



INVESTMENTS

135 E. Tugalo St., Toccoa, GA 30577

TERMS AND CONDITIONS OF YOUR INVESTMENT

Remember: 1st Franklin is not a bank. Investments offered by 1st Franklin Financial Corporation are not bank deposits or obligations, and are not insured by the FDIC, SIPC or any other federal or state agency. Investors must rely solely on the Company's ability to pay principal and interest on its Investment securities.

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1.0 The Agreement. You have purchased an uninsured Investment from 1st Franklin Financial Corporation. Your Investment is a contract with 1st Franklin. Our contract is governed by the following documents, which establish the rules that control Your Investment and all future Investment purchases:

- 1.1 These “Terms and Conditions of Your Investment” (hereafter “Terms and Conditions”)
- 1.2 The Signature Card that you signed and the disclosures and agreements thereon
- 1.3 The Commercial Paper, if You purchased Commercial Paper
- 1.4 The Prospectus for and the Variable Rate Subordinated Debenture (“Debenture”) given to You when You purchased the Debenture, together with any subsequent Prospectus changes, if You purchased a Debenture
- 1.5 The Prospectus for and the Senior Demand Note (“SDN”) given to You when You purchased the SDN, together with any subsequent Prospectus changes, if You purchased a SDN
- 1.6 Any other disclosures We give You
- 1.7 Any other documents that You sign in connection with Your Investment or options associated with Your Investment.

Please read this carefully and retain it for future reference. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this Agreement. If you have any questions, please call us. We do not believe that these Terms and Conditions differ from the provisions of an applicable Prospectus. If, however, there is a difference, the terms of the applicable Prospectus control.

Together, these documents make “**The Agreement**” with You.

These Terms and Conditions are subject to applicable state and federal laws and other applicable rules (except to the extent that this Agreement can and does vary such laws or rules). The body of state and federal law that governs our relationship with You, however, is too large and complex to be reproduced here. The purpose of this Agreement is to:

1. Summarize some laws that apply to common transactions;
2. Establish rules to cover transactions or events which the law does not regulate;
3. Establish rules for certain transactions or events which the law regulates but permits variation by agreement; and
4. Give You disclosures of some of Our policies to which You may be entitled or in which You may be interested.

If any provision of these Terms and Conditions are found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from these Terms and Conditions, but We must affirmatively agree to any variation in writing either on the Signature Card for Your Investment or in some other written document signed by Us.

The headings in these Terms and Conditions are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in these Terms and Conditions should be construed so the singular includes the plural and the plural includes the singular.

These Investments may be purchased through a self-directed IRA account with the bank or trust company that is serving as custodian, and subject to Internal Revenue Service rules and regulations.

2.0 Signature Card & Your Agreement to These Terms and Conditions. By signing the Signature Card for Your Investment, or by purchasing the Investment, or by continuing to use the Investment after receipt of these Terms and Conditions, **YOU AGREE TO THESE TERMS AND CONDITIONS** and to all the other documents that make The Agreement. If You have any questions, please call the Investment Center at 800-282-0709 or 706-886-7571 or email Us at InvestmentCenterContactUs@1ffc.com.

If You do not agree with any of these Terms and Conditions, You must take the following steps depending upon which Investment You have purchased. Failing to take the appropriate steps outlined below means You agree to The Agreement:

2.1 Commercial Paper: Redeem and not reinvest Your Commercial Paper when it matures. Your reinvestment indicates that You agree with these Terms and Conditions.

2.2 Debenture: Redeem Your Debenture within 14 days following the next interest adjustment or maturity date. If You do not redeem Your Debenture within 14 days following the next interest adjustment or maturity date, Your continued Investment indicates that You agree with these Terms and Conditions.

2.3 SDN: Redeem Your SDN. If You do not redeem Your SDN within 30 days, Your continued Investment means that You agree with these Terms and Conditions.

3.0 Definitions. As used in these Terms and Conditions,

3.1 The words “We,” “Our” and “Us” mean 1st Franklin Financial Corporation and the words “You” and “Your” mean the Owner of the Investment, including all Owners if there are more than one, the person purchasing and controlling the Investment if purchased for an entity or organization, and anyone else with the authority to invest, redeem, or exercise control over the funds in the Investment.

3.2 “Administrator” or “Executor” means the person or entity named to administer Your estate upon Your death.

3.3 “Agent” means an authorized person named under a power of attorney.

3.4 “Authorized Signer” means persons authorized to act on Your behalf regarding the Investment.

3.5 “Beneficiary” means the person(s) who will inherit Your Investment upon Your death, provided there are no Joint Owners.

3.6 “Check”. A “check” is a written, dated, and signed payment instrument that directs a bank to pay a specific sum of money to the order of a designated person or entity. When We use the term “check” in any document in relation to Senior Demand Notes with Check or Draft Writing, we use that term interchangeably with the term “draft” (see below). The term “check” used in any other capacity means “check” as defined in this paragraph.

3.7 “Conservator” means a court-appointed individual who handles the financial affairs of another person (sometimes called a “Conservatee”). In some states, Conservators may also handle the daily life affairs of the Conservatee.

3.8 “Custodian” means either (1) a court-appointed individual entrusted with guarding and keeping property or having custody of another person’s property, or (2) an adult person who handles property given to a minor person pursuant to a state’s Uniform Transfers to Minors Act statutes.

3.9 “Draft” means a payment item written on your Investment used to instruct Us to redeem funds from your SDN with Draft Writing. A draft is very similar to a check, but more correctly, if You purchase a SDN with Draft Writing, You are issuing drafts, not checks, in order to redeem Your Investment.

3.10 “Guardian” means a court-appointed individual who has authority to care for another person. In some states, a Guardian may have the right or duty to handle the other person’s property including investments.

3.11 “Investment” means all Investments You have purchased, whether one or more than one Investment of any type, and any Investment You purchase in the future after receiving these Terms and Conditions.

3.12 “IRS Owner” means the person in whose name (and under whose taxpayer identification number) we report interest income to the Internal Revenue Service (“IRS”). The IRS Owner is the first Owner listed on our Investments.

- 3.13** “Joint Owner” means the second and subsequent persons listed as Owners on Our records for the Investment. All jointly owned Investments have rights of survivorship.
- 3.14** “Maturity” means the date Your Investment ends or rolls over.
- 3.15** “Minor” means any individual under the age of 18 years old. For purposes of an Investment purchased as a Uniform Transfers to Minor Act gift, a minor may be up to age 21, depending on the law of the jurisdiction governing the gift.
- 3.16** “Owner” and “Owners” mean the person or persons who own the Investment that You purchased.
- 3.17** “Payment Item” means any form of purchase or redemption of Investment funds other than by cash.
- 3.18** “Payment Service” means a company such as Apple Pay, Zelle, or Venmo.
- 3.19** “Purchase” means buying an Investment with Us or adding funds to an existing Investment.
- 3.20** “Redeem” or “redemption” means the taking or cashing in of all, or any portion of Your Investment.
- 3.21** “Trustee” means a party holding legal title to trust property.
- 3.22** “Withdraw” or “withdrawal” means the same thing as “redeem” or “redemption”.

4.0 Eligibility to Purchase Investment. In addition to the requirements of Section 5.0, You may purchase a 1st Franklin Investment only if the following information is provided and the following criteria are met:

- 4.1 Commercial Paper.** You must purchase and maintain a minimum Investment of \$50,000.
- 4.2 SDN.** You must be a Georgia Resident (as determined by the documentary proof of identity in section 5.0) to purchase a SDN, with a \$25 initial minimum balance. A \$500 minimum balance must be maintained if You purchase a SDN with Draft Writing.
- 4.3 Debenture.** You must be a Georgia or South Carolina resident (as determined by the documentary proof of identity in section 5.0) to purchase a Debenture, with a \$500 minimum balance.
- 4.4 Minor.** We will not open any Investment in the name of a Minor only. An eligible adult must be a Co-Owner or Custodian on any Investment with a Minor.
- 4.5 Out of State Residents.** We sell Investments from Our Toccoa, Georgia Investment Center only. We reserve the right to refuse to sell Investments to residents of any State, in Our sole discretion. In the event that We elect to stop selling Investments to residents in a particular state while this Agreement is in force, and You are a legal resident of that particular state, We reserve the right to cancel Your Investment and mail You a check for the balance upon Maturity or on the next interest adjustment date. At this time, we do not sell Investments to residents of California.
- 4.6 Deceased Investors.** We will not knowingly open a new Investment, or renew or reinvest an existing Investment, in the name of a deceased person.

5.0 Customer Identification Requirements. In compliance with Federal and State laws, rules and regulations, We are required to verify Your identity as outlined below. To do this, We maintain a Customer Identification Program. You agree to fully cooperate with Us to enable Us to positively identify You when you open an Investment and periodically thereafter. Our actions may include verifying Your name, address and identity through one or more third-party operated verification systems. In addition, and depending on the type of Investment, We may require You to provide to Us the Customer Due Diligence (“CDD”) information outlined in subsections 5.1 through 5.5 below. You further agree that:

- (1) If required CDD information on the IRS Owner is not provided within fourteen (14) calendar days, the Investment will be canceled.

- (2) If We do not receive all CDD information on every other Investor within thirty (30) calendar days, We will, without notice, delete the Investor whose information is missing from ownership of the Investment and will treat that person as never having had an ownership interest in the Investment.
- (3) As discussed more in Section 5.7 below, if We cancel Your Investment, We may or may not be able to give You Your money back less any applicable penalty and possibly **without interest** depending upon Federal or State law or regulations.

5.1 Information Needed: The following information is required for every Owner and Authorized Signer:

- Legal Name, as shown in “Documentary Identification” below
- Social Security Number (“SSN”) or Tax Identification Number (“TIN”)
- Birthdate
- Gender
- Citizenship
- Physical address
- Occupation
- Employer
- Phone Number(s)
- Email address (optional)

You agree that We may verify Your credit and employment history by any necessary means, including preparation of a credit report by a credit reporting agency.

5.2 Competent Adult: The following applies to all Investment Owners, Custodians, Conservators, Guardians, Trustees, Executors or Administrators, Authorized Signers, and Agents appointed by Powers of Attorney who are 18 years old or older:

5.2.1 Proof of Identity. We must obtain proof of identity from either two forms of Documentary Identification or one form of Documentary Identification and one form of NonDocumentary Identification from the lists below:

A. Documentary Identification – Unexpired government-issued ID, with a picture, address, issue date, and expiration date:

- o U.S. State Issued Driver’s License
- o U.S. State Issued Identification Card
- o U.S. or Foreign Passport
- o Military Identification Card
- o Permanent Resident Alien Card

B. Non-Documentary Identification – includes but is not limited to:

- o Insurance Card or Bill showing the name and address of the Investor
- o State Weapons Carry License
- o Utility Bill or Bank Statement that is not more than 30 calendar days old and shows the name and address of the Investor
- o Organizational Membership Card showing the name and address of the Investor
- o Pay Stub that is not more than 30 calendar days old and shows the name and address of the Investor
- o Medicare/Medicaid Card
- o Lease or Rental Agreement showing the name and address of the Investor
- o Property Tax Bill showing the name and address of the Investor
- o Social Security Card
- o Voter Registration Card
- o Motor Vehicle Registration (current year)
- o U.S. Citizenship Certificate
- o U.S. Certificate of Naturalization

5.3 Minor: By law, Minors are incapable of entering into contracts. Therefore, We will not sell an Investment to a Minor only. If an adult purchases an Investment as Joint Owner with a Minor or for the benefit of a Minor, as described in

Sections 6.0 and 7.0 below, We must obtain the following Proof of Identity on the Minor:

5.3.1 Proof of Identity of Minor. We must obtain proof of identity from either two forms of Documentary Identification or one form of Documentary Identification and one form of NonDocumentary Identification from the lists below:

A. Documentary Identification – Unexpired government-issued ID, with a picture, address, issue date, and expiration date if the Minor has one:

- o U.S. State Issued Identification Card
- o U.S. State Issued Driver's License
- o U.S. or Foreign Passport
- o Birth Certificate
- o Social Security Card

B. Non-Documentary Identification – A second form of identification must be obtained, which includes but is not limited to:

- o Insurance Card
- o State Benefits Card (ex: Peach Card)
- o School ID
- o Newspaper picture with the Minor's name

5.4 Elderly or Disabled Person: If the Investor is someone who cannot handle his or her own affairs because of age, disability, or Court adjudication of incompetence (hereafter "Ward"), We may transfer the Investment to a competent adult as "Conservator" for the Ward. The Conservator must provide any reasonable information or documentation that We request, which will include, at a minimum, the following information and proof of identity:

5.4.1 Proof of Identity of Ward: We must obtain proof of identity from either two forms of Documentary Identification or one form of Documentary Identification and one form of NonDocumentary Identification from the lists for Competent Adult in Section 5.2 above. If not available, We must obtain proof of identity from three (3) acceptable forms of Identification, which include but are not limited to:

- o Any form of unexpired government-issued Documentary Identification
- o Social Security Card
- o Medicare or Medicaid card
- o Lease agreement, rental agreement or residency card
- o Insurance card or bill showing the name and address
- o Utility bill or bank statement that is not more than 30 calendar days old and shows the name and address of the Ward
- o Organizational membership card showing the name and address of the Ward
- o Pay Stub that is not more than 30 calendar days old and shows the name and address of the Ward
- o Property Tax bill showing the name and address
- o Voter registration card
- o Newspaper picture with the Ward's name

5.4.2 Proof of Authority. In addition to the above, the Conservator must provide documentation of the legal basis for his or her authority. Such documentation must be one of the following types of documents: (1) a validly executed Power of Attorney (POA) empowering the Conservator to act, or (2) a valid court order from a court of competent jurisdiction stating that the Ward is incompetent and appointing the Conservator to manage the Ward's assets. When presenting Us

with the POA, the Section 8.0 requirements for POA apply.

5.5 Business, Organization, and Association

5.5.1 Information Needed. We must obtain the following information:

- Business Legal Name – This should match the Documentary ID and Name on the Investment
- Employer Identification Number (EIN)
- Names of Beneficial Owners (owners of 25% or more of the business), along with other private information
- Names of the Control Persons (the persons who make financial decisions and who purchase the Investment)
- Physical Address – This must be a street address and may not be a P.O. Box
- Mailing Address – if a different address is used for mail (may include P.O. Box)
- States in which the business, organization or association is doing business
- Initial source of funds to purchase the Investment
- Purpose of the Investment
- Occupation – This should be descriptive, should match the NAICS code, and must reflect what the business does or makes
- National American Industry Classification System (NAICS Code)
 - Use the following website to obtain this number, based on the occupation for this business:
<https://www.naics.com/naics-code-description>

5.5.2 Proof of Identity. We must obtain proof of identity from either two forms of Documentary Identification or one form of Documentary Identification and one form of Non-Documentary Identification from the lists below:

A. Documentary Identification – At least one of the following forms of identification must be provided:

- o City or County Business License
- o Sales Tax Certificate
- o IRS notification of assignment of Employer Identification Number (EIN)
- o 501(C)(3) letters designating an organization as non-profit by the IRS
- o Professional licenses such as for hair/nail salon owners/operators
- o Other – This may be another type of license or government-issued document
- o Dates and identifying information, if shown on the ID and applicable to the ID:
 - State of Incorporation State Issued File Date
 - Issued By – This will be the name of the Entity issuing a License
 - Date Issued Expiration Date

B. Non-Documentary Identification – A second form of identification must be obtained from the following list:

- o Secretary of State Information (including website search results) recognizing existence of business
- o Applicable Resolution – corporate resolution, partnership agreement, proprietorship Agreement, resolution of lodge
- o Other – Obtain something with business name and address, such as a property tax bill, statement from bank, etc.
- o If known, complete the following: (Use N/A if not applicable)
 - State Issued Date Issued Expiration date

5.6 U.S. Citizen Residing Outside of U.S.: We must obtain the same information and the same Proof of Identity as for Competent Adults in Section 5.1 above. If the Investor will not live in the United States, We must also:

- Confirm that the Investor is a U.S. Citizen by obtaining the U.S. Passport

- Confirm that the Investor has a legitimate need to establish the Investment
- Obtain the foreign residency information
- If possible, obtain contact information for a U.S. residing relative

5.7 Permanent Resident Aliens: We must obtain the same Information Needed and the same Proof of Identity as for Competent Adults in Section 5.1 above. In addition, however, We must:

- Obtain the Permanent Resident Card (aka “Green Card”) issued by the USCIS (US Citizenship & Immigration Services)
- Ensure such individual has a legitimate need to purchase the Investment
- Confirm U.S. residency

5.8 Non-Resident Aliens (“NRAs”): We do not allow NRAs to purchase Investments.

5.9 Office of Foreign Assets Control (OFAC) Requirements: In addition to the above, We are required to compare the Investor’s name with the OFAC list of Specially Designated Nationals and Blocked Persons (“SDN List”). OFAC is the branch of the U.S. Department of the Treasury that administers and enforces economic and trade sanctions against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the U.S. national security, foreign policy, or economy.

In accordance with OFAC regulations, **We must, even after We have received Your money for Investment**, check Your name and residency against the “SDN List”. The “SDN List” can be found at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

If You are on the “SDN List”, We are required:

- To block and hold Your Investments and other property. Even if You ask Us to give You Your money back, **We cannot unless cleared to do so by OFAC.**
- To prohibit or reject unlicensed trade and financial transactions between Your Investment account and OFAC-specified countries, entities, and individuals.
- To file a Suspicious Activity Report (SAR) if Your Investment activity appears suspicious as defined by government rules and regulations.

6.0 Multiple Owners. If Your Investment is owned by more than one person or entity, or if more than one person is authorized to purchase or redeem Your Investment, or if You name a Minor as Joint Owner, then the following rules apply:

- 6.1 Responsibility for Transactions.** Regardless of who actually purchased the Investment, by choosing to own the Investment with others, each Owner confirms and ratifies all transactions by all of the other Owners, and You all agree that any transactions by the other Owners are the same as transactions by You.
- 6.2 Joint and Several Liability.** Each of You agree to be individually, jointly and severally liable for any Investment shortage resulting from charges or redemptions in excess of Your Investment balance, whether caused by You or by any other person with ownership of or access to Your Investment. This liability is due immediately, and We can deduct such Investment shortage directly from the Investment balance whenever sufficient funds are

available, or from any Investment in which You have ownership rights. You have no right to defer payment of this liability, and You are liable even if You did not sign the item or benefit from the charge or redemption.

- 6.3 Investor Signature Card Returned.** When an Investment is purchased, We attempt to obtain the signatures of all Joint Owners of the Investment. If, however, any of the named Joint Owners does not return a signature card with required documentation of proof of identity within thirty (30) days of purchasing the Investment, then You agree that We may, in Our discretion, remove the Joint Owner from the Investment and such person will have no rights pursuant to such Investment.
- 6.4 Minor Joint Owners.** We allow Minors to jointly own Investments under the circumstances described in Section 7.
- 6.5 Trust and Estate Investments.** Adult persons who are named as Trustees or personal representatives (Executor or Administrator) may purchase Investments for the trust or estate. The Owner is the Trustee, Executor or Administrator in his or her representative capacity.

7.0 Types of Ownership of Investment, Beneficiary Designation and Distribution of Investment Funds Upon Death (aka “POD” or “Payable on Death”) or Maturity. The rights and obligations applicable to purchases and redemptions of Investments are described in Sections 10.0 and 11.0 below. The following ownership, Beneficiary and distribution terms and conditions apply to all forms of Investment depending on the form of ownership and beneficiary designation, if any, specified on Our Investment records. We make no representations as to the appropriateness of the type of Investment You purchase, or as to whom You designate as Beneficiary. If You do not name a Beneficiary, this section explains who will receive the Investment proceeds if You die, and whether We will reinvest Your Investment in the event it matures and You do not give us instructions.

Investments may be subject to fees or charges as detailed elsewhere in these Terms and Conditions and any previous pledge (including SDN Excess Redemption Agreement or Commercial Use Credit Line Agreement, if applicable) to which You and We have agreed.

7.1 Individual Investment. This Investment is owned by and in the name of one natural person who is 18 years old or older. We ask You to tell us how to handle Your Investment funds when You die. You do so by signing a Beneficiary Designation form. These Investments may be purchased as self-directed IRAs through the bank or trust company serving as custodian, and subject to Internal Revenue Service rules and regulations. Upon Your death, We will pay all of the Investment funds as directed in Your most recently signed Beneficiary Designation.

7.1.1 Minor Beneficiary: If the intended Beneficiary is a Minor, We cannot pay the Investment funds to a Minor. Therefore, if the intended Beneficiary is a Minor, You must complete a “Designation of Beneficiary” form that tells us to whom the funds will be paid on behalf of the Minor.

The Investment funds will be paid to the named Custodian or other competent adult. If (1) no competent adult person is named as Custodian, or (2) the named Custodian or Trustee cannot be located with reasonable diligence by Us, and the Minor is still a Minor at the time of Your death, we will pay the Investment funds in the following order:

- If the Minor has a court-appointed Conservator, then to the Conservator, for the benefit of the Minor.
- If the Minor has a court-appointed Guardian, then to the Guardian, for the benefit of the Minor.
- If the Minor’s birth or adoptive parents are then living and the Minor resides with both, then to the birth or

adoptive parents, jointly.

- If the Minor's birth or adoptive parents are divorced or separated, then to the birth or adoptive parent designated as custodial parent in a court order. In the event that a court order provides for "joint custody" or "shared parenting," or no court order is issued, then We will pay the Investment funds to the Minor's birth or adoptive parent with whom the Minor's school district recognizes as the residential parent for school purposes.
- If one of the Minor's birth or adoptive parents predeceases You, then to the surviving birth or adoptive parent.
- If We are unable to determine to whom to pay the Investment funds, then We will refuse to pay the Investment funds to any person until the earlier of (i) the Minor's 18th Birthday, at which time We will pay the Investment funds to the Minor (who would then be an adult), or (ii) the appointment of a conservator or guardian pursuant to an Order of Court of Competent jurisdiction, at which time We will pay the Investment funds to the court appointed conservator or guardian.

7.1.2 Adult Beneficiary: If you die and the person named as Beneficiary is age 18 or older, We will pay the Investment Funds to Your Beneficiary.

7.1.3 Incompetent Adult Beneficiary: If You die and the person You named as Beneficiary is an adult who has been adjudicated to be incompetent at the time of Your death or the time We would pay the Investment funds to Your Beneficiary, then We will pay the Investment funds to the person named as Conservator for the Beneficiary.

7.1.4 Entity Beneficiary: If You die and the entity You named as Beneficiary still exists as a legal entity, We will pay the Investment funds to the named Beneficiary. If the entity named as Beneficiary is no longer a legal entity (as determined by Us using Our reasonable judgment, such as the entity's registration with the applicable State Secretary of State lapsing), then We will pay the Investment funds as outlined in Section 7.1.5 instead.

7.1.5 No or Deceased Beneficiary:

7.1.5.1 No Beneficiary: If You die without naming a primary Beneficiary, then We will pay all of the Investment funds as follows (and, to the extent necessary, You and We will consider the following as Your default Beneficiary designation):

First, if a probate estate has been opened within a reasonable time, to Your Estate.

Second, if a probate estate has not been opened, then to any person appointed by a court to receive Your property or assets, if that person gives us the court order before We pay the Investment funds to someone else.

Third, if the provisions of First and Second do not apply, and if the amount of Your Investment with interest is \$10,000 or less, then to the person(s) executing an "Affidavit and Agreement for Deceased Investor Accounts".

Fourth, if the provisions of First through Third do not apply, and Your Investment with interest is more than \$10,000 (or if less than \$10,000 and no one has executed the Affidavit and Agreement for Deceased Investor Accounts), then to Your surviving spouse, if he or she survives You by more than 30 days.

Fifth, if the provisions of First through Fourth do not apply, and Your Investment with interest is more than \$10,000 (or if less than \$10,000 and no one has executed the Affidavit and Agreement for Deceased Investor Accounts), then to any Trustee of any Trust that You established during Your lifetime for the benefit of any of Your blood relatives.

Sixth, if the provisions of First through Fifth do not apply, then to either (i) the clerk of a court of competent jurisdiction in the State of Your residency, or (ii) the State pursuant to such State's escheat or unclaimed property laws and regulations. We will pay to a court or to the State, in Our discretion. We will determine which court or State based solely upon Your residency as established by Your last known address of record on Our books.

7.1.5.2 Deceased Primary Beneficiary:

One Beneficiary: If the Beneficiary You designated predeceases You, and you have not named a Contingent Beneficiary, then We will pay all of the Investment funds as follows (and, to the extent necessary, You and We will consider the following as Your default Beneficiary designation):

First, to Your named Beneficiary's surviving spouse, if any.

Second, to Your named Beneficiary's children, if any, *per stirpes*.

Third, to Your named Beneficiary's Estate.

Fourth, if a probate estate has not been opened for Your named Beneficiary, then to any person appointed by a court to receive Your Beneficiary's property or assets, if that person gives us the court order before We pay the Investment funds to someone else.

Fifth, if the provisions of First through Fourth do not apply, and if the amount of the named Beneficiary's share of the Investment, with interest, is \$10,000 or less, then to the person(s) executing an "Affidavit and Agreement for Deceased Investor Accounts".

Sixth, if the provisions of First through Fifth do not apply, and if the amount of the named Beneficiary's share of the Investment, with interest, is more than \$10,000 (or if less than \$10,000 and no one has executed the Affidavit and Agreement for Deceased Investor Accounts), then to then to any Trustee of any Trust that You established during Your lifetime for the benefit of any of Your blood relatives.

Seventh, if the provisions of First through Sixth do not apply, then to either (i) the clerk of a court of competent jurisdiction in the State of Your residency, or (ii) the State pursuant to such State's escheat or unclaimed property laws and regulations. We will pay to a court or to the State, in Our discretion. We will determine which court or State based solely upon Your residency as established by Your last known address of record on Our books.

7.1.5.3 Two or More Primary Beneficiaries: If one or more of your named Primary Beneficiaries predeceases You, We will pay the surviving Beneficiary's(ies') share to that(those) Beneficiary(ies), and We will pay the deceased Beneficiary's share to any Contingent Beneficiary or Beneficiaries. If you do not name a Contingent Beneficiary or Beneficiaries, we will pay the deceased beneficiary's (ies') share as follows: ,

First, if a Probate Estate has been opened within a reasonable time, to the Beneficiary's Estate.

Second, if a Probate Estate has not been opened, then to any person appointed by a court to receive the Beneficiary's property or assets, if that person gives us the court order before We pay the Investment funds to someone else.

Third, If the provisions of First and Second do not apply, and if the amount of the deceased Beneficiary's share with interest is \$10,000 or less, then to the person(s) executing an "Affidavit and Agreement for Deceased Investor Accounts".

Fourth, if the provisions of First through Third do not apply, and the deceased Beneficiary's share of the Investment with interest is more than \$10,000 (or if less than \$10,000 and no one has executed the Affidavit and Agreement for Deceased Investor Accounts), then to the Beneficiary's surviving spouse, if he or she survives he Beneficiary by more than 30 days.

Fifth, If the provisions of First through Fourth do not apply, and the deceased Beneficiary's Investment with interest is more than \$10,000 (or if less than \$10,000 and no one has executed the Affidavit and Agreement for Deceased Investor Accounts), then to any Trustee of any Trust that he Beneficiary established during his or her lifetime for the benefit of any of his or her blood relatives.

Sixth, if the provisions of First through Fifth do not apply, then to either (i) the clerk of a court of competent

jurisdiction in the State of the deceased Beneficiary's residency, or (ii) the State pursuant to such State's escheat or unclaimed property laws and regulations. We will pay to a court or to the State, in Our discretion. We will determine which court or State based solely upon the deceased Beneficiary's residency as established by his or her last known address of record on Our books (including on Your Designation of Beneficiary).

7.2 Joint Investment – Joint Owners/Tenants with Right of Survivorship ("JTWROS").

7.2.1 When an Investment is designated as jointly owned or "JTWROS", each Joint Owner intends and agrees that on the death of any other Joint Owner, the deceased Joint Owner's Ownership in the Investment passes, equally and as Joint Owners with Right of Survivorship and not as Tenants in Common, to the surviving Joint Owner or Owners of the Investment. If there are two Joint Owners and one dies, the surviving Joint Owner automatically owns the Investment as an Individual Investment (see Section 7.1 above).

7.2.2 There are two types of JTWROS Investments, those that are set up as "A or B JTWROS" and those set up as "A and B JTWROS":

- **A OR B JTWROS:** Investments initially set up as A or B JTWROS will allow any of the Joint Investors, individually and without the consent or signature of the other Joint Investor(s) to have complete control of and access to this Investment. That is, each Joint Owner may purchase and redeem all or any portion of the Investment, and either or both Owners may name the same or different persons as Beneficiary.

- **A AND B JTWROS:** Investments initially set up as A and B JTWROS require all of the Joint Investors to sign and agree to any purchase or redemption of the Investment; however, either or both Owners may name the same or different persons as Beneficiary to receive the Investment proceeds.

7.2.3 If the first listed Owner (IRS Owner) dies, then, unless the surviving Joint Owner(s) advise Us differently, the second person in the list of Owners will become the new IRS Owner. If the second listed Owner dies, then the third listed Owner will then become the IRS Owner, and so on. Unless instructed differently by the surviving Joint Owner(s), We will report Interest Paid to the IRS Owner through the end of the year in which the Investor died, and afterward We will report interest paid to the next listed IRS Owner.

7.2.4 This Investment is subject to fees or charges as detailed elsewhere in these Terms and Conditions and any previous pledge (including SDN Excess Redemption Agreement or Commercial Use Credit Line Agreement), if applicable, to which We have agreed.

7.2.5 A Minor may be a Joint Owner with one or more other competent adult Joint Owner(s). Because a Minor cannot control any aspect of the Investment during minority, in the event the adult Joint Owner dies before the Minor reaches age 18, We require You to designate a competent adult person who will control the Investment, after Your death, on the Minor's behalf during the pendency of the Minor's minority. We will follow the directions of the designated competent adult. If the adult Joint Owner dies without designating a competent adult to control the Investment funds for the surviving Minor, or if the designated competent adult predeceased You or refuses to act as designee for the surviving Minor joint Owner, then We will distribute the Investment funds, at maturity, as outlined in Section 7.1.1 above.

7.2.6 If all Joint Owners die simultaneously, or if all the Joint Owners died without Our knowledge, or if We cannot determine, using reasonable efforts, which Joint Owner survived the others, then We will distribute the Investment funds to the person most recently named as Beneficiary by any one of the Joint Owners. If none of the Owners named

a Beneficiary, then we will distribute the Investment funds as if the current IRS Owner survived the other Joint Owners. Such distribution will be in accordance with the payment provisions under Section 7.1 “Individual Investment” above (to the extent they apply).

7.3 Tenants in Common. As of October 1, 2019, We no longer sell Investments to persons as Tenants in Common. For Investments owned as Tenants in Common prior to October 1, 2019, however, You and We agree that none of the Tenants in Common intended to create any right of survivorship in any other Tenant in Common. Each Tenant in Common, therefore, has complete control over the Investment (may purchase and redeem all or any part of the Investment), and intends that when a Tenant in Common dies, the deceased’s interest in the Investment will pass as a part of his or her estate under a will, trust, or intestacy proceeding. If two or more Tenants in Common survive, such surviving Tenant in Common will continue to own his, her or their respective share of the Investment as Tenants in Common. With respect to the Ownership portion of the deceased Tenant in Common, we will distribute such deceased Tenant in Common’s share—

First, to the person or entity designated most recently by the deceased Tenant in Common as Beneficiary on the Beneficiary Designation form that the Tenant in Common signed, or

Second, to the person or entity named in such Tenant in Common’s last Will and Testament, if the same is admitted to probate within 180 days of the death of the Tenant in Common and upon the direction of the Executor of the estate, or

Third, to the person or entity appointed as Personal Representative by a court of competent jurisdiction within 180 days of the death of the Tenant in Common, if no Will is admitted to probate within 180 days of the death of the Tenant in Common,

Fourth, if First, Second and Third do not apply, then to a person or entity named in a trust established by the deceased Tenant in Common during the deceased’s lifetime, if the Trustee of such Trust provides Us with the Trust within 180 days of the Tenant in Common’s death.

Fifth, if First through Fourth do not apply, then in accordance with the applicable Adult Payment Provisions under Section 7.1 above.

7.4 Trust. Any form of Investment may be owned by a Trustee pursuant to an existing *inter vivos* Trust Agreement. No Investment may be owned by a Trustee pursuant to a Trust established by a Last Will and Testament unless the Investor has died and the deceased Investor’s Last Will and Testament has been admitted to probate. We will honor the instructions of the Trustee or successor Trustee appointed in the Trust Agreement. We will distribute the Investment funds in accordance with the instructions of the Trustee or successor Trustee appointed in the Trust Agreement unless We receive contrary instructions from a court of law or equity.

7.5 Estate. A court-appointed personal representative of an estate of a deceased person (an Executor or an Administrator) may purchase Investment securities in his or her name as personal representative of the estate. The Owner of the Investment is the personal representative. We will honor all purchase and redemption requests by the personal representative, and We have no obligation to inquire about the validity of the purchase or redemption, or its intended use. Although We have no obligation to inquire about any purchases or redemptions, We reserve the right to refuse the personal representative’s instructions if it appears to Us that the instructions are clearly contrary to law.

7.6 Business, Organization and Association Investments. The person purchasing the Investment represents that he

or she has the authority to purchase the Investment and conduct business regarding the Investment on behalf of the entity identified as Owner of the Investment. We may require the governing body of the entity to give Us a separate authorization advising precisely who is authorized to act on its behalf. We will honor the authorization until We receive actual written notice of a change from the governing body of the entity.

If the entity ceases to exist without giving Us instructions on payment of the Investment funds, and no other entity or individual contacts us as legal successor to the entity, We will hold the funds until the earlier of: (1) receipt of an order of a court of competent jurisdiction identifying the successor to the entity, at which time We will pay the Investment funds to the successor, or (2) the period of time has elapsed pursuant to Your state's unclaimed property laws, at which time We will pay the Investment funds to the applicable state.

7.7 Minor Investments. We will not sell an Investment to or in the name of a Minor only. However, You may purchase an Investment with the intent that Your Minor child or ward (where the Investor is a guardian or conservator for the Minor) will have the privilege of redeeming Investments or drawing drafts for payment. In addition to the other rules regarding Minors in these Terms and Conditions, the following rules apply to Investments with Minors:

7.7.1 Minor Non-Custodial Investments. All Minor non-Custodial Investments must be Jointly Owned with one or more competent adults, and the rules of Section 7.2 apply, with these additional provisions:

a. **Debenture:** If You purchase a Debenture, You, NOT THE MINOR, own the Investment, even if the Minor is listed first and is the "IRS Owner". The Minor cannot redeem any part of the Investment. When the Minor reaches the age of 18, the Minor will automatically be considered a competent adult Joint Owner of the Investment as if the Investment had not been purchased during the period of the Minor's minority.

b. **Commercial Paper:** If You purchase Commercial Paper, You, NOT THE MINOR, own the Investment, even if the Minor is listed first and is the "IRS Owner". The Minor cannot redeem any part of the Investment. When the Minor reaches the age of 18, the Minor will automatically be considered a competent adult Joint Owner of the Investment as if the Investment had not been purchased during the period of the Minor's minority.

c. **SDN:** If You open a SDN, You AND the Minor own the Investment, as Joint Owners.

However:

1. When the Minor turns 18, the Minor will automatically be considered a competent adult Joint Owner of the Investment as if the Investment had not been purchased during the period of the Minor's minority.
2. The Minor is NOT allowed to write drafts or to redeem any portion of the Investment until the Minor reaches the age of 18.
3. However, You may name a Minor as an "Authorized Signer" (even though the Minor is also a Joint Owner without the ability to make redemptions) to write drafts on Your SDN Investment. By naming the Minor as an "Authorized Signer", You understand and agree:
 - (1) That You want Us to honor the Minor's redemptions (withdrawals or drafts drawn by the Minor) the same as if You had redeemed the Investment or written the draft.
 - (2) That You, not 1st Franklin, are fully responsible for all of the Minor's transactions just as though You had made the transactions Yourself.
 - (3) That We have no duty to—and We will not—make any effort to determine whether the Minor's transactions are advisable, legal, illegal, in the Minor's or Your best interests, or whether You would

otherwise not want Us to give full effect to the Minor's transactions.

- (4) That even though We may from time to time inquire about or inform You about the Minor's transactions, doing so does not create a duty on Our part to do so in the future, and You will not and cannot claim that because We inquired in the past, We have a duty to do so in the future.
- (5) That if You do not want a Minor to withdraw funds or write drafts on Your Investment, You must notify Us immediately and You may be required to close Your SDN and, if You desire, open a new SDN.
- (6) That, if at any time the Minor (or any person acting on behalf of the Minor) who was an Authorized Signer on Your Investment attempts to hold Us liable for paying a draft drawn by the Minor (or for honoring any other type of redemption request by the Minor), You agree to indemnify, defend and hold Us harmless from and against any such demands or attempts to hold Us liable by the Minor, including reimbursement of any legal fees or costs We incur as a result of the Minor's claims or demands.

7.7.2 Minor Custodial Investments. You may purchase an Investment for the benefit of a Minor, whether to transfer taxation of the interest to the Minor or to gift the Investment to the Minor. Such Investments are called "Custodial Investments." You must purchase a Custodial Investment pursuant to either (1) the Georgia Transfers to Minors Act (GTMA), Georgia Code Section 44-5110 et seq., or (2) the Uniform Gifts to Minors Act or Uniform Transfers to Minor Act law of Your state, if We agree to sell You such an Investment. On any Custodial Investment, the following rules apply:

- a. All of the same rules stated in Section 7.7 apply.
- b. You may NOT have ANY Authorized Signers. You are the only person who can redeem this Investment subject to the Minor assuming all Ownership rights when the Minor turns 21 (not 18).
- c. You understand and agree that by opening a Custodial Investment, the purchase is an IRREVOCABLE gift to the Minor and You may ONLY use the Investment for the benefit of the Minor.
- d. While We will not ordinarily inquire why You redeem the Custodial Investment in whole or in part, if We have reason to suspect that You are redeeming the Investment solely for Your benefit, We may inquire about the redemption, We may refuse to proceed with Your instructions, and We may be required to report your redemption to appropriate governmental authorities as "Suspicious Activity Reports", which may cause the governmental agency to investigate Your handling of the Custodial Investment.
- e. You agree that You will not redeem the Investment into Your name only and that You will not use the Investment funds for Your purposes—but only for the benefit of the Minor.
- f. You, NOT THE MINOR, are the legal Owner of the Investment until the Minor reaches the age of 21. However, when the Minor turns 21—not 18 as with non-custodial investments—the Minor automatically becomes the full and **sole** Owner of the Investment, **NOT YOU** the Custodian.
- g. After the Minor's 21st birthday, We will not allow You, the Custodian, to have any access to the Investment and we will no longer send statements to You. We will deal only with the former Minor, who is now automatically considered a competent adult sole Owner of the Investment.
- h. After the Minor's 21st birthday, if We do not already have all the CDD (Customer Due Diligence) information on the Minor, We must obtain it from the Minor or We will close the Investment and pay the Investment funds to the Minor (now adult), **NOT TO YOU**.
- i. If the Minor dies before age 21, You must pay the proceeds of the Investment to the Minor's Estate.

7.8 Death or Incompetence. You agree to notify Us promptly if any person with a right to redeem funds from Your Investment dies or becomes legally incompetent. You agree that We may continue to honor drafts and instructions of any deceased or incompetent person for a reasonable time after the person's death or incompetency, or unless ordered to stop payment or freeze the investment by a court or someone claiming an interest in the Investment. Neither You, nor any Joint Owner or Beneficiary may allege that We should not have honored Your drafts or instructions unless such Joint Owner or Beneficiary first ordered Us to stop payment and We failed to do so.

7.9 Maturity Without Instructions. In the event Your CP or Debenture Investment matures and You fail to give Us instructions on what to do with the proceeds, We may, but We do not have to, take one of the following actions:

7.9.1 Do nothing, in which case You will not earn any interest until and unless You later reinvest Your Investment proceeds, or

7.9.2 Transfer the proceeds of Your Investment into any SDN Investment that You and all Owners of the CP or Debenture also jointly own.

7.10 Name Changes and Adding or Deleting Investors. If Your name or the name of any Co-Owner of the Investment changes, You must promptly notify Us of the change and furnish Us with any supporting documentation We may require. You may notify Us only as follows:

- By visiting Us at the Investment Center located at 135 E. Tugalo Street, Toccoa, Georgia, or
- By writing Us at 1st Franklin Investment Center, P.O. Box 880, Toccoa, GA 30577, or
- By emailing Us at InvestmentCenterContactUs@1FFC.com, or
- By uploading documentation at <https://InvestUploads.1FFC.com/>, or
- By calling Us directly at 706-886-7571 or 800-282-0709

Informing Us of Your name change on a check or draft reorder form does NOT satisfy this notice requirement.

If You wish to add an Investor to an Investment, or if You wish to remove an Investor from an Investment, You must contact Us as shown above for further instructions. We reserve the right NOT to make additions or removals of Investors until all required documentation is received.

7.11 No Fiduciary Responsibilities. You and We agree and understand that We do not have a fiduciary relationship with You. You agree that We are not acting in any fiduciary capacity in connection with the Investment, and We do not undertake any obligation to monitor or enforce the law or the terms of the trust, letters testamentary or other court order.

7.12 Investment Transfers. The ownership of an Investment may not be transferred or assigned without our prior written consent.

8.0 Powers of Attorney. Powers of Attorney (POA) are powerful instruments. They give the Owner's rights to a third-person, called an Agent. If the Investment is owned by more than one person, the other Owners may not even know that one of the Owners gave a Power of Attorney to a non-Owner Agent. 1st Franklin does not have a duty to, and will not, notify any of the other Owners of a multi-Owner Investment that an Owner has authorized an Agent to act (redeem, close or purchase Investments) on his or her behalf.

We may be required by law to accept a validly created, signed and notarized POA. We reserve the right to accept or reject any POA based upon Our sole judgment and discretion.

You represent to Us by signing the POA that You understand the risks and benefits of having an Agent with

authority to act for You, and You accept all responsibility and risk of loss for any actions taken by Us in reliance upon Your Agent's instructions. You further understand and agree that We have no duty to determine the propriety of the Agent's instructions. Even though We have no duty or responsibility to question, examine, or determine the validity of the POA or the Agent's actions or instructions, We reserve the right NOT to follow the instructions of an Agent acting pursuant to such POA if We have a reasonable and good faith reason to question the validity of the Agent's actions.

If You terminate a POA that You previously signed, You must advise Us of the termination, in writing. You agree and understand that We will continue to rely on the POA and Your Agent's instructions until You or someone acting on Your behalf gives us ACTUAL NOTICE that the POA has been terminated.

9.0 Authorized Signers. If you own a SDN, You may name a person who is not an Owner as Your "Authorized Signer." Authorized Signers are allowed, under the following circumstances, to sign on the Owner's or Owners' behalf in order to redeem the Investment or portions thereof. By authorizing a nonOwner to sign redemption requests, the Owner does not give up any rights to act on the Investment, and the Authorized Signer may not in any manner affect the rights of a Beneficiary. But, remember that an Authorized Signer may redeem all or any portion of the Investment at any time. An Authorized Signer's authorization to act is revoked upon termination (discussed below) or the death of all adult Owners of the Investment.

Remember that You name Authorized Signers for Your convenience, not Ours. Therefore, You, the Owner, are responsible for any and all transactions of the Authorized Signer. We have no liability for Your **Authorized Signer's activities**. Moreover, 1st Franklin does not have a duty to, and will not, notify any of the other Owners of a multi-Owner Investment that an Owner has authorized a non-owner to act (redeem, close or purchase Investments) on his or her behalf.

Additionally, the named Authorized Signer must submit appropriate documentation of his or her identity in the same manner as Owners described in Section 5.0 above and must not be included on the OFAC SDN List. In Our sole discretion, We may limit or refuse to accept Your designation of an Authorized Signer. Once You tell us that Your Authorized Signer may act for You by making redemptions and purchases, You understand and agree that We cannot and will not, and have no obligation to monitor Your Authorized Signer's transactions to determine whether they are or are not authorized by You or conducted on Your behalf. You must monitor Your Authorized Signer's actions.

You, the Owner, may terminate the authorization of any non-Owner Authorized Signer at any time. You must notify Us in writing of any termination in the same manner as the changes outlined in Section 7.8 above. We may continue to honor Your Authorized Signer's transactions until You or We (acting without Your Consent) may choose to close the Investment on which the Authorized Signer was authorized to act and re-open Your Investment under a new Investment number.

Unless You choose to close the applicable SDN and purchase a new SDN, You understand that We may pay any drafts issued by that Authorized Signer, and You agree that by failing to close the SDN, You are taking responsibility for any continued activity of the Authorized Signer.

10.0 Investment Purchases. The following rules apply to crediting (purchasing) Your Investment with Us:

- (1) **Purchases.** We require a signature on every Investment purchase. We prefer to obtain Your handwritten signature on all Investment purchases. We may, but are not required to, accept Your electronic or computer generated signature when You purchase an Investment. Before accepting Your electronic signature, You must execute an "Electronic Signature Agreement". If, at Your request, We agree to sell You an investment based upon an electronic or computer-generated signature, You take full responsibility for all losses that You or We may suffer because of Your use of the electronic or computer-generated signature.

- (2) **Currency: USD Only.** The U.S. Dollar (USD), is the only form of cash (money) that We will accept. All forms of crediting or debiting Your Investment must be in USD. We do not accept foreign currency, bitcoin, cryptocurrency, or any other form of currency.
- (3) **Cash Reporting Notice.** Pursuant to Federal law, We must report the names involved in cash transactions; therefore, We will require a picture ID and request identifying information such as full legal name, address, social security number, date of birth, phone number, email address, and occupation of any person giving us more than \$10,000 in cash in 24 hours, including persons who give us cash on behalf of someone else.
- (4) **Non-Cash Investment Purchases (Payment Items).** We accept only the following non-cash methods to purchase an investment:
 - i. Payment Items drawn on or issued by a U.S. Federal or State governmental authority, or
 - ii. Payment Items drawn on or issued by a bank, credit union, savings and loan association or other financial institution domiciled in one or more of the U.S. States and regulated by one or more U.S. Federal Governmental or State Governmental entities, or
 - iii. Wire transfers of funds in, or after conversion to, USD, or
 - iv. Electronic funds transfers (ACH transfers) of funds in, or after conversion to, USD.
- (5) **Credit and Debit Cards:** We do NOT accept credit card or debit card purchases of Investments.
- (6) **Funds Availability Policy.** When You give Us a check, draft, or any item other than cash, We may give You only provisional credit until collection of the item is final (that is, until the item finally clears the bank), in accordance with the "Funds Availability Policy" in effect when You give Us the Payment Item. Before settlement of any item becomes final, We act only as Your agent, regardless of the form of endorsement or lack of endorsement on the item and even though We provide You provisional credit for the item. We may reverse any provisional credit for an item that is lost, stolen or returned, or for an item for which We receive any advice or notification that such item has been lost, stolen or returned. You bear the risk of any item being lost, stolen or returned. At Our option, We may take an item for collection rather than for Investment. See the "Funds Availability Policy Disclosure" for information about when You can redeem funds You invest. For those Investments to which Our Funds Availability Policy Disclosure does not apply, You can ask Us when You make an investment when those funds will be available for redemption. We may determine the amount of available funds in Your Investment for the purpose of deciding whether to return an item for insufficient funds at any time between the time We receive the item and when We return the item or send a notice in lieu of return. We need only make one determination, but if We choose to make a subsequent determination, the Investment balance at the subsequent time will determine whether there are insufficient available funds.
- (7) **Wire and Electronic Transfers.** Purchases by wire transfers and electronic funds transfer (ACH) are immediately available.
- (8) **Drafts Drawn on 1st Franklin Financial Corporation.** Your funds are immediately available for drafts drawn on Your 1st Franklin Investment.
- (9) **Foreign Payment Items.** If We receive a Payment Item issued by a foreign entity, We will, for Your convenience only, forward the Payment Item to the bank with which We have Our banking relationship. Our bank will then attempt to collect the funds, converted into USD at the currency exchange rate in effect at that time, less any currency conversion costs charged by the bank(s). Upon final receipt by Our bank of money in USD, We will credit Your Investment in the amount of USD that Our bank actually collected.
- (10) **Pay Pal, Venmo, Applepay, Zelle, and any other electronic Payment Services.** We do not have contractual relationships or other agreements with any electronic Payment Service. We accept Investment purchases paid for by

these services, but they are not Our agents, and We are not responsible if We receive more or less than You intended. We will apply only the USD amount received by Our bank.

- (11) **Mail and Risk of Loss.** If You mail Us a Payment Item (or cash), Your Investment purchase is made when Our Investment Center in Toccoa, Georgia receives it and applies the funds to Your Investment. DO NOT MAIL CASH. We are not responsible for transactions by mail or left in an outside depository until we actually record or post them to your account.
- (12) **Branch purchases.** You agree that Our branches cannot sell You an Investment. Therefore, if You attempt to purchase an Investment by giving one of Our branch loan offices cash or other Payment Item, You understand (1) that the receiving branch may not be able to accept Your cash or Payment Item, and (2) if the branch does accept Your cash or Payment Item, it must forward the cash (substituted by a 1st Franklin check or draft) or other Payment Item to Our Investment Center. You will not be credited with the purchase until Our Investment Center in Toccoa, Georgia receives the Payment Item. We suggest You mail Your Investment purchase directly to Our Investment Center using the postage-paid envelopes We provide to You.
- (13) **Night Drops, Mail Chutes, Etc.** We are not responsible for items placed into the after-hours night drop box at Our Investment Center in Toccoa, Georgia until We receive the item during Our next business day. You may not make any purchases by dropping a Payment Item or cash under Our door or the door of any branch office, or into a mail chute or mail delivery bin. You bear all risk of loss of these items.
- (14) **After Hours Transactions.** We record all transactions received after the close of business (or received on a day We are not open for business) on the next business day that Our Investment Center is open for business. Saturday is not a business day even though Our Investment Center Drive Through in Toccoa, Georgia is open for Our Investors' convenience.
- (15) **Third-Party Checks.** If We accept a third-party check for Investment, We may require any third-party endorsers to verify or guarantee their endorsements, or endorse in Our presence. You bear the risk of non-payment of any third-party check. If the third-party check is returned for any reason, We will reverse the amount from Your Investment, and, if Your Investment balance is not sufficient to cover the returned item, You must repay Us any shortage. See Our Funds Availability Policy in effect at the time of Your purchase.
- (16) **Endorsements.** You warrant that all endorsements are genuine—which means that if the endorsement is determined to be fraudulent, You are responsible for any loss due to the forgery. We may accept a Payment Item payable to You or to Your order, even if not endorsed by You. If not endorsed by You, You authorize Us to negotiate the Payment Item and to supply any missing endorsement(s).
- (17) **Truncation, Substitute Checks, and Other Check Images.** If You (or some other financial institution for You truncate an original check and create a substitute check or other paper or electronic image of the original check, You warrant that no one will be asked to make payment on the original check, a substitute check or any other electronic or paper image, if the payment obligation relating to the original check has already been paid. You also warrant that any substitute check You create conforms to the legal requirements and generally accepted specifications for substitute checks. You agree to indemnify, defend and hold Us harmless for any loss We may incur as a result of any truncated check transaction You initiate. We may refuse to accept substitute checks that have not previously been warranted by a bank or other financial institution. Unless specifically stated in a separate agreement between You and Us, We do not have to accept any other electronic or paper image of an original check.

11.0 Redemptions. The following rules control how You may redeem (withdraw funds from) Your Investment, in whole or in any part:

11.1 All Investments:

- (1) **Signature Required.** When You redeem all or any portion of Your Investment, You must sign the Investment security, Indemnity Agreement, or other applicable redemption format. For Your convenience, We may accept an unsigned electronic Payment Item.
- (2) **Cash.** For redemptions in cash (USD), You must visit Our Investment Center in Toccoa, Georgia, and receive, upon satisfactory proof of Your identity, payment for the full balance of, or any portion of, Your Investment, less any fees, charges, or penalties that may be charged to Your Investment pursuant to The Agreement and Fee Schedule in effect at the time of the redemption. We reserve the right to limit the amount of cash We give You at that time due to unavailability of that much cash on short notice and/or for safety concerns (such as You leaving Our building with large amounts of cash). You bear all risk of loss upon physical receipt of the cash from Our agent or employee.
- (3) **Cash Reporting Notice.** Pursuant to Federal law, We must report the names and identifying information such as full legal name, address, social security number, date of birth, and occupation of any person redeeming more than \$10,000 in cash in 24 hours, including persons who redeem in cash on behalf of someone else.
- (4) **Authority to Redeem.** When an Investment is owned by more than one Investor, unless clearly indicated otherwise on Our Investment records,
 - Any **one** Owner, acting alone, may redeem all or any part of the Investment, and
 - Any **non**-Owner (such as an Agent under a Power of Attorney or an Authorized Signer) who was authorized by an Owner to do so, may redeem all or any part of the Investment— **even if the other Owner(s) do not know about the authorization.**
- (5) **Verification.** We are not responsible for transactions by mail or night drop box until we actually record them. We have no duty to determine whether a redemption request is or is not valid, if it reasonably appears to be Your redemption request or another authorized person's redemption request. We reserve the right to refuse to honor any transaction we reasonably believe to be illegal or that is covered by our Elder Abuse policy.
- (6) **Nonconforming Redemptions-No Waiver.** If We ever honor a nonconforming redemption request, We are not required to do so later.
- (7) **Funds Availability Policy Disclosure.** Due to the manner in which Payment Items are paid in the current banking system, it is necessary for Us to adopt a "Funds Availability Policy" explaining any "holds" or delays that may apply before We will give You credit for, or redeem a purchase of, Your Investment. See Our Funds Availability Policy in effect at the time of Your redemption.
- (8) **Redemptions in Excess of Investment Balance.** In the event that accepting a redemption request would exceed Your Investment balance, We may, at Our option
 - Allow you to redeem an amount that does not exceed Your Investment balance, or
 - Notify You that the request will not be accepted by Us unless the funds necessary to satisfy the request are, within the same day, invested or transferred into the Investment in available funds, or
 - Loan You the amount exceeding Your Investment balance pursuant to an SDN Excess Redemption Agreement or Commercial Use Credit Line Agreement (if You have signed such an agreement). You agree that we may charge a fee for providing this service. The fact that We previously honored a redemption request that exceeded Your Investment balance does not obligate Us to do so again later. Therefore, You cannot rely on Us to pay drafts on Your Investment, regardless of how frequently or under what circumstances We have paid drafts on Your Investment in the past. We may change Our practice of paying drafts on Your Investment without notice to You and for any reason.
- (9) **Drafts and Redemption Rules.** We accept redemption or transfer requests made on drafts supplied by Us or on

forms approved by Us. We may refuse any redemption or transfer request that You attempt on other forms not approved by Us or by any method that We do not specifically permit. We may refuse any redemption or transfer request that is for an amount greater than Your available balance. We will use the date the transaction is completed by Us (as opposed to the date You initiate it) to apply the redemption against the available balance. In addition, we may place limitations on the Investment until your identity is verified.

(10) ACH, Electronic Check or Draft Conversion or Similar Transactions. An ACH transaction is an electronic transfer of funds used to redeem all or part of Your Investment. An electronic check or draft conversion transaction is a transaction where a check or draft is converted into an electronic funds transfer. In these types of transactions, You agree that We cannot be held liable for failing to verify the signature(s) on such check or draft. You agree to be bound by automated clearing house association rules with respect to electronic transfers. These rules provide, among other things, that payments made to You, or originated by You, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If We do not receive such payment, We are entitled to a refund from You in the amount credited to Your Investment and the party originating such payment will not be considered to have paid the amount so credited. If We receive a payment order to credit an Investment You have with Us by wire or ACH, We are not required to give You any notice of the payment order or credit. Accepted ACH credits and wire transfers to Your Investment will be reflected on Your regular periodic statement. You may also contact Us during normal business hours to determine if a transfer has been credited to Your Investment.

(11) Wire Transfers. If You request a wire transfer and You identify a beneficiary financial institution, an intermediary financial institution or a Beneficiary by name and number, You agree and understand that We and every receiving or beneficiary financial institution will rely on the name and/or number to make payment.

- If you give a wrong name and/or number, we cannot reverse the wire transfer.
- We do not and cannot verify the name and/or number.
- You agree that We will rely on the name or number even if it identifies a financial institution, person or Investment other than the one named by You.
- You bear all risk of loss whenever You request a wire transfer. We are only liable to You if Our own negligence causes the loss to You.

(12) Telephone Redemptions. We may, in Our sole discretion, allow You to make a telephone request to redeem a portion of Your Investment, less any fees, charges, or penalties that may be charged to Your Investment pursuant to The Agreement. We will not honor Your telephone instructions unless and until We verify that the person calling is in fact You or another person authorized to redeem Your Investment. We may require You to fax or email both Your written and signed instructions to redeem and proof of Your identity before We will initiate such a redemption. If We agree to the redemption, We will not ever mail cash. We may, in Our sole discretion, mail You a check or draft, initiate an ACH or wire transfer, or transfer Your funds to another Investment with Us. If We choose to mail a check or draft to You, We will only mail such check or draft to Your address on Our books, or to a business address that We may verify as a legitimate business address. If You instruct Us to mail the Investment funds to You, You bear all responsibility for any loss of the Investment funds.

(13) Stamped & Facsimile Signatures. We have no obligation to examine physical signatures, stamped or facsimile signatures on any redemption documents You give Us. If We honor items containing stamped or facsimile signatures, You authorize Us, at any time, to redeem Your Investment by drafts or other orders for the payment of money that are drawn on Us. You give Us this authority regardless of by whom or by what means the stamped

or facsimile signature(s) may have been affixed. You must notify Us at once if You suspect that Your stamped or facsimile signature is being or has been misused, and You must stop payment on any and all drafts or orders that You know or suspect to have been forged or are otherwise invalid, or You must advise Us to stop paying ALL drafts or orders on Your SDN with Draft Writing Investment. You bear all risk of loss if someone wrongfully uses Your stamped or facsimile signature.

- (14) Electronic (Computer-Generated) Signatures.** We may, but are not required to, accept Your electronic or computer-generated signature when You redeem all or any part of Your Investment. Although We have no duty to inquire, If We have any reason to believe the electronic or computer-generated signature is not genuine or is not authorized by You, then We may choose to ignore the redemption request until and unless We obtain satisfactory proof that the electronic or computer-generated signature is in fact Yours and that You intended to redeem the investment.
- (15) Truncation, Substitute Checks or Drafts, and Other Check or Draft Images.** If You (or some other financial institution for You) truncate an original check or draft and create a substitute check or draft or other paper or electronic image of the original check or draft, You warrant that no one will be asked to make payment on the original check or draft, a substitute check or draft or any other electronic or paper image, if the payment obligation relating to the original check or draft has already been paid. You also warrant that any substitute check or draft You create conforms to the legal requirements and generally accepted specifications for substitute checks or drafts. You agree to indemnify, defend and hold Us harmless for any loss We may incur as a result of any truncated check or draft transaction You initiate. We may refuse to accept substitute checks or drafts that have not previously been warranted by a bank or other financial institution. Unless specifically stated in a separate agreement between You and Us, We do not have to accept any other electronic or paper image of an original check or draft.
- (16) Letters of Credit.** We may, in Our sole discretion, agree to issue a Letter of Credit on Your behalf, subject to the terms and conditions that We set within the Letter of Credit. If We issue a Letter of Credit on Your behalf, then You may not redeem the portion of Your Investment that guarantees payment of the amount of the Letter of Credit until (1) We have paid the Letter of Credit or (2) one day after the expiration of the Letter of Credit.

11.2 Senior Demand Notes Only:

- (17) SDNs with Draft Writing—**Generally. If Your Investment is a Senior Demand Note and You have entered into the Senior Demand Note Draft Redemption Agreement with Us, then You may redeem Your Investment by writing drafts that will clear through Our account at the bank with which We are then doing business. These drafts are subject to the additional rules stated in the Senior Demand Note Draft Redemption Agreement.
- (18) SDN—Multiple Signatures.** You agree that in no circumstance will We be held liable for processing an item with one signature when the Investment requires multiple signatures. Even on Investments requiring multiple signatures, any ONE of the Investment Owners may originate ACH transfers and We will honor such ACH transfers even though initiated by one signatory rather than by all required signatories.
- (19) Postdated Drafts.** We allow the use of postdated drafts. A postdated draft is one that bears a date later than the date on which the draft is written. We may properly pay and charge Your Investment for a postdated draft even though payment was made before the date of the draft, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. Your notice will not be effective, and we will not be liable for failing to honor your notice unless it precisely identifies the number, date, amount and payee of the draft. You agree that any risk of loss, inconvenience, or other charges or fees assessed against You as a result of cashing a postdated draft earlier than intended rests with You. You will not hold Us liable for any damages or losses You incur as a result of cashing a postdated draft.

- (20) Stale-Dated Drafts.** We may at Our option, pay a draft presented for payment more than six months after the date on the draft. If You do not want Us to pay a stale-dated draft, You must place a stop payment order on the draft in the manner described in the Senior Demand Note Draft Redemption Agreement. You agree that any risk of loss, inconvenience, or other charges or fees assessed against You as a result of cashing a stale-dated draft rests with You. You will not hold Us liable for any damages or losses You incur as a result of cashing a stale-dated draft.
- (21) Stop Payments.** We charge a fee to place one or more stop payment orders. Rules for stopping payment of other types of transfers of funds, such as consumer electronic fund transfers, may be established by law or our policy. If we have not disclosed these rules to you elsewhere, you may ask us about those rules. The fee for such stop payment orders is shown on Our Fee Schedule. We may accept an order to stop payment on any item from any one Joint Owner or Authorized Signer. You must make any stop payment order in the manner required by these Terms and Conditions or as otherwise provided. However, We must receive it in time to give Us a reasonable opportunity to act on it before Our stop payment cutoff time. Your stop payment order must precisely identify the item number, date, amount of the item, and the payee. You may stop payment on any item drawn on Your Investment, whether You sign the item or not. Generally, if Your stop payment order is given to Us in writing, it is effective for six (6) months. Your stop payment order will lapse after that time if You do not renew the order in writing before the end of the six-month period. If the original stop payment order is verbal, Your stop payment order will lapse after fourteen (14) calendar days if You do not confirm Your stop payment order in writing within that time period. We are not obligated to notify You when a stop payment order expires. A release of the stop payment order must be confirmed in writing. If You stop payment on an item and We incur any damages or expenses because of the stop payment, You agree to indemnify, defend and hold Us harmless for those damages or expenses, including attorneys' fees. You assign to Us all of Your rights against the payee or any other holder of the item. You agree to cooperate with Us in any legal actions that We may take against such persons. You should be aware that anyone holding the item may be entitled to enforce payment against You despite the stop payment order.
- (22) Telephone Transfers and Other Transfers.** A telephone transfer of funds from a SDN to another Investment with Us may be made by any authorized person on the Investment. We will not honor Your telephone instructions unless and until We may verify that the person calling is in fact You or another person authorized to redeem Your Investment. For Our mutual protection from fraud, We may require You to fax or email both Your written and signed instructions to redeem and proof of Your identity before We initiate such a redemption. You may be charged a fee in accordance with Our Fee Schedule.
- (23) Special Instructions, Restrictive Legends and Examination of Drafts.** The automated processing of the large volume of drafts We receive prevents Us from inspecting or looking for special instructions or "restrictive legends" on the drafts we receive for payment. Examples of restrictive legends placed on drafts are "must be presented within 90 days" or "void if not cashed within 90 days," or "payment in full," or "not valid for more than \$1,000.00." For this reason, We do not honor any restrictive legend placed on drafts You write. We are not responsible for any losses, claims, damages, or expenses that result from Your placement of these or other special instructions on Your drafts that We pay. We are not responsible for any draft's late return caused by an endorsement stamp or other marking outside the area allowed for it. You will not claim that We failed to exercise ordinary care because Our procedures do not require sight examination of each draft.
- (24) Redemptions by Minors.** If You open a Senior Demand Note and name a Minor as an Authorized Signer—whether the Minor is or is not a Joint Owner—You agree that You want Us to honor any withdrawals or drafts drawn by the Minor the same as if You had withdrawn the funds or had written the draft. You further agree that You, not 1st Franklin, are fully responsible for any and all of the Minor's transactions just as though You had made the transaction Yourself. Further, You understand and agree that We have no duty—and We will not—make any effort to determine

whether the Minor's transactions are advisable, legal, illegal, in the Minor's or Your best interests, or whether You would otherwise not want Us to give full effect to the Minor's transactions. You also agree and understand that if We inquire about or inform You about the Minor's transactions, doing so does not create a duty on Our part to do so in the future, and You will not and cannot claim that because We inquired in the past, We have a duty to do so in the future.

If You do not want a Minor to withdraw funds or write drafts on Your Investment, You must notify Us immediately and You may be required to close Your Investment and, if You desire, open a new Investment.

Finally, if at any time the Minor (or any person acting on behalf of the Minor) who was an Authorized Signer on Your Investment attempts to hold Us liable for paying a draft drawn by the Minor (or for honoring any other type of redemption request by the Minor), You agree to indemnify, defend and hold Us harmless from and against any such demands or attempts to hold Us liable by the Minor, including reimbursement of any legal fees or costs We incur as a result of the Minor's claims or demands.

(25) Custodial Investments. Funds in a Custodial Investment must be used ONLY for the benefit of the Ward. If You as Custodian redeem funds from a Custodial Investment, We cannot and will not monitor Your redemptions to ensure that You use the funds solely for the benefit of the Ward. Remember also that on Minor Custodial Investments, when the Minor turns 21 years old, only the Minor, not You (the Custodian) may redeem the Investment.

11.3 Commercial Paper and Debentures Only:

(26) Multiple Signatures. If two or more signatures are required to redeem Your Commercial Paper or Debenture, We will only allow a redemption if the required number of signers complete the proper documentation.

(27) Electronic Funds Transfers (EFTs). We do not allow You to initiate redemptions by electronic funds transactions.

12.0 Draft Processing. We process items using computers by relying solely on the information encoded on the item that is designed for such electronic processing. We do not individually examine Your items to determine if the item is properly completed, signed and endorsed or to determine if it contains any information other than what is encoded for processing. You agree that We have not failed to exercise ordinary care solely because We use Our automated system to process items and do not inspect all items processed in such a manner.

13.0 Third-Party Check Cashing. For Your convenience and subject to Our discretion, We may choose to cash a third-party check for You. We will not cash third-party checks for non-Owners.

14.0 Your Duty to Report Unauthorized Signatures, Alterations and Forgeries. You agree to examine Your SDN statement with reasonable promptness. If You discover (or reasonably should have discovered) any unauthorized signatures, alterations, forgeries, transfers or redemptions, You agree promptly to notify Us of the relevant facts. You must notify Us no later than 60 days of the date We issued the statement. If You fail timely to notify Us, You will bear the loss entirely Yourself.

You further agree that if You fail to report any unauthorized signatures, alterations, forgeries, transfers or redemptions in Your Investment within sixty (60) days of when We first send or make the statement available, You cannot assert a claim against Us on any items in that statement, and as between You and Us the loss will be entirely Yours. The limitation in this paragraph is in addition to that contained in the first two paragraphs of this section.

In addition to Your duty to review Your statements for unauthorized signatures, alterations, forgeries, transfers and redemptions, You agree to examine Your statement with reasonable promptness for any other error, such as an encoding error. You agree that the time You have to examine your statement and report to Us will depend on the

circumstances. However, such period will not exceed sixty (60) days. Failure to examine Your statement and report any such errors to Us within sixty (60) days of when We first send or make the statement available precludes You from asserting a claim against Us for any such errors on items identified in that statement, and as between You and Us the loss will be entirely Yours.

15.0 Statements. We encourage You to use Our Online Services so that You may see Your balances and transactions at any time. We will generate statements as follows:

15.1 Senior Demand Notes. SDNs with Draft Writing will receive a monthly statement electronically (if You so elect) or by mail. SDNs without Draft Writing will receive quarterly statements electronically (if You so elect) or by mail.

15.2 Debentures. Currently, Debenture Investors will receive combined semi-annual statements electronically (if You so elect) or by mail. However, We reserve the right to stop sending paper statements.

15.3 Commercial Paper (CP). Currently, CP holders will receive combined semi-annual statements electronically (if You so elect) or by mail. However, We reserve the right to stop sending paper statements.

16.0 Claim of Loss. If You claim a credit or refund because of a forgery, alteration, or any other unauthorized redemption, You agree to cooperate with Us in the investigation of the loss, including giving Us an affidavit containing whatever reasonable information We require concerning Your Investment, the transaction, and the circumstances surrounding the loss. You will notify law enforcement authorities of any criminal act related to the claim of lost, missing, or stolen drafts or unauthorized redemptions. We will have a reasonable period of time to investigate the facts and circumstances surrounding any claim of loss. Unless We have acted in bad faith, We will not be liable for special or consequential damages, including loss of profits or opportunity, or for attorneys' fees incurred by You. You agree that You will not waive any rights You have to recover Your loss against anyone who is obligated to repay, insure, or otherwise reimburse You for Your loss, and if You do so, then We are not liable for any portion of the loss. You will pursue Your rights or, at Our option, assign them to Us so that We may pursue them. Our liability will be reduced by the amount You recover or are entitled to recover from these other sources.

17.0 Fee Schedule. When You were given these Terms and Conditions, You were also given a copy of Our current Fee Schedule, with the effective date shown thereon. We incorporate the Fee Schedule given to You by reference into these Terms and Conditions, as if they were copied verbatim herein. You agree to these Fees. Further, when We deem it necessary to revise or amend the Fee Schedule, We will provide a copy of the revised Fee Schedule to You either by hand-delivery, by mail to Your address on Our records, or by email to any email address You provided to Us. When you receive the revised Fee Schedule, the revised version supersedes the prior version. If You do not agree to the revised Fee Schedule, You must redeem Your Investment in full. If You do not redeem in full, Your failure to redeem means that You agree with the revised Fee Schedule.

You agree, for Yourself (and the person or entity You represent if You sign as a representative of another) to the terms of this Investment and any applicable schedule of charges. You authorize Us to deduct these charges, without notice to You, directly from the Investment balance as accrued. You will pay any additional reasonable charges for services You request which are not covered by these Terms and Conditions.

18.0 Elder Abuse, Exploitation or Financial Abuse. We recognize that older persons are increasingly subjected to what is generally referred to as "elder abuse," "elder exploitation" or "elder financial abuse" (hereafter "Elder Abuse" for all of these). Elder Abuse may take the form of fraud, undue influence, coercion, persuasion, or

other acts intended to deprive the elderly person of his or her property. Elder Abuse may occur whether the person is or is not mentally competent and whether or not the person can or cannot protect himself or herself from another person's fraud, undue influence, coercion, persuasion or other acts. Elder Abuse can be perpetrated by strangers, acquaintances, persons contacted through the Internet, email or social media, and even by relatives, friends and co-Investors or Beneficiaries on Your Investment.

You and We agree and understand that We have no duty, fiduciary or otherwise, to determine whether You are or are not being subjected to Elder Abuse or whether You are or are not mentally competent or able to protect Yourself from another's person's fraud, undue influence, coercion, persuasion or other acts. If, however, in the exercise of good faith and reasonable judgment, We believe that You are being subjected to Elder Abuse or that You may not be mentally competent or that You are unable to protect Yourself, then You expressly agree and authorize Us to

- (1) Refuse to redeem Your Investment until such time as We are satisfied that You are not being subjected to Elder Abuse.
- (2) Disclose any information about You and any or all of Your Investments to, and to discuss Your situation and the circumstances and/or facts known to Us suggesting such Elder Abuse with,
 - a. The person you identified on Your Consent to Discuss Investments form when You purchased Your Investment, and/or
 - b. Any other Investor on the particular Investment, and/or
 - c. Any other Investor on any of Your Investments, if You did not Designate anyone on the Consent to Discuss Investments form and You do not have a co-Investor on the particular Investment, and/or
 - d. A named Beneficiary on any of Your Investments, and/or
 - e. Any officer or representative of Georgia Adult Protective Services (or such similar governmental entity in the state in which You reside), and/or
 - f. Any person employed by any governmental Law Enforcement Agency or prosecuting attorney's office.
- (3) Pay all or any portion of Your Investment funds to an appropriate court of competent jurisdiction in the City of Toccoa, State of Georgia (or to such similar court in the state of Your residence if You are not a Georgia resident). If we pay such Investment funds to any such court, You agree that We have no further duty towards You to the extent of the Investment funds so paid, other than to cooperate in good faith with the Court proceedings. If we incur attorney's fees or costs associated with paying the Investment funds to the court, You agree that We may deduct such costs from the Investment funds.
- (4) Act upon the reasonable instructions of the persons or entities noted in subparagraphs (2)a-e above if We reasonably believe such instructions to be reasonably intended to protect you from such Elder Abuse.

19.0 Amendments. We may change or amend these Terms and Conditions at any time. In the event of a change, We will give You reasonable notice in writing, electronically, or by any other method permitted by law. Your use of the Investment after the effective date of a change indicates Your acceptance of the change. If You advise Us in writing (received by fax, email, mail or hand-delivery) to Our Investment Center in Toccoa, GA, and specifying Your Investment and the change that You do not agree to, then

- **Debentures:** If Your Investment is in Debentures, You are not bound by the change during the remaining term of the Investment. If You do not agree to such change, then when Your Investment matures or reaches its next interest adjustment date, You must redeem Your Investment. Your failure to redeem Your Investment when it matures or reaches its next interest adjustment date means that You agree with the amended or revised Terms and Conditions.
- **Commercial Paper:** If Your Investment is in Commercial Paper, You are not bound by the change during the remaining term of the Investment. If You do not agree to such change, then when Your Investment matures, You

must redeem Your Investment. Your failure to redeem Your Investment when it matures means that You agree with the amended or revised Terms and Conditions.

- SDN: If your Investment is in SDNs with or without Draft Writing, You must immediately redeem Your entire Investment. Your failure to redeem Your entire Investment means that You agree to all the amended or revised Terms and Conditions.

20.0 Termination. We may also close this Investment at any time upon reasonable notice to you and tender of the Investment balance personally or by mail. Items presented for payment after the Investment is closed may be dishonored. When you close your Investment, you are responsible for leaving enough money in the Investment to cover any outstanding items to be paid from the Investment. Reasonable notice depends on the circumstances, and in some cases, such as when we cannot verify your identity or we suspect fraud, it might be reasonable for us to give you notice after the change or Investment closure becomes effective. For instance, if we suspect fraudulent activity with respect to your Investment, we might immediately freeze or close your Investment and then give you notice.

21.0 Governmental Benefits. If You receive any form of governmental benefit that funds all or any portion of Your SDN, and if We are later required for any reason to reimburse the governmental authority for all or any portion of such benefit payment, You hereby authorize Us to deduct the amount of Our liability to the governmental authority from Your Investment or from any other Investment You have with Us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of Our liability. You also agree to indemnify Us for any expenses (including attorney fees) We incur as a result of the governmental authority's actions.

22.0 Legal Actions Affecting Your Investment. You understand and agree that if We are served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant, warrant of seizure or similar order relating to Your Investment (termed "legal action" in this section) by a court or other governmental entity with apparent authority to issue such process, then We will (and are required to) comply with that legal action. Such compliance may require Us, with and sometimes without notice to you:

(1) to pay Your Investment funds (including interest and principal less any applicable penalties or fees due) to such governmental authority, and/or

(2) to freeze the assets in Your Investment and not allow any payments out of the Investment until a final court determination regarding the legal action.

The legal actions described above may relate to less than all of the Owners of the Investment. In such situations, We will not have any liability to any other Owner of the Investment, even if there are insufficient funds to pay the other Owner's drafts or other items because We have redeemed funds from the Investment or have frozen access to the other Owner's funds in the Investment in accordance with the legal action. Any fees or expenses We incur in response to any legal action (including, without limitation, attorneys' fees and Our internal expenses) may be charged against Your Investment. The Fee Schedule You were provided with may specify additional fees that We may charge for certain legal actions.

23.0 Set-Off. We may (without prior notice and when permitted by law) "set off" the funds in Your Investment against any debt You owe Us now or in the future. If the debt arises from covering any amounts that would have brought Your Investment into a negative balance or a loan (such as an Excess Redemption Agreement or Commercial Use Credit Line Agreement), "any due and payable debt" includes the total amount that We are entitled to demand payment for under the terms of the loan at the time We set-off, including any balance the due date for which We properly accelerate under the loan. This right of set-off does not apply to Your Investment if prohibited by law. For SDN with Draft Writing, We will not be

liable for the dishonor of any draft when the dishonor occurs because We set-off a debt against this Investment. You agree to hold Us harmless from any claim arising as a result of Our exercise of Our right of set-off.

24.0 Compliance with Laws; Unlawful Internet Gambling Notice. You agree that You will not use Your Investment to make transactions in violation of applicable federal, state and local laws, rules and regulations, including, without limitation, those administered by the U.S. Office of Foreign Assets Control (OFAC) and the Drug Enforcement Administration. Therefore, We will not sell Investments to businesses that operate in violation of any other Federal or State law, including, without limitation, businesses engaged in growing, selling or distributing cannabis (including “medical marijuana”). Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through Your Investment or through Our relationship with You and with Our banking partner. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, or checks or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful Internet gambling.

25.0 Security. It is Your responsibility to protect Your Investment numbers and access credentials (e.g., Your electronic access credentials) for Your Investment. Do not discuss, compare, or share information about Your Investment number with anyone unless You are willing to give them full use of Your money. An Investment number may be used by thieves to encode Your number on a false draft which looks like and functions like an authorized draft. If You provide Your Investment number in response to a telephone solicitation for the purpose of making a transfer (to purchase a service or merchandise, for example), payment may be made from Your Investment even though You did not contact Us directly and order the payment. If You furnish Your access credentials to another person (a family member, friend or co-worker, for example) You are liable for the transfers unless We have been notified in advance that transfers by that person are no longer authorized. You must also take precaution in safeguarding Your blank drafts.

We make available Online Investment Services designed to help You identify and limit fraud or other unauthorized transactions against Your Investment. You must notify Us at once if You believe Your drafts have been lost or stolen or if Your Investment number or access credentials have been lost, stolen or otherwise compromised. You must also notify Us if You file a police report or purchase identity theft protection or insurance due to an actual or suspected identify theft. As between You and Us, if You are negligent in safeguarding Your drafts, Investment numbers or access credentials or if You fail to notify Us as required by this paragraph, You must bear the loss entirely Yourself or share the loss with Us, as We reasonably determine under the circumstances. Finally, if You have given access credentials to Your employee or other person who then is terminated or quits, You must immediately notify Us or You must otherwise delete that person’s credentials.

26.0 Telephonic or Electronic Instructions. Due to the alarming increase in fraudulent and unauthorized financial transactions generally, and for Your protection as well as Our own, unless required by law or unless We have agreed otherwise in writing, We are not required to act upon instructions You give Us via facsimile, email or text transmission, or that You leave by voice mail or on a telephone answering machine. If We receive such facsimile, email or text transmission, or voice mail or answering machine instructions, We may not (in Our discretion) process the request until We have verified that You intended such transaction. Further, if We reasonably and in good faith have reason to doubt the authenticity of such instructions or the voluntariness or authenticity of Your telephone confirmation, then We will not act upon Your instructions and You agree not to hold Us liable for failing to do so.

27.0 Notices. You agree that Notice to any one of You is considered notice to all of You. Whenever We provide a notice



or other document to You, You agree that We may, at Our option, (1) mail such notice to you at the last physical or mailing address You gave us, or (2) email the notice to you at the last email address You gave Us. If such communication is not delivered or is returned, We will use reasonable efforts to locate You, but You agree that You bear the loss, if any, caused by Your change of address or email address without notifying Us. Finally, if We receive an address change notice from the U.S. Post Office, We will change Your address accordingly.

28.0 Address Changes. You are responsible for notifying Us of any change in Your email address, physical address, or mailing address. Unless We agree otherwise, any change of address must be made in writing by at least one of the Investment holders. You may notify Us (1) by hand delivery to Our Investment Center at 135 E. Tugalo Street, Toccoa, Georgia, or (2) by uploading the address change to Our secure online portal (<http://investuploads.1ffc.com/>), or (3) by making an address change through Online Investment Services, or (4) by mailing such notice to Us at 1st Franklin Investment Center, P.O. Box 880, Toccoa, GA 30577. You may also call us directly at 706-886-7571 or 800-282-0709 for further instructions on making an address change, and if requested, You must provide us with a written confirmation of Your address change.

29.0 Costs and Attorney's Fees. You will be liable for Our costs as well as for Our reasonable attorneys' fees, to the extent permitted by law, whether incurred as a result of collection or any other dispute involving Your Investment. This includes disputes that We are required by either side to become involved in and includes, without limitation, disputes between: You and Us; You and another Joint Owner; You and Your agent pursuant to a power of attorney; You and an Authorized Signer or similar party; You or Us and a third-party claiming an interest in Your Investment; You or a third-party where either You or the third-party takes any action that causes Us, in good faith, to seek the advice of an attorney, whether or not We become involved in the dispute; You and any governmental entity, including but not limited to the Internal Revenue Service or any law enforcement, investigatory or prosecutorial agency. Unless limited by an applicable Prospectus, all costs and attorneys' fees may be deducted from Your Investment when they are incurred, without notice to You. All costs and attorneys' fees can be deducted from Your Investment when they are incurred, without notice to You.

30.0 Waiver of Notices. You waive any notice of non-payment, dishonor or protest regarding any items credited to or charged against Your Investment.

31.0 Resolving Investment Disputes. We may place an administrative hold on the funds in Your Investment (refuse redemption of the funds) if it becomes subject to a claim adverse to (1) Your own interest; (2) others claiming an interest as Co-Owners, survivors or Beneficiaries of Your Investment; or (3) a claim arising by operation of law. The hold may be placed for such period of time as We believe reasonably necessary to allow a legal proceeding to determine the merits of the claim or until We receive evidence satisfactory to Us that the dispute has been resolved. We will not be liable for any items that are dishonored as a consequence of placing a hold on funds in Your Investment for these reasons. If, during the hold, Your Investment matures and We are not given instructions whether to pay the Investment proceeds to a particular person or to reinvest Your Investment proceeds by agreement of the parties or permission of the governmental or law enforcement agency, then We may reinvest Your Investment proceeds in the same type of Investment You initially purchased.

32.0 Jurisdiction and Venue. In the next Section, You and We are entering into an arbitration agreement that waives the parties' rights to settle disputes in a court of law. In the event the arbitration agreement is not enforceable or one of the parties has the right to file a claim in a court of law or equity, You and We agree that the courts of the State

of Georgia or the United States District Court for the Northern District of Georgia have jurisdiction over any dispute in connection with The Agreement and Your Investment, and that the only proper venue for such a court proceeding will be in the courts in the city of Toccoa, Stephens County, Georgia, or in the United States District Court for the Northern District of Georgia.

33.0 Arbitration, Waiver of Class Actions, and Waiver of Jury Trial. Please read this carefully. It affects your rights. You and We agree that any controversy or claim relating to these Terms and Conditions or The Agreement and Your Investment, or breach of these Terms and Conditions or The Agreement, or any tort or other claim against Us, or to any other oral or written agreement related to the products or services described herein, and any claim that the controversy is not arbitrable, must be resolved through arbitration administered by the American Arbitration Association (AAA) under its commercial arbitration rules (or pursuant to its Consumer Arbitration Rules if applicable), or by another arbitration forum that We and You agree upon. Your failure to file an Arbitration proceeding and the filing of a claim in a court of law shall be immediately stayed and the court must require You to arbitrate Your claims against Us as provided herein. Judgment on any award rendered by the arbitrator may be entered in any court having jurisdiction. You agree that the transactions of each Investment holder arise from a unique relationship between Us and such Investment holder, such that the damages each Investor may have may be different in kind, character, or amount and, therefore, are not appropriate for class action treatment.

YOU WAIVE YOUR RIGHT TO PARTICIPATE IN A CLASS ACTION, WHETHER IN AN ARBITRATION PROCEEDING OR IN A COURT OF LAW OR EQUITY AGAINST US EITHER AS A MEMBER OF A PUTATIVE CLASS OR AS LEAD PLAINTIFF IN ANY DISPUTE AGAINST US.

- (1) **Agreement to Arbitrate.** With limited exceptions, You and We agree that any and all disputes, claims, or controversies of any kind and nature between Us arising out of or relating to the relationship between Us will be resolved through mandatory, binding arbitration. To the extent permitted by federal and state law, this agreement to arbitrate covers claims that (a) arise out of or relate to this Agreement, Your Investment, and any loan You may have with Us; (b) arise out of or relate to any past transactions or dealings between Us; (c) arise out of or relate to any future transactions or dealings between Us; and (d) concern whether any claims, controversies, or disputes between Us are subject to arbitration. Because You and We have agreed to arbitration, **both of Us are waiving our rights to have disputes resolved in court by a judge or jury, except as set forth below.**
- (2) **Examples of Arbitrable Claims.** Examples of disputes that are required to be arbitrated under this Agreement include, but are not limited to, the following claims: (a) an alleged breach of any contractual promise; (b) that any transaction or Loan You have made is void or voidable based on alleged fraud, unconscionability, duress, illegality, or any other ground; (c) that any Alternative Dispute Resolution Agreement between Us is void or voidable based on alleged fraud, unconscionability, duress, illegality, or any other ground; (d) that You and We never entered into a Loan or an Alternative Dispute Resolution Agreement; (e) the scope or interpretation of any Loan or any Alternative Dispute Resolution Agreement; (f) tort claims against Us; (g) alleged violations of federal or state statutes; (h) for injunctive or equitable relief; and (i) permissive and compulsory counterclaims to any claim subject to arbitration.
- (3) **Limited Claims Exception.** Notwithstanding any language contained herein to the contrary, neither You nor We are required to arbitrate claims that involve an amount in controversy less than \$25,000 and are not litigated as a class action. All claims brought on behalf of a class, and all claims greater than \$25,000 must be arbitrated. If either of Us initiates a proceeding, and any claim (including counterclaims, cross-claims, or third-party claims) is added to the case that exceeds Our agreed upon \$25,000 limit, or if You or any other party allege claims of or on behalf of a class, then the

entire case must be arbitrated. We agree that no court will have the jurisdiction to award either of Us damages in an amount in excess of this \$25,000 limit, not including reasonable attorney's fees (if allowed under applicable law) and court costs (if awarded by a court). Neither You nor We will be deemed to have waived our right to arbitrate by filing or litigating a claim in court that is within this exception.

- (4) **No Arbitration Required for Non-Judicial Remedies.** You agree that We do not have to initiate arbitration proceedings in order to exercise our rights of set-off, since that remedy would be available to Us.
- (5) **Arbitration To Be Conducted By An Arbitration Administrator.** The first party to start arbitration selects the arbitration "Administrator." The Administrators to choose from are the AAA (American Arbitration Association, www.adr.org, 800-778-7879) or another nationally recognized Administrator that has rules and/or procedures that apply to the dispute between Us. If these Administrators are not available, then You and We agree to exercise good faith in agreeing upon another neutral and independent arbitrator. The Administrator or Arbitrator will handle the dispute and the selection of the neutral arbitrator to decide the dispute. At Your request, We will obtain a copy of the Administrator's rules and/or procedures for You. If there are no Administrators available to handle this arbitration, then We do not have to arbitrate and the provisions of paragraphs (9), (10) and (11) control.
- (6) **Costs of Arbitration.** For consumer disputes arising out of these Terms and Conditions, We will pay all AAA filing, administration, and arbitrator fees. If, however, the arbitrator finds that either the substance of Your claim or the relief sought in the demand is improper or not warranted, as measured by the standards set forth in Federal Rule of Civil Procedure 11(b), then the payment of all such fees will be governed by the AAA Rules. In such case, You agree to reimburse Us for all monies previously disbursed that are otherwise Your obligation to pay under the AAA Rules. If the arbitrator grants relief to You that is equal to or greater than the value of Your arbitration demand, We will reimburse You for Your reasonable attorneys' fees and expenses incurred for the arbitration. The arbitrator may make rulings and resolve disputes as to the payment and reimbursement of fees and expenses at any time during the proceeding and upon request from either party within fourteen (14) days of the arbitrator's ruling on the merits.

For business disputes arising out of these Terms and Conditions, if We start the arbitration, We will pay all filing fees and other fees. If You start the arbitration, or if We start it and You make claims against 1st Franklin, You will pay the Administrator's fees up to the amount You would have to pay to file a lawsuit against Us, and We will pay any other fees for claims against Us of up to \$10,000 or pursuant to the Arbitration Administrator's rules. However, if You claim more than \$10,000 against Us, then You will have to pay the Administrator's fees for claims for relief over \$10,000. Neither of Us will pay the other party's attorney's fees or expert witness fees, unless the arbitrator awards those fees to the winner.

Notwithstanding these provisions regarding the payment of fees, the arbitrator may, as a part of the arbitration award, require that You or We pay all of the costs of arbitration in accordance with the terms of any substantive law governing the claims that are subject to arbitration.

The arbitrator is not permitted to assess attorney's fees or expert witness fees unless the applicable substantive law permits such an award. The arbitrator may assess other fees associated with the arbitration as provided by the arbitration Administrator's rules, except those fees set forth above that will be paid by Us.

- (7) **Location of Arbitration.** The arbitration will take place in the state and county where You signed this agreement, or, if You have moved, then in the county where You live at the time of the arbitration, as long as We do business in that state. If We do not do business in that state, then the arbitration will take place in a mutually convenient state and county as determined by the arbitrator.
- (8) **Law Applicable to Arbitration Proceedings.** The arbitrator is required to follow all substantive law applicable to any dispute, including, without limitation, the applicable statute of limitations, any applicable attorney-client or work-product privilege, and any other applicable privilege. The arbitrator is required to issue a written decision setting forth the decision and the reasons for that decision. You and We agree that if the losing party does not promptly abide by

the arbitrator's decision, then the arbitrator's decision will be final, binding, and enforceable in any court of competent jurisdiction.

- (9) **Judicial Review of Arbitrator's Decision.** Except as set forth herein, You and We agree that the arbitrator's decision CANNOT BE APPEALED. The arbitrator's decision is subject to judicial review only on the grounds set forth in Title 9, Section 10 of the United States Code, as well as on the ground that the decision, findings, or rationale of the decision is manifestly inconsistent with the terms of The Agreement, the loan or Investment terms, or the Federal Arbitration Act.
- (10) **No Class Actions or Joinder of Additional Parties.** As also agreed in Paragraph (3) above, You agree that You will not serve as a class representative or participate as a class member in any court or arbitration proceeding, that only Your claims will be addressed in an arbitration proceeding initiated by either of Us that includes You and Us as parties, and that additional parties cannot be added to the arbitration proceeding unless You and We agree in writing before the arbitration. A dispute between us that is required to be arbitrated under this Agreement, will be arbitrated only between You and Us, even if there are additional parties to the dispute and even if You make allegations that Your dispute should be handled as a class action.
- (11) **Jury Trial and Class Participation Waivers.** If it is ever determined that some portion of this Agreement is void, voidable, or unenforceable, or if the inclusion of some provision in this Agreement would render the Agreement unenforceable, or if there are no Administrators available, or in the event that this Agreement is not subject to enforcement based upon any future elimination of consumer disputes from the application of the Federal Arbitration Act, then You and We agree (1) that YOU AND WE WAIVE THE RIGHT TO A JURY TRIAL, in favor of having a judge, sitting without a jury, determine the rights and remedies of the parties with respect to all disputes, claims or controversies between the two of us, and (2) that YOU WAIVE YOUR RIGHT TO SERVE AS A REPRESENTATIVE, as a private attorney general, as a member of or as a participant in any lawsuit or arbitration filed against Us by a person who did not sign The Agreement and/or loan or investment.
- (12) **Replacement of Existing Arbitration Agreements.** You and We agree that this Alternative Dispute Resolution Agreement supersedes and replaces any prior alternative dispute resolution agreement between us.
- (13) **Federal Arbitration Act Applies.** The parties understand and agree that this arbitration agreement is made pursuant to a transaction involving interstate commerce and will be governed by the Federal Arbitration Act.

34.0 Reimbursement of Our Expenses. You will pay any expenses We incur in good faith related to The Agreement and Your Investment, together with any fees we charge pursuant to Our Fee Schedule. Although unlikely, such expenses may also include attorneys' fees We incur in good faith because of concerns about Your Investment, whether or not litigation has begun, including such fees through trial and all appeals, plus court costs. You also agree to pay any expenses that We incur, including attorneys' fees and costs, in responding to any subpoena, writ, government agency or judicial order, search warrant, or other order that We may be required to respond to regarding Your Investment or Your relationship with Us.

35.0 Indemnification. You will indemnify Us against, and hold Us harmless from, any and all losses, damages, costs, and attorneys' fees that We incur because of Your failure to abide by any of the terms of The Agreement or Your Investment, including the arbitration agreement.

36.0 No Waiver. Our failure to insist upon Your strict performance of any obligation under The Agreement or Your Investment will not create any duty on Our part to continue to do so. You may not claim that We waived Our right to insist on proper performance just because We did not insist once or more than once before.

37.0 Our Rights. You agree that Our rights under The Agreement and Your Investment are cumulative, not exclusive. We may exercise any of them without giving up the right to exercise others.

38.0 Recording Voice and Written Communications. You give Us permission to record Your voice communications with Us, as well as to retain Your written communications with Us. If You authorize someone to do business with Us on Your behalf, such as by power of attorney, You will be responsible for obtaining their permission to Our recording of their communications with Us.

39.0 No Investment Activity on Senior Demand Note Investments. You understand that if the balance in Your SDN is \$100 or less, and if You do not generate any transactions on Your SDN for three (3) years, We may close Your SDN. In this event, We will mail You the Investment funds, less any costs or fees to which We are entitled, to the last known address We have for You.

40.0 Abandoned (Unclaimed) Property Laws. It is Your responsibility to maintain contact with Us. You understand that if We lose contact with You for the period of time set forth in the applicable abandoned (unclaimed) property laws of the state in which Your last known address is located, then We are required to pay the balance in Your Investment to that state in accordance with its laws. You agree that We may do so without liability to You.

41.0 Laws and Regulations. The Agreement is subject to applicable federal and State of Georgia statutes, rules and regulations. If any provision of The Agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect.

42.0 Headings and Singular-Plural Usage. The headings in these Terms and Conditions are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in these Terms and Conditions should be construed so the singular includes the plural and the plural includes the singular.

43.0 Limitation of Liability and Force Majeure. You agree:

- o That if We fail to process a transaction in accordance with the terms of these Terms and Conditions, Our maximum liability will be the amount of the transaction.
- o You will not hold Us liable for Any loss You or anyone else incurs that was caused by an event beyond Our control, such as war, terrorism, riot, labor trouble, natural disaster, computer problems not caused by Our negligence, loss of electric power, failure of communications including internet connections, public health emergencies or pandemics or other “force majeure”.
- o We are subject to extremely detailed laws and regulations. You will not hold Us liable for anything We do or decline to do based on a good faith belief that it is required by law or regulation. Some laws allow parties to “contract out” of the law’s provisions and establish their own rules. You and We intend to “contract out” of any such law’s provisions and that these Terms and Conditions (as well as The Agreement) represent the rules that We and You agree upon.

44.0 Consent to Call, Text and Email. There are various state and federal Laws and regulations that may limit Our ability to contact You in certain ways. These include but are not limited to the Telephone Consumer Protection Act (TCPA) and the Controlling the Assault of Non-Solicited Pornography And Marketing (CAN-SPAM) Act of 2003. Notwithstanding,

You and We agree that it is very important that We be able to contact You from time to time in servicing Your Investment. For example, We may need to contact You about: renewing or reinvesting Your security; Paying You the Investment funds of or otherwise handling a matured Investment; handling Your interest generally; questions about Your Investment or any transaction related thereto; updating or confirming Your address or Customer Identification Profile.

By purchasing this Investment and agreeing to these Terms and Conditions (whether by failing to redeem Your Investment after You receive these Terms and Conditions or by Your signature on the Signature Card), You expressly and irrevocably consent and agree to allow Us, Our employees, agents and service providers to contact You using written, electronic or verbal means regarding Your Investment. This consent includes, but is not limited to, contacting You by: manual calling methods or by prerecorded or automated voice messages; text messages; emails; and artificial telephone dialing systems. You agree that We, Our employees, agents and service providers may use any email address or any telephone number You provide including a cellular phone number or other wireless device, regardless of whether You incur charges as a result. You further agree that if Your phone numbers or email address changes, You will promptly let Us know.

45.0 Information Sharing and 1st Franklin's Privacy Policy. 1st Franklin is not a bank and Your Investment is NOT insured by the federal or state government. However, We and every other financial institution are subject to various laws and regulations that require Us to share Our customers' information with the banks and service providers that work with Us to meet Our legal obligations and to handle properly Your Investment. For example, We and Our banking partners are required to perform certain acts based upon various laws and regulations, including but not limited to the USA Patriot Act, the Gramm-Leach-Bliley privacy act, and the Bank Secrecy Act (BSA) and its Anti-Money Laundering (AML) laws and regulations.

46.0 Your Acknowledgement and Consent. By purchasing this Investment and agreeing to these Terms and Conditions (whether by failing to redeem Your Investment after You receive these Terms and Conditions or by Your signature on the signature card), You agree that You consent to be Bound by The Agreement and that You know, understand and agree:

- (1) That We have a Privacy Policy, that You were provided a copy of it, and that You and We are bound by its terms, and
- (2) That by purchasing Your Investment, We and Our banking partners are required to perform "due diligence" upon You to ensure that We know Your true identity, and
- (3) That We may limit Your ability to write checks (SDNs) or to transfer funds, or We may withdraw Our approval of Your ability to write drafts or transfer funds if Our banking partner (i) refuses to honor Your drafts or funds transfers, or (ii) determines that it cannot service Your Investment, or (iii) refuses to send wire transfers, and
- (4) That We may restrict Your access to Your Investment funds under certain limitations of federal or state law, which may include "freezing" Your Investment (with or without notice to You) by order of a governmental entity with power to order Us to do so, and
- (5) That We are required to monitor Your financial transactions and to report Your activity to various governmental agencies if We have reason to suspect You are engaged in illegal activities, money laundering, terrorist-related activities, or suspicious financial activities, and
- (6) That You have received a copy of Our Privacy Policy and that You agree to its terms.



If You do NOT agree to all of the above, DO NOT PURCHASE THE INVESTMENT and DO NOT SIGN the signature card.

Thank you for investing with 1st Franklin. We value Our relationship with You.

**U.S. Patriot Act Notice:
Important Information About Procedures for Opening a New
Account at 1st Franklin Financial Corporation**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may ask to see your driver's license or other identifying documents.