the transaction amount. When we receive the electronic debit, we charge it to your account. We may receive the electronic debit to your account immediately after the business enters the transaction, so you may have a reduced right to stop payment and you may incur an overdraft if you do not have sufficient funds in your account to cover the amount of the check at the time you write the check or authorize the transaction. Since the check is not sent to us, we do not have a copy of your check. We list these electronic debits on your account statement. If the business uses your check to initiate an electronic debit at the point of sale, the business should give you notice of the conversion and return the voided check to you. You should treat the voided check with care because someone else who obtains possession of it could use the information to initiate additional debits against your account. A business that receives your check by mail and converts it to an electronic debit may give you notice of the conversion and destroy the original check.

Examining Checks

We receive checks in great volume. This and compliance with expedited funds availability laws require us to use

automated check processing procedures. Although we may visually review a sample of checks and other items from time to time, reasonable commercial standards do not require us to do so.

We select some checks for review based on certain criteria that change from time to time.

This means that most checks are processed on the basis of the MICR (Magnetic Ink Character Recognition) line printed along the bottom edge of the check, and are not individually examined for dates, maker signatures, legends or endorsements. You agree that we will have exercised ordinary care if we examine only those items that we have identified according to the criteria that we may establish in our discretion for inspection.

If we do visually review any check or other item, we may disregard any restrictive instructions or notations, such as an instruction to permit withdrawals only upon more than one signature. We may return the item unpaid if, in our opinion, it does not bear a signature matching any specimen signature we have on file for your account. You agree, however, that we will not be liable to you for honoring any check or other item bearing a signature that, in our sole opinion, resembles the specimen signature on file with us. Since we do not individually examine most checks, it is critical for you to take care of your checks, promptly review your account statement, and immediately report any suspicious or unauthorized activity to us. You agree that automated processing of your checks is reasonable and that you accept responsibility for preventing and reporting forgeries, alterations, and other unauthorized uses of your checks or accounts. You agree that the exercise of ordinary care will not require us to detect forgeries or alterations that could not be detected by a person observing reasonable commercial standards.

Since some types of check fraud have become more difficult to detect, we may elect in some cases to make further inquiries about certain checks or other items that are presented for payment against your account. If we are unable to contact you, or take other steps, to determine with reasonable certainty that you authorized these payments, we may either pay the checks and other items or return them unpaid without any liability to you.

Items Resulting from Voluntary Disclosure

If you voluntarily disclose your account number to another person orally, electronically, in writing or by other means, you are deemed to authorize each item, including electronic debits, which result from your disclosure. We may pay these items and charge your account. You must inform us when you no longer want these items to be authorized.

Large Cash Withdrawals

We may require reasonable advance notice for large cash withdrawals. We may also refuse to honor a request to withdraw funds in cash from your account or to cash a check (including a cashier's check or other official item) at a banking center if we believe that the amount is unreasonably large or that honoring the request would cause us an undue hardship or security risk.

We are not responsible for providing for your security in such transactions.

Paying Checks and Other Items

We may debit your account for a check or other item drawn on your account either on the day it is presented to us for payment, by electronic or other means, or on the day we receive notice that the item has been deposited for collection at another financial institution — whichever is earlier. If you do not have sufficient available funds to cover the item, we decide whether to return it or to pay it and overdraw your account.

We may determine your balance and make our decision on an insufficient funds item at any time between our receipt of the item or notice and the time we must return the item.

We are required to determine your account balance only once during this time period.

When you deposit checks or other items that are drawn on another account with us, we may treat such items as presented to us for payment on the business day that they are received by our office that processes checks drawn on the other account.

Stale-Dated and Postdated Checks

If a stale-dated check — that is, a check dated more than six months in the past — is presented for payment against your account, we may pay the check and charge it to your account. If a postdated check — a check dated in the future — is presented for payment, we may pay the check and charge it to your account even if it is presented for payment before the date stated on the check. If you do not want us to pay a stale-dated or postdated check, you must place a stop payment order on it. See the *Stop Payment Orders* and *Postdating Orders* section.

Substitute Checks, Indemnified Copies, Images and Image Replacement Copies

In some cases, we may be sent an indemnified copy of your original check, an image replacement document (IRD), a substitute check or an image of your check, instead of the original item. We may act upon presentment of an IRD, indemnified copy, substitute check, or image of your check and pay these items against your account, just as if the original item had been presented.

Unpaid Items

If we decide not to pay a check or other item drawn on your account, we may return the original, an image or a copy of the item or we may send an electronic notice of return and keep either the original, an image or a copy of the item in our records. If we send an electronic notice of return, you agree that any person who receives that electronic notice may use it to make a claim against you to the same extent and with the same effect as if we had returned the original item.

Substitute Checks and Your Rights

The following provisions help explain some of the rights a consumer has under a federal law commonly referred to as Check 21. Check 21 was enacted to increase the efficiency of the U.S. check clearing system. The clearing system relies heavily on the physical transport of checks between banks. Check 21 allows banks to create substitute checks and present them to other banks instead of the original check. This reduces the transport of checks among banks and helps enable the electronic collection of checks. While the provisions referenced with Check 21 are not binding on overseas operations such as Community Bank, we generally follow the same or similar procedures.

However, we have no liability to you if we deviate from these procedures in any given instance. This section applies only to accounts held by consumers.

What is a substitute check?

To make check processing faster, federal law permits banks to replace original checks with “substitute checks.” These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of a substitute check states: “This is a legal copy of your check. You can use it the same way you would use the original check.” You may use a substitute check as proof of payment just like the original check.

Some or all of the checks that you may receive back from us may be substitute checks. This notice describes rights you have when you receive substitute checks from us. The rights in this notice do not apply to original checks or to electronic debits to your account. However, you have rights under other law with respect to those transactions.

What are my rights regarding substitute checks?

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check).

The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, returned check fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 business days after we received your claim and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we received your claim.

We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the substitute check was correctly posted to your account.

How do I make a claim for a refund?

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact us at the telephone number listed on your account statement, or write to us at:

Community Bank
300 Convent St., Ste. 400
San Antonio, TX 78205

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check or the following information to help us identify the substitute check: your account number, the check number, the name of the person to whom you wrote the check, the amount of the check and the date of the check.

SEPA Payments

The Single Euro Payments Area (SEPA) is a group of countries that agree to abide by a set of rules developed by

the European Payment Council (EPC) in order to provide a basis for a standard method of processing Euro payments in the European Union and within the European Economic Area member states. There are guaranteed, standard timelines for payments and the return of unsuccessful payments. The Originator of the payment is you being the payer of the amount to be transmitted. The funds for a transfer are made available by means of a debit from an eligible payment account of which the Originator is authorized or by a cash payment. The Beneficiary is the customer identified in the instruction who receives funds by means of a transfer to a payment account. The International Bank Account Number (IBAN) to be specified in the payment request is an internationally agreed upon set of standards (alpha-numeric) to identify accounts. The Bank Identifier Code (BIC) is a set of alpha-numeric digits that identifies institutions to facilitate the transfer of money.

Upon receiving a payment request, Community Bank will transmit the payment for receipt by the beneficiary bank within one (1) German banking business day after receiving the request. The payment request must be received by 3 pm local country time, excluding German banking holidays and the United States Thanksgiving holiday, in order for the payment to be received by the beneficiary bank on the next German banking business day. Payment requests in paper form received at the Banking Center will be transmitted the next German banking business day for receipt of the payment by the beneficiary bank no later than two (2) German banking business days after receipt of the payment request by Community Bank. There are guaranteed, standard timelines for payments and the return of unsuccessful transactions.

SEPA Direct Debits

Direct Debit Euro payments can be established throughout the European Union and certain other participating countries for telephone, insurance, utility bills, and other debts by using bank and account identifier information. Agreements with companies to process payments by way of direct debits are referred to as Mandates. The Creditor is the company who you have a Mandate with for services rendered. The Debtor (you) is the customer of the Creditor. The International Bank Account Number (IBAN) is an internationally agreed to set of standards (alpha-numeric) to identify accounts. The Bank Identifier Code (BIC) is a set of alpha-numeric digits that identifies institutions to facilitate the transfer of money.

Stopping Payments

If a payment is scheduled to be debited from your account that you wish to stop, you must inform the Bank at least three German banking business days prior to the debit date. Stops can be placed against a specific Mandate or a request

can be submitted so that no Direct Debits are authorized against an account. Information for stop payment fees is available through the applicable *Schedule of Fees* for your account.

You must provide the Bank with all necessary information in order for the stop request to be fulfilled. If not all information is provided, or details are different than what was provided, the stop payment request may not be honored.

Community Bank suggests that transfers occur through a checking account that you are an owner or signer on. Online submissions using a savings account are not available due to regulatory limitations on the number of electronic withdrawals that can be performed. If you desire for a payment to be made from a savings account, the transaction must be initiated at the Banking Center.

For additional information, please read the section titled "Limits on Withdrawals and Transfers from Savings Accounts" in this *Deposit Agreement and Disclosure*.

In the event that the request is submitted after the required cutoff time or we fail to act on a request, and the payment is debited from your account, you authorize the Bank to submit a Refund request on your behalf and credit your account for the amount. There is no additional fee for this service.

Removing Stop Payments

Stop payments for a Mandate remain on the account to be debited for the life of your account. If you would like payments that had been previously stopped to be processed in the future, you must notify the Bank of this request.

Refunds and Returns

If a debit is drawn from your account using an authorized mandate, you can request a refund within eight weeks of the debit date. The credit for this request will be processed as soon as reasonably possible, but no later than 10 German banking business days.

In the event that a claim is submitted for an unauthorized mandate, the request must be submitted by you without undue delay upon becoming aware of it, but no later than 13 months of the debit date. If, after having liaised with the Creditor Bank, the Bank determines that the debit was unauthorized, the Bank will credit your account for the amount to be refunded.

If, however, the Bank determines that the debit was authorized, the Bank will not process a refund of the amount debited from your account.. The matter must then be settled between the identified transaction parties (Creditor and Debtor).

Insufficient Funds

If there are insufficient funds in the debiting account to pay the full amount of the debit, the transaction will be returned and the proper processing fee will be assessed.

SEPA Bill Payments

The Originator of the payment is you being the payer of the amount to be transmitted. The funds for a transfer are made available by means of a debit from an eligible payment account of which the Originator is authorized or by a cash payment. Euro Credit Transfer (Bill) payments can be established throughout the European Union and certain other participating countries for telephone, insurance, utility bills, and other debts by using bank and account identifier information.

Upon receiving a payment request, Community Bank will transmit the payment for receipt by the beneficiary bank within one (1) German banking business day after receiving the request.

The payment request must be received by 3 pm local country time, excluding German banking holidays and the United States Thanksgiving holiday, in order for the payment to be received by the beneficiary bank on the next German banking business day. Payment requests in paper form received at the Banking Center will be transmitted the next German banking business day for receipt of the payment by the beneficiary bank no later than two (2) German banking business days after receipt of the payment request by Community Bank.

Community Bank suggests that transfers occur through a checking account that you are an owner or signer on. Online submissions using a savings account are not available due to regulatory limitations on the number of electronic withdrawals that can be performed. If you desire for a payment to be made from a savings account, the transaction must be initiated at the Banking Center. For additional information, please read the section titled "Limits on Withdrawals and Transfers from Savings Accounts" in this *Deposit Agreement and Disclosure*.

Cancelling Payments

A payment request which has been received by Community Bank may not be cancelled. If you wish to cancel a payment (including in particular payments that you set up online) for which one or more future payment dates are specified, you must inform Community Bank at least one (1) German banking business day prior to the relevant payment date. You must provide Community Bank with all necessary information in order for the cancel request to be fulfilled. If not all information is provided, or details are different than what was provided, the cancellation request may not be honored.

In the event that the cancel request is submitted after receipt of the payment request by Community Bank or, as applicable, after the required cutoff time of one (1) German banking business day prior to a payment date specified in the payment request, the payment request may only be cancelled if agreed between you and Community Bank (such agreement becoming only effective if Community Bank succeeds in stopping the execution of the payment request or in receiving back the amount paid from your account). Otherwise, you must request the funds from the recipient. Community Bank cannot recall the funds for you. Neither Community Bank, nor the beneficiary bank is obligated to authorize your return request.

In the event that the cancel request is submitted before the cutoff time, and we fail to cancel the payment, we may be liable to you if you had the legal right to cancel the payment and you establish that you suffered a loss because of the payment. Our liability, if any, is limited to the actual loss suffered, up to the amount of the item.

You must prove the loss to our satisfaction. We are not liable to you for any special, incidental or consequential loss or damage of any kind.

Payments that cause Overdrafts

In the unlikely event that payments previously verified against available funds cause your account to become overdrawn, an overdraft fee will not be assessed.

Recalls

Upon request of the Originator or upon Community Bank's own initiative, Community Bank may request from the beneficiary bank a recall of funds sent to a beneficiary provided the following criteria are met.

- Recall request is no more than 7 banking business days from the day the funds were debited out of your account
- The payment was wrongly executed for one of the reasons below:
 - Duplicate transmission
 - Technical problems resulting in an erroneous payment
 - Fraudulent payment

The beneficiary bank must generally respond within 10 German banking business days. Community Bank cannot guarantee that the funds will be returned. In these rare instances, you must work with the payment recipient to receive the funds.

The beneficiary bank may charge a fee for returning a payment that has been recalled. You may receive less than the original amount transferred. Funds will only be placed

into the original debiting account when we receive the funds back from the beneficiary bank. You may not receive a notice from us informing you of the credit back to your account.

Returning Funds to You (Returned Payments)

In the event that a payment is credited back to us due to incorrect information, refused payment, or any other reason, we will attempt to contact you by using the information we have available. The funds will be converted to US Dollars at the then current daily individual exchange rate and credited to your account with Community Bank if you are a Community Bank account holder. You may not receive a notice from us informing you of the credit back to your account.

In the event that Euros were used to make the payment, the returned funds will be converted to US Dollars at the then current daily individual exchange rate. Refunds will be given in the form of a cashier's check.

If you request the refund to be in Euros, the refund will require the conversion of the US Dollars into Euros at the daily individual exchange rate and will be given in the form of a Euro Order Check.

Disputes

In the event of a dispute, Community Bank is obligated to provide you with all reasonably requested information as to how the Credit Transfer has been processed, and any messages that may have been received from the beneficiary.

Tracer and Research Request

If a transfer that you submitted either online or at the Banking Center has not been credited timely to the beneficiary, you may request that we perform research, commonly referred to as a "tracer", in order to determine what the status of the payment is. There may be a fee assessed for this request. Any fee is determined and assessed by the beneficiary bank. We simply pass this cost on to you. You are responsible for paying this amount. This fee will be debited from your account upon the beneficiary's bank notification to us. In the event the payment was submitted with cash, we must receive the payment for the fee prior to our providing the results of the tracer to you. To allow sufficient time for receipt of the payment, tracer requests will not be accepted until three business days have elapsed from the date of payment.

Notices, Statements and Other Communications

General Terms for Notices, Statements and Other Communications

Please review promptly all notices, statements and other communications we send you. In this section

“communications” means all notices, statements and other communications we send you.

We provide communications in English. Some communications will be notices of change affecting your rights and obligations.

If you have questions about any of them or difficulty reading English, please call us at the number for customer service on your statement.

We may:

- address communications to one account owner;
- destroy communications that are sent to you and returned to us as being undeliverable, along with any accompanying checks and other items;
- authorize the Post Office or an agent to destroy communications, along with accompanying checks and other items, that the Post Office informs us are undeliverable; and
- stop sending communications to you until a new address is provided to us if one or more communications that we mail to you are returned to us as being undeliverable.

We are not responsible for communications, or for any checks or other accompanying items, lost while not in our possession. If we receive communications that we sent you at a banking center, they are deemed to have been delivered to you at the time that they are available to you at the banking center.

Notices

When we inform you of changes affecting your rights and obligations, we do so by delivering or otherwise making a notice available to you. In some cases, we may post a notice of a change in our banking offices, on our ATMs, and/or on our website. Otherwise, we mail the notice to you at the address we currently show for your statement or, if we have agreed on this method, we provide it to you electronically.

We may provide a notice as a message on your statement or as an insert with your statement.

If a notice of a change to this Agreement is returned to us as being undeliverable or if we stop sending notices to you because notices or statements we previously sent you were returned to us as being undeliverable, you understand that the notices are available to you through our banking centers.

You agree to that method of delivery and that changes covered in these notices are still effective and binding on you. A notice sent to any one owner is deemed notice to all account owners and is effective for all account owners.

Statements

We provide you with a single statement when there is activity on your checking or savings account. When there is no activity on your account, we may choose not to provide a

statement. You may generally obtain an additional copy of your statement for a fee.

We recommend that you use our Online Banking service and receive your statements electronically. If your statement is received at one of our offices, we may mail it to you or destroy it, along with any accompanying checks and other items.

For checking and organizational savings accounts, we provide you with a monthly statement. Statement cycles generally vary from 28 to 33 days and may end on different days during the month. If you want to know the date your statement cycle ends, call us at the number for customer service on your statement.

For personal savings accounts, we provide you with a quarterly statement. If you have an electronic fund transfer (such as a direct deposit or an ATM withdrawal) to or from your account during any month, we provide a statement for that month.

For analyzed business checking accounts, you may be eligible to receive an additional monthly account analysis statement. This statement includes balance and float information, quantity of services used during the period, fees and charges for these services and the earnings allowance, if any.

Check Safekeeping Service

For some accounts, we may offer the following options regarding your canceled checks.

We store copies of your canceled checks (usually on microfilm or as a digital image) and then destroy the checks. Copies of checks are generally available for seven years from the date the checks are paid. See *Check Copies* in *Other Terms and Services*.

We may not be in possession of some of your canceled checks. For example, if a check that you write is converted into an image or electronic debit during the check collection process, your check is not sent to us and, as a result, we cannot return the check to you. In some cases, we may receive a substitute check (also called an image replacement document) instead of your check. We do not return substitute checks with your statement.

Check Safekeeping Service We report on your statement information about canceled checks (check number, amount and date posted) that posted to your account during the statement cycle. You do not receive your canceled checks with your account statement. When you use this service, checks are deemed to be made available to you at the same time your statement is made available.

If your statements are returned to us, you automatically receive check safekeeping service. If you usually receive your checks with your statement but we are unable to return them because of circumstances beyond our reasonable

control, we may convert your account to check safekeeping service.

If you use our check safekeeping service, we cannot provide a copy of a check that posted to your account, and you lose money as a result, we may cover the loss up to the amount of consequential loss or damage of any kind.

Your Address and Change of Address

We may send notices, statements and other communications regarding your account to you at the electronic or street address we have in our records for your account.

You agree to notify us if you change your address. If the United States Post Office or one of its agents tells us that your address has changed:

- we may change your address on our records to the address specified by the Post Office; and
- we may send notices, statements and other communications regarding your account to that new address.

Actions You Can Take to Help Protect Your Account

Your role is extremely important in helping to prevent the wrongful use of your account. Please consider the measures below to help you protect your account.

Stay Informed We offer several services you can use to help you keep track of your account on a daily basis. You can use our Online/Mobile Banking, Telephone Banking, and our ATMs to review your accounts.

Please see the information about these services in *How to Get Started*.

Be Cautious about Giving Out Your Personal information We will not send you e-mails requesting personal information. If you receive an e-mail that seems to come from us and requests personal information, do not answer it. Instead, please contact us immediately at the number on your statement.

Be Cautious about Accepting Checks, Money Orders and Cashier's Checks, especially from Strangers You should be cautious about accepting checks, money orders and cashier's checks from strangers. Sometimes they are fraudulent or counterfeit. We cannot verify that a check, money order or cashier's check that purports to be issued by another company or financial institution is authentic, or has any value at all, when you give it to us and ask us to cash or deposit it.

We ordinarily make funds from a check you deposit (or we cash for you) available to you sooner than we are able to collect the check or determine whether the check is any good. If the check is returned to us unpaid for any reason, you are still responsible for the check. We charge your

account for, and you will have to repay us, the full amount of the returned check plus applicable fees. A check may be returned because of insufficient funds or because the check is fraudulent, counterfeit or invalid for some other reason. One way to help protect yourself is to take the check to the bank, company (such as Western Union) or service (such as the U.S. Postal Service) that issued it and redeem the check for cash. For more information on how to avoid being a victim of fraud, visit www.dodcommunitybank.com, or consult trusted organizations such as the Better Business Bureau or the Federal Citizen Information Center. The following website is also a good resource – www.fakechecks.org.

Review Statements and Report Suspected Problems

Immediately You must promptly review the notices, statements and other communications, along with any accompanying checks and other items, we send you. You must also report problems or unauthorized transactions to us immediately, by visiting a local banking center, or by calling the number for customer service on your statement. See *Reporting Problems*.

Identity Theft Identity theft occurs when someone uses your personal information without your permission to take over your existing account or to open new accounts in your name. Identity theft often begins with the loss or theft of a wallet or purse. Criminals can also obtain your personal information by stealing records from your trash or sending fraudulent emails to you requesting your information. You should destroy or shred account statements, checks, deposit slips and other documents with your personal information before you throw them away.

Other Actions You Can Take

Here are some other actions you can take to help control your risk. This is by no means a complete list of preventive measures. You may want to take other or additional actions.

- Do not share your passwords, user numbers or Personal Identification Number (PIN) for Online Banking or your ATM or debit card.
- Call us if your new check order or debit card does not arrive within 21 business days.
- Be cautious about giving someone your account number. If you give your account number to a third person and authorize that third person to initiate one or more transactions on your account, you may be liable for all transactions initiated by the third person even if you did not intend to authorize a particular transaction.
- Do not give anyone a pre-signed blank check. Do not give anyone permission to sign your name on a check.
- Do not preprint your driver's license (or other ID), date of birth, or Social Security Number on your checks.

- Write checks in a dark colored permanent ink and fill in all lines. Make sure the written and numeric amounts match, are readable and begin on the far left of the line so additional numbers or words cannot be added.
- Write and sign your checks clearly, because illegible checks are easier to forge.
- Use tamper resistant checks. If you do not order checks through us, ask your check vendor about tamper resistant checks.
- Store blank checks, deposit slips and statements in a safe place and audit your check stock frequently. When discarding, destroy them by shredding or other means so they cannot be copied or used. Call us immediately if any of these items are lost, stolen or missing.
- Use the same precautions that apply to your checks to your endorsement and signature stamps.
- Do not leave outgoing mail in an unlocked collection box or in your residence mailbox. Deposit outgoing mail in a locked Postal Service mail deposit box.
- Keep accurate records of your transactions and reconcile your statements as soon as they are made available to you. Pick up your mail every day. When reviewing your statements, watch for:
 - Checks cashed out of sequence or made payable to cash
 - Use of a check number from a previously cleared item
 - Balance discrepancies or unexpected fluctuations
- Reconcile your account yourself. If you have authorized someone else to transact on your account and you do not reconcile your account yourself, someone other than an authorized signer should reconcile your accounts.
- Notify us when you will be traveling to another region, state, or country to ensure that your purchases are not identified as potentially fraudulent
- Organizational customers should assign to different individuals responsibilities for: opening mail, reconciling bank statements, endorsing incoming checks, making deposits, reconciling accounts payable checks with vendor invoices, reconciling incoming checks against outstanding receivables and issuing checks.

Reporting Problems

If you find that your records and ours disagree, if you suspect any problem or unauthorized transaction on your account or you do not receive a statement when expected, call us immediately at the number for customer service on

your statement. If you fail to notify us in a timely manner, your rights may be limited.

If we have a specific agreement with you for a service or this Agreement has specific provisions for a service (such as the *Funds Transfer Services* section), these provisions supplement the specific agreement and provisions to the extent they are not inconsistent.

Your Responsibility

You must exercise reasonable control over your statements, checks, deposit slips, endorsement and signature stamps, debit and ATM Cards, Personal Identification Numbers and other access devices. It is your responsibility to keep them safe and secure and to promptly discover and report if any of them are missing in time to prevent misuse. You assume full responsibility for monitoring and reviewing the activity of your account, the work of your employees, agents and accountants, and any use they make of your account.

We may deny a claim for losses due to forged, altered or unauthorized transactions, items or signatures if you do not guard against improper access to your checks, statements, deposit slips, endorsement and signature stamps, and account information.

We may also deny your claim if you do not monitor your account and report problems as provided in this section.

Please review this *Reporting Problems* section carefully.

In some situations, we may recommend account closure to protect your account from unauthorized use.

If you fail to act on the precautions reasonable for your particular circumstances, you are precluded from asserting any claims against us for paying any unauthorized, altered, counterfeit or other fraudulent item that such precaution was designed to deter, and we will not be required to re-credit your account or otherwise have any liability for paying such items.

What Are Problems and Unauthorized Transactions

Problems and unauthorized transactions include suspected fraud; missing deposits; unauthorized electronic transfers; missing, stolen, or unauthorized checks or other withdrawal orders; checks or other withdrawal orders bearing an unauthorized signature, endorsement or alteration; illegible images; encoding errors made by you or us; and counterfeit checks. This is not a complete list.

Reviewing Your Account Statements

Your review of your statements, checks and other items is one of the best ways to help prevent the wrongful use of your account. You agree:

- to review your statements, checks and other items and reconcile them as soon as they are made available to you;

- that our statements provide sufficient information to determine the identification and authenticity of any transaction including without limit, whether any are forged, altered or unauthorized if the statement includes the item number, amount and the date the item posted to your account;
- to report any problems or unauthorized transactions as soon as possible; and
- that 60 days after we send a statement and any accompanying items (or otherwise make them available) is the maximum reasonable amount of time for you to review your statement or items and report any problem or unauthorized transaction related to a matter shown on the statement or items. There are exceptions to this 60 day period. For forged, unauthorized or missing endorsements, you must notify us within the period specified by the Texas law.

For substitute checks, you must notify us within 40 days to qualify for an expedited re-credit. See section titled *Substitute Checks and Your Rights*.

We Are Not Liable If You Fail To Report Promptly

Except as otherwise expressly provided elsewhere in this agreement, if you fail to notify us in writing of suspected problems or unauthorized transactions within 60 days after we make your statement or items available to you, you agree that:

- you may not make a claim against us relating to the unreported problems or unauthorized transactions, regardless of the care or lack of care we may have exercised in handling your account; and
- you may not bring any legal proceeding or action against us to recover any amount alleged to have been improperly paid out of your account.

Except as otherwise expressly provided elsewhere in this agreement, we are not liable to you for subsequent unauthorized transactions on your account by the same person if you fail to report an unauthorized transaction on your account within 30 days (or such lesser period as is specified in Texas law) following the closing date of the statement containing information about the first unauthorized transaction.

Written Confirmation and Other Assistance

If you report to us that an unauthorized transaction has occurred on your account, we may require you to confirm your report in writing.

We may also require that you give us a statement, under penalty of perjury, about the facts and circumstances relating to your report and provide such other information and proof as we may reasonably request.

If you assert a claim regarding a problem, you must cooperate with us in the investigation and prosecution of your claim and any attempt to recover funds. You also agree to assist us in identifying and in seeking criminal and civil penalties against the person responsible.

You must file reports and complaints with appropriate law enforcement authorities.

If you fail or refuse to do these things, we will consider your failure or refusal to be your ratification of the defect in the statement or item, unauthorized transaction or other problem and your agreement that we can charge the full amount to your account.

Our Investigation and Maximum Liability

We may take a reasonable period of time to investigate the facts and circumstances surrounding any claimed loss. We do not have to provisionally credit your account while we investigate.

Our maximum liability is the lesser of your actual damages proved or the amount of the missing deposit or the forgery, alteration or other unauthorized withdrawal, reduced in all cases by the amount of the loss that could have been avoided by your use of ordinary care.

We are not liable to you for special or consequential losses or damages of any kind, including loss of profits and opportunity or for attorneys' fees incurred by you.

Organizational Account Insurance

If your claim relates to a organizational account, you agree to pursue all rights you may have under any insurance coverage you maintain before making a claim against us in connection with any transaction involving your accounts. You will provide us with all reasonable information about your coverage, including the name of your insurance carrier, policy number, policy limits and applicable deductibles. Our liability is reduced by the amount of all insurance proceeds you receive or are entitled to receive. At our request, you agree to assign to us your rights under your insurance policy.

Opening a New Account

If you or we suspect that your account is or may be compromised, we may recommend that you close your account and open a new account. If there are any unauthorized transactions on your account, we may recommend that you close your account and open a new one. If we recommend that you close your account and you do not do so, we are not liable to you for subsequent losses or damages on the account due to unauthorized transactions.

When you open a new account, you are responsible for notifying any third parties that need to know your new account number.

Foreign Items and Foreign Currency

What is a Foreign Item

A foreign item is a check or other item in any currency (including United States dollars) that is drawn on a bank or branch of a bank located outside of the United States.

Foreign currency is any currency other than United States dollars. Some foreign items are payable in United States dollars. Some are payable in a foreign currency.

Within Community Bank operating areas, foreign items that are the local denominated currency are not considered foreign. These items are commonly referred to as "local item or local currency". For the purposes of this disclosure, foreign and local mean the same thing. Monies held in our Pound Sterling accounts in the United Kingdom are not considered foreign currency.

Be Cautious About Accepting Foreign Items

You should be cautious about accepting foreign items because foreign items are not subject to United States laws or regulations. A foreign item may be returned unpaid much later (sometimes many months later) than checks or other items that are drawn on banks located in the United States. If a foreign item is returned to us unpaid or there is some other problem with the foreign item, you are responsible for the item and you may incur a loss.

Currency Exchange Rates

We may receive transactions related to your account or relationship with us for which we determine that it is appropriate to convert the transaction from a foreign currency to United States dollars or from United States dollars to a foreign currency. As an example, we receive a wire denominated in a foreign currency for credit to your account. When we decide to convert a transaction, we may determine in our discretion the currency exchange rate and then assign that currency exchange rate to your transaction without notice to you. You agree to this procedure and accept our determination of the currency exchange rate. We may consider many factors in setting our currency exchange rates. Some of these factors are exchange rates set by others, our desired rates of return, market risk and credit risk. We are not liable to you if our currency exchange rates are different from rates: offered or reported by third parties; offered by us at a different time, at a different location or for a different transaction amount; or which involve different payment media (such as bank-notes, checks and wire transfers).

You acknowledge that:

- currency exchange rates offered by other dealers, or shown at other sources (including online sources) may be different from our rates; and

- currency exchange rates can be highly volatile and may change frequently during a day.
- You assume all risks relating to or arising from fluctuations in the exchange rates between currencies.

Wires Sent to a Foreign Currency Account

When you send a wire denominated in United States dollars to an account denominated in a foreign currency, an intermediary bank or the receiving bank may convert your wire into the applicable foreign currency and we may receive compensation in connection with any such conversion. When this occurs, the intermediary bank or the receiving bank determines in their discretion the currency exchange rate. We are not responsible for the exchange rate applied by an intermediary bank or the receiving bank.

You May Not Write Foreign Currency Checks

You may not write checks or give other withdrawal orders on your account, which order payment in a foreign currency (except for Pound Sterling accounts in the United Kingdom). If we receive such a check or order, we may refuse to accept or process it without any liability to you.

Processing and Collecting Foreign Items

We may refuse to accept a foreign item for deposit or collection. If we accept a foreign item for deposit or collection, you assume all the risks relating to or arising from: the collection process, a late return and changes in currency exchange rates.

If we accept a foreign item for deposit or collection, we may decide not to credit the value of the foreign item to your account until we receive the proceeds in cleared funds from the paying bank. However, if we do credit your account, the credit is provisional and we may reverse the credit at any time.

If we accept an item for deposit which we later determine to be a foreign item, we may decide that the item needs to be sent for collection. If so, we may reverse any credit given for the item and mail the foreign item to you at the address we have for your account statement. You may ask us to send the item for collection.

When we send a foreign item for collection, you understand that the foreign item is sent solely for you and at your risk and that we are not liable for any event in the collection process which is beyond our control.

As examples, we are not liable for a default by any bank or agent involved in the collection process or for the loss of the foreign item in transit. We may send the foreign item through a correspondent bank or directly to the paying bank.

We may deduct our fees and the fees and charges assessed by the paying bank and any agents involved in the collection process from any amount collected or from your account.

If you request, we will try to determine the status of a collection. You agree to pay all fees and charges related to such a request. We may refuse your request if less than 30 business days have passed since we first processed the collection.

If a foreign item is returned to us unpaid for any reason at any time or is initially paid but then subsequently returned unpaid, we may charge your account for the foreign item and mail the foreign item to you at the address we have for your account statement. Even though the item is returned unpaid, we may charge you for our collection fees and for fees and charges assessed by the paying bank and any agents involved in the collection process.

When we credit your account for a foreign item, we use our applicable currency exchange rate on the day we credit the item to determine the amount of the credit. When we reverse a credit for a foreign item, we use our applicable currency exchange rate on the day we reverse the credit to determine the amount of the debit. This reversal will be no less than the amount that we initially credited to your account. Currency exchange rates are highly volatile and our rate on the day of the credit is likely to be different (sometimes very different) than our rate on the day of the debit. You understand and agree that this may result in a currency exchange loss to you.

Other Terms and Services

Account Changes

You must notify us of any change to your name or address. If you do not provide notice of change of address, we may send notices, statements and other correspondence to you at the address maintained on our records for your account and you agree to indemnify us and hold us harmless for doing so.

You agree to notify us in writing of any change in ownership or authorized signers of your account or if an owner or authorized signer on the account dies or is adjudicated incompetent.

If there is more than one owner and/or authorized signer on the account, any one account holder or authorized signer may request the account be closed without consent of any other account holder or authorized signer.

Further, any one account holder may request, and we may, at our option, permit removal of any account holder or authorized signer without consent of any other account holder or authorized signer on the account.

You acknowledge that we may, but need not, require a new signature card to be completed before any change in ownership or authorized signers becomes effective and each time you open a new account, we may require a Taxpayer Identification Number certification(s).

You also acknowledge that we may require you to close your account in the event of any change in ownership or change in the authorized signers.

After we receive notice of a change and all documents we require regarding the change, we may take a reasonable period of time to act on and implement the change to your account.

Automatic Transfer Service

You may have funds transferred automatically from most Community Bank checking or savings accounts to another Community Bank checking or savings account or to pay a Community Bank loan or line of credit account.

Federal regulation and this Agreement place limits on the number of automated transfers you may make from savings accounts each month. Please see *"Limits on Withdrawals and Transfers from Savings Accounts"*. Certain other may restrictions apply.

You must schedule transfers to pay a Community Bank loan for the due date each month. In most other cases, you may schedule transfers periodically on the dates and for the amounts that you specify. Transfers can only be made on a business day. If a scheduled transfer date falls on a weekend or bank holiday, we may make the transfer on the next business day.

If we are unable to complete a transfer because you do not have enough available funds in your account, we may cancel this service.

Check and Deposit Slip Forms

We offer checks, withdrawal forms and deposit slips in a number of styles and at various prices. We recommend that you use checks and other forms that we provide.

You are responsible for verifying the accuracy of all information on your checks and other forms, whether obtained through others or us. Our liability, if any, for any printing errors on checks or other forms obtained through us is limited to the cost of replacing the forms. We are not liable for any claims, costs, losses or damages you may incur when you use checks or other forms not obtained through us.

We may refuse to accept checks or other forms that you create or someone else provides that do not meet our then current specifications, even if they met our specifications at the time they were initially drawn.

You may obtain a copy of our printing specifications by calling the telephone number on your statement or asking a banking center associate.

These specifications include the magnetically encoded numbers, the size of the check and the weight, color and type of paper.

If you create or obtain checks or other forms from someone else and our automated check processing systems are

unable to read or process them, we may refuse to accept them and we may charge you a fee for each check or other item that we are unable to read or process through our automated systems.

Check Copies

We generally keep a copy of each check we post to your account for seven years from the date the check posts to your account. We have no obligation to retain the original check. We typically keep the copies on microfilm or as a digital image. If a copy is unavailable or of poor quality, we are not liable to you for any claim, cost, loss or damage of any kind. After seven years, we may destroy the copies.

Requesting Copies You may request a copy of a canceled check by calling us at the number for customer service on your statement. To produce a copy, we need the account number, check number, exact amount of the check, and date the check was paid. This information is on your statement. Generally, we mail or make a copy available within seven business days. If we need more time, we will tell you. A fee may apply to each check copy. Please see the *Schedule of Fees* for your account. You may be able to view an image of the item through our Online Banking service without a fee. If a check that you wrote was converted to an electronic debit, then the check was not sent to us for processing so we do not have a copy. We list these electronic debits on your account statement.

Compliance

You agree to comply with applicable laws and regulations. You may not use your account or related services for any illegal transactions or activity, for example those prohibited by the Unlawful Internet Gambling Enforcement Act, 31 U.S.C. Section 5361 et. seq. You agree to indemnify us from every action, proceeding, claim, loss, cost and expense (including attorney's fees) suffered or incurred by us due to any U.S. or foreign government entity seizing, freezing or otherwise asserting or causing us to assert control over any account or funds in an account of yours (or ours) when purportedly caused by, or arising out of, your action or inaction. This will apply whether or not such action is ultimately determined to be authorized under the laws of the U.S. or its territories, or of any foreign jurisdiction. We are not required to inquire or determine the authority of any action taken by the U.S. or foreign government entity prior to acceding to any legal process initiated by it. Please note that your agreement to comply with applicable laws and regulations includes United States economic sanctions laws and regulations, including regulations issued by the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury, and Executive Orders issued by the President of the United States.

Conflicting Demands and Disputes

We are not required to make payment from an account to a signer, a payee, a beneficiary of a trust account or Payable on Death (POD) account, or to any other person claiming an interest in any funds in the account:

- if we have actual knowledge of, or otherwise believe in good faith that there may be a bona fide dispute between the signers, beneficiaries, payees, or other persons concerning their rights to the account proceeds or
- if we are otherwise uncertain as to who is entitled to the account funds. We may notify all signers, beneficiaries, payees, and other persons claiming an interest in the account of the dispute or uncertainty without liability to you. We also may, at our option and without liability to you, take one or more of these actions:
 - continue to rely on current signature cards and other account documents;
 - honor the competing claim upon receipt of evidence we deem satisfactory to justify such claim;
 - freeze all or part of the funds until the dispute is resolved to our satisfaction;
 - close the account and distribute the account balance, subject to any bank claims, to each claimant payable jointly, or payable individually in equal shares to each claimant;
 - pay the funds into an appropriate court for resolution; or
 - refuse to disburse any funds in the account to any person until such time as: all persons claiming an interest in the account consent in writing to a resolution of the dispute; or a court of proper jurisdiction authorizes or directs the payment; or the person with a conflicting claim withdraws his or her claim in writing.

You are liable for all expenses and fees we incur, including attorneys' fees, and we may charge them to your account.

Converting an Account

We may convert your account to another type of account, revoke privileges or close your account:

- if you make frequent transactions on a savings account;
- if your account frequently has debits against uncollected funds;
- if your account has excessive deposit activity;
- if you use a personal account for business purposes; or
- when we consider it appropriate or necessary to do so.

If we discontinue your type of account, we may convert your account to another type of account. We may also convert your account to another type of account based on our evaluation how you use the account. If we convert your account, we will send you information about your new account.

Cutoff Time for Receipt of Orders

Our cutoff time for receipt at a banking center of an order relating to your account is 10:00 a.m. local time or, if later, one hour after the banking center opens each business day. Orders include a stop payment order or postdating order, restraining order, writ of attachment or execution, levy, garnishment and any similar order.

The cutoff time relates to our obligation to pay or return checks and other items. If we receive an order before this cutoff time, we may review items presented for payment against your account on the previous business day to determine whether we need to return any of them to comply with the order. If we receive the order after the cutoff time, we may not review items presented on the previous business day.

For example, if you give us a stop payment order after our cutoff time and the item you want to stop was previously presented for payment or otherwise before we have the opportunity to act on your order, your order comes too late to stop payment on the item. Or, if we receive a levy before the cutoff time and you do not have enough funds in your account to cover both the levy and all items presented against your account the previous business day, we may return one or more items and apply the funds to the levy.

Death or Incompetence

You agree to notify us promptly if any owner or authorized signer on your account dies or is declared incompetent by a court. Until we receive a notice of death or incompetency, we may act with respect to any account or service as if all owners, signers or other persons are alive and competent and we will not be liable for any actions or inactions taken on that basis.

If you give us instructions regarding your account, and you or another owner of the account subsequently dies or is declared incompetent, we may act on the instructions unless we receive written notice of death or incompetency prior to honoring such instructions.

When we receive a notice that an owner has died or been declared incompetent, we may place a hold on your account and refuse to accept deposits or permit withdrawals.

We may hold any funds in your account until we know the identity of the successor.

If a deposit — including salary, pension, Social Security and Supplemental Security Income (SSI) — payable to the deceased owner is credited to the account after the date the

deceased owner died, we may debit the account for the deposit and return it to the payer. You may not have access to the funds in the account until a possible reclamation is resolved.

Facsimile Signature

A facsimile signature can be a convenient method for signing or endorsing documents and other items. If you use a facsimile signature, you are responsible for any withdrawal from your account that bears or appears to us to bear a facsimile signature that resembles or purports to be the signature of a person authorized to withdraw funds. We will not be liable to you if use of the facsimile device (or similar device utilized to affix your signature) was unauthorized. You are responsible even if the size, or color of the facsimile signature is different from that of any signature previously presented to us. We may pay the withdrawal and may charge your account for it. You agree to reimburse us (and we may charge your account) for all claims, costs, losses and damages, including attorneys' fees, that result from our payment of a withdrawal bearing either a facsimile that resembles or purports to bear your signature or a facsimile that we believe you authorized.

FDIC Insurance

Deposits with Community Bank are insured by the Federal Deposit Insurance Corporation (FDIC), which insures funds in deposit account up to \$250,000 per depositor at each insured bank. These limits are subject to change. Please also note that the FDIC's regulations define "per depositor" in terms of different ownership capacities. Thus, the same depositor can receive multiples of the basic maximum insurance coverage at a single insured bank, where different account are owned in certain capacities – for example, individual accounts, joint accounts, Individual Retirement Accounts (IRAs) and POD/trust accounts. Please visit www.fdic.gov for details.

FDIC Assessments for Organizational Accounts

For some organizational accounts, we may charge a Federal Deposit Insurance Corporation ("FDIC") assessment based on the assessment rate the FDIC charges us.

The FDIC assessment may include deposit insurance charges, Financing Corporation (FICO) assessments and other fees, charges and assessments provided by law. We generally calculate the FDIC assessment using the same calculation method used by the FDIC. However, we may use another method to calculate the FDIC assessment.

The assessment rate is variable. We may change it at any time without notice. We list the amount of the FDIC assessment on your statement. Please see the *Schedule of Fees* for your account.

“Freezing” Your Account

If we decide to close your account, we may freeze it. If we do this, we may in our discretion either accept or return deposits, checks and other items that we receive after we freeze your account without being liable to you. If at any time we believe that your account may be subject to irregular, unauthorized, fraudulent or illegal activity, we may, in our discretion, freeze the funds in the account and in other accounts you maintain with us, without any liability to you, until such time as we are able to complete our investigation of the account and transactions. If we do freeze your account funds, we will provide notice to you as soon as reasonably possible.

We may not provide this notice to you prior to freezing the account if we believe that such notice could result in a security risk to us or to the owner of the funds in the account.

Indemnification and Limitation of Liability

You agree to reimburse us for all claims, costs, losses and damages (including fees paid for collection) we may incur with respect to overdrafts or returned deposits in connection with your account.

We are not liable to you for errors that do not result in a financial loss to you. We may take any action authorized or permitted by this Agreement without being liable to you, even if such action causes you to incur fees, expenses or damages.

We are not liable to you for any claim, cost, loss or damage caused by an event that is beyond our reasonable control. In particular, we are not liable to you if circumstances beyond our reasonable control prevent us from, or delay us in, performing our obligations for a service, including acting on a payment order, crediting a funds transfer to your account, processing a transaction or crediting your account.

Circumstances beyond our reasonable control include: a natural disaster; emergency conditions, such as fire, theft or labor dispute; a legal constraint or governmental action or inaction; the breakdown or failure of our equipment for any reason, including a loss of electric power; the breakdown of any private or common carrier communication or transmission facilities, any time-sharing supplier or any mail or courier service; the potential violation of any guideline, rule or regulation of any government authority; suspension of payments by another bank; or your act, omission, negligence or fault.

Except as limited by applicable law, we are not liable for special, incidental, exemplary, punitive or consequential losses or damages of any kind. Our liability for a claim will be limited to the face value of an item or transaction improperly dishonored or paid or the actual value of any

deposits not properly credited or withdrawals not properly debited.

You agree that the amount of any claim you have against us in connection with any account or transaction with us, whether brought as a warranty, negligence, wrongful dishonor or other action, is subject to reduction to the extent that: 1) negligence or failure to use reasonable care on your part, or on the part of any of your agents or employees, contributed to the loss which is the basis of your claim; and 2) damages could not be avoided by our use of ordinary care.

Any loss recovery you obtain from third parties on a particular claim will reduce the amount of any obligations we may have to you on that claim and you will immediately notify us of any such recovery. You agree to pursue all rights you may have under any insurance policy you maintain in connection with any loss and to provide us information regarding coverage. Our liability will be reduced by the amount of any insurance proceeds you receive or are entitled to receive in connection with the loss. If we reimburse you for a loss covered by insurance, you agree to assign us your rights under the insurance to the extent of your reimbursement.

Legal Process – Subpoena and Levy

“Legal process” includes a writ of attachment, execution, garnishment, tax withholding order, levy, restraining order, subpoena, warrant, injunction, government agency request for information, search warrant, forfeiture or other similar order.

We may accept and comply with legal process: served in person, by mail, by facsimile transmission, or by other means; or served at locations other than the location where the account, property or records are held. You direct us not to contest the legal process.

We may, but are not required to, send a notice to you of the legal process. We do not send a notice if we believe the law prohibits us from doing so.

We may hold and turn over funds or other property to the court or creditor as directed by the legal process, subject to our right of setoff and any security interest we have in the funds or other property. We may not pay interest on the funds during the period we hold them pursuant to legal process. If we hold or turn over funds, we may without any liability to you return checks and other items unpaid and refuse to permit withdrawals from your account.

If the legal process applies to a time deposit account, we may charge the applicable early withdrawal penalty for funds taken from the time deposit.

We may charge your account a fee for each legal process. You agree to pay us for fees and expenses (including administrative expenses) that we incur in responding to any

legal process related to your account, such as expenses for research and copying of documents. The fees and expenses may include attorneys' fees. We may deduct these fees and expenses from any of your accounts without prior notice to you.

If the legal process directs us to release information about one or more, but not all, accounts that are reported on a combined statement, we may release the entire combined statement, even though other accounts reported on the statement are not covered by the legal process. If the legal process requests information about one or more, but not all, account owners or signers, we may release information about all co-owners or signers on the account, even though some of the other co-owners or signers are not covered by the legal process.

We may produce documents held at, or provide access to property that is located in, any of our facilities or any facility operated by third party on our behalf, even if the facility is not designated as the place to be searched in the legal process.

Because Community Bank is authorized operations by the Department of Defense, we may, from time to time, provide account information to Military investigators without traditional (subpoena, search warrants, etc.) requests being submitted. We will provide the minimal information without requiring the submission of a formal written request. We have no liability to you if we fulfill these requests.

We have no liability to you if we accept and comply with legal process as provided in this section or by law.

Multiple Signatures Not Required

We may act on the oral or written instructions of any one signer on the account. Each signer may make withdrawals, write checks, transfer funds, stop payments, obtain ancillary services (e.g., electronic fund transfer services or wire transfers), and otherwise give us instructions regarding your account. We may require written authorization for some actions.

We do not assume a duty to enforce multiple signature requirements that you may agree upon among yourselves. If you indicate on your checks or signature card or other account documents that more than one signature is required for withdrawal, this indication is for your own internal procedures and is not binding on us.

We may disregard any instructions to permit withdrawals only upon more than one signature with respect to checks, electronic fund transfers or other debit/withdrawal requests. We may pay out funds from your account if the check, item, or other withdrawal or transfer instruction is signed or approved by any one of the persons authorized to sign on the account. We are not liable to you if we do this.

Notice of Withdrawal

Federal regulations require us to retain the right to require all savings and all NOW account depositors to give seven days' written notice before making a withdrawal. It is unlikely, however, that we would require this notice.

Powers of Attorney/Appointment and Payment to Agents

You may decide to appoint someone to act for you as your agent or attorney-in-fact ("agent") under a power of attorney. Please note that the form must be satisfactory to us in our discretion and unless prohibited by law, we may refuse, with or without cause, to honor powers of attorney that you grant to others.

We generally accept powers of attorney based on standard military forms or on statutory forms found in various states' and countries' laws. We may accept any form that we believe was executed by you and act on instructions we receive under that form without any liability to you.

You agree to reimburse us for all claims, costs, losses and damages that we incur in accepting and acting on any power of attorney form that we believe you executed.

We may pay any funds deposited in your account to your agent or upon the order of your agent. When we accept a power, we may continue to recognize the authority of your agent to act on your behalf without question until we receive written notice of revocation from you or notice of your death or incapacity and have had a reasonable time to act upon it.

We will not be liable for action in accordance with the most current documentation if we have not received such notice. We may require a separate form for each agent and for each account for which you want to grant power of attorney. We may require your agent to present the original form and refuse to act on a copy. In some cases, we may require that your agent confirm in an affidavit that the power has not been revoked or terminated or that you register the power with the appropriate recording authorities. We may restrict the types or sizes of transactions we permit your agent to conduct.

The authority of your agent to receive payments, transact on or otherwise make changes to your account generally terminates with your death or incapacity, unless the document creating such agency provides, in accordance with applicable law, that the agent's powers continue in spite of your incapacity.

Records

We may in our discretion retain records in any form including, without limit, paper, film, fiche, digitalized or other electronic medium. If we are not able to produce the original or a copy of your signature card or any other

document relating to your account or service, our records (including our electronic records) will be deemed conclusive. If there is a discrepancy between your records and our records, our records will be deemed conclusive.

Right of Setoff

We may take or setoff funds in any or all of your accounts with us and with our affiliates for direct, indirect and acquired obligations that you owe us, regardless of the source of funds in an account. This provision does not apply to accounts or obligations where otherwise prohibited by law. Your accounts include both accounts you own individually and accounts you own jointly with others. Our setoff rights are in addition to other rights we have under this Agreement to take or charge funds in your account for obligations you owe us.

If the law imposes conditions or limits on our ability to take or setoff funds in your accounts, to the extent that you may do so by contract, you waive those conditions and limits and you authorize us to apply funds in any or all of your accounts with us and with our affiliates to obligations you owe us. If you are a sole proprietor, we may charge any of your personal or organizational accounts. We may use funds held in your joint accounts to repay obligations on which any account owner is liable, whether jointly with another or individually.

We may use funds held in your individual accounts to repay your obligations to us, whether owed by you individually or jointly with another, including: obligations owed by you arising out of another joint account of which you are a joint owner, even if the obligations are not directly incurred by you; obligations on which you are secondarily liable; and any amounts for which we become liable to any governmental agency or department or any company as a result of recurring payments credited to any of your accounts after the death, legal incapacity or other termination of entitlement of the intended recipient of such funds.

If we take or setoff funds from a time deposit account, we may charge an early withdrawal penalty on the funds withdrawn. We may take or setoff funds from your account before we pay checks or other items drawn on the account. We are not liable to you for dishonoring items where our action results in insufficient funds in your account to pay your checks and other items.

Some government payments may be protected from attachment, levy or other legal process under federal or Texas law. If such protections may apply, to the extent that you may do so by contract, you waive these protections and agree that we may take or setoff funds, including federal and state benefit payments, from your accounts to pay overdrafts, fees and other obligations you owe us.

This section does not limit or reduce our rights under applicable law to charge or setoff funds in your accounts with us for direct, indirect and acquired obligations you owe us.

Sample of Your Signature

To determine the authenticity of your signature, we may refer to the signature card or to a check or other document upon which your signature appears. We may use an automated process to reproduce and retain your signature from a check upon which your signature appears.

If you create your own checks, or obtain them from someone else, and we cannot accurately verify your signature on a check by comparing it with a check that posted to your account, you are responsible for any losses that may result from our inability to use that check to verify your signature.

Stop Payment Orders and Postdating Orders

Stop Payment Orders If we have not already paid a check or other item drawn on your account, then at your request and risk we may accept a stop payment order on it. You may not stop payment on a point of sale transaction or an ATM withdrawal or transfer. You may ask us to stop payment on a check or other item if it has not already been paid.

Postdating Orders If you write and postdate a check (that is — you put a future date on the check), you may ask us not to pay the check before its date by giving us a stop payment order. Otherwise, we may pay it and charge it to your account even if it is presented for payment before its date. If we receive a postdated check that is subject to a stop payment order, we may return the check with the designation “payment stopped” or “refer to maker”.

Placing Stop Payment Orders We may accept a written or oral stop payment order from any person who has a right to withdraw funds from the account. We may require you to complete a form authorizing the order.

You must give us sufficient notice so that we have a reasonable opportunity both to verify that the item is unpaid and to act on your request. We may charge you a fee for each stop payment order and each renewal of the order. We use a computer system to identify items. Therefore, to place a stop payment order, we need the account number, the item number and the exact amount of the item — in dollars and cents. If you give us the wrong amount (even one penny off) or the wrong item number, we may pay the item. We may also require the date of the item, the name of the person who signed or authorized the item, and the name of the party to whom the item was made payable. We may use only a portion of the required information to identify an item.

In some cases, we may pay an item even if an order is in effect. For example, if one of our banking centers, without

notice of your request, pays a check that you have asked us to stop, we may still pay the check.

A stop payment order generally expires after six months. However, we may, in our sole discretion, elect to honor a stop payment order for a longer period of time without notice to you. If you want the order to continue after six months, you must ask us to renew the order. Each request for a renewal is treated as a new order. If you want the order to expire in less than six months, you must cancel the order on or after the date you want it to expire.

We may accept a written or oral instruction to cancel the order. Your request to cancel the order is not effective until we have a reasonable opportunity to act on it.

We cancel the order automatically when the account on which the item is drawn is closed. If the item is presented to us for payment after the order expires, we may pay the item.

If we pay an item subject to a valid and timely stop payment order, we may be liable to you if you had a legal right to stop payment and you establish that you suffered a loss because of the payment. Our liability, if any, is limited to the actual loss suffered, up to the amount of the item. You must prove the loss to our satisfaction.

We are not liable to you for any special, incidental or consequential loss or damage of any kind.

Additional Information about Automated Clearing House (ACH) Stop Payment Orders If we have not already paid an ACH debit from your account, then at your request and risk we may accept a stop payment order on it. The stop payment order takes effect within three business days. If you give us oral instructions, we may require you to confirm them in writing. If you do not, we may remove the stop payment after 14 days. Otherwise, your order is effective for six months. For recurring ACH debits on personal accounts, there is an exception.

We keep an order you place on a recurring ACH debit in effect until the longer of either six months or until we believe the merchant has stopped submitting the recurring ACH debit.

To place a stop payment order on an ACH debit, we may require you to provide your name and telephone number, the type of account (checking or savings), the company name and company identification number used by the sender of the ACH debit, and the other information listed above under *Placing Stop Payment Orders*. You can obtain the company name and company identification number used by your sender from your statement by looking at a prior ACH debit from this sender that posted to your account.

If you do not know the amount of the ACH debit, we may still be able to place the stop payment order based on the

company name and company identification number of the sender, but this may stop all ACH items from this sender. If you give us the wrong company identification number or if the sender changes the company identification number, we may pay the item.

You are responsible for notifying the sender of the ACH debit that you have revoked your previous authorization for ACH debits.

For more information on stopping a preauthorized payment on a personal account, see *Preauthorized Payments* in the section titled *Electronic Banking Services*.

Sub-Accounts

For regulatory accounting purposes, we may classify checking accounts as two sub-accounts: a checking sub account and a savings sub-account. For interest-bearing checking accounts, we calculate and pay interest at the same rate and in the same way on both sub-accounts. For non-interest bearing checking accounts, we do not pay interest on either sub-account. We may transfer funds between these sub-accounts. We record the sub-accounts and any transfers between them on our internal accounting records only.

Otherwise, the sub-accounts are subject to the same terms as the checking and savings accounts described in this Agreement.

Unclaimed Property – Accounts Presumed Abandoned or Inactive

Texas and federal law and our policy govern when accounts are considered abandoned. Your account is usually considered abandoned if you have not performed at least one of the following activities for the period of time specified in Texas' unclaimed property law: made a deposit or withdrawal, written to us about the account, or otherwise shown an interest in the account, such as asking us to keep the account active.

You usually need to perform or initiate the activity.

Therefore, bank charges, interest payments, automatic deposits, and withdrawals are usually not considered activity.

We are required by the unclaimed property laws to turn over accounts considered abandoned to the state of Texas. Before we turn over an abandoned account, we may send a notice to the address we currently show for the account statement. We may not send this notice if mail we previously sent to this address was returned. After we turn the funds over to the state, we have no further liability to you for the funds and you must apply to the appropriate state agency to reclaim your funds.

If we consider your account inactive, then (unless prohibited by federal law or the law of the state of Texas) we may:

- charge dormant account fees on the account in addition to regular monthly maintenance and other fees,
- stop sending statements,
- if the account received interest, stop paying interest on the account; and
- refuse to pay items drawn on or payable out of the account.

If you re-establish contact with us, we do not have to reimburse you for these fees and we are not liable to you for any interest that would otherwise have accrued on your account.

Verification of Transactions and Right to Reverse Transactions

All transactions, including those for which we provide a receipt, are subject to subsequent verification and correction within our discretion. We may not verify a deposit at the teller window so the receipt that you receive at the time of your deposit is not evidence that your deposit has been verified.

We may reverse or otherwise adjust any transaction (both credit and debit) that we believe we erroneously made to your account at any time without prior notice to you.

Waiver, Severability, and Change of Law by Agreement

Waiver We may delay or waive the enforcement of any of our rights under this Agreement without losing that right or any other right. No delay in enforcing our rights will affect your obligation to pay us fees and other amounts you owe us under this Agreement. If we waive a provision of this Agreement, the waiver applies only in the specific instance in which we decide to waive the provision and not to future situations or other provisions regardless of how similar they may be.

Severability A determination that any part of this Agreement is invalid or unenforceable will not affect the remainder of this Agreement.

Change of Law by Agreement If any part of this Agreement is inconsistent with any applicable law, then to the extent the law can be amended or waived by contract, you and we agree that this Agreement governs and that the law is amended or waived by this Agreement.

Electronic Banking Services

Some General Rules

We usually give you an ATM Card, debit card or other device or code to access your account. Please review the agreement that comes with the card or code carefully. You agree to use the card or code only in the manner and for the purposes described in the applicable agreement. If you attempt to use the card or code in any other manner or for

any other purpose, we may reject the transaction, or at our discretion we may complete it without incurring any obligation to honor the same type of transaction on future occasions. We may occasionally decide not to issue a card or code to a customer. We may terminate a card or code at any time without cause or notice.

Online/Mobile Banking and Bill Payment Services

You may use our Online Banking services to help you manage your account and keep track of your finances. The *How to Get Started* paragraph in the *Introduction* lists some of the things you can do with Online Banking. When you subscribe to these services, we provide you with the agreement for the service and link your eligible accounts.

Access ID

An Access ID is a numeric code which, when used with a separate PIN number or passcode, enables most customers to do the following through our automated telephone system or in person at a banking center: obtain information about deposit and credit accounts that are linked to the Access ID; transfer funds and make payments between linked accounts; and obtain other services such as stop payments, check reorders, and copies of checks and statements. You may request an Access ID and related security codes by calling customer service or at any banking center. Please note that Access IDs may not be available to customers in all countries. In some countries, individual account numbers, combined with additional security codes, may be required to obtain account information and transact other business. Two activity levels are available for some accounts linked to your Access ID:

- 1) Inquiry: Allows you to obtain account balances and transaction information.
- 2) Financial: Allows you to obtain account information, transfer funds among accounts linked to the Access ID, and obtain certain other banking services.

When you first choose your Access ID, and when you subsequently open any new accounts, we will link all your Community Bank accounts that are eligible, and assign the financial activity level to all accounts for which that activity level is available, unless you tell us otherwise. We may establish certain limits on the accounts that can be linked to your Access ID and that can have the financial activity level. If you permit another person to use your Access ID or account number(s) and related code(s), you are responsible for all transactions conducted by that person (even if he or she exceeds your authorization), until you notify us that the person is no longer authorized so that we may block the codes and issue new ones.

You must review your periodic statements and promptly report to us any unauthorized funds transfers initiated through the use of your security codes or otherwise. You must also promptly notify us of any suspected loss or theft of your security codes.

Failure to take these actions may affect the extent of your liability for any unauthorized transfers under federal banking regulations or other applicable laws.

Organization Access IDs If you are a organizational customer, to uniquely identify each person who initiates a request for banking services, you should establish a separate Access ID and related security codes for each person who you determine needs access to your accounts.

Your authorization (whether express or implied) for any individual to establish an Access ID shall constitute your authorization for the bank to provide account information to such individual and (unless inquiry only access is selected) to transfer funds and conduct other banking transactions upon that person's request. Such authorization supersedes any resolution, signature card or other document filed with the bank that purports to limit authority over any of your accounts, whether currently on file or submitted or modified in the future, unless the Access ID authorization is expressly modified or revoked.

Electronic Banking Disclosures

The following provisions apply to electronic fund transfers to or from consumer deposit accounts that are governed by Regulation E of the U.S. Federal Reserve Board. A consumer deposit account is an account that is owned by a natural person and that is used primarily for personal, family, or household purposes. Electronic fund transfers generally include transfers made using an ATM Card or debit card, direct deposits and some types of preauthorized and telephone transfers.

Types of Transfers

Account Access You may use your ATM Card or debit card to make the types of transfers described in the applicable card agreement. You may use our Online/Mobile Banking service to make the types of transfers described in the applicable service agreement. We may authorize or permit transfers in excess of your available balance or we may decline them. You may authorize someone to make direct deposits to your account.

Electronic Check Conversion You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using information from your check to pay for purchases or to pay bills.

Consumer's Liability for Unauthorized Transfers Tell us AT ONCE if you believe your Community Bank ATM Card, debit card, Access ID, Personal Identification Number (PIN) or similar card or code has been lost, stolen or learned by an

unauthorized person. Also, tell us AT ONCE if you believe that an electronic fund transfer has been made without your permission using information from your check. The best way to keep your possible losses down is to call us immediately. Your losses could include all of the money in your account plus, if you have an overdraft protection plan linked to your account, any transfers from another account or any advances on a line of credit. If you tell us within two business days after you learn of the loss or theft, you can lose no more than \$50 for an unauthorized electronic funds transfer or a series of related unauthorized transfers should someone use your card or code without your permission. If you do NOT tell us within two business days after you learn of the loss or theft of your card or code and we can prove we could have stopped someone from using your card or code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, including those made by card, code or other means, tell us at once. If you do not tell us in writing 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, deployment, or a hospital stay) kept you from telling us, we may extend the time periods. Remember to sign your card. This ensures that your signature is the one applicable to your card. Remember, do not write your PIN on your card or carry the PIN with you. This reduces the possibility of someone using your card without your permission if it is lost or stolen.

Note: These liability rules are established by Regulation E. Our liability policy regarding unauthorized debit card or ATM Card transactions, and unauthorized Online Banking transactions, on consumer deposit accounts may give you more protection, provided you report the transactions promptly. Please see the agreement you receive with your ATM or debit card and the Online Banking agreement. Also, Texas law may give you more time to report an unauthorized transaction or may give you more protection. Please note that if you give, or make reasonably available, your PIN or other access device or code to anyone, you may be liable for any use made of such until you advise us that such person is not authorized to use them.

Contact in Event of Unauthorized Transfer; and Lost or Stolen Card, PIN or Access Code

If you believe your card is lost or stolen, your PIN or access code has been learned by an unauthorized person, or that someone has transferred or may transfer money from your account without your permission, notify us immediately by calling the number listed below.

Telephone: 1.800.239.9427

You can also write to us at:

Community Bank
300 Convent St., Ste. 400
San Antonio, TX 78205

You should also call the number or write to the address listed above if you believe a transfer has been made using the information from your check without your permission. If unauthorized activity occurs, you agree to cooperate during the investigation and to complete a Lost/Stolen Card and Fraud Claims Report or similar affidavit.

Business Days For purposes of these electronic banking disclosures, our business days are Monday through Friday. Weekends and bank holidays are not included.

Documentation of Transfers

ATM Transfers You can usually get a receipt at the time you make any transfer to or from your account at an ATM or point-of-sale terminal. You may not get a receipt if the amount of the transfer is \$15 or less. However, this receipt is not final since each transaction is subject to verification by us. If the receipt and our records conflict, our records will control.

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, you can call us at 1.800.239.9427 to find out whether or not the deposit has been made.

Periodic Statements We send you a monthly account statement unless there are no transfers in a particular month. In any case, we send you 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 or you have authorized someone to debit your account through the ACH system, you can stop any of these payments. Here's how:

Call us at

1.800.239.9427

or write to us at

Community Bank
300 Convent St., Ste. 400
San Antonio, TX 78205

You must notify us 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 your call. You must tell us the exact amount of the payment you have stopped, as well as other identifying information which we will request.

We may charge you a fee for each stop payment order you give. See *Stop Payment Orders* and *Postdating Orders* in the *Other Terms and Services* section for more information about ACH Stop Payment Orders. If we require written confirmation and do not receive it, we may remove the stop payment order after 14 days.

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 If you order us to stop a preauthorized payment three business days or more before the transfer is scheduled, and you have given us all of the information we requested, and we do not stop the payment, we will be liable for your damages directly caused by our failure to stop the payment.

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:

- If, through no fault of ours, you do not have enough money in your account to make the transfer.
- If the transfer would go over the credit limit on your overdraft line.
- If the ATM where you are making the transfer does not have enough cash.
- If the ATM, terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- If circumstances beyond our control (such as power outages, equipment failures, fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- If the funds are subject to legal process or other encumbrance restricting the transfer.
- If an account becomes dormant, in which case we may terminate card or code access to that account.
- If your card or code has been revoked due to inactivity or at our discretion.

There may be other exceptions stated in our agreement with you or permitted by law.

Confidentiality - Account Information Disclosure We will disclose information to third parties about your account or transfers you make as stated in the *Information about You and Your Account* section near the front of this Agreement.

ATM Fees When you use an ATM that does not prominently display the Community Bank name and logo on the ATM, 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. We may also charge you fees.

Error Resolution Procedure In case of errors or questions about your electronic transfers, call us at the applicable number listed on the back of this agreement.

Call or write 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 have sent you the FIRST statement on which the problem or error appeared.

- (1) Tell us your name and account number.
- (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 your complaint or question in writing within 10 business days. We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days for the amount you think is in error, so that you will have 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. For errors involving new accounts, point-of-sale, or a transaction initiated outside a state, territory or possession of the United States, we may take up to 90 days (instead of 45) to investigate your complaint or question. For new accounts we may take up to 20 business days to credit your account for the amount you think is in error.

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 any documents that we used in our investigation.

NOTICE: As part of the security system to help protect your card and PIN, we may use hidden cameras and other security devices to determine who is using a card at an ATM. You consent to this.

UNLESS OTHERWISE PROVIDED IN OUR ELECTRONIC BANKING AGREEMENT, YOU MAY NOT STOP PAYMENT OF ELECTRONIC FUND TRANSFERS. THEREFORE, YOU SHOULD NOT EMPLOY ELECTRONIC ACCESS FOR PURCHASES OR

SERVICES UNLESS YOU ARE SATISFIED THAT YOU WILL NOT NEED TO STOP PAYMENT.

ATM Safety Tips

The suggestions that follow offer some simple tips on protecting your card and PIN and on exercising care when using an ATM. Please review them carefully.

Protect Your ATM Card and Personal Identification Number (PIN)

- Always protect your card by keeping it in a safe place. If your card is lost or stolen, contact us immediately.
- Always protect your PIN. You should never give your PIN to anyone and you should never write your PIN anywhere, especially on your card. If you choose your own PIN, avoid using obvious numbers such as telephone numbers, addresses, or birth dates.
- Never give information about your card or PIN over the telephone. If someone is asking for this information, refuse and immediately contact us.

Be Aware of Your Surroundings at ATMs

- Look around when you walk up to the ATM or exit the ATM. If you notice anyone or anything suspicious or that you deem unsafe, such as the lighting around the ATM not working, use another ATM or return later.
- When you enter or exit an ATM in an enclosed area, be sure you close the entry door completely. Do not open locked ATM vestibule doors for others or allow any unknown persons to enter the ATM area when you are making your transaction. Authorized customers should have their own access.
- When you use a drive-up ATM, be sure your passenger windows are closed and your doors are locked.
- If you must use an ATM at night, consider taking someone with you.
- The activity around Community Bank ATMs may be monitored or recorded by surveillance cameras.

Protect Your Privacy

- While at the ATM, enter your PIN discreetly, shield the keypad with your hand or body. After completing your transaction, be sure to put away your card, cash and transaction record before exiting the ATM area. Count the cash later in the safety of your locked car or home.
- Do not leave your transaction record at the ATM. Keep your transaction record in a safe place, so you can compare it to your statement.

Request Emergency Assistance

- If you need emergency assistance, call law enforcement from the nearest telephone. If you have a complaint about the security of a Community Bank ATM, call the Banking Center closest to the ATM.

- Report all crimes immediately to law enforcement officials and your local banking center.

Funds Transfer Services

The following provisions apply to funds transfers you send or receive through us, but do not apply to electronic fund transfers governed by Regulation E of the U.S. Federal Reserve Board. If you have a specific agreement with us for these services, these provisions supplement that agreement to the extent these provisions are not inconsistent with the specific agreement.

The Uniform Commercial Code includes provisions relating to funds transfers. These provisions define the following terms: funds transfer, payment order and beneficiary. These terms are used here as they are defined in Article 4A of the Uniform Commercial Code – Funds Transfers as adopted by Texas law. In general: A funds transfer is the process of carrying out payment orders that lead to paying a beneficiary. The payment order is the set of instructions given to us to transfer funds. The beneficiary is the person, organization, or business who receives the payment.

We may charge fees for sending or receiving a funds transfer. We may deduct our fees from your account or from the amount of the transfer. For current fees, call us at the number for customer service on your statement or ask a banking center associate.

Fedwire

Fedwire is the electronic funds transfer system of the U.S. Federal Reserve Banks. When you send a payment order or receive a funds transfer, we or other banks involved in the funds transfer may use Fedwire.

If any part of a funds transfer is carried out by Fedwire, your rights and obligations are governed by Regulation J of the U.S. Federal Reserve Board.

Sending Funds Transfers

You may subscribe to certain services we offer or you may give us other instructions to pay money or have another bank pay money to a beneficiary. This *Sending Funds Transfers* section applies to wire transfers and transfers we make between Community Bank accounts. It does not apply to automated clearing house (ACH) system funds transfer services. You may give us payment orders for ACH system funds transfers only if you have a separate agreement with us for those services.

Cutoff Times for Payment Orders We have cutoff times for processing payment orders. Cutoff times vary depending on the particular office of our bank and the type of payment order. We may treat payment orders we receive after a cutoff time as if received the next business day. We tell you our cutoff times upon request.

Amending or Canceling Payment Orders You may not amend or cancel a payment order after we receive it. If you ask us to do this, we may make a reasonable effort to act on your request. But we are not liable to you if, for any reason, a payment order is not amended or canceled. You agree to reimburse us for any costs, losses or damages that we incur in connection with your request to amend or cancel a payment order.

Inconsistency of Name or Number The beneficiary's bank may make payment to the beneficiary based solely on the account or other identifying number, even if the name on the payment order differs from the name on the account. We or an intermediary bank may send a payment order to an intermediary bank or beneficiary's bank based solely on the bank identifying number, even if the payment order indicates a different bank name.

Sending Payment Orders We may select any intermediary bank, funds transfer system or means of transmittal to send your payment orders. Our selection may differ from that indicated in your instructions.

Notice of Rejection We may reject payment orders. We notify you of any rejection orally, electronically or in writing. If we send written notices by mail, we do so by the end of the next business day.

We are not liable to you for the rejection or obligated to pay you interest for the period before you receive timely notice of rejection.

Errors or Questions About Your Payment Orders We notify you about funds transfers by listing them on your account statement.

In some cases, we also may notify you electronically, in writing or by a report produced through one of our information reporting services. You must notify us at once if you think a funds transfer shown on your statement or notice is incorrect. You must send us written notice, including a statement of relevant facts, no later than 14 days after the date you receive the first notice or statement on which the problem or error appears.

If you fail to notify us within this 14-day period, we are not liable for any loss of interest because of an unauthorized or erroneous debit or because your statement or notice is incorrect. We are not required to compensate you, and we are not required to credit or adjust your account for any loss of interest or interest equivalent.

Calculations If we are obligated to pay for loss of interest that results from our error or delay regarding your payment order, we calculate compensation as follows. With an analyzed checking account, we credit the account to reflect the applicable value date or otherwise adjust the account under our account analysis procedure, to recalculate earnings credits for the period involved.

With a non-analyzed, non-interest bearing account, we use a rate equal to the average of the Federal Funds rates set by the Federal Reserve Bank of New York, less a reserve factor. With a non-analyzed, interest-bearing account, we use the rate applicable to the account. If we have a separate agreement with you specifying a different calculation method, we use that method instead.

Receiving Funds Transfers

We may receive instructions to pay funds to your account. We may receive funds transfers directly from the sender, through a funds transfer system or through some other communications system. This includes wire transfers, ACH transfers that may be sent through an ACH system or processed directly to an account with us, and transfers between Community Bank accounts.

ACH Provisional Payment Rule Under ACH rules, funds transfers sent through an ACH are provisional and may be revoked prior to final settlement. You agree to these rules. If the funds transfer is revoked before final settlement, we may charge your account for the amount credited. The person who sent the payment order is considered not to have paid you. If this happens, we do not send a separate notice; we report the information on your account statement.

Notice of Funds Transfer We notify you that we have received funds transfers by listing them on your account statement. We send statements by mail. If you use one of our information reporting services, you may receive notice through that service. We are not obligated to send you a separate notice of each incoming funds transfer.

While we generally do not provide such separate notices, we may do so on occasion, in which case we send the notice within two business days after we credit your account.

We are not obligated to pay you interest for the period before you receive notice.

If you are expecting a funds transfer and want to find out if it has been credited to your account, call us at the number for customer service on your statement.

Posting Your Customers' Payments We credit to your account electronic payments (such as bill payments) that we receive from your customers. If you do not apply a payment to an account of your customer, you must promptly return the payment to us.

ACH Debits and Credits

From time to time, originators that you authorize may send automated clearing house (ACH) credits or debits for your account. For each ACH transaction, you agree that the transaction is subject to the National Automated Clearing House Association (NACHA) Operating Rules and any local ACH operating rules then in effect.

You agree that we may rely on the representations and warranties contained in these operating rules and either credit or debit your account, as instructed by the originator of the ACH transaction.

You should be careful about giving someone your account number to help prevent unauthorized transactions on your account. You must notify us immediately of unauthorized activity.

For information about stopping payment of an ACH transaction, see *Stop Payment Orders* and *Postdating Orders* in the *Other Terms and Services* section.

Tax Information

In most instances we are required to report annually to you and to the United States Internal Revenue Service (IRS) interest payments that total \$10 or more during the year on your deposit account(s) with us. We may also be required to report this information to the appropriate state revenue authority. When you open an account, we are required to obtain — and each U.S. citizen or resident alien must give us — a certified U.S. Taxpayer Identification Number (TIN) and information regarding your backup withholding status.

When you apply for an account, you certify that you have provided the correct TIN for the account holder and the correct backup withholding status. For individual accounts, the TIN is your Social Security Number (SSN). For individual accounts with more than one owner, we report taxpayer information for the person listed first in our records.

Resident aliens who do not qualify for Social Security should provide their Individual Taxpayer Identification Number (ITIN).

For organizational accounts, the TIN is the owner's Employer Identification Number (EIN). If you do not give us a certified name and TIN, and the IRS notifies us that the name and TIN you gave us is incorrect, or if the IRS notifies us that you failed to report all your interest and dividends on your tax return, we are required to backup withhold at the current backup withholding rate on interest paid to your account and pay it to the IRS. In some cases, a state and local tax authority may also require that we pay state and local backup withholding on interest paid to your account when we are required to pay backup withholding to the IRS. Backup withholding is not an additional tax. You may claim amounts withheld and paid to the IRS as a credit on your federal income tax return.

If you are a nonresident alien individual or entity, you are generally exempt from information reporting and backup withholding, with some exceptions (including Canadian residents and interest income effectively connected with the conduct of a trade or business in the United States).

As an exempt foreign person or entity, you must provide the address of your permanent foreign residence or the entity's

principal foreign office on the Form W-8 that you give to us. For accounts with multiple owners, all owners must certify their status as foreign persons. You must renew your status as an exempt foreign person or entity prior to the end of the third calendar year following the year in which you last certified your status. We may send you a notice of this renewal requirement.

If you fail to renew your status by the last day of the fourth calendar year, your interest payments are subject to backup withholding. Some limited exemptions from this renewal process exist. If you become a U.S. citizen or resident after opening your account, you must notify us within 30 days and provide us with your certified name and TIN.

For more information or to determine how this information applies to you, consult your U.S. tax advisor.

Resolving Disputes

PLEASE READ THIS DISPUTE RESOLUTION PROVISION CAREFULLY.

Subject to the provisions of the *Limitation* section below, you have the right to compel us at your option, and we have the right to compel you at our option, to determine any individual Claim with a value of less than \$1 Million by arbitration. All other Claims will be resolved in court by a judge without a jury. The arbitration or trial by a judge will take place on an individual basis without resort to any form of class or representative action.

SUBJECT TO THE PROVISIONS OF THE *LIMITATION* SECTION BELOW, WHETHER THE CLAIM IS DECIDED BY ARBITRATION OR BY TRIAL BY A JUDGE, YOU AND WE AGREE AND UNDERSTAND: (I) THAT YOU AND WE ARE BOTH GIVING UP THE RIGHT TO TRIAL BY JURY, AND (II) THAT THIS SECTION PRECLUDES YOU AND US FROM PARTICIPATING IN OR BEING REPRESENTED IN ANY CLASS OR REPRESENTATIVE ACTION OR JOINING OR CONSOLIDATING THE CLAIMS OF OTHER PERSONS (HEREINAFTER REFERRED TO AS THE "CLASS ACTION WAIVER").

"Claim" means any claim, dispute or controversy between you and us that in any way arises from or relates to this Agreement and your deposit relationship with us (including any renewals, extensions or modifications), except provisional or ancillary remedies from a court of competent jurisdiction, the exercise of which will not waive the right to arbitration.

Claim does not include any action that is brought in a small claims court or an equivalent court, provided that Claim does include any such action that is transferred, removed or appealed to a different court.

Arbitration

Arbitration is a method of resolving disputes in front of one or more neutral individuals, instead of having a trial in court in front of a judge and/or jury. The arbitrator, sitting alone

without a jury, will decide all questions of law and fact. The arbitrator will be an active or retired judge or attorney with more than ten years of experience, chosen by mutual agreement of you and us.

If you and we are unable to agree, then you must choose one of the following Administrators within ten days of our written notice that an agreement cannot be reached, in which case the arbitrator will be selected in accordance with the Administrator's rules:

- JAMS Resolution Center
1920 Main St., Suite 300
Irvine, CA 92614
www.jamsadr.com (800) 352-5267
- American Arbitration Association ("AAA")
1633 Broadway, 10th Floor
New York, NY 10019
www.adr.org (212) 716-5800

If you do not choose the Administrator on a timely basis, we will select the Administrator.

Limitation

Regardless of anything else in this *Resolving Disputes* section, the validity and effect of the Class Action Waiver may be determined only by a court and not by an arbitrator. You and we both acknowledge that the Class Action Waiver is material and essential to the arbitration of any disputes between the parties and is non-severable from the agreement to arbitrate Claims. If the Class Action Waiver is limited, voided or found unenforceable, then this agreement to arbitrate (except for this sentence) will be null and void with respect to such proceeding, subject to the right to appeal the limitation or invalidation of the Class Action Waiver. You and we acknowledge and agree that under no circumstances will a class action be arbitrated.

Governing Law for Arbitration

Subject to the provisions of the *Limitation* section above, the arbitration of any matter involves interstate commerce and is governed by the Federal Arbitration Act, 9 U.S.C. Section 1 et seq. (the "FAA"). Subject to the provisions of the *Limitation* section above, the arbitrator will follow applicable substantive law to the extent consistent with the FAA. The arbitrator will give effect to the applicable statutes of limitation and may dismiss barred claims. Arbitrations will be governed by the rules of the Administrator, except that either party may submit a written request to the arbitrator to expand the scope of discovery normally allowable. Subject to the provisions of the *Limitation* section above, the arbitrator will award all remedies available in an individual lawsuit under applicable substantive law, provided that (and except as limited by

applicable law) under no circumstances will we be liable for any incidental, consequential, special, exemplary or punitive damages.

At the timely request of either you or us, the arbitrator must provide a brief written explanation of the basis for the award. Judgment upon the award given by the arbitrator may be entered in any court having jurisdiction. The arbitrator's decision is final and binding, except for any right of appeal provided by the FAA.

Trial by a Judge without a Jury

A Claim that is not submitted to arbitration will be decided by a judge without a jury as permitted by law.

Rules of Interpretation

Except as provided in the *Limitation* section above, if any portion of this *Resolving Disputes* section is determined to be invalid or unenforceable, it will not invalidate the remaining portions of this section. In the event of a conflict or inconsistency between this *Resolving Disputes* section and other terms of the Agreement or the applicable rules of the Administrator, this *Resolving Disputes* section will govern. If there is any conflict between this *Resolving Disputes* section and any other dispute provision (whether it be for arbitration or any other form of dispute resolution), this *Resolving Disputes* section will prevail for Claims arising out of this Agreement or the transaction(s) contemplated by this Agreement.

Jurisdiction and Venue

Any action regarding your account must be brought in the state of Texas. You agree to submit to the personal jurisdiction of that state, unless a Claim is submitted to arbitration and that location is not reasonably convenient for you, in which case you and we will attempt to agree on a location, and if unable to do so, then the location will be determined by the Administrator or arbitrator.

CommunityBank

Addresses and Telephone Numbers

Community Bank

District Office – Europe
Unit 20236
APO AE 09013
Telephone: 00-800-2265-3279
DSN: 546-1892

Community Bank

District Office – Japan
Bldg 430
APO AP 96328
Telephone: 800-239-9427
DSN: 225-9411

Community Bank

District Office – Okinawa
Bldg 409
APO AP 96368
Telephone: 800-239-9427
DSN 632-6808

Community Bank

District Office – Korea
Bldg 1446 Unit 15554
APO AP 96205
Telephone: 800-239-9427

Community Bank

Guantanamo Bay, Cuba
PSC 1005 Box 199
FPO AE 09593
Telephone: 800-239-9427

Community Bank

Home Office – United States
300 Convent St., Ste. 400
San Antonio, TX 78205
Telephone: 800-239-9427

DoDCommunityBank.com
Deposits are FDIC insured