



## COMMERCIAL ONLINE BANKING AGREEMENT

This Agreement describes your rights and obligations as a user of Charlevoix State Bank's Commercial Online Banking Services. It also describes the rights and obligations of the Bank. This Agreement shall be governed by the laws of the State of Michigan, and any applicable federal laws

- 1. Services.** We will notify you when the Services you request become available. Other services may be available from time to time in the future. By using these services as they become available, you agree to be bound by the terms and conditions contained in this Agreement. If you request additional Services in the future, they will also be governed by this Agreement. You agree to allow the Bank a reasonable amount of time to process any service requests you make through the Online Banking network.
- 2. Equipment.** You are responsible for providing and maintaining any equipment that is necessary for the Services, such as telephones, terminals, modems and computers. You agree to use equipment that is compatible with our programs, systems and equipment, which we may change from time to time. We assume no responsibility for the defects or incompatibility of any computers or software that you use in connection with the Services provided, even if we have previously approved their use. WE MAKE NO WARRANTY, EXPRESS OR IMPLIED, IN LAW OR IN FACT, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR OF MERCHANT ABILITY, WITH RESPECT TO THE SERVICES, OR ANY COMPUTER PROGRAMS, EQUIPMENT OR SOFTWARE MADE AVAILABLE TO YOU. You agree to notify us promptly if any software or equipment we provide to you becomes defective. Our sole responsibility (if any) in such instances will be to repair or replace the defective software or equipment.
- 3. Security Codes.** Once you have completed the Commercial Online Banking Application and Commercial Online Banking Resolution, your Primary Administrator will be provided a Login ID and/or Passwords (collectively, a "Security Code") to access the Services. Your company Administrator can establish separate security codes for each user, as well as limits/permissions on each user's authority to access information and conduct transactions. You assume sole responsibility for the actions of your Administrator, the authority he or she gives others to act on your behalf, and the actions of the persons designated by the Administrator to use the Services.

Upon logging in for the first time from an unregistered device, you will be prompted to obtain a security code. This security code is required to successfully login. The security code is to abide by Federal Law that requires a third piece of authentication to verify that you are an authorized user.

Your security codes are strictly confidential and should not be disclosed to anyone. You are responsible for the actions of anyone who utilizes the Services using your correct security codes, even if the order is not authorized by you. You agree to take reasonable steps to safeguard the confidentiality and security of your Security Code and closely and regularly monitor the activities of employees who access the Services. The Bank will have no further duty to verify the identity of any user with valid security codes and will act on instructions received under your security codes. You also agree that we are not responsible for any damage occasioned by instructions we receive

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from a user having your security codes.

We assume no responsibility to discover, audit or report to you any possible breach of security by your agents or representatives or unauthorized disclosure or use of your business' password. In the event you suspect any compromise of security (whether or not involving employees or agents of your business), you shall promptly notify us and you shall immediately change the password.

4. **Access to Account Data.** You or your Administrator will need to designate which accounts will be utilized for Service payments and transfers. If your Administrator designates an account that requires more than one signature for the withdrawal or transfer of funds, you agree that we may act upon any Service instruction that is accompanied by the security code(s) designated by you or your Administrator for that account and the Service in question. Note: This may mean we will act upon the instruction of only ONE person (e.g., to wire funds), even though the signature card for the account in question requires two or more signatures on checks. As long as an instruction is accompanied by the designated security codes, the transaction will be deemed authorized by you.
5. **Fees.** You agree to pay us the fees we establish for each of the Services. See our fee schedule for details. We may create an electronic debit to your accounts with us. We may amend our Service pricing from time to time. Certain prices are subject to change without prior notice. Special or Additional Services performed at your request will be subject to such additional terms and fees as you and we may agree. If your accounts with us are analyzed, you may be able to use your available earnings credit to offset certain service charges.
6. **Cutoff Hours.** Some of the Services provide you with account balance and other information. Since certain information and transactions are not processed by us until after close of our business day, some transactions may not be reflected in the system until the next banking day. Posted items may be reversed due to insufficient funds, stop payment orders, legal process and other reasons. In addition, certain balances may not be subject to immediate withdrawal. We assume no responsibility for any loss arising from incomplete information or for any temporary interruption in our information system. If you are unable to access our system for any reason, you can contact your branch for loan and deposit information.

The following cutoff hours (eastern time) are currently in effect.

- a. 2:00 P.M. for ACH transaction entries
- b. 4:00 P.M. for wire transfer orders
- c. 5:00 P.M. for stop payment orders

Instructions received after the cutoff hour or on a non-business day may be deemed received as of the next business day. Our business days are Monday through Friday, excluding holidays. Services may occasionally be unavailable due to needed maintenance or system/network interruptions.

7. **Information Processing and Reporting.** We offer a number of Services that require us to receive process and report information involving your accounts and transactions. We will not be responsible for determining the accuracy, timeliness or completeness of any information that you or others provide to us. We will not have a duty to interpret the content of any data transmitted to us, except to the limited extent set forth in this Agreement. Unless otherwise agreed in writing, we will not be required (by means of any security procedure or otherwise) to detect errors in the transmission or content of any information we receive from you or third parties.
  - a. Information You Provide to Us. You assume the sole responsibility for providing us with complete and accurate information in the form and format that we require (e.g., in connection

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with wire and ACH transfers). We are not responsible for confirming such information or for monitoring or refusing to process duplicate instructions by you or your agents. For example, if you give us a wire transfer instruction that is incorrect in any way, you agree that we may charge your account for the payment whether or not the error could have been detected by us. We are not obligated to detect errors in your transfer or payment instructions.

- b. Your Instructions. You must accurately describe transaction beneficiaries, intermediary financial institutions and the beneficiary's financial institution in transfer and payment instructions. If you describe any beneficiary or institution inconsistently by name and number, we may process the transaction based solely on the number, even if the number identifies a person or entity different from the named beneficiary or institution.
- c. Your Review. You acknowledge that it is not possible for the Services to be totally free from operator, programming or equipment error, and that errors in processing and compiling data may occasionally occur (e.g., due to the failure of others to provide accurate information, telecommunication failures, or a breakdown in an electronic data interchange). As such, you agree to review and verify all results and to maintain adequate controls for insuring both the accuracy of data transmissions and the detection of errors. Unless otherwise required by law, our sole responsibility for any reporting errors caused by us will be to reprocess the information for the period in question and to provide corrected reports at our own expense. You agree to maintain adequate backup files of the data you submit for a reasonable period of time in order to facilitate any needed reconstruction of your transactions (e.g., in the event of a telecommunication failure). If we are unable to provide a Service for any reason, we will promptly inform you of the problem and will take reasonable steps to resume processing.

- 8. **Reliance on Third Parties.** Our ability to provide certain Services (e.g., in connection with electronic data interchange) is dependent upon our ability to obtain or provide access to third party networks. In the event any third party network is unavailable or we determine, in our discretion, that we cannot continue providing any third party network access, we may discontinue that related Service or may provide the Service through an alternate third party network. In such situations, we will have no liability for the unavailability of access. We will not be responsible for any services you receive from third party vendors.
- 9. **Other Agreements.** The following Services will require execution of a separate Agreement.
  - a. Wire Transfer Services
  - b. Automated Clearing House (ACH) Service
- 10. **Stop Payment Service.** You may stop payment on a check by providing us with timely, complete and accurate information on the number of the account in question, the date of the item, the item number, the payee information and the EXACT amount of the item (dollars and cents). If any information is incomplete or incorrect, we will not be responsible for failing to stop payment on the item. Requests become effective when we confirm their receipt and have verified that the item has not been paid. From time to time, the on-line system may be inoperable. If that occurs, your request can be communicated to us by telephone or in writing.
- 11. **Amending/Canceling a Transaction.** Unless this Agreement provides otherwise, you do not have a right to cancel or amend a payment or transfer instruction once we have received it. If we attempt to reverse a transaction at your request, we assume no liability for any interest or losses that result if the reversal is not effected. Requests to cancel a transaction must state the exact amount (dollars and cents) of the transaction you wish to stop. You agree to indemnify, defend, hold harmless and reimburse us for all expenses, losses, claims actions, proceedings and damages we incur in effecting or attempting to effect any reversal. You are solely responsible for providing notice to the receiver/beneficiary that a reversal is being transmitted and the reason for the reversal

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no later than the settlement date of the reversing entry.

- 12. Our Rejection of Transactions.** We may refuse any transfer or payment instruction without cause or prior notice.
- 13. Notice of Returned Payments or Transfers.** We may notify you electronically, in writing, by telephone or otherwise if any funds transfer is rejected or returned for any reason. We will not be obligated to credit your account with any interest, unless the return is caused by our failure to properly execute your instruction.
- 14. Transaction Limits and Safeguards.** You agree not to exceed the Service transaction limits we establish from time to time for your account (e.g., in connection with ACH transactions). You agree you will not allow anyone to initiate transfer or payment instructions on your behalf without proper supervision and adequate safeguards; and you will review pending payment and transfer instructions prior to their submission to us to ensure they are complete, accurate and properly authorized.
- 15. Electronic Mail/Internet.** If you send us electronic mail (“e-mail”), we may not receive or review it immediately. We will have a reasonable time to act upon any e-mail request or notice and reserve the right to reject any transaction or request received by e-mail. You acknowledge that e-mail is not a secure method of communication and may be intercepted or affected by the actions of others, such as third party networks or persons with access to the Internet.

Your use of the Internet will be entirely at your own risk. We make no representation, warranty or endorsement with respect to: (a) information placed on the Internet by third parties; (b) the security or continued availability of the Internet or of any Internet website, including without limitation our web site; or (c) the services, products or information made available over the Internet by others whose sites may be accessed, directly or indirectly, as a result of our Services. Our service providers and we assume no responsibility for viruses created by third parties, or for any third party’s unauthorized access to, or use of, your computer system.

You agree that: (a) Internet services are provided to you on an “as is” basis, without warranties of any kind; (b) we, our affiliates, Internet service providers and licensors will not be liable for any errors, defects in or the untimeliness or lack of authenticity of, any information provided over the Internet; (c) you will comply with all laws applicable to your Internet activities; (d) you will not transmit any information which is defamatory, abusive or may give rise to civil liability; (e) we may monitor your e-mail and Internet communication with our employees; and (f) our Internet Service will be subject to the additional qualifications and operating rules, if any, set forth on our web site.

- 16. Limitation of Liability.** Except as otherwise stated in this Agreement, we will be liable to you only for damages arising directly from our intentional misconduct or gross negligence in the performance of the Services. We will not be responsible for any loss, delay, cost or liability which arises, directly or indirectly, in whole or in part, from: (a) your actions or omissions or those of third parties that are not within our immediate and reasonable control; (b) your negligence or breach of any agreement with us; (c) any ambiguity, inaccuracy or omission in any instruction or information provided to us; (d) a breakdown in any computer or communications facility; (e) accidents, strikes, labor disputes, civil unrest, fire, flood, water damage (e.g., from fire suppression systems) or acts of God; (f) causes beyond our reasonable control; (g) the application of any government or funds-transfer system rule, guideline, policy or regulation; (h) the lack of available and/or collected funds in your Account to complete a transaction; (i) our inability to confirm to our satisfaction the authority of any person to act on your behalf; or (j) your failure to follow any applicable software

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manufacturer's recommendations or our Service instructions. There may be other exceptions to our liability, as stated in your deposit or other Service agreements with us.

We will not be responsible under any circumstances for special, indirect, or consequential damages that you incur because of our actions or omissions, even if we are aware of the possibility for such damages. Our liability and your remedy for actual costs and losses resulting from our actions and/or omissions, whether the claim is in contract or tort, will not exceed six times the average monthly charge for the Service(s) in question for the three months immediately preceding the cost or loss.

Any claim, action or proceeding by you to enforce the terms of this Agreement or to recover for any Service-related loss must be commenced within six months from the date the event giving rise to the claim, action or proceeding first occurs. You agree to cooperate with us in any loss recovery efforts we undertake to reduce any loss or liability that arises in connection with your services

- 17. Indemnification.** You agree to indemnify, defend and hold us, our parent company, affiliates and subsidiaries and our respective directors, officers, employees and agents, harmless from and against any claim, damage, loss, liability and cost (including, without limitation, attorney's fees) of any kind which results directly or indirectly, in whole or in part, from: (a) our actions or omissions, if they are in accordance with your instructions or the terms of this Agreement; or (b) the actions or omissions of you, your agents or employees.
- 18. Statements and Notices.** Information on transfers to or from your accounts will be reflected on your periodic statements and will be available to you on-line. We are not required to provide you with any other notice of the receipt, transmittal or debiting of wire transfers or ACH entries.

You agree to notify us immediately if you discover: (a) any error or discrepancy between your records and the information we provide to you about your accounts or transactions (e.g., in a statement, confirmation or electronic report); (b) unauthorized transactions involving any account; (c) a breach in the confidentiality of the Security Codes; or (d) other problems related to the Services. You must send us written notice of any discrepancy or other problem, including a statement of the relevant facts, within a reasonable time (not to exceed 60 days from the date you first discover the problem or receive information reflecting the problem, whichever occurs first). If you fail to notify us within 60 days, you agree that, in addition to any other limitations on our liability: (a) in the case of an erroneous funds transfer, you will be liable for all losses up to the amount thereof (as well as any loss of interest) resulting from your failure to give us such notice or that might have been prevented by your giving us such notice; and (b) in the case of an unauthorized funds transfer, we will not be liable for any loss of interest resulting from your failure to give us such notice or which might have been prevented by your giving us such notice.

Unless otherwise agreed, notices required by this Agreement must be in writing. Notices to you may be mailed or sent to you electronically at the statement, email or mailing address shown for you in our deposit or Service records. Notices to us must be mailed to Charlevoix State Bank at P.O. Box 217, Charlevoix MI 49720 or delivered to us at 111 State Street, Charlevoix MI 49720.

- 19. Termination.** You or we may terminate this Agreement as to some or all of the Services, with or without cause, by giving 30 days prior notice to the other party. We may suspend or terminate your Services or this Agreement immediately and without prior notice if: (a) you breach any agreement with us; (b) the confidentiality of your Security Code is compromised; (c) we have reason to believe an unauthorized transaction has taken or may take place involving any of your accounts or any of the Services; (d) you become insolvent or the subject of a bankruptcy, receivership or dissolution

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proceeding; or (e) we are uncertain as to any person's authority to give us instructions regarding your accounts or the Services. The termination of this Agreement will not affect the rights or obligations of the parties that arise prior to termination.

**COMMERCIAL CUSTOMER:**

**Company Name** \_\_\_\_\_ **Date** \_\_\_\_\_

**BY:** \_\_\_\_\_ **Title** \_\_\_\_\_  
Authorized Signer (**signature**)

**BY:** \_\_\_\_\_ **Title** \_\_\_\_\_  
Authorized Signer (signature)

**CHARLEVOIX STATE BANK**

**BY:** \_\_\_\_\_ **Date** \_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
**Title**