

## **CITY STATE BANK OF PALACIOS ONLINE BANKING CUSTOMER AGREEMENT AND DISCLOSURE STATEMENT**

In this agreement “you”, “your”, and “yours” refers to each of you that will be using on-line banking with City State Bank of Palacios as described in this agreement. “We”, “us”, “ours”, and “the Bank” refer to City State Bank of Palacios. “Account” refers to the deposit and credit accounts designated in your application for online banking with City State Bank. This Agreement contains the terms and conditions governing online banking with City State Bank of Palacios services for which you have applied. Online banking with City State Bank is an electronic banking and information service, which permits you through the use of your personal computer and your Internet service provider, to access designated deposit and credit accounts through the Internet.

**1. Use of Online Banking at City State Bank of Palacios.** To become eligible to use the online banking service, you must hold a checking account at City State of Palacios and complete an application. If your application is accepted, we will provide you with further instructions with regard to the use of the online banking service. Before you use the online banking service you must read this Agreement and any instructions we give you which describe online banking at City State Bank of Palacios in greater detail. Your use of any part of the online banking service means that you agree to the terms and conditions stated in this Agreement and the instructions we will give to you.

Your access to the online banking service will be determined at our sole discretion. Subject to applicable law, we reserve the right to modify, suspend, or terminate access to the online banking service at any time without notice or refund of previously incurred fees. You authorize us directly or through an agent, to obtain your credit report in connection with your application and, in our sole discretion, at a later date, in connection with your use of the online banking service. We may limit your access to the online banking service or the dollar amount of your transfers and payments based on your credit report.

**2. Deposit and Credit Agreement.** The terms and conditions in this Agreement are in addition to any deposit account, credit account, or other agreement you have with us relating to your Accounts, including any disclosures made pursuant to such agreements. You must maintain your Accounts in good standing with City State Bank of Palacios in order to perform transactions through those Accounts under the online banking service.

**3. Equipment Requirements.** The instructions that we give you for online banking with City State Bank of Palacios described minimum requirements for the equipment, including, but not limited to, your computer, modem, and software and the internet access through your internet access provider is your responsibility. We are not responsible for any computer virus or related problems that maybe associated with the use of the online banking service. **WE DISCLAIM ALL WARRANTIES REGARDING YOUR EQUIPMENT AND YOUR SOFTWARE, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.** Your software may include other functions and features (such as home budgeting and mortgage comparisons) which are not associated with the City State Bank of Palacios online banking service, and we are not responsible for them either.

**4. Use of Other Software.** We are not responsible for damages arising from the use or maintenance of financial software that we did not provide that you use to access or communicate with the online banking service with City State Bank of Palacios. You agree that we are not responsible for any failure or loss caused if such financial software or any of your personal hardware or software is not compatible with our system.

**5. Description of the services available through the City State Bank of Palacios on-line banking service.** Online banking with City State Bank of Palacios will allow you to perform some or all of the following functions on designated accounts.

- Obtain account balances and transaction information for your Accounts
- Transfer funds between your Accounts

These features of the online banking service are limited by and subject to the terms set forth below:

- (a) Your ability to transfer funds from your savings and money market accounts is limited by federal law, as stated in your Deposit Account Agreement. By law there may be a maximum of six transfers from these accounts per monthly statement cycle initiated on your computer, (or by means of telephone, or pre-authorized transfers), of which no more than three in the aggregate may be made by check or debit card (other than a withdrawal from an automated teller machine ("ATM")).
- (b) There may be a one (1) business day delay in transferring funds between designated accounts depending upon the day and time on which you request the transfer. Transfers are subject to funds availability.
- (c) No transfers may be made from any account that requires two or more signatures.
- (d) Balance and transaction information provided on any day may be current only as of the close of business on the preceding business day. Transactional information for your Accounts will be available from the online banking service for your current statement cycle.
- (e) Electronic mail (e-mail) sent by you may not be immediately received by us. See Section 10 if you need to contact us immediately for example, to report an unauthorized transaction from an Account. No action will be made on your e-mail request until we actually receive your message and have a reasonable opportunity to act.
- (f) You cannot stop a transfer between your Accounts after it has been initiated through the on-line banking service.
- (g) For security reasons, we may limit the frequency and dollar amount of transactions from your Accounts.

**6. Communications sent over the Internet are not necessarily secure from the public.**

Therefore, as part of the Banks security policy and procedure we ask that you do **not** include personal information such as account numbers or social security numbers in e-mail messages. Use of such personally identifiable information should be contained to the Online Banking page, which is a secure connection. You agree that we may take a reasonable time to act on any e-mail. You cannot use e-mail to transfer funds between accounts or to conduct transactions. Communications that require expeditious handling should be made by calling us at 361-972-2585 or 888-972-2500.

We may modify the online banking service at City State Bank of Palacios from time to time in accordance with applicable law. Additional services or accounts may become accessible through the online banking service in the future. As a service becomes available you will be provided with a description of the service or account, and any applicable fees, and will be given the opportunity to access each through the online banking service. Your use of these new services or accounts shall mean that you agree to any additional terms and conditions as well as payment of fees. Also, we reserve the right to delete or modify services or accounts from the online banking service.

**7. Security Codes.** Prior to your first use of the online banking service we will provide you with an Access ID and temporary Password that you will need to access the online banking service. You agree that as soon as possible you will access online banking with City State Bank of Palacios and select a new password. You agree to keep the Access ID and Password

confidential to prevent unauthorized access to your Accounts and to prevent unauthorized use of the City State Bank of Palacios online banking service. Your Access ID and Password may be revoked or canceled at any time without giving you prior notice to assist us in maintaining the security of your Accounts. The Access ID and Password are used to identify you as an authorized user of the online banking service. You therefore agree to notify us immediately if the secrecy of your Access ID or Password are compromised and you also agree not to reveal your Access ID or Password to any person not authorized by you to use the online banking service. The security of your Accounts depends upon you maintaining the secrecy of your Access ID and Password. If you believe that the secrecy of your Access ID and/or Password has been compromised you should call us AT ONCE at the number in Section 10, and you should change your Password in accordance with the instructions we provide you.

We recommend that you change your Password often and that you secure your software and computer. If you forget your Access ID or Password you must contact us to have a new Access ID or Password issued to you. It may take several days before you receive this new Access ID or Password. You agree to retain you Access ID and Password in a secure location separate from your computer.

**8. Periodic Statements.** Your periodic statements for your Accounts will include any transfers you authorized using the online banking service at City State Bank of Palacios, as well as your other account activity.

**9. Business Days and Hours of Operations.** For the purposes of this Agreement, our business days include every day other than Saturday, Sunday, or one of the state or federal holidays. Online banking at City State Bank of Palacios can only make transfers on business days. You may use your computer to use the online banking service at City State Bank of Palacios 24 hours a day, seven days a week, except during any special maintenance periods to obtain balance and transaction information and send e-mails to us.

**10. Your Liability.** You are responsible for all transfers you authorize using the online banking service. If you permit other persons to use the online banking service or your Access ID and Password, you are responsible for any transactions they authorize from your Accounts.

Tell us AT ONCE if you believe your Access ID and/or Password has been lost or stolen. Telephoning, as provided in Section 10, is the best way of keeping your possible losses down. You could lose all the money in your deposit or savings Accounts. If you tell us within two (2) business days, you can lose no more that \$50 from each deposit Account if someone used your Access ID and Password to access your deposit Account without your permission.

If you do NOT tell us within two (2) business days after you learn of the loss or theft of your Access ID and/or Password, and we can prove we could have stopped someone from using your Access ID and/or Password without your permission if you had told us, you could lose as much as \$500 from each deposit Account.

Also, if your statement shows transfers from a deposit Account that you did not make, tell us at once. If you do not tell us with in 60 days after the statement was mailed to you, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

Contact in Event of Lost or Stolen Access ID and/or Password or Unauthorized Transactions. If you believe that your Access Id and/or Password has been lost or stolen or that someone transferred or may transfer money from your account without your permission, contact us immediately.

Telephone us at:           361-972-2585  
                                  888-972-2500

Or write us at:                   City State Bank of Palacios  
  459 Main Street  
  Palacios, TX 77465

**11. Our Liability.** We will be responsible for your actual losses if they were directly caused by our failure to complete a transfer to or from your Accounts on time or in the correct amount according to our agreements with you. However, there are some exceptions. We will not be liable, for instance:

- a. If, through no fault of ours, you do not have enough money in your Account to complete a transaction from that Account, or if withdrawals from any of your Accounts have been prohibited by a court order such as a garnishment or other legal process, or if that Account has been closed.
- b. If you have not properly followed the City State Bank online banking instructions on how to make a transfer or if your computer or software fails or malfunctions.
- c. If you have not given us complete and correct instructions so that we can make a transfer.
- d. If we have reason to believe that a transaction has not been properly authenticated or is fraudulent.
- e. If the Bank's online service was not working properly and you knew or should have known about the breakdown when you attempted to authorize a transfer.
- f. If circumstances beyond our control prevent the making of a transfer, despite reasonable precautions that we have taken. Such circumstances include delays or losses, equipment failure or breakdown, acts of God, or other conditions beyond our control such as strikes, insurrection, war, and fire, lack of energy, government acts, and regulation.
- g. For other exceptions to our liability as stated in the Electronic Fund Transfer Agreement.
- h. City State Bank of Palacios's sole responsibility for an error in a transfer will be to correct the error, but in no case shall the bank be liable for any indirect, incidental, special or consequential damages, except to the extent such limitation of liability is not permitted by law.

**12. Error Resolution.** In case of errors or questions about your City State Bank of Palacios online banking transactions, contact us immediately.

Telephone us at:                   361-972-2585  
  888-972-2500

Or write us at:                   City State Bank of Palacios  
  459 Main Street  
  Palacios, TX 77465

If you think your statement is wrong or if you need more information about a transaction listed on the statement, we must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared. You must:

- Tell us your name and Account Numbers(s)

- Describe the error or the transfer you are unsure about and explain as clearly as you can why you believe it is an error or why you need more information
- Tell us the dollar amount of the suspected error

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.

**13. Deposit Accounts.** We will tell you the results of our investigation within ten (10) business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will re-credit your deposit Account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not re-credit your deposit Account. For errors involving new accounts, we may take up to ninety (90) days to investigate your complaint or questions, and we may take up to twenty (20) days to re-credit your Account for the amount you think is in error. We will tell you the results within three (3) business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

**14. Charges for online banking at City State Bank of Palacios.** A schedule of charges for the use of online banking at City State Bank of Palacios has been provided to you, this schedule may be amended from time to time to change or add fees. You authorize us to deduct all applicable online banking fees from any Account you have with us. In addition to the schedule of charges, the service charges and fees provided for the Deposit and Credit Agreements will continue to apply.

**15. Disclosure of Account Information to Others.** We will disclose information to third parties about you, your Accounts or the transfers you make under the following circumstances:

- a. We have entered into an agreement to have another party assist us in providing City State Bank of Palacios's online banking service. In order to carry out your instructions we will provide this party with, or it will receive from you, information about your designated Accounts, your online banking at City State Bank of Palacios transactions and your e-mail messages;
- b. Where it is necessary for completing transfers;
- c. In order to verify the existence and condition of your Accounts for a third party, such as a payee or holder of a check or credit bureau;
- d. To collect any debt that you may owe to us;
- e. We may collect customer Account data for the purpose of learning about aggregate customer usage patterns, customer telephone inquires, and the effectiveness of online banking at City State Bank of Palacios, but shall not disclose individual identifiable information except as provided in this Section;
- f. In order to comply with laws, government agency rules or orders, court orders, subpoenas or other legal processes in order to give information to any government agency or official having legal authority to request such information; or
- g. If you give us your written permission.*
- h. For any of the reasons listed in our Electronic Fund Transfer Agreement.

**16. Data Recording.** The information and e-mail messages you enter through online banking at City State Bank of Palacios may be recorded. By using online banking at City State Bank of Palacios, you consent to such recording.

**17. Amendment of this Agreement.** We may at any time (subject to legal restrictions) amend this Agreement. We will notify you of any amendment to this Agreement prior to the effective date of the amendment. Online banking at City State Bank of Palacios and your Accounts will be governed by the Agreement as amended.

**18. Assignment.** We may assign our rights and delegate our duties under this Agreement to any other party.

**19. Termination.** This Agreement and your ability to use any or all online banking services at City State Bank of Palacios may be terminated at any time by us for any reason. We will try to notify you in advance, but we are not obligated to do so. You may terminate this Agreement by giving notice of the termination to us ten (10) days prior to the termination date. If you terminate online banking at City State of Palacios, you authorize us to continue making transfers you have previously authorized until such time as we have had a reasonable opportunity to act upon your termination notice. Once we have acted upon your termination notice, we will make no further transfers from your Accounts.

**20. Severability.** If any provision of this Agreement is held invalid, illegal, void or unenforceable by any rule or law, administrative order or, judicial decision, all these provisions of the Agreement shall remain in full force.

**21. Governing Law.** This agreement is governed by and shall be construed in accordance with the laws of the State of Texas and applicable federal laws.

**City State Bank of Palacios  
459 Main Street  
Palacios, TX 77465**

**Online Banking Application**

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**Online Banking**

Yes, I (We) would like to sign up for Online Banking Service and I (We) have reviewed the City State Bank of Palacios Customer Agreement and Disclosure and agree to its terms and conditions.

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**ACCOUNT HOLDER**

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<hr/> Customer Name	<hr/> Home Phone	<hr/> Work Phone	<hr/> SSN/TIN
<hr/> Street Address	<hr/> City	<hr/> State	<hr/> Zip Code
<hr/> E-mail Address	<hr/> Mother's Maiden Name		

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**JOINT ACCOUNT HOLDER**

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<hr/> Customer Name	<hr/> Home Phone	<hr/> Work Phone	<hr/> SSN/TIN
<hr/> Street Address	<hr/> City	<hr/> State	<hr/> Zip Code
<hr/> E-mail Address	<hr/> Mother's Maiden Name		

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**ACCOUNT INFORMATION**

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Checking Account No. \_\_\_\_\_ Other Account No. \_\_\_\_\_  
Savings Account No. \_\_\_\_\_ Other Account No. \_\_\_\_\_  
Bill Pay Account No. \_\_\_\_\_ Other Account No. \_\_\_\_\_

By signing this application, the undersigned agree to abide by the terms of the Truth In Savings, Electronic Transfers, and Online Customer Agreement and Disclosure  
All of the owners of each account listed must sign this application and it must be presented to a City State Bank of Palacios New Account Representative for consideration.

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Applicant's Signature	Date	Co-applicant's Signature	Date
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