

HORATIO STATE BANK  
ONLINE BANKING AGREEMENT AND DISCLOSURE  
(Including disclosures under the Electronic Funds Transfer Act and implementing regulations)

ONLINE BANKING AGREEMENT AND DISCLOSURE

This Online Banking Agreement and Disclosure ("Agreement") describes your rights and obligations as a user of the Online Banking Service or the Bill Payment Service ("Services"). It also describes the rights and obligations of Horatio State Bank. Please read this Agreement carefully. By requesting and using one of these Services, you agree to comply with the terms and conditions of this Agreement.

**I. Definitions**

The following definitions apply in this Agreement:

1. "Authorized Representative" refers to a person with authority (with respect to the account);
2. "Bill Payment" is the online service that enables the scheduling of bill payments using a personal computer.
3. "ISP" refers to your Internet Service Provider.
4. "Online Banking" is the Internet-based service providing access to your Bank account(s);
5. "Online Account" means the Bank account from which you will be conducting transactions using a Service;
6. "Password " is the customer-generated code selected by you for use during the initial sign-on, or the codes you select after the initial sign-on, that establishes your connection to the Service;
7. "PC" means your personal computer which enables you, with the internet browser and ISP, to access your Online Account;
8. "Time of day" references are Central Standard Time;
9. "User Name" is the customer-generated identification code you defined during your initial login to the Service. When you register, the User Name will be the taxpayer identification number of the person or business registering (the social security number if registration is for a natural person) and the password the last 4 digits of the taxpayer identification number. **You will be required to change the User Name and password at the initial login to Online Banking access.**
10. "We", "Us", "Bank" or "HSB" refer to Horatio State Bank, which offers the Services and which holds the accounts accessed by the Services;
11. "You" or "Your" refers to the owner of the account or the authorized representative.
12. "CBP" refers to Cavion Bill Pay & Presentment the bill pay service associated with HSB's Online Banking.

**II. Access to Services**

The Bank will provide instructions on how to use the Online Banking and Bill Payment Services. You will gain access to your Online Accounts through the use of your Internet-enabled device, your ISP, your password and your user name. You may access your Online Account 24 hours a day, seven (7) days a week. However, availability of the Services may be suspended for brief periods of time for purposes of maintenance, updating and revising the software. Also, the Services may be suspended if you do not log on during any period of 180 consecutive days. If that happens you may reactivate your registration by contacting Horatio State Bank by phone at (870) 832-2501.

For purposes of transactions, Bank's business days are Monday through Friday, excluding holidays and weekends. All Online Banking transaction requests received after 2:00 PM on business days and all transactions which are requested on Saturdays, Sundays, or holidays on which the Bank chooses to remain closed, will be processed on the Bank's next business day. The Bank's business day begins at 8:00 AM.

### III. Banking Transactions with Online Banking

- A. Account Access: You may access all of your accounts online. If you enroll with multiple checking accounts, one of them must be selected as your primary checking account. Bill Payment funds can only be paid out of your primary checking account. Once you have selected your primary account, you may select additional accounts including other checking, savings, certificates of deposit or loan accounts. You will have the ability to select the accounts that are viewable online. HSB reserves the right to deny access to a deposit account or loan account or to deny transactions under certain circumstances.
- B. Transfer of Funds: In addition to viewing account information, you may use Online Banking to conduct the transfer of funds. You may make one-time transfers or schedule future or recurring transfers such as transfers to make loan payments. You may transfer funds among your checking accounts and savings accounts. NOTE: As disclosed when you opened your Horatio State Bank savings account, you may make only six transfers/withdrawals per calendar month (not including those made by mail, in person, by telephone, or to repay loans with us). These limits apply generally. They are not limited to Online Banking arrangements.
- C. Additional Services: New services may be introduced for Online Banking from time to time. The Bank will notify you of the existence of these new services. By using these services when they become available, you agree to be bound by the rules that will be made available to you concerning these services.

### IV. Schedule of Fees

The Bank offers the benefits and convenience of the Online Banking and Bill Payment Service to you free of charge. Cavion Bill Pay & Presentment fee for a stop payment is \$20.00 and any NSF is \$20.00. The fee will be deducted automatically from your Bill Payment account by Cavion.

### V. Passwords

In order for you to have access to Online Banking, you must designate a Password and User ID. Your password must consist of nine (9) characters. Password must include one (1) alpha, one (1) numeric and one (1) special character. Examples of special characters are: @ \* ! \$ & +. The passwords are case sensitive. It is recommended that you change your password periodically to enhance security.

### VI. Use of your Security Password

You are responsible for keeping your password and Online Account information confidential. In order to protect yourself against fraud, you should adhere to the following guidelines:

- Do not give out your account information, password or user name;
- Do not leave your PC unattended while you are in the Bank's Online Banking Site;
- Never leave your account information within range of others;
- Do not send privileged account information (account number, user name, password, etc.) in any public or general email;
- We strongly suggest that you choose a user name that cannot be discovered by an unauthorized person. For example, using your date of birth as your user name or combination thereof is not advised.
- Do not write your user name and/or password where it may be discovered by an unauthorized person. For example, on something you carry with you such as your billfold and/or wallet or purse.
- Do not share your user name and password with other signers on your account, as this will allow them to access other accounts that you may have at Horatio State Bank that they are not authorized to access. They will need to apply for their own user name and password.

## VII. Security Procedures

By accessing Online Banking, you hereby acknowledge that you will be entering a protected web site owned by the Bank, which may be used only for authorized purposes. The Bank may monitor and audit usage of the Online Banking, and all persons are hereby notified that use of the Online Banking constitutes consent to such monitoring and auditing. Unauthorized attempts to up-load information and/or change information on the web site are strictly prohibited and are subject to prosecution under the Computer Fraud and Abuse Act of 1986.

If you believe your password has been lost or stolen, please use the password change feature within the Online Banking section of the Web Site to change your password. If you suspect any fraudulent activity on your account, call the Bank immediately at (870) 832-2501 between the hours of 8:00 AM to 3:00 PM Monday through Thursday and 8:00 AM to 5:00 PM on Fridays.

## VIII. Electronic Mail

Email transmissions are not secure. We advise you not to send us or ask for sensitive information such as account numbers, passwords, account information, etc. via any general or public email system.

## IX. Bill Payment Services

Description of Service: The Bill Payment Service permits you to use your Internet-enabled device to direct payments from your designated Online Bill Payment Account to third parties you wish to pay. Your Bill Payment Account must be a primary checking account. Through the Bill Payment Service, you can pay bills from your Bill Payment Account to businesses or individuals.

All payments you make will be deducted from the checking account that you designate as your Bill Payment Account for the Bill Payment Service. Any payments you wish to make through Online Banking must be payable in U.S. dollars to a payee located in the continental United States. We reserve the right to restrict types of payees to whom payments are made using the Online Banking from time to time. You should not use the Bill Payment Service to make payments to settle securities purchases, payments to interest bearing account, tax payments, or court ordered payments. Payments for these payees will be your sole responsibility if delayed or improperly processed or credited.

- A. Scheduling Payments: Funds must be available in your Bill Payment Account on the scheduled payment date. If the date you schedule a payment to be initiated falls on a non-business day (Saturday, Sunday or holiday), funds must be available in your Bill Payment Account the following business day (e.g. Monday). After funds are withdrawn from your Bill Payment Account to make a payment, we may make the payment either by transferring funds electronically to the payee or by mailing the payee a check.

You may choose to schedule payments to recur in the same amount at regular weekly, monthly or semi-monthly intervals. When you create a new payee in the Bill Payment Service, it takes two (2) business days to set up the payee to receive payments. You should schedule a payment to a new payee at least ten (10) days before any payment due date to allow us time to set up the payee and verify information about your account with the payee.

For all subsequent payments, you agree to allow at least four (4) to ten (10) business days between the date you schedule a payment to be initiated and the payment due date (that is, the due date shown on your invoice or provided in your agreement with the payee, not taking into account any applicable grace period). If the payment is an Automated Clearing House (ACH) electronic payment, it will take up to four (4) business days to reach the

payee. However, if the company or person that you are paying cannot accept an electronic payment, the Bill Payment Service will send a check that may take up to ten (10) business days. If you do not follow these time frames, you will be fully responsible for all late fees, finance charges or other actions taken by the payee. If you schedule your payment and follow all instructions provided, but the payment is not received by the payee in a timely manner, the Bank will work with the payee on your behalf to reverse any late fees or charges.

**Payment Limitation:** The Bill Payment Service has a dollar limit amount per payee per day; you may only pay a payee up to \$9,999.99 per day.

- B. No Duty to Monitor Payments: The Bank is only responsible for exercising ordinary care in processing and sending payments upon your authorization in accordance with this agreement. The Bank will not be liable in any way for damages you incur for any of the following reasons:
- Insufficient funds in your Bill Payment Account to make the payment on the processing date
  - Delays in mail delivery
  - Changes to the payee's address or account number unless we've been advised of the change in advance
  - The failure of any payee to correctly account for or credit the payment in a timely manner, or
  - Any other circumstances beyond the control of the Bank

If you schedule a payment or transfer and your request is received on or before 2:00 PM on any business day, the Bank will be considered to have received your request on that day. Otherwise, it will be considered received on the following business day. For all entries made using the Service, the time recorded by the Online Banking Service will be considered the official time of the transaction.

If your Bill Payment Account does not have sufficient funds to make a payment as of the date the payment is debited to your account, the Bill Payment Service will automatically block future attempts to make that payment until the account has sufficient funds to make the payment. The Bank will attempt to notify you by U.S. Postal mail, but the Bank shall have no obligation or liability if it does not complete a payment because there are insufficient funds in your account to process a payment. In all cases, you are responsible for rescheduling the payment through the Service. In the case of fixed payments, only the payment currently scheduled will be impacted. Fixed payments scheduled for future dates will not be affected.

- C. Cancel, Stop Payment or Change Payment Instructions: Payments must be changed or canceled using the Online Banking Service on or before 10:00 PM on the business day the transaction is scheduled to be initiated. A stop payment may be initiated by the bill pay processor, the Bank, or the customer. Unless you tell the Bank the stop payment will only apply to one payment, all like future payments to that payee will cease until you have reactivated the payments. To report an unauthorized transaction on one of your accounts or if you need to stop a payment, call or come by the Bank. If the payment is scheduled through Bill Pay, only you can access that information through the Service in Online Banking. Stop payments within the Bill Payment Service can only be placed on payments made by paper check, not electronic payments. The bill pay processor will assess a fee of \$20.00 for the stop payment that will automatically be deducted from the customer bill pay account.
- D. Stale Dated Check: When a paper check is issued for a bill payment and has not cleared after 90 days the bill payment processor automatically issues a stop payment for the outstanding check. No fee will be charged for the stop payment, and a credit will be generated to the customer's bill pay account in the amount of the bill payment.

- E. No Signature Required: When any payment or other online Service generates items to be charged to your account, you agree that we may debit your bill payment account without requiring your signature on the item and without prior notice to you.

## X. **Linked Accounts**

All accounts with the Bank that you enroll in a service will be linked by the tax identification numbers of the persons authorized to access the account. The linked accounts will appear together without regard to the ownership of the accounts. For example, if an authorized user of a linked account accesses Online Banking, that authorized user will be able to view and access at a single time the following accounts:

- the accounts of the business for which that person is an authorized user;
- the accounts of any other business for which that person is an authorized user;
- any consumer accounts for which the person is a co-owner or authorized signer

## XI. **Business Accounts**

If you are a business, any authorized user of your business is authorized on such terms, conditions, and agreements as we may require to:

- Enter into this Agreement, as amended from time to time;
- Access each account of yours in any manner and for any purpose available through the Service, whether now available or available at some time in the future;
- Use any Online Banking Service in any manner and for any purpose available through the Service, whether now available or available at some time in the future.

## XII. **Terms and Conditions**

- A. Term: This Agreement will become effective at your initial log-on to our Online Banking site and shall remain in full force and effect until termination in accordance with the following provisions.
- B. Termination for Cause: We may immediately terminate your electronic banking privileges (including the Bill Payment Service) without notice to you under the following circumstances.
- You do not pay any fee required by this Agreement when due or
  - You do not comply with the agreement governing your deposit or loan accounts or your accounts are not maintained in good standing

We will notify you promptly if we terminate this Agreement or your use of the Online Banking Service for any other reason.

- C. Termination for Convenience: To terminate this Agreement, you must notify the Bank and provide your name, address, the Service(s) you are discontinuing, and the termination date of the Service(s). When Bill Payment is terminated, any prescheduled bill payments made through Online Banking will also be terminated. You may notify the Bank by one of the following methods:
- By calling (870) 832-2501
  - By writing a letter and either sending it to the following address: Horatio State Bank, PO Box 347, Horatio, Arkansas 71842 or giving it to a Customer Service Representative at the Bank's location.

We may convert your account to inactive status if you do not have any transaction scheduled through the Online Bill Pay Service during any consecutive 180 day period. If your account is considered inactive, you must contact us to have the Bill Pay Service activated before you will be able to schedule any transactions through Bill Pay.

- D. Suspension of Service: After enrollment, if there is no activity within your Internet Banking Service for 180 days, the Service will be deactivated until a request is received from you to reactivate the Service.
- E. Authorization to Obtain Information: You agree that we may obtain and review your credit report from a credit bureau or similar entity. You also agree that we may obtain information regarding your Payee Accounts in order to facilitate proper handling and crediting of your payments.

### XIII. Electronic Fund Transfer (EFT) Provisions for Customers

(Note: other EFT provisions are found at the beginning of this document, as well as in Bank's "RULES GOVERNING THE USE OF ELECTRONIC FUND TRANSFERS" which is provided at account opening.)

- A. Applicability: These provisions are only applicable to online electronic fund transfers (EFTs) which credit or debit a consumer's checking, savings or other asset account and are subject to the Federal Reserve Board's Regulation E. When applicable, the Bank may rely on any exceptions to these provisions which are contained in Regulation E. All terms that are not defined in this Agreement but which are defined in Regulation E shall have the same meaning when used in this section.
- B. Your Liability: The following determines your liability for any unauthorized EFT or any series of related unauthorized EFTs: Tell us at once if you believe that your password has been lost or stolen or that someone has withdrawn or transferred funds from your account without your permission or may do so in the future. Call us at (870) 832-2501 or come by the Bank. If your password has been lost or stolen, telephoning is the best way to inform us of this and to minimize your possible losses. You could lose all of the money in your account. If someone has used your password without your authorization and you tell us within two (2) business days after you learn of the loss or theft, you can lose no more than \$50.00. If you do NOT tell us within two (2) business days after learning of the loss or theft of your password and we can prove that unauthorized use could have been prevented if you had told us, you could lose as much as \$500.00. You should also inform us immediately if your statement shows transactions that you did not make. If you do not tell us within sixty (60) days after the statement is mailed to you, you may not be reimbursed for lost funds if we can prove that unauthorized transaction could have been prevented if you had told us in time. If a good reason (such as a long trip or a hospital stay) prevented you from telling us, the time period may be extended.
- C. Errors and Questions: In cases of errors or questions about your electronic transactions or if you need more information about a transaction listed on the statement or receipt, call the Bank at (870) 832-2501 as soon as possible.

We must hear from you no later than sixty (60) days after we sent you the FIRST statement on which the problem or error appeared. You will need to:

- Tell us your name and account number;
- Describe the error or the transaction you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and
- Tell us the dollar amount of the suspected error.

If you tell us verbally, we may require you to send us your complaint or question in writing within ten (10) business days following the date you notified us. We will determine whether an error occurred 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 forty-five (45) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not credit your account. If we determine there was no error, we will reverse the previously credited amount, if any, and we will send you a written explanation within three (3) business days after we finish our investigation. You may ask for copies of the documents we used in our investigation.

#### XIV. Liability

- A. Our Liability: This section explains our liability to you only to the extent that any other agreements, notices or disclosures have not separately disclosed our liability. In no event shall we be liable to you for failure to provide access to your Online Banking or Bill Payment Services accounts. Unless otherwise required by applicable law, we are only responsible for performing the Online Banking and Bill Payment Services as delineated in this Agreement. Applicable law does make us liable if we do not promptly complete an electronic transaction to or from your account according to any agreement with you, in which case we will be liable for your losses or damages. We will be liable for the amount of any material losses or damages incurred by you and resulting directly from our gross negligence.

We will not be liable to you in the following instances:

- If through no fault of the Bank, you do not have enough money in your account to make the transfer.
- If circumstances beyond our control (such as fire, flood, power outage, equipment or technical failure or breakdown) prevent the transfer despite reasonable precautions that we have taken.
- If there is a hold on your account, or if access to your account is blocked in accordance with banking policy.
- If your funds are subject to a legal proceeding or other encumbrance restricting the transfer.
- If you do not allow an adequate number of days between the date of the transaction and the date the payment is due.
- If the Bill Payment check is lost or otherwise mishandled by the postal service.
- If your transfer authorization terminates by operation of law.
- If you believe someone has accessed your accounts without your permission and you fail to notify the Bank immediately.
- If you have not properly followed the instructions on how to make a transfer included in this Agreement.
- If we have received incomplete or inaccurate information from you or a third party involving the account or transfer.
- If we have a reasonable basis for believing that unauthorized use of your password or account has occurred or may be occurring or if you default under this Agreement, the deposit account agreement, a credit agreement, or any other agreement with us, or if we or you terminate this Agreement.

IN NO EVENT SHALL WE HAVE ANY LIABILITY TO YOU OR ANY THIRD PARTY FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF THIS AGREEMENT.

- B. Indemnification: You agree to indemnify, defend and hold us, our affiliate companies, directors, officers, employees and agents harmless against any third party claim, demand, suit, action or other proceeding and any expenses relating to an Online Banking or Bill Payment account.

- C. Third Parties: We are not liable for any loss or liability resulting from any failure of your equipment or software, or that of an internet browser provider such as Netscape (Netscape Navigator browser) or Microsoft (Microsoft Explorer browser), by an internet access provider, or by an online service provider, nor will we be liable for any direct, indirect, special or consequential damages resulting from your access to or failure to access an Online Banking or Bill Payment account.
- D. Virus Protection: The Bank is not responsible for any electronic virus or viruses that you may encounter. We suggest that you routinely scan your PC using a virus protection product. An undetected virus may corrupt and destroy your programs, files and your hardware.
- E. Equipment: You are solely responsible for the equipment (including your personal computer and software) you use to access the Services. We are not responsible for errors or delays on your inability to access the Services caused by your equipment. We are not responsible for the cost of upgrading your equipment to stay current with the Services nor are we responsible, under any circumstances, for any damage to your equipment or the data resident thereon.

## **XV. General Terms and Conditions**

- A. Bank Agreements: In addition to this Agreement, you and the Bank agree to be bound by and comply with the requirements of the agreement applicable to each of your Online Accounts. Your use of the Online Banking Service or the Bill Payment Service is your acknowledgement that you have received these agreements and intend to be bound by them. You should review other disclosures including the charges that may be imposed for electronic funds transfers or the right to make transfers listed in the fee schedules accompanying those disclosures and the fee schedule contained in this Agreement. We will automatically deduct the fees related to this Service from your Bill Payment Account each month.
- B. Changes and Modifications: The Bank may modify the terms and conditions applicable to the Services from time to time. We may notify you via the HSB Website or by mail with any changes or modifications. The revised terms and conditions shall be effective at the earliest date allowed by law. We reserve the right to terminate this Agreement and your use of the Services in whole or in part at any time without prior notice.
- C. Assignment: We may assign this Agreement to an affiliate of the Bank or any successor in interest in the event of a merger, reorganization, change of control, acquisition or sale of all or substantially all assets of the business to which this Agreement is related without the other party's prior written consent.
- D. Notices: Unless otherwise required by applicable law, any notice or written communication given pursuant to this Agreement may be sent to you by mail.
- E. Disclosure of Information: We will only disclose information to third parties about your account or transfers you make under the following circumstances:
- Where it is necessary to provide our Online Banking Service and for completing transfers;
  - In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant;
  - In order to comply with government or court orders, or other reporting requirements;
  - If you give us permission;
- F. Governing Law: This Agreement is governed by the laws of the State of Arkansas and applicable federal law.