

1st STATE BANK ONLINE BANKING SERVICES AGREEMENT

This Online Banking Services Agreement and Disclosure (the "Agreement") is entered into between 1st State Bank (the "Bank") and the customer of the Bank, who hereby subscribes to Online Banking Services (Online Banking). This agreement applies to personal (non-business) and business accounts.

If a business entity uses Online Banking, they are not protected by the consumer regulations that are referenced in this agreement.

If you use Online Banking or authorize another person to use Online Banking on your behalf, you agree to the terms and conditions stated in the agreement. This agreement applies to all account use whether by you or by any other person authorized by you, and you will be responsible for such use.

SCOPE OF AGREEMENT -

Accounts, Loan Agreements and Services

This agreement governs online access to your accounts with 1st State Bank. The terms and conditions set forth herein are in addition to, and do not cancel or supersede, any other agreements or signature cards governing your deposits, loans or other business relationships with the Bank. All of the terms, conditions, agreements, representations, schedules, disclosures, signature cards and fees set forth in or associated with such other agreements remain in full force and effect.

Business customers may authorize persons to have access to and make transfers from your account through Online Banking and may not be the same persons who are authorized to sign on the account under your other agreements and signature cards with us, or you may give them greater authority to conduct activities through Online Banking than they have under your other agreements and signature cards with us. In such cases the persons and levels of authority must be defined on the 1st State Bank Online Banking Authorization Form and signed by the account authorized signer or owner.

Fees

General Online Banking Services as defined in **General Description of Services** are provided to the Bank's customers at no charge. Pricing pertaining to other Bank services used by the Account Holder will be defined on separate agreements specific to such services. Any pricing or policy changes adopted by Bank in the future will constitute modifications or addendums to the Agreement but will not nullify it. You acknowledge that you may be asked to designate a payment account for selected services such as Online Bill Pay and authorize Bank to charge your account or any other account for the fees.

You agree to pay any additional reasonable charges for services you request that are not covered by this Agreement. You are also responsible for internet service fees you incur in connection with your use of Online Banking.

Changes in Terms and Other Amendments

We may add, delete or amend terms, conditions and other provisions, fees, charges, or other terms described in this Agreement at any time. We will notify you at least thirty (30) days prior to the effective date of any such change or amendment electronically by posting a notice on our Online Banking home page. When required by applicable law, we will provide you with written notice of amendments or changes at the postal address or email address provided by you to us. You are bound by any such change if you use the Online Banking service after the effective date of the notice, unless you notify us in writing within ten (10) days of having received the notice that you reject these changes and close your account(s) with us.

Termination

This agreement will remain in effect until it is terminated by you or by us. You may cancel your Online Banking services and terminate this agreement at any time by notifying us in writing, in person, or by calling 877.799.7500. This cancellation will only apply to your Online Banking services and will not terminate other agreements you may have with us. We may terminate this Agreement and your Online Banking services for any reason at any time. We will try to notify you in advance of any termination, but we are not obligated to do so. Upon termination, we reserve the right to make no further payments or transfers from your account(s) pursuant to this Agreement, including payments or transfers you have previously authorized. If you terminate your Online Banking services, you authorize the Bank to continue making transfers you have previously authorized until such time as the Bank has had a reasonable opportunity to act upon your termination notice. You agree that upon termination of your

Online Banking services, either by you or by us, you will cancel all automatic or recurring transfers you have previously authorized, and that if you fail to do so, you are responsible for such payments.

DESCRIPTION OF AND LIMITATIONS ON ONLINE BANKING-

General Description of Services

General Online Banking services:

- Search transaction histories and obtain balance information on your checking, savings, money market, certificates of deposit, lines of credit, installment loans, real estate loans and commercial loans with the Bank;
- Transfer funds between your transaction accounts

Additional Services:

- Bill payment services. The Bank's Bill Payment service is an electronic payment system that permits non-business customers to initiate and authorize payments from your accounts to payees, which you select to receive payments by means of this service. There is an additional agreement related to the Bill Payment service.
- Stop Payment. You may initiate a stop payment order on any item drawn on your account whether you sign the item or not. A release of the stop-payment request can not be initiated online.

Additional Business Services- By executing separate agreements, business customers may also enroll in the following:

- ACH File Origination Service
- Wire Transfer Service
- Remote Deposit Services
- Positive Pay Service

This list is not exhaustive and the Bank may offer additional or different Online Banking services in the future, all of which will be governed by the Agreement, as amended.

Registration

In order to obtain and use Online Banking, you must complete your initial registration process. Online Banking is available to customers who have a checking, savings, money market or certificate of deposit with us.

- Non-business customers will be required to create an Access ID and Password of your choice as part of the 1st-time login process.
- Business customers will be assigned an Access ID and temporary password. As part of your 1st-time login process you will be prompted to change your temporary password.

You may voluntarily change your password at any time. The Bank can assign you a new password, upon your request, at any time (for example, if you have forgotten the password you chose.) Your password can be changed within Online Banking from the "Change" option or by calling us at 877.799.7500.

Types of Transfers and Limitations

You can make an internal transfer of funds from one account with the Bank to another, such as a transfer from a savings account to a checking account. Transfers may be limited in amount as provided in our Account Agreements with you governing these services or in accordance with Bank policies. In addition, your ability to transfer funds between certain accounts is limited by federal law, as stated in your deposit agreements with us. For example, no more than six (6) transfers can be made from a savings or money market account during each statement period. Transfers made using both Online Banking and other transfer methods described in the Deposit Agreements are counted against permissible number of transfers. The Bank reserves the right to further limit the frequency and dollar amount of transactions from your accounts for security or credit reasons, as the Bank may determine at any time at our sole discretion.

Overdrafts; Order of Payments

It is your responsibility to ensure that you have enough money or credit available in an account from which you instruct us to make a payment or transfer. If funds are withdrawn from any of your accounts by means of electronic fund transfers, on the same business day as an Online Banking transaction, and if the account contains insufficient funds to enable both the electronic fund transfer and the Online Banking transfer to be made, the transfers will be made in the order determined by the Bank, in its sole discretion. You are fully obligated to us to

provide a payment or transfer that you make or authorize and we subsequently learn that you have insufficient funds for the transaction, you agree to reimburse us upon our demand, and you further agree that we may reverse the transaction or offset the shortage with funds from any other deposit account(s) you have with us to the extent permitted by the applicable law and the terms of any other relevant Account Agreements.

No Signature Required

When using Online Banking to pay bills, you agree that the Bank, without prior notice to you may debit any payment account(s) to pay checks that you did not sign by hand or by a legally acceptable form of electronic signature. When using Online Banking to make transfers from credit accounts, you agree that the Bank, without prior notice to you, may take any action required to obtain cash advances on your behalf, including charging any credit account(s) at the Bank without your handwritten or legally acceptable electronic signature.

Security

For security purposes, it is recommended that you memorize your password and do not write it down. You are responsible for keeping your Password and account data confidential. You will need the Access ID and Password to gain access to Online Banking. Use of the Access ID and Password is the agreed security procedure between you and the Bank. You should keep your Access ID and Password confidential in order to prevent unauthorized use of Online Banking. Anyone to whom you give or disclose your Access ID and Password will have full access to your accounts. You are responsible for all transactions you make using Online Banking including any transactions by authorized persons using your Access ID and Password.

E-Mail Communications

In general, communications sent over the public Internet are not necessarily safe from interception. Therefore, we will not send and we strongly suggest that you do not send any confidential account information by email. You agree that we may take a reasonable time to act on any e-mail. If you need to report an unauthorized transaction from one of your accounts, contact should be made by calling the Bank at 877.799.7500. Unless you have instructed us otherwise, you agree that we may send you electronic messages about products or services we offer.

The bank will NEVER solicit you for passwords, personal identifying or account information such as account numbers, credit card number, social security number, date of birth, etc through email.

RESPONSIBILITY OF PARTIES- CUSTOMER RESPONSIBILITIES

You are responsible for keeping your Access ID, Password and account data confidential. You agree that the use of your Access ID and Password will have the same effect as your signature in authorizing transactions, authenticating your identity, and verifying instructions you have provided to us. If you authorize other persons to use your Access ID and Password in any manner, your authorization will be considered unlimited in amount and manner and you are responsible for any transactions made by such persons. You may request to have your Access ID and Password changed by contacting the Bank at the number above.

Reporting Unauthorized Transaction or Theft or Loss of Access Codes

If you believe your Access ID and Password have become known by an unauthorized person, or that an unauthorized transaction has been or may be made from your account, alert the Bank immediately by calling us toll free, at 877.799.7500 or by writing us at: 1st State Bank, PO Box 1468, Saginaw, MI 48605.

Computer Requirements

In order to use Online Banking, you must have your own Internet Service Provider and the necessary computer equipment required by the browser you choose to use. In this Agreement, your computer and the related equipment are referred to together as your "Computer". You agree to be solely responsible for the installation, maintenance, operation and the correct setup of your Computer and your software. You further agree that you are solely responsible for any telephone, internet access, or other fees and expenses you may incur using Online Banking.

BANK'S RESPONSIBILITIES

The Bank is responsible for completing transfers on time according to your properly entered and transmitted instructions. However, the Bank will not be liable for completing transfers, if:

- through no fault of ours, you do not have enough available money in the account from which a payment or transfer is to be made;

- the account has been closed, frozen, or is not in good standing, or if we reverse payment or transfer because of insufficient funds;
- any transfer exceeds the credit limit of any account or under the Instructions of this Agreement;
- you have not properly followed Online Banking instructions on how to make a transfer or other transaction;
- you have not given the Bank complete, correct, and current instructions, account numbers, Access ID and Password, or other identifying information so that the Bank can properly credit your account or otherwise complete the transaction;
- you receive a notice from a merchant or other institution that any payment or transfer you have made remains unpaid or has not been completed, and you fail to notify us promptly of that fact;
- withdrawals from any of your linked accounts have been prohibited by a court order such as a garnishment or other legal process;
- your computer, your software, or Online Banking was not working properly and this problem should have been apparent to you when you attempted to authorize a transfer;
- you, or anyone you allow, commits fraud or violates any law or regulation;
- circumstances beyond the Bank's control prevent making a transfer or payment, despite reasonable precautions that the Bank has taken. Such circumstances include telecommunications outages, postal strikes, delays caused by payees, fires, and floods.
- There may be other exceptions to the Bank's liability as stated in the Account Agreements we have with you.

Privacy and Confidentiality

The importance of maintaining the confidentiality and privacy of the information provided by our customers is one of our highest priorities. You should carefully review our privacy policy as stated on our web site at www.1ststatebk.com.

Children

1st State Bank does not knowingly solicit data from children.

Disclosure of Account Information to Others

To the extent necessary to carry out the Online Banking functions, the Bank may disclose information about your accounts to third parties in the following instances:

- when it is necessary for completing transfers;
- in order to comply with laws, government agency rules or orders, court orders, subpoenas or other legal process, or in order to give information to any government agency or official having legal authority to request such information;
- to protect and enforce our rights;
- in order to share our experience with you with reputable credit reporting agencies as authorized under federal law. Under the Fair Credit reporting Act you have the right to make sure that your credit bureau reports are correct and accurate;
- in order to contract with outside agents or service providers to prepare account statements, enter or calculate transactions and balances, or provide other materials or services on our behalf;
- if you give us your written permission (which may be by electronic or telecommunications transmission as well as on paper);
- to our employees, auditors, service providers, attorneys or collection agents in the course of their duties.

LIMITATIONS OF BANKS' RESPONSIBILITY AND/OR LIABILITY-

Access

We will not be liable under this Agreement for failure to provide access or for interruptions in access to Online Banking due to a system failure or due to other unforeseen circumstances.

Our Computer Equipment & Your Software

We will not be responsible for any errors or failures from any malfunction of your computer or a computer virus or other problems relating to your computer equipment used with Online Banking. We are not responsible for any error, damages or other loss you may suffer due to malfunction or misapplication of any system you use, including your browser, your Internet Service Provider, your personal financial management or other software or any equipment you may use (including your telecommunications facilities, computer hardware and modem) to access or communicate with Online Banking.

General Limitation on Liability

In no event shall the Bank be liable for special, indirect, punitive, incidental, or consequential loss or damage of any kind including lost profits whether or not the Bank has advised you of the possibility of such loss or damage arising or related to your use of Online Banking. In states which do not allow the exclusion or limitation, our liability is limited to the extent permitted by applicable law.

MISCELLANEOUS-

Governing Law

This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of Michigan, and by laws of the United States. Your existing account relationship and Account Agreements with the Bank will continue to be governed by and construed in accordance with the laws governing those Account Agreements. You agree and consent to the exclusive jurisdiction of the courts of Michigan and the United States District Court for the State of Michigan in connection with any action or proceeding.

Periodic Statements

Your Online Banking transactions will be indicated on your monthly statement. You have a right under federal law to receive such statements for accounts governed by the EFT and Reg. E. In order to deliver your statement in a timely manner, you agree to notify us promptly if you change your mailing or email address.

Funds Transfer Service for Accounts Subject to the Electronic Funds Transfer Act-

Some of the accounts to which you have access through Online Banking may be governed by the Electronic Funds Transfer (EFT) Act and Reg. E. In general, the EFT and Reg E govern accounts established by a natural person primarily for personal, family or household purposes. **EFT Act and Reg E does not apply to business accounts.** If this agreement disagrees with EFT/Reg E Rules, EFT/Reg E Rules shall prevail.

Errors or Questions About Transactions Involving Consumer Accounts.

Your liability regarding unauthorized transfers and errors involving Consumer Accounts may be limited by the Electronic Funds Transfer Act and related federal regulations, as further set forth in the Electronic Funds Transfer Initial Disclosure provided to you when you opened your Consumer Accounts. You may request a copy of such notice by contacting us pursuant to the methods listed in the Section titled "Notice".

Call us at 877.799.7500 or write us at 1st State Bank; PO Box 1468; Saginaw, MI 48605 as soon as you can, if you think your periodic statement is wrong or if you need more information about a transfer covered by this Agreement which is listed on the statement. We must hear from within the time periods set forth in the Electronic Funds Transfer Initial Disclosure or your liability may be increased. Your notice should include the following: (a) your name and account number (if any); (b) a description of the error or transfer you are unsure about, and explain as clearly as you can why you believe it is an error and why you need more information; and (c) the dollar amount of the suspected error. If you tell the Bank orally, you may be required to submit your complaint or question in writing within ten (10) business days after we hear from you. We will then, in good faith, attempt to correct any error promptly. If the Bank needs more time, however, we may take up to forty-five (45) days to investigate your complaint or question, in which case, the Bank will credit your account within ten (10) business days for the amount you think is in error (called "provisional" credit). This allows you the use of the money during the time it takes the Bank to complete the investigation. If the Bank asks you to put your complaint or questions in writing and does not receive it within ten (10) business days, the Bank may not provide provisional credit to your account. If the Bank decides that there was no error, it will send you a written explanation within three (3) business days after the investigation is finalized. You may ask for copies of the documents that the Bank used in its investigation.

After receiving such notice from you we will conduct an investigation, notify you of the results of our investigation, and make any necessary or appropriate adjustments to your Consumer Account as required by Applicable Law and as further set forth in the Electronic Funds Transfer Initial Disclosure.

Errors or Questions About Transactions Involving Business Accounts.

Call us at 877.799.7500 or write us at 1st State Bank; PO Box 1468; Saginaw, MI 48605 as soon as you can, if you think your periodic statement is wrong or if you need more information about a transfer covered by this Agreement which is listed on the statement.

Banking Days and Hours of Operation

Online Banking is generally available twenty-four (24) hours a day, seven (7) days a week. A transfer initiated through Online Banking before 7:00 p.m. (Eastern Time) on a banking day is generally posted to your account the same day. All transfers completed after 7:00 p.m. (Eastern Time) on a banking day or on a Saturday, Sunday or Bank Holiday will generally be posted on the next Business Day. Saturday, Sunday and Bank Holidays are not considered banking days. At certain times, some or all of Online Banking Service may not be available due to system maintenance or circumstances beyond the Bank's control.

Links

The Bank is not responsible for the practices of websites linked to or from its website and cannot guarantee the accuracy of such websites' content. Inclusion of any linked website on 1st State Bank's website does not imply approval or endorsement of the linked site.

Severability

Should any part of this Agreement be held invalid or unenforceable, that portion shall be construed consistent with applicable law as possible to reflect the original intent of the Agreement, and the remaining portions shall remain in full force and effect.

Copyright and Trademarks

The content, organization, graphics design, compilation, magnetic translation, digital conversion and other matters related to our website and Online Banking are protected under applicable copyrights, trademarks and other proprietary rights. The copying, redistribution, use or publication of any part of our website, is strictly prohibited. You do not by virtue of this Agreement acquire any ownership rights to any content, document or other materials accessed through our website or Online Banking. The posting of information or material on our website or Online Banking does not constitute a waiver by us of any proprietary or other right we have in such information or materials.