

INTERNET BANKING AGREEMENT AND DISCLOSURE AGREEMENT

This Internet Banking Agreement & Disclosure governs your use of Internet Banking. Throughout this Web site the Agreement and Disclosure will be referred to as "Agreement". On June 30, 2000, Congress enacted the Electronic Signatures in Global and National Commerce Act (E-Sign Act) to ensure the legality of electronic contracts. Before obtaining products or services electronically through Shelby State Bank please read this agreement carefully and keep a copy for your records. Your consent to this agreement covers all of your transactions relating to the products and services that you agree to obtain. Those products and services include but are not limited to all types of electronic data and other non-electronic data products or services. By using Internet Banking, you agree to all the rules, regulations and conditions of Shelby State Bank and the terms and conditions of this Agreement.

This agreement states the terms and conditions that apply when you use the Shelby State Bank, (herein referred to as "Bank") Internet Banking service. These terms and conditions are in addition to those that apply to any accounts you have with us or any other services you obtain from us. You must also follow all of our instructions and procedures applicable to the services covered by this agreement. "You", "I" and "your" mean each person who establishes an Internet Banking Customer Account with us or who uses or is authorized to use an Internet Banking Access ID and "Password" or other means of access we establish or approve. The term "Internet Banking" means our Personal Online Banking and Bill Payment services that you access over the Internet, by use of a personal computer, modem and/or other means we authorize or allow.

INTERNET BANKING FEATURES

Shelby State Bank Internet Banking service provides you the following features:

- Instant Enrollment
- Secure Login
- Real-time Account Balances and Information
- Express Transfer
- Schedule Transfer
- Change security data
- View and print front and back of check images (current and immediate previous statement cycles)

SYSTEM AND SOFTWARE REQUIREMENTS

The customer is responsible for the purchase, installation, maintenance, upgrades, security of the software, security of the hardware, and Access IDs and Passwords to the Internet Banking. Customer agrees to use a reputable antivirus and anti-spyware software program on their computer and update such antivirus and anti-spyware software on a regular basis. The bank is not responsible for any errors or issues that arise from the malfunction or failure of either the hardware or software.

To print the Internet Banking Agreement and/or account information you must have access to a printer. In order for you to access and retain records in connection with Internet Banking and Bill Pay services, you must have a computer with access to the internet that meets the following requirements:

SUPPORTED BROWSERS

This list refers to production versions of publicly released browsers that are compatible with Shelby State Bank's Internet Banking system. You must meet the operating system and hardware requirements stated by the developers of each supported browser. Browsers are tested and

qualified with Internet Banking, not the operating system or hardware platforms they run on. The versions listed below are the minimum required, but it is recommended that you update to the latest versions. Click on the link below for the supported browser list.

<https://www.shelbybank.com/disclosures/>

UNSUPPORTED BROWSERS

Any browser that is not listed in the Supported Browser list is unsupported. That does not mean that it will not work with Shelby State Bank's Internet Banking, just that it is not specifically tested to ensure that it fully functions with Internet Banking.

INTERNET ACCOUNT OWNER INFORMATION

You may request access to any account that you are a signer or owner. If you desire services that allow you to initiate payments or transfers from the account, you will need the required withdrawal authority over the account to be able to complete the transaction. By using the service, you agree to maintain one or more accounts with us and to keep sufficient balances in any account to cover any transaction and fees that are ultimately approved by or related to the system. If the accounts added to the service are jointly held or have multiple signers, you agree that access to the information and all transactions initiated by the use of your Access Code and Passcode are authorized unless we have been notified to cancel the service.

INTERNET BANKING ID AND PASSWORD

To access our Internet Banking service, you must use an Access ID together with a Password. It is your responsibility to safeguard your Access ID and Password. Anyone to whom you give your Access ID and Password will have **FULL** access to your accounts, including the ability to view your transactions, check images, and move funds out of your account, even if you attempt to limit that person's authority. You will be responsible for all usage and any fees associated with the use of other services accessed through online banking.

CANCELLATION OF INTERNET BANKING

Shelby State Bank may cancel your Internet Banking at any time in whole or part without prior notice due to insufficient funds in one of your accounts or other circumstances that may create an unanticipated liability to us. You will remain responsible for all transactions approved by the system prior to the cancellation, and for any other fees associated with the service. After cancellation, service may be reinstated once sufficient funds are available in your accounts to cover any fees and other pending transfers or debits. In order to reinstate services, you must call your local branch of Shelby State Bank.

INTERNET SECURITY

The Bank will **NEVER** contact you to ask for your Access ID or Password. If you are approached by anyone to provide your Access ID and Password, **DO NOT PROVIDE THIS INFORMATION**. Contact your local branch of Shelby State Bank immediately, as you could be the victim of attempted fraud or identity theft.

At Shelby State Bank, we understand the importance of the responsibility that our customers have entrusted to us. Shelby State Bank is proud of the sophisticated level of data security and privacy supplied to its Internet Banking clients and their accountholders. Data security is provided on multiple levels: by firewall, network monitoring, application-level security and company policy.

LAYERED AUTHENTICATION

This security feature is designed to protect the privacy and security of your personal information. The display of the authentication image and pass phrase verifies you are at our Web Site, not a fraudulent look-alike site. The challenge questions/answers are used to identify you and prevent unauthorized access to your information. Registering the computer(s) you normally use to access your information provides additional security to verify your identity.

The image or picture is defaulted and cannot be changed during the establishment of Layered Authentication. Once you have completed the authentication process, you may select another image from the Change Security Data on the Internet Banking Options button.

- The email address appears as stored in Internet Banking. If this area is blank, enter your valid contact email address and confirm it. If the email address displayed is invalid, it can be corrected after completing the Layered enrollment and you have access to your accounts. To correct your email address, select "Change E-mail Address" from the Options button and complete the required information.
- Enter an Authentication Pass Phrase you will recognize during future logins, up to 100 characters.
- Select each Challenge Question and provide your answer, up to 83 characters. The Challenge Questions may be used to authenticate the user when accessing Internet Banking from a non-registered computer.
- Select an option to register the computer you are currently using. The first option, "This is a Personal Computer, Register it.", is selected for the computer used most often to access your accounts via Internet Banking. You may register more than one computer. The second option, "This is a Public Computer. Do Not Register it.", is selected when you are accessing your accounts from a computer used for a one-time access, such as from an Internet café or library.

FIREWALL

A firewall serves as a security gate between the Internet and our network that inspects data passing through it, and denies or permits passage based on a set of rules. By intercepting the data first, the firewall ensures that only data permitted by our rule set may be passed beyond the public internet to our secure web commerce server, and ultimately to the Internet Banking application.

ELECTRONIC MAIL (E-mail)

One way we may communicate with you is through e-mail, by sending us an e-mail or otherwise providing us with an e-mail address. We may respond to your request by e-mail, but we will never send you an e-mail to ask confidential information about your account. Furthermore, you **cannot** use an e-mail message to conduct transactions on your accounts.

CHANGE OF EMAIL ADDRESS

You must notify us about any change in your e-mail address. You may do so by calling your local branch of Shelby State Bank or by writing to us at:

Shelby State Bank - Internet Banking
P.O. Box 126
Shelby, MI 49455

Or you can change your email address through the Internet Banking by clicking on "Options" on your Internet Banking menu.

REPURCHASE ACCOUNTS

If you use Internet Banking in connection with a Repurchase Agreement, please read the information below. While you can access your Repurchase Account using Internet Banking, there are some differences between a Repurchase Account and a regular demand deposit account. With a Repurchase Account, the balances in the "checking" portion are held in a FDIC account or swept to/from the Repurchase Account which is collateralized by securities. Funds held in the Repurchase Account are not FDIC insured, may lose value, and have no bank guarantee.

The interest rate paid on the Repurchase Account is set by Shelby State Bank. This rate is a variable rate and changes every Tuesday. If a holiday falls on a Monday, the rate change is effective on Wednesday. The signed Repurchase Agreement explains the interest rate paid in detail. The FDIC insured checking account and the Repurchase funds are accessible through Internet Banking. When a deposit/withdrawal occurs, it will first be credited/debited in the checking account, and any shortage or excess of funds will be transferred to/from the Repurchase Account. The fee schedule referenced in this Agreement is superseded by the Repurchase Agreement provided to you. Repurchase Agreement customers receive a monthly statement summarizing all activity in the account and also receive a monthly statement for the checking account. All inquiries from the Repurchase Account customers should be directed to:

Shelby State Bank

Attn: Fred Wolford

P.O. Box 126

Shelby, MI 49455

Telephone: 231-861-6033

LIMITS ON INTERNET BANKING TRANSACTIONS

You may use Internet Banking to check the balance of your accounts and to transfer funds among your accounts. You must have available funds or available credit in any account from which you instruct us to make a payment or transfer. According to Federal regulations, you may not make more than six (6) pre-authorized or automatic transfers or bill payments from your Money Market Account, no more than six (6) pre-authorized transfers from a Savings Account during a given monthly statement period.

There are no limits to the number of transfers or bill payments from your Checking Accounts. Shelby State Bank currently limits the bill-payment service to Checking Accounts. Balances shown in your accounts may include deposits subject to verification by us. The balance may also differ from your records due to deposits in progress, outstanding checks or other withdrawals, payments or charges.

A transfer request may not result in immediate availability because of the time required to process the request. If you have further questions, contact our Bookkeeping Department.

The balances are updated each business day and the system will display the most current "as of" date on the "accounts" summary page. There may be situations that cause a delay in an update of your balances. The system will use the most current balance available at the time of a transaction to base our approval.

You also agree to the Terms & Conditions of Your Deposit Account that you received when you opened your deposit account and any subsequent amendments to that agreement.

YOUR LIABILITY AND INDEMNITY

You warrant that you will perform your obligations under this Agreement consistent with all applicable Bank rules and regulations and that all information that you provide us is accurate, timely, and has been authorized by you, and in the event that you breach any of the forgoing warranties, you agree to indemnify the Bank against any loss, liability, or expense. You agree to indemnify and hold the Bank harmless for any and all acts of any employees or persons who you grant access to or who gain access your Internet Banking account. You consent, by execution of this Agreement, to disclosure of your customer information to those that gain access to your accounts. Use of these Services is at your own risk. You are responsible for the installation, maintenance, and operation of

your computer and browser software, anti-virus software and personal computer firewall. The risk of error, failure, or nonperformance is your risk and includes the risk that you do not operate the computer software properly. We make no warranty to you regarding the computer software, including any warranty of merchantability or fitness for a particular purpose. We are not responsible for any errors or failures from any malfunction of your computer or the software. We are not responsible for any electronic virus or viruses that you may encounter. We are not responsible for any computer virus or related problems that may be associated with the use of the Services. We have no liability to you for any damage or any other loss directly or consequential, which you may suffer or incur by reason of your use of the computer or software. We encourage our customers to routinely scan their PC, and any removable drives and diskettes using a reliable anti-virus product to detect or remove any viruses. Undetected or un-repaired viruses may destroy your programs, files and even your hardware. Additionally, you may unintentionally transmit the virus to other computers. We also encourage our customers to purchase and employ a reliable firewall on your computer that will protect your computer from intrusion while you are connected to the Internet. You are solely responsible for the proper installation, configuration, and maintenance of any intrusion detection system you may employ.

BUSINESS DAYS

Our Internet Banking service is generally available 24 hours a day, 7 days a week. However, we only process transactions and update information on business days, which are Monday through Friday, excluding Federal Holidays or any holidays recognized by Shelby State Bank. Bill payments are processed on all business days that both the Federal Reserve Bank and the US Postal Service are operating and open for business

Business Day Cut-Off – The bank will process all transactions completed by 5:00 PM (Eastern Time) on that business date. All transactions completed after 5:00 PM (Eastern Time, including transfers, will be processed on the following business day.

There may be times when the system will be unavailable due to routine system maintenance. This is usually done on the weekend at midnight or later but can change due to special circumstances. If the system is unavailable for a prolonged period of time we will post a notice on our website stating the times the system is expected to be unavailable.

STATEMENTS

Statements are a valuable tool to help prevent fraudulent or mistaken transfers. Your statement will show transactions that occurred in connection with your account during the statement period. Your statement will provide sufficient information for you to reasonably identify the items paid (item number, amount, and date of payment). You should keep a record of each transaction as it is made so that when we give you the information in the statement, you will have a complete understanding of each transaction listed.

You have responsibilities in connection with your statement. You must examine your statement with "reasonable promptness." Also, if you discover, or reasonably should have discovered any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to do either of these duties, you must bear the loss entirely yourself. The loss you might bear, in whole or in part, could be not only with respect to items listed on the statement but also other items with unauthorized signatures or alteration by the same wrongdoer. Upon notification the Bank will open an investigation and notify you of the outcome.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but you will not, in any circumstances, have a total of more than 60 days from when we first send or make the statement available to you.

You further agree that if you fail to report any unauthorized signatures, alterations, or any other errors in your account within 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. This 60-day limitation is without regard to whether we exercised ordinary care. The limitation in this paragraph is in addition to those contained in the second paragraph of this section.

Contact us by calling 231-862-2123 if you do not receive your regular statement or to report any irregularities.

You agree we may provide you with all disclosures, notices and other communications about the Service and any future amendments, in electronic form. We will provide all future notices by posting them on the website. At your request, we will provide you with a paper copy of any of the documents posted electronically without any fee by calling us at 231-861-2123. The bank cannot guarantee the receipt of the notices.

FEES FOR THE INTERNET BANKING SERVICE

The Internet Banking service is available to our existing personal deposit account customers at no monthly charge for all the account information services and transfers. We reserve the right to change our fee schedule from time to time and your account will be charged in accordance with the new fee schedule after giving you proper notification.

UNAUTHORIZED TRANSACTIONS OR LOSS OR THEFT OF YOUR INTERNET BANKING ID OR PASSWORD

If you believe your Internet Banking ID or Password or other means of access have been lost or stolen or that someone has used them without your authorization, call your local branch of Shelby State Bank immediately or write to us at:

Shelby State Bank
Attn: Internet Banking
P.O. Box 126
Shelby, MI 49455

Immediately contacting us by phone is the best way of reducing your possible losses, since not all mail may arrive at their destinations in a timely manner. If you notify us of a loss, your liability for unauthorized transactions or payments will be as follows:

- If you contact us within two business days of the loss or your discovery of the loss, you can lose no more than \$50.00 if someone used your Access ID and Password without your permission.
- If someone else used your Access ID and Password without your permission, you could lose as much as \$500 if you do not contact us within two business days after you learn of the loss and we can prove that we could have prevented the loss if you had contacted us.
- If your statement shows transfers or payments that you did not make, notify us at once. If you do not tell us within sixty (60) days after the first statement showing such a transfer was mailed to you, you may not get back any funds lost after the 60 days, if we can prove your contacting us would have prevented those losses.
- If you have given someone your Access ID and Password or other means of access and want to terminate that person's authority, you must change your identification number and Password or other means of access or take additional steps to prevent further access by such person.

STOP PAYMENTS OF PREAUTHORIZED FUNDS TRANSFERS (EFT)

- You must notify us orally or in writing up to three business days before the scheduled date of the transfer.
- We require written confirmation of an oral stop payment within 14 days of your oral confirmation. If you fail to provide a written confirmation the oral stop payment will cease to be binding after 14 days.

OUR LIABILITY IF WE FAIL TO MAKE CERTAIN TRANSFERS

If we do not complete a transfer to or from your Account on time or in the correct amount according to the EFT Rules when you have properly instructed us to do so, we will be liable to you for damages which you prove are directly caused by our action. However, there are some exceptions to our liability. We will not be liable, for instance:

- if, through no fault of ours, your Account does not contain enough money to make the transfer.
- if the transfer would go over the credit limit on your overdraft line.
- if the automated teller machine where you are making the transfer does not have enough cash.
- if any electronic terminal, telecommunication device, or any part of the electronic fund transfer system is not working properly and you knew about the problem when you started the transfer.
- if circumstances beyond our control (such as fire, flood, interruption in telephone service or other communication lines) prevent the transfer despite reasonable precautions that we have taken.
- if the money in your account is subject to legal process or other encumbrances restricting the transfer.
- if incomplete or inaccurate information is forwarded by the U.S. Treasury or through an automated clearing house.
- other exceptions as stated in this agreement.

You agree that our officers, directors, employees, agents or contractors are not liable for any direct, indirect, incidental, special or consequential damages under or by reason of any service or products provided under this Agreement or by reason of your use of or access to the SYSTEM, including loss of profits, revenue, data or use by you or any third party, whether in an action in contract or tort or based on a warranty. Further, in no event shall the liability of Bank or its affiliates exceed the amounts paid by you for the services provided to you through the System.

ERRORS AND QUESTIONS

In case of errors or questions about your electronic transfers contact your local branch of Shelby State bank or write us at:

Shelby State Bank
Attn: Internet Banking
P. O. Box 126
Shelby, MI 49455

Notify us immediately if you think your statement or receipt is wrong or if you need more information about a transaction listed on the statement or receipt. We must hear from you no later than 60 days after we sent the **FIRST** statement on which the problem or error first appeared. (1) Tell us your name and account number. (2) Describe the error or the transfer you are unsure about and explain as clearly as you can why you believe it is an error or why you need more information. (3) Tell us the dollar amount of the suspected error. If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days. We will determine whether an error occurred within 10 business days (20 business days for new accounts) after we hear from you and will correct any error within one business day after determining that an error has occurred... If we need more time, however, we may take up to 45 days (90 days for new accounts or point-of-sale or foreign-initiated transfers) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days for new accounts) for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not credit your account for 30 days after the first deposit is made, if

you are a new customer.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

PRIVACY STATEMENT

Shelby State Bank understands how important privacy is to our customers. We have taken steps to insure your security and privacy for your personal and financial dealings with the bank. Our customer privacy statement can be obtained at www.lemonnationalbank.com.

CUSTOMER USAGE AND RESPONSIBILITIES

The customer warrants and covenants that he/she will use the Bank's Internet services for consumer, personal, or household purposes. The customer acknowledges that changes in technology, software, Bank policies and procedures, or other developments may require modifications of (or new or additional) customer hardware which you will be solely responsible for upgrading, at your sole cost and expense, if you desire to make continued use of the Bank's Internet services.

NO SIGNATURE REQUIREMENTS

When any payment or other on-line service generates items to be charged to your account, you agree that we may debit the designated account, or the account on which the item is drawn, without requiring your signature on the item and without any notice to you.

DISCLOSURE OF ACCOUNT INFORMATION TO THIRD PARTIES

Information to third parties about your account(s) or the transaction(s) you make will only be disclosed if at least one of the following applies:

1. It is necessary to complete a transaction.
2. To verify the existence and condition of your account to a third party such as a credit bureau or merchant.
3. To comply with a governmental agency or court order.
4. If permission is given to us by you, which we may require to be in writing.
5. To collect information for internal use, the use of our service providers, and our servicing agents and contractors concerning our electronic funds transfer service.
6. It involves a claim by or against us concerning a deposit to or withdrawal from your account.
7. Where otherwise required or permitted under state or federal laws and/or regulations.

DISCLAIMER OF WARRANTY

Shelby State Bank makes no warranties or representations with respect to Internet services program, expressed or implied, including but not limited to implied warranties or fitness for a particular purpose.

MISCELLANEOUS

Any required notice or other communication will be addressed and delivered to you, the customer, at the address on file with the Bank, or via electronic mail.

You, the customer, are responsible for notifying the Bank of any change in physical, mailing, or e-mail address.

OTHER GENERAL TERMS

This Agreement is intended to supplement and not to replace other agreements between you and us relating to your accounts, including, without limitation, our Deposit Account Rules, ACH Agreements and Wire Transfer Agreements. In the event of a conflict between this Agreement and any other account rules and agreements that apply to your accounts, or the functions performed using "Personal Online Banking", or any statements made by employees or agents this Agreement shall govern and prevail.

GOVERNING LAW

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

ASSIGNMENT

This Agreement may not be assigned to any other party by you. We may assign or delegate, in part or whole, to any third party.

WITHDRAW OF INTERNET BANKING SERVICES

You have the right to your Internet Banking at any time and at no cost to you. If you withdraw, we will terminate your access to Internet Banking, Bill Pay, and other online services. If your account is closed or restricted for any reason, Internet Banking accessibility will automatically terminate. If you wish to cancel your Internet Banking and/or Bill Pay service(s) you may do so by contacting your local branch of Shelby State Bank or write to us at:

**Shelby State Bank
Attn: Internet Banking
P. O. Box 126 Street
Shelby, MI 49455**

Additionally, if you do not use the online banking service for any consecutive six-month period we may terminate your online banking service.

We recommend that you print a copy of this agreement for your records.

Before subscribing to the Shelby State Bank Online Banking service (the "Service"), you must read and indicate your acceptance of the following terms

1. Your consent to this Service is valid for as long as you remain a subscriber to this Service.
2. You have the right to withdraw from this service at any time. To withdraw from this Service and its associated terms you must contact your local branch of Shelby State Bank.
3. You assume responsibility for keeping your contact information up to date. If you change any of this information, you must update it on this Service.
4. Notifications and other correspondence will be sent to your email address on record. You assume responsibility for providing a valid email address and retrieving messages from your email account.
5. We will keep you informed of any hardware or software changes that may affect how we store or use your personal information. In addition, we will notify you, via email, of any changes that affect our Privacy and Security Policies. You have the right to terminate this service at any time if you do not agree with any stated policies or procedures.
6. You will need to use a browser with a minimum 800x600 screen resolution for optimal results. The Service may not produce desired results using other browser versions.