

Nantahala Bank & Trust Online Banking Agreement/Disclosure

This Agreement governs the use of Nantahala Bank & Trust Company's Online Banking service and is made and entered into by and between Nantahala Bank & Trust Company ("Bank"), also referred to as "we" and each person who signs Bank's signature card for the Account being accessed or is referenced on the Bank's records as an owner of the Account, or each party whose signature appears on a credit line application ("Customer"), also referred to as ("you"). Each customer on the account is jointly liable for all transactions initiated through Online Banking, including overdrafts, even if the customer did not participate in the transaction, which resulted in the overdraft.

Banking business days are Monday through Friday, excluding Saturday, Sunday and federal holidays. You may access Account information through Online Banking 24 hours a day, 7 days a week, except for interruptions due to maintenance or matters beyond the Bank's control.

Online Banking services and each of your accounts are governed by the applicable Disclosures, Rates and Fee Schedules provided by the Bank in your new account packet, as each may be modified from time to time. Your initial use of Online Banking services indicates your agreement to be bound by this agreement and acknowledges your receipt and understanding of this document.

To subscribe to Online Banking, you must maintain at least one deposit Account with the Bank. Online Banking will allow you to access more than one Account, to view Account balance(s) and transaction information, transfer funds among designated Accounts, send electronic mail to the Bank, and receive electronic mail from the Bank. The Bank reserves the right to deny the Customer the ability to access Online Banking, to limit access or transactions or to revoke a Customer's access to Online Banking without advance notice to the Customer.

You are responsible for paying any fees associated with Online Banking as outlined within this agreement as well as any fees that may be assessed by your Internet Service Provider and for any telephone charges or fees incurred by accessing Online Banking.

The Bank is entitled to act on instructions received through Online Banking under your password and without inquiring into the identity of the person using that password. You should not under any circumstances disclose your password by telephone or to anyone claiming to represent the Bank; Nantahala Bank & Trust Company's employees do not need and should not ask for your password. You are liable for all transactions made or authorized using your password. The Bank has no responsibility in establishing the identity of any person using your password. If, despite the Bank's advice, you give your password to anyone, you do so at your own risk since anyone to whom you give your password or other means of access will have full access to your account(s) even if you attempt to limit that person's authority. You must contact the Bank immediately in the event that your password has been lost, stolen or otherwise compromised so that it will not be honored and can be disabled. You hereby release the Bank from any liability and agree not to make any claim or bring any action against the Bank for honoring or allowing any actions or transactions where you have authorized the person performing the actions or transactions to use your account(s) and/or you have given your password to such person, or, in the case of a jointly held account, such person is one of the Account owners. You agree to indemnify the Bank and hold it harmless from and against any and all liability (including but not limited to reasonable attorney fees) arising from such claims or actions.

Account information displayed through Online Banking is current information. Funds transfers between Account(s) initiated on your computer using Online Banking and received by the Bank by 5:00 P.M. EST Monday through Friday will be effective on the current business day. Funds transfers processed on your

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computer using Online Banking and received after 5:00 P.M. EST Monday through Thursday, after 6:00 P.M. on Friday, all day Saturday, Sunday and banking holidays will be effective the following business day.

Electronic mail to the Bank may be delayed; therefore, if you need the Bank to receive information concerning your Account immediately, you must contact the Bank in person or by telephone (i.e. stop payments, to report a lost or stolen ATM card or to report unauthorized use of your Account). The Bank shall have a reasonable period of time after receipt to act on requests or information you send by electronic mail.

The Bank will mail or deliver to you periodic statements for your Bank Accounts as disclosed in your deposit agreements. The Bank will include any transfers you authorize through Online Banking on your statements. You agree to review your periodic statements in accordance with this Agreement and any other deposit Agreements governing your Account, for accuracy of all data transmitted through Online Banking. You should promptly notify the Bank of any discrepancies, including but not limited to, any errors or inaccuracies related to data transmitted by Online Banking.

Some of the terms set forth below are governed by the Electronic Funds Transfer Act ("EFT Act"), which is only applicable to consumers. Commercial Account holders are not entitled to the rights provided under the EFT Act.

If you believe unauthorized transactions are being made from your Account, please notify the Bank immediately. Contact Nantahala Bank & Trust Company's Operations/Accounting Department at 828-369-2265 or write the Bank at: Nantahala Bank & Trust Company, 120 Siler Road, Franklin, NC, 28734.

If you feel that any statement is wrong, or you wish to have more information about a transfer listed on a statement, contact us in writing or by telephone. We must hear from you within sixty (60) days after we send you the FIRST statement on which the problem or error appeared. When you contact us,

- Tell us your name and Account number
- Describe the error or the transfer you are unsure about, and explain as clearly as possible why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error. If you notify us by telephone, we may require that you send us your complaint or question in writing within ten (10) business days. 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 provisionally credit your Account.

We will tell you the results of our investigation within ten (10) business days after notice of the problem and will correct any error promptly. If we need more time, however, we may take up to ninety (90) days to investigate complaints or questions concerning foreign-initiated transfers, or up to forty-five (45) days to investigate all other electronic transfers. If we need this extended time to investigate, we will provisionally credit your Account within ten (10) business days for the amount you think is in error. You will have the use of the money during the time it takes us to complete the investigation. If we decide no error occurred, we will send you a written explanation within three business days after our investigation is completed. You may ask for copies of the documents we used in our investigation.

You shall be responsible for all transfers you authorize through Online Banking. You shall also be responsible for all transactions initiated by persons to whom you have given your password. You must contact the Bank immediately if the password has been lost or stolen. Telephoning is the best way of

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minimizing possible losses. Failure to notify the Bank could result in the loss of all money in your Account plus your maximum line of credit, if you have one. If you report to the Bank within two (2) business days, the loss sustained by you will be no more than \$50 if your password is used without your permission. If you do not report to the Bank within two (2) business days after learning of the loss or theft of the password, and the Bank can prove that it could have prevented someone from using the password without your permission had it been notified, you could lose as much as \$500. Also, if the statement shows electronic transfers you did not make, report them to the Bank at once. If you do not tell the Bank within 60 days after the statement was mailed, you may lose all of the money transferred after the 60 days if the Bank can prove that it could have prevented the loss had you reported it promptly. The Bank may extend the time periods for a good reason, such as a long trip or hospital stay, which might keep you from notifying the Bank.

The Bank shall be responsible for performing services expressly provided for in this Agreement, and shall not be liable for any error or delay, so long as the Bank acted in accordance with the terms and conditions hereof. The Bank shall not be liable if you do not have sufficient funds in a designated Account to complete the transaction you initiate or if the Account is closed. The Bank shall not be liable if you have not given the Bank complete, correct or current transfer or payment instructions or if you have not followed proper instructions given through Online Banking. The Bank shall not be responsible for any loss, damage, liability, or claim arising, directly or indirectly from any error, delay or failure in performance of any of its obligations hereunder which is caused by fire or other natural disaster, strike, civil unrest, any inoperability of communications facilities or any other circumstances beyond the control of the Bank.

I certify that I am at least 18 years of age, and that I have read, understand and agree to all terms, conditions and disclosures indicated on the previous screens and that I have truthfully and fully completed all items on this application.

My initial use of Nantahala Bank & Trust Company's Online Banking product constitutes my acceptance and agreement to be bound by all of the terms and conditions of this agreement and acknowledges my receipt and understanding of this agreement.

The Bank has the right to modify or terminate this Agreement at any time. We will comply with any notice requirements under applicable law for such changes or termination. If we terminate this Agreement, no further Online Banking transfers will be made, including but not limited to any payments or transfers scheduled in advance or any preauthorized recurring payments or transfers. If we modify this Agreement, your continued use of Online Banking services will constitute your acceptance of such changes in each instance.