

This Online Banking Agreement and Disclosure ("Agreement") describes your rights and obligations as a user of the Online Banking service or the Bill Payment service ("Services"). It also describes the rights and obligations of Farmers State Bank Of Canton ("Bank"). Please read this Agreement carefully. By requesting and using one of these Services, you agree to comply with the terms and conditions of this Agreement.

I. Definitions

The following definitions apply in this Agreement:

1. "Authorized Representative" or "Authorized Signer" refers to a person with authority (with respect to the account);
2. "ISP" refers to your Internet Service Provider;
3. "Online Banking" is the internet-based service providing access to your Bank account(s);
4. "Online Account" means the Bank account from which you will be conducting transactions using a Service;
5. "Password" is the generated code selected by you to sign-on for Services, or the codes you select after the initial sign-on, that establishes your connection to the Service;
6. "PC" means your personal computer which enables you, with the Internet browser and ISP, to access your Online Account;
7. "Time of day" references are to Central Standard Time;
8. "User ID" or "Customer number" is the Bank-generated identification code assigned to you for your connection to the Service; (this may be changed by you after initial sign-on)
9. "We", "us", or "Bank" refer to Farmers State Bank Of Canton which offers the Services and which holds the accounts accessed by the Services; and
10. "You" or "your" refers to the owner of the account or the authorized representative.

II. Access to Services

The Bank will provide instructions on how to use the Online Banking. You will gain access to your Online Accounts through the use of your Internet-enabled device, your ISP, your Password and your User ID. You may access your Online Accounts 24 hours a day, seven (7) days a week. However, availability of the Services may be suspended for brief periods of time for purposes of maintenance, updating and revising the software. Hardware and Software requirements are listed on our Online help index. For purposes of transactions, the Bank's business days are Monday through Friday, excluding holidays, Saturdays and Sundays. All Online Banking transaction requests received after 2:00 p.m. on business days and all transactions which are requested on Saturday, Sundays or holidays on which the Bank chooses to remain closed, will be processed on the Bank's next business day. The Bank's business day begins at 9:00 a.m.

III. Banking Transactions with Online Banking

1. Account Access Ì Qualified Accounts. You may access only accounts that you are the authorized signer and need only one signature for a transaction. One of these accounts must be a primary checking account with no transaction restrictions (for example, Regular Checking). Once you have selected your primary account you may select additional accounts including other checking, savings, certificates of deposit or loan accounts.
2. Transfer of Funds. In addition to viewing account information, you may use Online Banking to conduct transfer of funds. You may make one-time transfers or schedule future or recurring transfers such as transfers to make loan payments. You may transfer funds among your checking accounts and savings accounts.

* NOTE: Because federal regulations require the Bank to limit preauthorized transfers (including Online Banking transfers), the following limitations apply:

a. Regular savings, You can make no more than [six (6)] transfers per statement period by preauthorized or automatic transfer or by telephone or Online Banking.

3. Additional Services. New services may be introduced for Online Banking from time to time. The 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.

IV. Schedule of Fees

Online Banking fees will be the same fees that are set up on your regular accounts and that were disclosed to you upon the opening of your accounts with us.

V. Statements

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

VI. Use of Your Security Password

You are responsible for keeping your password and Online Account information confidential. In order to protect yourself against fraud, you should adhere to the following guidelines:

- Do not give your account information, Password, or User ID to anyone;
- Do not leave your PC unattended while you are in the Bank's Online Banking Site;
- Never leave your account information within range of others; and
- Do not send privileged account information (account number, Password, etc.) in any public or general e-mail system.

If you believe your password has been lost or stolen, or if you suspect any fraudulent activity on your account, call the Bank immediately at 605-987-2671 between the hours of 9:00a.m. and 4:00p.m., Monday-Thursday; Friday 9:00a.m. to 6:00p.m.

If you believe your Password has been lost or stolen, please use the Password change feature (found in user options) within the Online Banking section of the Web site to change your Password.

VII. Electronic Mail (E-mail)

If you send the Bank an e-mail message, the Bank will be deemed to have received it on the following business day. You should not rely on e-mail 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.

NOTE: E-mail transmissions outside of the Online Banking site are not secure. We advise you not to send us or ask for sensitive information such as account numbers, Password, account information, etc. via any general or public e-mail system. If you wish to contact us electronically, please use the email under the contact tab then add message option provided in our Online Banking site. Use this secure form to e-mail the Bank regarding inquiries about an electronic funds transfer error resolution, reporting unauthorized transactions, or contacting the Bank regarding other concerns of a confidential nature.

VIII. Linked Accounts

Accounts with the Bank that you have will be linked to access the account. The linked accounts will appear together without regard to the ownership of the accounts. For example, if an authorized signer of a linked account accesses the Service, that authorized signer will be able to view and access at a single time the following accounts:

- the accounts of the business for which that person is an authorized signer;
- the accounts of any other business for which that person is an authorized signer; and
- any consumer accounts for which the person is a co-owner or authorized signer.

IX. Business Accounts

If you are a business, any authorized signer of your business is authorized on such terms, conditions, and agreements as we may require to:

- enter into this Agreement, as amended from time to time;
- access each account of yours in any manner and for any purpose available through the Service, whether now available or available at some time in the future; and
- use any Online banking service in any manner and for any purpose available through the Service, whether now available or available at some time in the future.

X. Term and Termination

1. Term. This Agreement will become effective on the Activation Date and shall remain in full force and effect until termination in accordance with the following provisions.
2. Termination for Cause. We may immediately terminate your electronic banking privileges without notice to you under the following circumstances:
 1. you do not pay any fee required by this Agreement when due or
 2. you do not comply with the agreement governing your deposit or loan accounts or your accounts are not maintained in good standing.
3. Termination for Convenience. To terminate this Agreement, you must notify the Bank and provide your name, address, the Service(s) you are discontinuing, and the termination date of the Service(s). You may notify the Bank by one of the following methods:
 - By sending an e-mail to: fsbookies@iw.net
 - By calling 605-987-2671
 - By writing a letter and sending it to the following address: Farmers State Bank Of Canton, PO Box 178 Canton, SD 57013

XI. Electronic Fund Transfer Provisions For Consumers

1. Applicability. These provisions are only applicable to online electronic fund transfers which credit or debit a consumer's checking, savings or other asset account and are subject to the Federal Reserve Board's Regulation E (an "EFT"). When applicable, the Bank may rely on any exceptions to these provisions which are contained in Regulation E. All terms that are not defined in this Agreement but which are defined in Regulation E shall have the same meaning when used in this section.
2. Your Liability. The following determines your liability for any unauthorized EFT or any series of related unauthorized EFTs:
 1. If you notify the Bank within two (2) business days after your password was discovered lost or stolen, your liability will not exceed \$50.00 or the amount of the unauthorized EFTs that occur before notification, whichever is less
 2. If you fail to notify the Bank within two (2) business days after your password was lost or stolen, your liability will not exceed the lesser of \$500.00 or the total of:
 - \$50.00 or the amount of unauthorized EFTs that occur within the two (2) business days; and
 - the total of unauthorized EFTs which occur during the two (2) days before notification to the Bank, provided the Bank establishes that these EFTs would not have occurred had the Bank been notified within that two-day period.
 3. You must report an unauthorized EFT which appears on your periodic statement, no later than 60 days of transmittal of the statement to avoid liability for subsequent transfers. Your liability will not exceed the amount of the unauthorized EFTs that occurred with the 60-day period. You may also be liable for the amounts as described in sections 1 and 2 above.
 4. If the report is made orally, we will require that you send the complaint or question in writing within 20 business days. We will notify you with the results of the investigation within 10 business days and will correct any error promptly. If more time is needed, however, we may take up to 45 days to investigate a complaint or question. If this occurs, we will credit your account within 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 10 business days, we may not credit your account until the investigation is completed. If an alleged error involves an electronic fund transfer outside a state or territory or possession of the United States, the applicable time periods for action by us are 20 business days (instead of 10) and 90 calendar days (instead of 45). If we determine that no error occurred, we will send you a written explanation within three business days after the investigation is complete. You may request copies of the documents that were used in the investigation.
 5. You may notify the Bank by telephone, writing, or by email. Notification by general e-mail to report an unauthorized transaction is not secure and therefore not advised.
3. Telephone Numbers and Addresses. In case of errors or questions regarding Online Banking, call 605-987-2671 or write us at: Farmers State Bank, PO Box 178, Canton, SD 57013
We must hear from you at the telephone number or address, listed above, no later than 60 days after we sent you the FIRST statement on which the problem or error appeared.
We will need:
 1. Your name and account number
 2. 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
 3. The dollar amount of the suspected error and date on which it occurred.

XII. Liability

Our Liability. This section explains our liability to you only to the extent that any other agreements, notices or disclosures have not separately disclosed our liability. In no event shall we be liable to you for failure to provide access to your Online Banking. Unless otherwise required by applicable law, we are only responsible for performing the Online Banking as delineated in this Agreement. We will be liable for the amount of any material losses or damages incurred by you and resulting directly from our gross negligence.

We will not be liable to you in the following instances:

If through no fault of the Bank, you do not have enough money in your account to make the transfer.

If circumstances beyond our control (such as fire, flood, power outage, equipment or technical failure or breakdown) prevents the transfer despite reasonable precautions that we have taken.

If there is a hold on your account, or if access to your account is blocked, in accordance with banking policy.

If your funds are subject to a legal proceeding or other encumbrance restricting the transfer.

If your transfer authorization terminates by operation of law.

If you believe someone has accessed your accounts without your permission and you fail to notify the Bank immediately.

If you have not properly followed the instructions on how to make a transfer included in this Agreement.

If we have received incomplete or inaccurate information from you or a third party involving the account or transfer.

If 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.

IN NO EVENT SHALL WE HAVE ANY LIABILITY TO YOU OR ANY THIRD PARTY FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF THIS AGREEMENT.

Indemnification. You agree to indemnify, defend and hold us, our affiliate companies, directors, officers, employees and agents harmless against any third party claim, demand, suit, action or other proceeding and any expenses related to an Online Banking.

Third Parties. We are not liable for any loss or liability resulting from any failure of your equipment or software, or that of an internet browser provider such as Netscape (Netscape Navigator browser) or Microsoft (Microsoft Explorer browser), by an internet access provider, or by an online service provider, nor will we be liable for any direct, indirect, special or consequential damages resulting from your access to or failure to access an Online Banking.

Virus Protection. The Bank is not responsible for any electronic virus or viruses that you may encounter. We suggest that you routinely scan your PC using a virus protection product. An undetected virus may corrupt and destroy your programs, files, and your hardware.

XIII. General Terms and Conditions

1. Bank Agreements. In addition to this Agreement, you and the Bank agree to be bound by and comply with the requirements of the agreements applicable to each of your Online Accounts. Your use of the Online Banking Service is your acknowledgment that you have received these agreements and intend to be bound by them.
2. Errors: If an error occurs and you have access to an account(s) that you do not have sole signature authority over, you agree to immediately notify the Bank of the error and not to do any transactions on such account(s).
3. Changes and Modifications. The Bank may modify the terms and conditions applicable to the Services from time to time. We may send any notice to you via e-mail and you will have to be deemed to have received it three days after it is sent. The revised terms and conditions shall be effective at the earliest date allowed by applicable law. We reserve the right to terminate this Agreement and your use of the Services in whole or in part at any time without prior notice.
4. Assignment. We may assign this Agreement to an affiliate of the Bank or any successor in interest in the event of a merger, reorganization, change of control, acquisition or sale of all or substantially all assets of the business to which this Agreement is related without the other party's prior written consent.
5. Notices. Unless otherwise required by applicable law, any notice or written communication given pursuant to this Agreement, may be sent to you electronically.
6. Disclosure of Information. We will only disclose information to third parties about your account or transfers you make under the following circumstances:
 - where it is necessary for the provision of Online Banking and for completing transfers;
 - in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant;
 - in order to comply with government or court orders, or other reporting requirements;
 - if you give us your permission;
 - to the Bank affiliated companies.