

SPECIAL SESSION COMMISSIONERS' COURT

Monday, August 17, 2015 8:30 a.m.

Members of the Court present:

Daryl Melton	County Judge
Tommy Clark	Commissioner Pct. #1
Jimmy McDaniel	Commissioner Pct. #2
Doyle Dickerson	Commissioner Pct. #3
Fayne Warner	Commissioner Pct. #4
Janice McDaniel	County Clerk

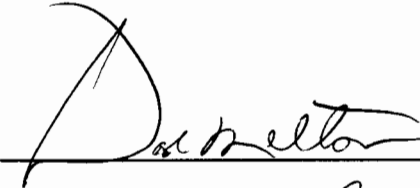
Judge Melton called the meeting to order at 8:30 a.m.

AGENDA ITEM #1-Discuss with possible action on approval of Direct Deposit Agreement

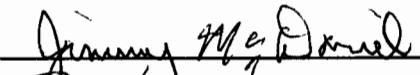
Judge Melton said the County Attorney has given his approval of the Agreement.

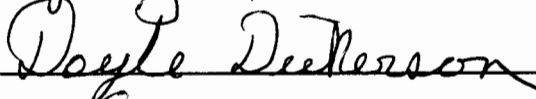
Commissioner McDaniel moved to approve the Direct Deposit Agreement. Commissioner Clark seconded. All voted for. Motion carried.

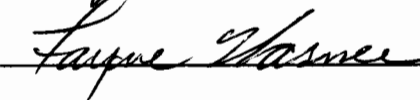
Commissioner Warner moved to adjourn. Commissioner Dickerson seconded. All voted for. Meeting adjourned.

 DARYL MELTON


 TOMMY CLARK

 JIMMY MCDANIEL

 DOYLE DICKERSON

 FAYNE WARNER

ATTEST: COUNTY CLERK

 JANICE MCDANIEL

COPY

**First State Bank
Hemphill, Texas**

ACH Origination Agreement

This Agreement, dated the 10th day of August, 2015 is between Sabine County, Texas ("Company") and First State Bank, Hemphill, Texas ("Financial Institution").

Recitals

- A. Company wishes to initiate Debit or Credit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association. Financial Institution is willing to act as an Originating Depository Financial Institution with respect to such Entries.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term "Entries" shall have the meaning provided in the Rules and shall also mean the data received from Company hereunder from which Financial Institution prepares Entries.

Agreement

1. Transmittal of Entries By Company.

Company shall transmit debit or credit Entries to Financial Institution to the location and in compliance with the formatting and other requirements set forth in Attachment 1 attached hereto. The total dollar amount of Entries transmitted by Company to Financial Institution on any one day shall not exceed \$ 80,000.00.

- (a) Company will obtain written authorization for consumer entries and shall retain these authorizations for a period of no less than two years after the revocation or termination of the authorization. The Company will comply with all terms of the Electronic Funds Transfer Act if applicable or Uniform Commercial Code Article 4.5A (UCC4A) if applicable and shall otherwise perform its obligations under the Agreement in accordance with all applicable laws and regulations.
- (b) The Company shall send prenotification (zero-dollar) entries; at least six days prior to initiating the first live dollar entry to a particular account. Such notice shall be provided to the Bank in the format provided in the Nacha rules. Should the Company receive notice that any such prenote has been rejected by the Receiving Depository Financial Institution; the Company will initiate no further entries to the Receiver.

2. Security Procedures.

- (a) Company and Financial Institution shall comply with the security procedures requirements described in Attachment 2 attached hereto with respect to Entries transmitted by Company to Financial Institution. Company acknowledges that the purpose of such security procedures is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Financial Institution and Company.
- (b) Company is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Company warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related security procedures described in Attachment 2. If Company believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, Company agrees to notify Financial Institution immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Financial Institution prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

3. Compliance With Security Procedures.

- (a) If an Entry (or request for cancellation or amendment of an Entry) received by Financial Institution purports to have been transmitted or authorized by Company, it will be deemed effective as Company's Entry (or request) and Company shall be obligated to pay Financial Institution the amount of such Entry even though the Entry (or request) was not authorized by Company, provided Financial Institution accepted the Entry in good faith and acted in compliance with the security procedure referred to in Attachment 2 with respect to such entry. If signature comparison is to be used as a part of those security procedures, Financial Institution shall be deemed to have complied with that part of such procedures if it compares the signature accompanying a file of Entries (or request for cancellation or amendment of an Entry) received with the signature of an authorized representative of Company (an "Authorized Representative") and on the basis of such comparison, believes the signature of Company sending such file to be that of such authorized representative.
- (b) If an Entry (or request for cancellation or amendment of an Entry) received by Financial Institution was transmitted or authorized by Company, Company shall pay Financial Institution the amount of the Entry, whether or not Financial Institution complied with the security procedures referred to in Attachment 2 with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would

have been detected if Financial Institution had complied with such procedures.

4. Recording and Use of Communications.

Company and Financial Institution agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means.

5. Processing, Transmittal And Settlement By Financial Institution.

- (a) Except as provided in Section 6, On-Us Entries and Section 7, Rejection of Entries, Financial Institution shall (i) process Entries received from Company to conform with the file specifications set forth in the Rules, (ii) transmit such Entries as an Originating Depository Financial Institution to The Federal Reserve (the "ACH") acting as an Automated Clearing House Operator and (iii) settle for such Entries as provided in the Rules.
- (b) Financial Institution shall transmit such Entries to the ACH operator, as set forth in Attachment 1 attached hereto, two business days prior to the Effective Entry Date shown in such Entries, provided (i) such Entries are received by Financial Institution's related cut-off time set forth on Attachment 1 on a business day, (ii) the Effective Entry Date is at least 1 day after such business day, and (iii) the ACH is open for business on such business day. For the purposes of this Agreement Entries shall be deemed received by Financial Institution at the location set forth in Attachment 1, and in the case of electronic transmission, when the transmission (and compliance with any related security procedures provided for herein) is completed as provided in Attachment 1.
- (c) If any of the requirements of clause (i), (ii) or (iii) of Section 5(b) is not met, Financial Institution shall use reasonable efforts to transmit such Entries to the ACH by the next deposit deadline of the ACH following that specified in Attachment 1 which is a business day and a day on which the ACH is open for business.

6. On - Us Entries.

Except as provided in Section 7, Rejection of Entries, in the case of an Entry received for credit or debit to an account maintained with Financial Institution (an "On-Us Entry"), Financial Institution shall credit or debit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in clauses (i) and (ii) of Section 5(b) are met. If either of those requirements is not met, Financial Institution shall use reasonable efforts to credit or debit the Receiver's account in the amount of such Entry no later than the next business day following such Effective Entry Date.

7. Rejection of Entries.

Financial Institution may reject any Entry which does not comply with the requirements of Section 1, Transmittal of Entries By Company, or Section 2, Security Procedure, which contains an Effective Entry Date more than 2 days after the business day such Entry is received by Financial Institution. Financial Institution may reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Financial Institution may reject any Entry if Company has failed to comply with its account balance obligations under Section 11, The Account. Financial Institution may reject any entry if Company does not adhere to security procedures as described in Attachment 2. Financial Institution shall notify Company by phone or email of such rejection no later than the business day such Entry would otherwise have been transmitted by Financial Institution to the ACH operator, or in the case of an On-Us Entry, its Effective Entry Date. Notices of rejection shall be effective when given. Financial Institution shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

8. Cancellation or Amendment By Company.

Company shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, if such request complies with the security procedures described in Attachment 2 for the cancellation of Data, Financial Institution shall use reasonable efforts to act on a request by Company for cancellation of an Entry prior to transmitting it to the ACH Operator or, in the case of an On-Us Entry, prior to crediting or debiting a Receiver's account, but shall have no liability if such cancellation is not effected. Company shall reimburse Financial Institution for any expenses, losses, or damages Financial Institution may incur in effecting or attempting to effect Company's request for cancellation or amendment of an Entry.

9. Notice of Returned Entries.

Financial Institution shall notify Company by phone or email of the receipt of a returned Entry from the ACH Operator no later than 1 business day after the business day of such receipt. Except for an Entry retransmitted by Company in accordance with the requirements of Section 1, Transmittal of Entries By Company, Financial Institution shall have no obligation to retransmit a returned Entry to the ACH Operator if Financial Institution complied with the terms of this Agreement with respect to the original Entry.

Financial Institution shall notify Company of all Notifications of Change received by Financial Institution relating to Entries transmitted by Company by phone or email no later than 2 business days after receipt thereof.

10. Payment By Company For Entries.

- (a) Company shall pay Financial Institution the amount of each credit Entry transmitted by Financial Institution pursuant to this Agreement at such time of the date of transmittal by Financial Institution, in its discretion, may determine.

- (b) Company shall promptly pay Financial Institution the amount of each debit entry returned by an RDFI that was transmitted by Financial Institution pursuant to this Agreement.

11. The Account.

Financial Institution may, without prior notice of demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Company identified in Attachment 3 attached hereto, and shall credit the Account for any amount received by Financial Institution by reason of the return of an Entry transmitted by Financial Institution for which Financial Institution has previously received payment from Company. Such credit shall be made as of the day of such receipt by Financial Institution. Company shall at all times maintain a balance of available funds in the Account sufficient to cover its payment obligations under this Agreement. In the event there are not sufficient available funds in the Account to cover Company's obligations under this Agreement, Company agrees that Financial Institution may set off against any amount it owes to Company, in order to obtain payment of Company's obligations under this Agreement. Company agrees to promptly provide to Financial Institution such information pertaining to Company's financial condition as Financial Institution may reasonably request.

12. Account Reconciliation.

Entries transmitted by Financial Institution or credited to a Receiver's account maintained with Financial Institution will be reflected on Company's periodic statement issued by Financial Institution with respect to the Account pursuant to the agreement between Financial Institution and Company. Company agrees to notify Financial Institution promptly of any discrepancy between Company's records and the information shown on any periodic statement. If Company fails to notify Financial Institution of any discrepancy within thirty (30) days of receipt of a periodic statement containing such information, Company agrees that Financial Institution shall not be liable for any other losses resulting from Company's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Company fails to notify Financial Institution of any such discrepancy within thirty (30) days of receipt of such periodic statement, Company shall be precluded from asserting such discrepancy against Financial Institution.

13. Company Representations and Agreements; Indemnity.

With respect to each and every Entry initiated by Company, Company represents and warrants to Financial Institution and agrees that (a) each person shown as the Receiver on an Entry received by Financial Institution from Company has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Company are limited to those types of Credit or Debit Entries set forth in Section 1, Transmittal of Entries By Company, (d) Company shall perform its obligations under this

Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by *OFAC, FinCEN, and any state laws, regulations, or orders applicable to the providers of ACH payment services, and (e) Company shall be bound by and comply with the Rules as in effect from time to time including, without limitation, the provision making payment of an Entry by the Receiving Depository Financial Institution to the Receiver provisional until receipt by the Receiving Depository Financial Institution of final settlement for such Entry. Company specifically acknowledges that it has received notice of the Rules regarding provisional payment and of the fact that, if such settlement is not received, the Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and Company shall indemnify Financial Institution against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

14. Financial Institution Responsibilities: Liability: Limitations on Liability: Indemnity.

- (a) In the performance of the services required by this Agreement, Financial Institution shall be entitled to rely solely on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. Financial Institution shall be responsible only for performing the services expressly provided for in this Agreement, and shall be liable only for its negligence or willful misconduct in performing those services. Financial Institution shall not be responsible for Company's acts or omissions (including, without limitation, the amount, accuracy, timeliness of transmittal or authorization of any Entry received from Company) or those of any other person, including, without limitation, any Federal Reserve Bank, ACH Operator or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed Financial Institution's agent. Company agrees to indemnify Financial Institution against any loss, liability or expense (including attorneys' fees and costs) resulting from or arising out of any claim of any person that the Financial Institution is responsible for any act or omission of Company or any other person described in this Section 14(a).
- (b) Financial Institution shall be liable only for Company's actual damages; in no event shall Financial Institution be liable for any consequential, special, incidental, punitive or indirect loss or damage which Company may incur or suffer in connection with this Agreement, whether or not the likelihood of such damages was known or contemplated by the Financial Institution and regardless of the legal or equitable theory of liability which Company may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from Financial Institution's acts or omissions pursuant to this Agreement.

- (c) Without limiting the generality of the foregoing provisions, Financial Institution shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond Financial Institution's control. In addition, Financial Institution shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Financial Institution's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in Financial Institution's reasonable judgment otherwise would violate any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.
- (d) Subject to the foregoing limitations, Financial Institution's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds Rate at the Federal Reserve Bank of New York for the period involved. At Financial Institution's option, payment of such interest may be made by crediting the Account resulting from or arising out of any claim of any person that Financial Institution is responsible for any act or omission of Company or any other person described in Section 14(a).

15. Inconsistency of Name And Account Number.

Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Financial Institution to the Receiving Depository Financial Institution may be made by the Receiving Depository Financial Institution (or by Financial Institution in the case of an On-Us Entry) on the basis of the account number supplied by the Company, even if it identifies a person different from the named Receiver, and that Company's obligation to pay the amount of the Entry to Financial Institution is not excused in such circumstances.

16. Payment for Services.

Company shall pay Financial Institution the charges for the services provided in connection with this Agreement, as set forth in Attachment 4 attached hereto. All fees and services are subject to change upon 60 calendar days prior written notice from Financial Institution to Company. Such charges do not include, and Company shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Financial Institution and Company with respect to the Account (the "Account Agreement").

17. Amendments.

From time to time Financial Institution may amend any of the terms and conditions contained in this Agreement, including, without limitation, any cut-off time, any business day, and any part of Attachments 1 thru 4 attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Financial Institution's notice to Company.

18. Notices, Instructions, Etc.

- (a) Except as otherwise expressly provided herein, Financial Institution shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.
- (b) Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an Authorized Representative, and any such communication shall be deemed to have been signed by such person. The names and signatures of Authorized Representatives are set forth in Attachment 3 attached hereto. Company may add or delete any Authorized Representative by written notice to Financial Institution signed by at least two Authorized Representatives other than that being added or deleted. Such notice shall be effective on the second business day following the day of Financial Institution's receipt thereof.
- (c) Except as otherwise expressly provided herein, any written notice or other written communication required or permitted to be given under this Agreement shall be delivered, or sent by United States registered or certified mail, postage prepaid, or by express carrier, and, if to Financial Institution, addressed to:

First State Bank, Hemphill, Texas
PO Box 1944
Hemphill, TX 75948
Attn: Robert H. Russell, President

and, if to Company, addressed to:

Sabine County, Texas
P. O. Box 597
Hemphill, Texas 75948
Attn: Tricia Jacks, Treasurer

unless another address is substituted by notice delivered or sent as provided herein. Except as otherwise expressly provided herein, any such notice shall be deemed given when received.

19. Data Retention.

Company shall retain data on file adequate to permit remaking of Entries for 5 days following the date of their transmittal by Financial Institution as provided herein, and shall provide such Data to Financial Institution upon its request.

20. Tapes and Records.

All magnetic tapes, Entries, security procedures and related records used by Financial Institution for transactions contemplated by this Agreement shall be and remain Financial Institution's property. Financial Institution may, at its sole discretion, make available such information upon Company's request. Any expenses incurred by Financial Institution in making such information available to Company shall be paid by Company.

21. Evidence of Authorization.

Company shall obtain all consents and authorization required under the Rules and shall retain such consents and authorizations for two years after they expire.

22. Cooperation in Loss Recovery Efforts.

In the event of any damages for which Financial Institution or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Financial Institution and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.

23. Termination.

Company may terminate this Agreement at any time. Such termination shall be effective on the second business day following the day of Financial Institution's receipt of written notice of such termination or such later date as is specified in that notice. Financial Institution reserves the right to terminate this Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Financial Institution's rights and Company's obligations with respect to Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Financial Institution prior to termination, or any other obligations that survive termination of this Agreement.

24. Entire Agreement.

This Agreement (including the Attachments attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between Financial Institution and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Financial Institution and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement

shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which Financial institution is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and Financial institution shall incur no liability to Company as a result of such violation or amendment. No course of dealing between Financial Institution and Company will constitute a modification of this Agreement, the Rules, or the security procedures or constitute an agreement between the Financial Institution and Company, regardless of whatever practices and procedures Financial Institution and Company may use.

25. Non-Assignment.

Company may not assign this Agreement or any of the rights or duties hereunder to any person without Financial Institution's prior written consent.

26. Waiver.

Financial Institution may waive enforcement of any provisions of this Agreement. Any such waiver shall not affect Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement.

27. Binding Agreement; Benefit.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against Financial Institution or Company hereunder.

28. Headings.

Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

29. Severability.

In the event that any provisions of this Agreement shall be determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

30. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

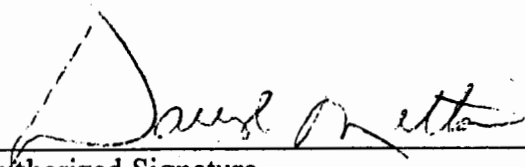
It is the responsibility of the ACH Originator to adopt and implement reasonable policies, procedures and systems to receive, store, transmit and destroy consumer ACH information in a secure manner, and to protect such information against data breaches.

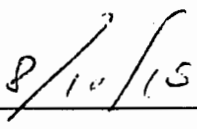
These policies and procedures should include escalation of any knowledge of an information breach to appropriate personnel within the organization in a timely manner. In turn Originator must promptly notify designated contact at First State Bank, Hemphill, Texas.

If a data breach occurs, or is suspected to have occurred, the affected party should immediately commence and diligently pursue an investigation of the circumstances to determine:

- If a data breach actually occurred;
- Scope of the data breach, including type and amount of data affected;
- Risk that the affected data will be misused and
- Steps necessary to prevent further unauthorized access to consumer ACH information

Finally, the Originator should also take steps to notify consumer whose accounts may be affected by the breach.

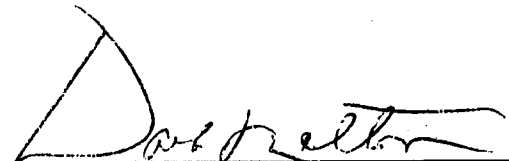

Authorized Signature

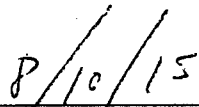

Date

With the addition of the SEC Code IAT and revisions to the NACHA Operating Rules, First State Bank, Hemphill, Texas has made the decision that ACH Originators will not originate or generate International ACH Transactions (IAT) through First State Bank, Hemphill, Texas. Originators will not be allowed to process ACH transactions to foreign offices or foreign organizations. All outgoing ACH file types such as debit, credit or payroll files are included in this IAT Agreement.

First State Bank, Hemphill, Texas and Sabine County, Texas agree to limit transactions initiated by the Company to specific Standard Entry Class Codes (SEC).

Company agrees not to initiate any transactions with the Standard Entry Class Code IAT.


Authorized Signature


Date

Office of Foreign Assets Control (OFAC)

The Office of Foreign Assets Control (OFAC) administers economic sanctions and embargo programs that require that assets and transactions involving the interest of target countries, nationals, and other specifically identified companies and individuals (blocked parties) be frozen. All of the programs administered by OFAC involve declarations of national emergency by the President of the United States.

Originators of ACH entries must be aware that they are subject to applicable U.S. law when initiating these entries. This includes that the Originator is not violating OFAC enforced sanctions and that it is not acting on behalf of, or transmitting funds to or from, any party subject to such sanctions.

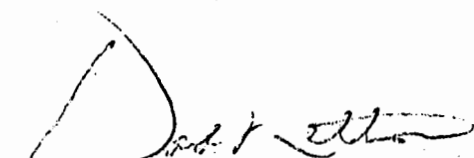
Originators should be aware that they will be held to an obligation to originating only lawful ACH entries under this agreement.

Originators are strongly encouraged to obtain Specially Designated National (SDN) and other compliance information directly from OFAC:

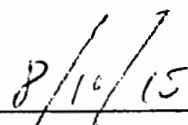
Office of Foreign Assets Control (OFAC)
U.S. Department of the Treasury
Treasury Annex
1500 Pennsylvania Ave, NW
Washington, DC 20220

Phone: (800) 540-OFAC
Compliance Hotline: 202-622-2490
Fax-on-Demand Service: 202-622-0077

Website: <http://www.treas.gov/ofac>



Authorized Signature



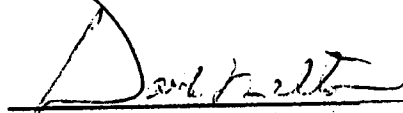
Date

Direct Payment Compliance Issues

Summary of Company processing requirement:

1. Obtain authorization from the consumer, as required by the ACH Rules, prior to the initiation of ACH entries.
2. Provide a copy of the authorization to the consumer and to First State Bank, Hemphill, Texas.
3. Maintain authorizations for two years beyond the termination of ACH entries.
4. Provide a copy of the authorization to the Receiving Depository Financial Institution upon their written request.
5. If using Pre-notifications, they must be initiated no less than six banking days prior to initiation of the first "live" entry.
6. Make required corrections, as indicated necessary in Notifications of Change or as indicated by specific Returned Entries, prior to the re-initiation of a "live" ACH entry.
7. Notify the consumer prior to the initiation of consumer debit entries, when there is a change in the amount or date that does not comply with the terms of the authorization. Notice to Receiver is required 10 days prior to initiation of a debit entry, when the amount of the entry has changed, and 7 days prior to initiation of a debit entry, when the date of the entry has changed.
8. ACH Rules provide Consumers with the right to return entries up to 60 days from the date of the settlement of the entry, and Regulation E provides consumers the right of return up to 60 days from the statement date, when authorization is disputed. Company must discontinue all initiation of entries to the Consumer, until the Customer has personally re-authorized the Company to submit ACH entries.
9. Originate reversals of erroneous entries for settlement no later than 5 banking days from the settlement date of the original ACH entry.
10. Notify the Receiver regarding any such reversals before the settlement date of the reversed entry.
11. Implement adequate internal security and file/entry review, since the Company is liable for any loss related to the origination of an ACH entry, which contains erroneous information.

Acknowledgement:

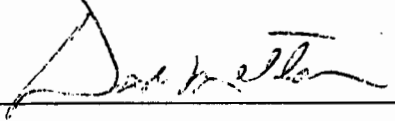


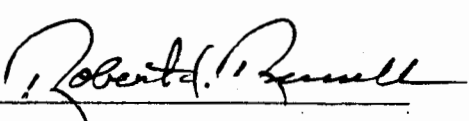
Authorized Signature

In witness whereof the parties hereto have caused this Agreement to be executed by their duly authorized officers.

Sabine County, Texas

First State Bank, Hemphill, Texas

By 

By 

Name _____

Name _____

Title _____

Title _____

Attachment 1

Transmission Location and Formatting Instructions

All files will be formatted in NACHA or other pre-approved format.
Transmission specifications will be established by First State Bank, Hemphill, Texas.

Personal Computer Transmissions

The Company will transmit files to First State Bank, Hemphill, Texas via secure file delivery through URL: firststatebankhemphill.com

Hand Delivered Files

Personnel Authorized to Deliver Files Should be Attached

The Company will deliver files to Robert H. Russell or Tammie Cox at First State Bank, 101 Worth Street, Hemphill, Texas. The Bank's telephone number is (409) 787-3361.

ACH Processing Deadlines

Processing Deadline for:

Credit Entries:

Transmission of a file: until 2:00 P.M. two (2) business days prior to effective date.

Debit Entries:

Transmission of a File: until 2:00 p.m. two (2) business days prior to effective date.

"Business Day" is a day the Financial Institution is open to the public for carrying on substantially all of its business (other than Saturday, Sunday or listed holidays).

"Effective Date" must be a business day, or the record will be processed on the first business day following the effective date.

Holiday Schedule (Non-Processing Days)

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veteran's Day
- Thanksgiving Day
- Christmas Day

The Federal Reserve and First State Bank, Hemphill, Texas will be closed on the days listed above. Please keep in mind that ACH files cannot be delivered on these dates, and transactions with effective dates on these holidays will have settlement deferred until the business day after the holiday. To ensure that your transactions are received and posted to your customers/employees accounts in a timely manner, it is necessary that First State Bank, Hemphill, Texas receive the files as follows:

If normal effective date falls on a holiday date, the effective day should be changed to the business day immediately prior to the holiday for credits and immediately after the holiday for debits, and transmittals should be adjusted accordingly, (debits and credits two days prior to new effective date).

Attachment 2

Security Procedures

The Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Representative, and any such communication shall be deemed to have been signed by such person.

Personal Computer File Transmission

The Company will transmit files to First State Bank, Hemphill, Texas via secure file delivery through URL: firststatebankhemphill.com

The Company's Authorized Representative will provide the Financial Institution with verification of the totals contained in the transmission via e-mail transmission. As a backup, the Company may hand deliver files to the Bank according to the instructions below for that method of delivery.

The Financial Institution will anticipate the receipt of a transmission from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Financial Institution. The Company's Authorized Representative will notify the Financial Institution if a transmission will not take place on the pre-arranged scheduled processing date. The Company is responsible for ensuring that the Financial Institution receives the transmission on each processing date indicated in the processing schedule (see Attachment 5).

The Financial Institution will verify that the file totals agree with the Company information. In the event of a discrepancy in the totals, the Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, then the file will not be processed until the Company's Authorized Representative can be contacted on the next business day.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Company's personal computer and used for money transfer. The Company agrees to comply with written procedures provided by the Financial Institution for the creation, maintenance, and initiation of money transfers.

The Company is solely responsible for access by its employees of the data files maintained on the Company's computer.

The Company is responsible for operator security procedures on the personal computer used for the transmission of the data files.

Hand Delivered Files

In the event the file must be hand-delivered via a "thumbdrive" or other device capable of electronic file storage and transmission, the Company's Authorized Representative will hand deliver to the designated location.

The Company's Authorized Representative will provide the Financial Institution with verification of the totals contained in the hand-delivered file by sending a facsimile transmission to the Financial Institution's Contact at (409) 787-2307. In the event that the Company or the Authorized Representative is unable to fax the information, the Company's Authorized Representative will telephone the Financial Institution's Contact at (409) 787-3361 with the verification and may also mail or e-mail the information as backup on the same day transmitted. In no case will the transmittal register accompanying the file be construed as verification.

The Financial Institution will anticipate the receipt of a file from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Financial Institution. The Company's Authorized Representative will notify the Financial Institution if a file will not be delivered on the pre-arranged scheduled processing date. The Company is responsible for ensuring that the Financial Institution receives the file in the processing area on each processing date indicated in the processing schedule (see Attachment 5).

The Financial Institution will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, the Financial Institution will call the specified Company Authorized Representative designated by an authorized signatory of the Company. If an Authorized Representative is not available for notification, then the file will not be processed until the Company's Authorized Representative can be contacted on the next business day.

Attachment 3

Account Name and Number

<u>Sabine County Treasurer</u>	<u>***8028</u>
<u>Sabine County Road & Bridge #1, #2, #3, & #4</u>	<u>***5411</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Company Authorized Representatives

Name	Title	Signature
<u>Tricia Jacks</u>	<u>Treasurer</u>	<u> </u>
<u>Gina Brown</u>	<u>Deputy Treasurer</u>	<u> </u>
<u>Sandra Spough</u>	<u>Deputy Treasurer</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Personnel Authorized to Hand Deliver Disk Transmission

<u>Same as above</u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

Attachment 4

One Time Setup Fee (Includes ACH Rule Book and Pre-Note)	\$ <u>-0-</u>
Format Correction (One hour minimum)	\$ <u>-0-</u>
Monthly Maintenance	\$ <u>-0-</u>
Per Transmission or File	\$ <u>-0-</u>
Per Transaction Originated	\$ <u>-0-</u>
Return Items/Notification of Change	\$ <u>-0-</u>

Attachment 5

**First State Bank,
Hemphill, Texas**

ACH Transmittal Schedule

Year _____

January _____

March _____

May _____

July _____

September _____

November _____

February _____

April _____

June _____

August _____

October _____

December _____

**This schedule will be monitored by First State Bank, Hemphill, Texas Electronic Banking
Services personnel.**

Origination of Entries

Prerequisites to Origination

The following must occur before an Originator (Company) may initiate debit entries to a Receiver or to a Receiver's account with a Receiving Depository Financial Institution:

Originator Authorization and Agreement

Company has authorized First State Bank, Hemphill, Texas to transmit, and to debit the amount of, one or more entries to the Receiver's account. For all entries the Company and First State Bank Hemphill have entered into an agreement under which the Company agrees to be bound by these rules as in effect from time to time and acknowledges that entries may not be initiated that violate the laws of the United States.

Obligations of Originators

General

In addition to the requirements of Prerequisites to Origination concerning the initiation of entries, an Originator (Company) must comply with the following requirements:

Consumer Accounts: Notice by Company to Receiver of Variable Debits

Notice of Change in Amount

If the amount of a debit entry to be initiated to a Consumer Account differs from the amount of the immediately preceding debit entry relating to the same authorization or from a preauthorized amount, the Company must send the Receiver written notification of the amount of the entry and the date on or after which the entry will be debited. The Company must send the receiver written notice at least ten (10) calendar days prior to the date on which the entry is scheduled to be initiated.

Receiver's Election

If the Company informs the Receiver of the Receiver's right to receive notification concerning a change in the amount of a debit entry, the Receiver may choose to receive notice only if the amount of the entry falls outside a specified range or if the entry differs from the most recent entry by more than an agreed upon amount.

Notice of Change in Scheduled Debiting Date

If an Originator (Company) changes the date on or after which entries to be initiated by the Company are scheduled to be debited to a Receiver's account, the Company shall send to the Receiver written notification of the new date on or after which entries initiated by the Company are scheduled to be debited to the Receiver's account. Such notification shall be sent within not less than seven (7) calendar days before the first entry to be affected by the change is scheduled to be debited to the Receiver's account. For purposes of this section, variation in debiting dates due to Saturdays, Sundays, or holidays are not considered to be changes in the scheduled dates.

Consumer Accounts: Copy of Debit Authorization

A company must provide each Receiver with an electronic or hard copy of the Receiver's authorization for all debit entries to be initiated to a Consumer Account.

Record of Authorization

An Originator (Company) must retain the original or microfilm or microfilm equivalent copy of each authorization of a Receiver for two (2) years from the termination or revocation of the authorization.

SABINE COUNTY, TEXAS

Authorization Agreement for Direct Deposits (ACH Credits)

I (we) hereby authorize **SABINE COUNTY, TEXAS**, hereinafter called Company, to initiate credit entries to my (our) ___Checking Account ___ Savings Account (select one) indicated below at the Financial Institution named below, hereafter called Depository, and to credit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Financial Institution _____ Branch _____

City _____ State _____ Zip _____

Routing Number _____ Account Number _____

Start Date _____ Expiration Date _____

Amount _____

This authorization is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner as to afford Company and Depository a reasonable opportunity to act on it.

Name(s) _____ ID Number _____
(Please Print)

Date _____ Signature(s) _____

For Financial Institution Use Only:

First State Bank, Hemphill, Texas Account to Debit:

SABINE COUNTY, TEXAS

Authorization Agreement for Direct Deposits (ACH Debits)

I (we) hereby authorize SABINE COUNTY, TEXAS, hereinafter called Company, to initiate debit entries to my (our) ___ Checking Account ___ Savings Account (select one) indicated below at the Financial Institution named below, hereafter called Depository, and to debit the same to such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Financial Institution _____ Branch _____

City _____ State _____ Zip _____

Routing Number _____ Account Number _____

Start Date _____ Expiration Date _____

Amount _____

This authorization is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner as to afford Company and Depository a reasonable opportunity to act on it.

Name(s) _____ ID Number _____
(Please Print)

Date _____ Signature(s) _____

For Financial Institution Use Only:

First State Bank, Hemphill, Texas Account to Credit:

The State Of Texas §
County Of Sabine §

I hereby certify that these documents were filed and duly
recorded in the Commissioner Court Minutes of Sabine
County, Texas.

Volume 3-I Page 615
Janice McDaniel ~ County Clerk



By: George Bailey
Deputy