Internet Banking Terms and Conditions Agreement

This Agreement describes your rights and obligations as a user of the Internet Banking Service ("Service"). It also describes the rights and obligations of the The First State Bank of Brownsboro. Please read this Agreement carefully. As an authorized deposit account holder you must abide by the terms and conditions of this agreement, and those provided to you at account opening, in order to use this Service.

DEFINITIONS

The following definitions apply in this Agreement.

"Internet Banking" is the Interned-based service providing access to your account(s) under the terms set forth in this Internet Banking Terms and Conditions Agreement.

"On-line Account" is a First State Bank account from which you will be conducting transactions using a Service.

"Business Day" refers to Monday through Friday, excluding holidays as determined by First State Bank. All Internet transaction requests received after 4:00 p.m. CMT, or on a non-Business Day, will be processed on the following Business Day.

"Password" is a series of numbers and/or letters that you select after the initial sign-on, that establishes your connection to the Service. First State Bank will provide you with a code for use during the initial sign-on process.

"Time of day" references are to Central Mountain Time.

"We", "us", "our", "First State Bank", or "FSB" refers to The First State Bank of Brownsboro which offers the Services provided under this Agreement and holds the accounts accessed by the Services.

ACCESS TO SERVICES

To gain access to this Service you will need your User ID and your Password.

HOURS OF OPERATION

The Services are generally available 24 hours-a-day, 7 days a week, except during special maintenance and upgrade periods.

USE OF YOUR SECURITY PASSWORD

The safety of our customers' accounts and account information is of paramount importance to First State Bank. We go through great lengths to protect confidentiality and the security of your account, and urge you to do the same. You agree not to allow anyone to gain access to the Services or to let anyone know your Password used with the Services. You agree to assume responsibility for all transactions initiated through the Services with your FSB User-ID, up to the limits allowed by applicable law. While First State Bank continues to provide our customers with the level of on-line security we believe necessary and appropriate, customers who share their User-IDs and passwords are giving up the full benefit of our security measures and legal protections to which they may be entitled. No First State Bank representative will ever call and ask for your User ID or User Password nor will we e-mail you requesting that information.

IF YOUR PASSWORD HAS BEEN LOST OR STOLEN

If your Password has been lost or stolen, call First State Bank immediately at (903)852-6911, between 8:30 a.m. and 4 p.m. Monday through Friday. Telephoning us is the best way of minimizing your losses. You may also restore the security of your Service by immediately changing your Password. If you believe your Password has been lost or stolen and you notify us within two Business Days after you learn of the loss or theft, you can lose no more than $50.00 if someone uses your Password to conduct unauthorized electronic funds transfers without our permission. If you do Not notify us within two Business Days after you learn of the loss or theft of your Password, and we can prove we could have stopped someone from using your Password to conduct unauthorized electronic funds transfers without your permission if you had told us, you could lose as much as $500.00.

BANKING TRANSACTIONS WITH INTERNET BANKING

In addition to viewing account information, you may use Internet Banking to conduct the following transactions:

- Transfer funds among your linked checking, savings, and money market accounts.
- Make a loan payment from checking or savings account with us.

New services may be introduced for Internet Banking from time to time. First State 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.

STATEMENTS

You will continue to receive your regular account statement either monthly or quarterly, depending on the type of account.

IF YOUR STATEMENT SHOWS TRANSFERS THAT YOU DID NOT MAKE

If your statement shows transfers that you did not make, notify us immediately at (903)852-6911, or write a letter and send it to:

The First State Bank of Brownsboro
Attention: Internet Banking Services
P.O. Box 405
Brownsboro, TX 75756

If you do not notify First State Bank within sixty (60) days after the statement was mailed to you, you may not recover any money lost after the sixty (60) days which would not have been lost if First State Bank had been notified in time.

ERRORS AND QUESTIONS

I case of errors or questions regarding an Internet Banking transaction, you may call First State Bank at (903)852-6911, or write a letter and send it to:

The First State Bank of Brownsboro
Attention: Internet Banking Services

P.O. Box 405
Brownsboro, TX 75756

We must hear from you at the specified telephone number or address no later than sixty (60) calendar days after we sent you the first statement on which the problem or error appeared. We will need:

- Your name and account number
- A description of the error or the transfer in question, and an explanation concerning why you believe it is an error or need more information.
- The dollar amount of the suspected error.
- The date on which it occurred.

If the report is made orally, we may require that you send the complaint or question in writing within ten (10) Business Days from your initial contact. We will notify you with the results of the investigation within ten (10) Business Days after you contact us and will correct any error promptly. If more time is needed, however, we may, at our sole discretion, take up to forty-five (45) Calendar Days to investigate a complaint or question. If this occurs, we will credit your account with in ten (10) Business Days for the amount you think is in error. This will allow you to use the money during the time it takes us to complete our investigation. If your complaint or question is not received in writing within ten (10) Business Days from your original contact, we may not credit your account until the investigation is completed.

If your notice of error concerns a transaction that occurred during the first thirty (30) days after the first deposit to the account was made, the applicable time periods are twenty (20) Business Days in place of ten (10) Business Days and ninety (90) Calendar days in place of forty-five (45) Calendar days.

If we determined that no error occurred, we will send you a written notice within three (3) Business Days. You may request copies of the documents that were used in the investigation.

You agree that First State Bank may respond to you by e-mail with regard to any claim of unauthorized electronic fund transfer related to the Service. Any such electronic mail sent to you by First State Bank shall be considered received within three (3) Business Days of the date sent by First State Bank regardless of whether or not you sign on to the Service within that time frame.

LIMIT OF FIRST STATE BANK'S RESPONSIBILITY

First State Bank agrees to make reasonable efforts to ensure full performance of Internet Banking. First State Bank will be responsible for acting only on those instructions sent through Internet Banking which are actually received, and cannot assume responsibility for circumstances over which the bank has no direct control. This includes, but not limited to, the failure or malfunctions in communication facilities, which may affect the accuracy or timeliness of messages you send. First State Bank is not responsible for any losses should you give incorrect instructions, or if your payment instructions are not given sufficiently in advance to allow for timely payment.

Any information you receive from First State Bank is believed to be reliable. However, it can only be provided on a best-efforts basis for your convenience and is not guaranteed. First State Bank is not liable for any deficiencies in the accuracy, completeness, availability, or timeliness of such information, or for any investment or other decision made using this information.

First State Bank is not responsible for any fees incurred for Internet access, or for any computer virus or related problems that may be attributable to services provided by any Internet access service provider.

You are responsible for obtaining, installing, maintaining, and operating all computer hardware and software necessary for performing Internet Banking. First State Bank will not be responsible for any errors or failures from the malfunction or failure of your hardware or software.

The limit of First State Bank's liability shall be as expressly set forth herein. Under no circumstances will First State Bank be liable in contract, tort, or otherwise for any special, incidental, or consequential damages, whether or not foreseeable. By consenting to use the Services, you agree to waive any and all right to any of the aforesaid, and you acknowledge that the limit of your remedy is as otherwise expressly set forth herein.

FIRST STATE BANK'S RESPONSIBILITY

First State Bank will be responsible for your actual losses if they were directly caused by our failure to:

- Complete an Electronic Funds Transfer as properly requested.
- Cancel an Electronic Funds Transfer as properly requested.

However, we will not be responsible for your losses if:

- Through no fault of First State Bank, you do not have enough money in your account to make the transfer.
- Through no fault of First State Bank, the transaction would have caused you to exceed your available credit.
- Circumstances beyond our control (e.g., fire, flood, power outage, mail delivery delays, equipment or technical failure or breakdown) prevent the transfer, despite reasonable precautions that we have taken.
- There is a hold on your account, or if access to your account is blocked in accordance with banking policy.
- Your funds are subject to legal process or other encumbrance restricting the transfer.
- Your transfer authorization terminates by operation of law.
- You believe someone has accessed our accounts without your permission and you fail to notify First State Bank immediately.

- 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.

There may be other exceptions stated in this agreement and in other agreements with you. In no event shall we be liable for damages in excess of your actual loss due to our failure to complete a transfer, and we will not be liable for any incidental or consequential damages.

If any of the circumstances listed above shall occur, we shall assist you with reasonable efforts in taking appropriate corrective action to reprocess the transactions that may not have been completed or to correct incorrect transactions that have been processed.

ELECTRONIC MAIL (E-MAIL)

If you send First State Bank an electronic mail message through the Service, First State Bank will be deemed to have received it on the following Business Day. E-mails will be answered within a reasonable time frame.

You should not rely on electronic mail if you need to communicate with First State Bank immediately (e.g., if you need to report an unauthorized transaction from one of your accounts, or if you need to stop a payment that is scheduled to occur).

You agree that First State Bank may respond to you by electronic mail with regard to any matter related to the Service, including responding to any claim of unauthorized electronic funds transfer that you make. Any such electronic mail sent to you by First State Bank shall be considered received within three (3) days of the date sent by First State Bank, regardless of whether or not you sign on to the Service within that time frame.

OTHER AGREEMENTS

In addition to this Agreement, you and First State Bank agree to be bound by and comply with the requirements of the agreements applicable to each of your On-line Accounts. Your use of the Internet Banking Service is the acknowledgment that you have received these agreements and intend to be bound by them. You should review other disclosures received by you when you opened your accounts at First State Bank, 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. We will automatically deduct any fees related to this Service from your On-line Account each month. All terms and conditions of the disclosures provided to you at account opening, including but not limited to, the Truth and Savings, Regulation E Disclosure, Depositor's Agreement and Terms and Conditions apply to this Service.

MODIFICATIONS TO THIS AGREEMENT

First State Bank may modify the terms and conditions applicable to the Service from time to time upon mailing or delivering a notice of the modifications to you at the address shown on your account records, and the revised terms and conditions shall be effective at the earliest date allowed by applicable law. We may send any notice to you via electronic mail and you will have been deemed to have received it three (3) days after it is sent. We reserve the right to terminate this Agreement and your use of the Service in whole or in part at any time without prior notice.

DISCLOSURE OF INFORMATION TO THIRD PARTIES/PRIVACY POLICY

A copy of First State Bank's Privacy is available upon request at any of our three locations, or can be mailed to you upon request by calling First State Bank at (903)852-6911, or writing a letter and sending is to:

The First State Bank of Brownsboro
Attention: Internet Banking Services
P.O. Box 405
Brownsboro, TX 75756

You can also access our Policy online by clicking on the Privacy & Security link on the First State Bank Web site.

INACTIVITY/TERMINATION

You are responsible for complying with all the terms of this Agreement and with the terms of the agreement governing the deposit accounts which you access using electronic banking services. We can terminate your Internet Banking privileges under this Agreement without notice to you for any reason; or if you do not pay a fee required by this Agreement when due, if you do not comply with the Agreement governing your deposit or loan accounts, or your accounts are not maintained in good standing. We will promptly notify you if we terminate this Agreement or your use of the Services for any other reason.

If you are not paying a monthly service charge for the Service, we may convert your account to inactive status if you do not sign on to the Service during any consecutive sixty (60) day period. If your account is considered inactive, you must contact us to have the Service activated before you will be able to schedule any transaction through the Service.

To cancel the Internet Banking Service, you must notify First State Bank. Your notification should include your name, address and the effective date to stop the service(s). You may notify First State Bank by one of the following methods:

- By initiating a customer inquiry through our Web site.
- By calling (903)852-6911.