

## ONLINE BANKING AGREEMENT (BUSINESS)

### Lake Shore Savings Bank

#### 1. Meaning of some words. In this agreement:

- a. "We," "us," "our" and "ours" mean Lake Shore Savings Bank, 128 East 4th Street, P.O. Box 512, Dunkirk, NY 14048;
- b. "Online Banking" means an internet banking service being provided by us or on our behalf;
- c. "You," "your" and "yours" mean any corporation, partnership, limited liability company or other business organization, or any city, town, village, school district or other governmental body, that enrolls in Online Banking or any individual who enrolls in Online Banking for use in connection with deposit accounts none of which is established primarily for personal, family or household purposes;
- d. "Approved deposit account" means any deposit account of yours with us that is approved by us as accessible for transfers of funds through Online Banking;
- e. "Approved payment account" means any approved deposit account that is approved by us to be used for payments through Online Banking;
- f. "Approved line of credit account" means any line of credit account of yours with us that is approved by us as accessible for transfers of funds through Online Banking;
- g. "Approved loan account" means any approved line of credit account or any other loan account of yours with us that is approved by us as accessible for transfers of funds through Online Banking;
- h. "Authorized party" means, if you are an individual, you or, if you are a corporation, partnership, limited liability company or other business organization or a city, town, village, school district or other governmental body, any individual authorized by you to transact all business relating to any deposit account or loan account of yours from or to which transfers of funds may be made through Online Banking;
- i. "Your administrator" means, if you are a corporation, partnership, limited liability company or other business organization or a city, town, village, school district or other governmental body, the individual designated by any authorized party and approved by us as the administrator of Online Banking on your behalf;
- j. "Additional user" means any individual, whether or not an authorized party or an employee or other agent of yours, designated by you or your administrator and approved by us as a user of Online Banking on your behalf;
- k. "Identifier" means any identifier (for example, a username, password, access code or token) assigned by us or any agent of ours to you or your administrator or by you or your administrator to any additional user, or chosen by you, your administrator or any additional user, for use in connection with Online Banking;
- l. "Instruction to us" means any instruction, notice, order or other communication given to us in connection with Online Banking (for example, an order described in Section 11, 12 or 13 of this agreement);
- m. "Electronic document" means any periodic statement for an approved deposit account or approved loan account, any image of a check or other item that would normally be provided with a periodic statement for an approved deposit account, any communication that would normally be provided with a periodic statement for an approved deposit account or approved loan account and that is chosen to be sent to you through Online Banking (for example, a change of terms notice, an annual privacy notice or another notice that is required by applicable law or an agreement between you and us) or any other communication relating to an approved deposit account or approved loan account that is chosen to be sent to you through Online Banking (for example, an automated clearing house, wire transfer or overdraft item notice);
- n. "Mobile banking device" means any wireless device (for example, a cellular telephone or tablet) that is capable of being used in connection with Online Banking and is approved by us for use by you or on your behalf in connection with Online Banking;
- o. "Operating procedure" means any operating procedure for Online Banking established by us or any agent of ours;
- p. "Security procedure" means any identification, pre-notification or other security procedure (for example, the use of an identifier) established by us or any agent of ours to verify that any instruction to us supposedly given by you or on your behalf in connection with Online Banking is actually being given by you or your behalf;

q. "Error detection procedure" means any procedure established by us or any agent of ours to detect any error in the communication or transmission of any instruction to us; and

r. "Liability or expense" means, with respect to any obligation of yours to indemnify or reimburse us or any agent of ours, any liability, loss, cost or expense (for example, an attorney's fee or disbursement, whether the attorney is hired for advice, litigation or any other purpose, or a cost of investigation or litigation).

**2. Certain representations and warranties.** You represent and warrant to us that your entry into and performance of this agreement, the use of Online Banking by you or on your behalf and each transfer of funds or payment ordered by you or on your behalf through Online Banking do not and will not violate applicable law, any judgment or order of any court, agency or other governmental body by which you are bound, your certificate or articles of incorporation, by-laws, operating, limited liability company or partnership agreement or other charter, organizational or other governing document or any resolution of or other action of record by any shareholder, member, director, manager or governing body of yours, do not and will not violate or constitute any default under any agreement or instrument by which you are bound, are in furtherance of your purposes and within your power and authority and do not and will not require any authorization of, notice to or other act by or relating to any other party (for example, a shareholder, member, director, manager or governing body of yours) that has not been duly obtained, given or done and is not in full force and effect.

**3. Business purposes.** You represent and warrant to us that the use of Online Banking by you or on your behalf will be primarily for business or governmental purposes rather than personal, family or household purposes. You acknowledge that in connection with Online Banking you will not have any right that applies under applicable law to deposit or credit accounts established primarily for personal, family or household purposes but not to deposit or credit accounts not established primarily for personal, family or household purposes (for example, the right to limited liability for unauthorized use of an internet banking service). Nothing in this agreement, any statement for any approved deposit account or approved loan account that we send to you or otherwise make available to you or any notice or other communication or document that we send to you (for example, the use of a term defined in the Electronic Fund Transfer Act or the Truth in Lending Act or the giving of a notice required by the Electronic Fund Transfer Act or the Truth in Lending Act) will give you in connection with Online Banking any right that applies under applicable law to deposit or credit accounts established primarily for personal, family or household purposes but not to deposit or credit accounts not established primarily for personal, family or household purposes.

**4. Deposit accounts.** You represent and warrant to us that no deposit account from which a withdrawal of funds will be ordered by you or on your behalf through Online Banking will be a fiduciary account, an account for which two or more persons are required to sign a check written on the account or a withdrawal form for the account or an account subject to a similar restriction. But no limitation on a withdrawal of funds from any deposit account from which a withdrawal of funds is ordered by you or on your behalf through Online Banking arising because the account is a fiduciary account, because the account is one for which two or more persons are required to sign a check written on the account or a withdrawal form for the account or because the account is subject to a similar restriction will apply to any withdrawal of funds from the account ordered by you or on your behalf through Online Banking.

**5. You and your administrator.** You represent and warrant to us that you and your administrator will have an unrestricted right to act alone to withdraw or to give any order to withdraw funds from any deposit account from which a withdrawal of funds will be ordered by you or on your behalf through Online Banking (for example, by signing a check written on the account or a withdrawal form for the account or giving an order for an automated clearing house entry or wire or intrabank transfer involving funds in the account) and to obtain credit under any approved line of credit account. We may rely on the authority of your administrator to act on your behalf in connection with Online Banking (for example, by giving any instruction to us, designating any additional user and limitations on the authority of any additional user to give any instruction to us, terminating or changing any limitation on the authority of any additional user to give any instruction to us, designating any other individual as your administrator, choosing any identifier to be used in connection with any security procedure or requesting that any identifier used in connection with any security procedure be rendered ineffective) until we receive from any authorized party and have a reasonable time to act on a written notice that your administrator is no longer authorized to act on your behalf in connection with Online Banking.

**6. Additional users.** Monitoring whether any additional user is acting within his or her authority to give any instruction to us is your responsibility and the responsibility of your administrator, and we may rely on the authority of any additional user to give any instruction to us.

**7. Identifier.** Neither you nor your administrator nor any additional user may allow anyone else to have any identifier unless you authorize him or her to use Online Banking on your behalf. You, your administrator and each additional user must keep each identifier in a secure location separate from any equipment (for example, a computer or mobile banking device) or software you use or your administrator or any additional user uses in connection with Online Banking. For reasons of security, we or any agent of ours may render any identifier ineffective. **WE WILL NOT BE LIABLE FOR DAMAGES YOU SUFFER AS A RESULT OF YOU, YOUR ADMINISTRATOR OR ANY ADDITIONAL USER ALLOWING ANYONE ELSE (FOR EXAMPLE, A PARTY THAT AGGREGATES ACCOUNT INFORMATION OR CONTENT OF WEBSITES) TO HAVE ANY IDENTIFIER.**

**8. Your responsibility for instructions.** You will be responsible for and bound by each instruction given by you, your administrator, any additional user or anyone else you allow or your administrator or any additional user allows to have any identifier or to use Online Banking, and the instruction to us and, if the instruction to us is any order described in Section 11, 12 or 13 of this agreement, each transfer of funds or payment initiated by the instruction to us will be covered by this agreement as though the instruction to us had been given by you. Thus, you will be responsible for verifying the content of each instruction to us (for example, the description in the instruction to us of any amount or any name or account or other identifying number of an account or financial institution or other party, and we will not be responsible for doing so.

**9. Prohibition of certain transactions.** Online Banking may not be used by you or on your behalf for any prohibited or unenforceable transaction (for example, an illegal gambling transaction, a purchase of an illegal product or a transaction with an individual, organization or government on which the federal government has imposed economic or trade sanctions or with which it has prohibited transactions), but, if it is, you waive any claim that the transaction should not have been charged against any deposit account or line of credit account on the ground that the transaction was prohibited or unenforceable, and you must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim arising out of the transaction. You must maintain and use a filtering system designed to assure that no transaction involving an individual, organization or government on which the federal government has imposed economic or trade sanctions or with which it has prohibited transactions is made using Online Banking, and you must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any failure by you to maintain and use that type of filtering system.

**10. Online Banking.** Online Banking has a number of features, including a banking feature, a bill payment feature and an automated clearing house/wire transfer feature. The banking feature is always included in Online Banking, while the bill payment feature and the automated clearing house/wire transfer feature will be available to you only if chosen by you and approved by us. The banking feature of Online Banking has a number of features (for example, electronic statement delivery) that will be available to you only if chosen by you and approved by us. If chosen by you and approved by us, a mobile banking device may be used in connection with Online Banking.

**11. Use of banking feature.** Subject to the provisions of this agreement, the banking feature of Online Banking may be used by you or on your behalf to:

- a. Give an order to us to make an immediate or future non-recurring transfer of funds from any approved deposit account to any other approved deposit account or any approved loan account or from any approved line of credit account to any other approved loan account or any approved deposit account;
- b. Give an order to us to make a series of automatic recurring transfers of funds of the same amount from any approved deposit account to any other approved deposit account or any approved loan account or from any approved line of credit account to any other approved loan account or any approved deposit account;
- c. Give an order to us changing or canceling any order described in clause a of this sentence that was previously given through the banking feature of Online Banking;
- d. Give an order to us changing or canceling as to all future transfers of funds any order described in clause b of this sentence that was previously given through the banking feature of Online Banking;

e. Give an order to us to stop, or to renew an order to stop, the payment of any check written on any checking or money market account of yours with us;

f. Request information available through the banking feature of Online Banking concerning any approved deposit account or approved loan account that is approved by us as accessible for information through the banking feature of Online Banking (for example, information concerning deposits in, withdrawals from and the balance of the account); and

g. Receive notice of the availability at our website of electronic documents for any approved deposit account or approved loan account through the electronic statement delivery feature of the banking feature of Online Banking.

Any order to stop, or to renew an order to stop, the payment of a check given by you or on your behalf through the banking feature of Online Banking will be subject to our general rules concerning orders to stop the payment of a check, except that the order need not be confirmed in writing. For example, the order will be effective for six months after the date it is placed against the account on which the check is written.

Because the balance available for withdrawal from an approved deposit account may vary from time to time during any day, you may not rely on any statement obtained through the banking feature of Online Banking as to the balance available for withdrawal from the approved deposit account at any time other than the time the statement is obtained.

**12. Use of bill payment feature.** Subject to the provisions of this agreement, Online Banking may be used by you or on your behalf to:

- a. Give an order to us to make a non-recurring payment from any approved payment account;
- b. Give an order to us to make a series of automatic recurring payments of the same amount from any approved payment account;
- c. Give an order to us changing or canceling any order described in clause a of this sentence that was previously given through the bill payment feature of Online Banking;
- d. Give an order to us canceling as to all future payments any order described in clause b of this sentence that was previously given through the bill payment feature of Online Banking; and
- e. Request information available through the bill payment feature of Online Banking concerning payments from any approved payment account made through the bill payment feature of Online Banking.

Any payment from any approved payment account made through the bill payment feature of Online Banking will be made by either a transfer of funds through an automated clearing house to the payee of the payment or the sending of a check to the payee. Because the payee will not receive a payment stub with the payment and because the payee may process payments made without a payment stub at a different location than is normally the case or may take longer than is normally the case to process those payments, it may be advisable for you to verify with the payee the address to which the payment should be sent and the period of time required for the posting of the payment.

It is not advisable to use the bill payment feature of Online Banking to make a payment to a governmental body (for example, a payment of a tax bill).

**13. Use of automated clearing house/wire transfer feature.** Subject to the provisions of this agreement, the automated clearing house/wire transfer feature of Online Banking may be used by you or on your behalf to:

- a. Give an order to us to make a non-recurring transfer of funds through an automated clearing house from any deposit account maintained by you or someone other than you with us or another financial institution to any other deposit account maintained by you or someone other than you with us or another financial institution as long as one of the accounts is maintained by you;
- b. Give an order to us to make a series of automatic recurring transfers of funds of the same amount through an automated clearing house from any deposit account maintained by you or someone other than you with us or another financial institution to any other deposit account maintained by you or someone other than you with us or another financial institution as long as one of the accounts is maintained by you;
- c. Give an order to us to make a non-recurring transfer of funds by a wire or intrabank transfer from any deposit account maintained by you with us to any

deposit account maintained by someone other than you with us or by you or someone other than you with another financial institution; and

d. Give an order to us to make a series of automatic recurring transfers of funds of the same amount by a wire or intrabank transfer from any deposit account maintained by you with us to any deposit account maintained by someone other than you with us or by you or someone other than you with another financial institution.

**14. Initiation, processing, charging, changing and cancellation of orders given through banking feature of Online Banking.** The following rules apply to the initiation, processing, charging, changing and cancellation of orders given by you or on your behalf through the banking feature of Online Banking:

a. If an order to make an immediate non-recurring transfer of funds is given through the banking feature of Online Banking:

i. The transfer will be scheduled to be made on the day we receive the order unless that day is not a business day of ours or we receive the order after 11:00 p.m. eastern United States time that day if that day is any day Monday through Friday or 8 p.m. eastern United States time that day if that day is a Saturday, in which case it will be scheduled to be made on our first business day after that day;

ii. The transfer may be charged against the account from which it is to be made as early as the day we receive the order; and

iii. The order may not be changed or canceled.

b. If an order to make a future non-recurring transfer of funds is given through the banking feature of Online Banking:

i. The order must schedule the transfer to be made on a specified date after the day we receive the order;

ii. The transfer will be scheduled to be made on the date the order schedules it to be made unless that date is not a business day of ours, in which case it will be scheduled to be made on our first business day after that date;

iii. The transfer may be charged against the account from which it is to be made as early as the date on which it is scheduled to be made; and

iv. The order may be changed or canceled until 11:00 p.m. eastern United States time on the day before the date on which the transfer is scheduled to be made.

c. If an order to make a series of automatic recurring transfers of funds is given through the banking feature of Online Banking:

i. The order must provide for the transfers to be equal in amount and regular in frequency on a weekly, bi-weekly, semi-monthly, monthly, quarterly, semi-annual or annual basis and must schedule them to begin and end on specified dates after the day we receive the order;

ii. Each of the transfers will be scheduled to be made on the date the order schedules it to be made unless that date is not a business day of ours, in which case it will be scheduled to be made on our first business day after that date;

iii. Each of the transfers may be charged against the account from which it is to be made as early as the date on which it is scheduled to be made; and

iv. The order may not be changed, but the order may be canceled with respect to any of the transfers until 11:00 p.m. eastern United States time on the day before the date on which the transfer is scheduled to be made.

**15. Initiation, processing, charging, changing and cancellation of orders given through bill payment feature of Online Banking.** The following rules apply to the initiation, processing, charging, changing and cancellation of orders given by you or on your behalf through the bill payment feature of Online Banking:

a. If an order to make a non-recurring payment is given through the bill payment feature of Online Banking:

i. The order must provide as the payee of the payment a party that is located in the United States, would not be receiving the payment under a court order and is not regarded by us as ineligible for payment through the bill payment feature of Online Banking;

ii. The order may not provide for the payment to be made in other than United States currency;

iii. The order may not provide for the payment to be more than \$5,000;

iv. The order must specify the date on which the payment is scheduled to be received by the payee;

v. The payment may be charged against the account from which it is to be made as early as the date on which it is scheduled to be received by the payee; and

vi. The order may not be changed or canceled after processing of the payment begins.

b. If an order to make a series of automatic recurring payments is given through the bill payment feature of Online Banking:

i. The order must provide for the same payee of all of the payments and must provide as the payee a party that is located in the United States, would not be receiving the payments under a court order and is not regarded by us as ineligible for payment through the bill payment feature of Online Banking;

ii. The order may not provide for any of the payments to be made in other than United States currency;

iii. The order must provide for the payments to be equal in amount, no more than \$5,000 each and regular in frequency on a weekly, biweekly, semi-monthly, monthly, quarterly, semi-annual or annual basis and must specify the date on which the first of the payments is scheduled to be received by the payee;

iv. Each of the payments will be scheduled to be received by the payee on the date the order schedules it to be received by the payee, except that, if that date is a Saturday, Sunday or legal holiday, it will be scheduled to be received by the payee on the last day before that date that is not a Saturday, Sunday or legal holiday;

v. Each of the payments may be charged against the account from which it is to be made as early as the date on which it is scheduled to be received by the payee; and

vi. The order may not be changed or canceled with respect to any of the payments after processing of the payment begins.

**16. Orders given through the automated clearing house/wire transfer feature of Online Banking.** The following rules apply to any order given by you or on your behalf through automated clearing house/wire transfer feature of Online Banking:

a. If the order is to make a transfer of funds through an automated clearing house:

i. The order and the transfer will be subject to the provisions of any agreement between you and us governing transfers of funds through an automated clearing house (for example, provisions applicable to the initiation, processing, charging, changing and cancellation of orders) even if the agreement does not refer to an order given through the automated clearing house/wire transfer feature; and

ii. The transfer will be subject to any limit set by you or your administrator on the amount of the transfer or the total of the amount of the transfer and the amounts of all other transfers of funds from the account from which the transfer is to be made on the day the transfer is made.

b. If the order is to make a transfer of funds by a wire or intrabank transfer:

i. The transfer will be subject to the provisions of any agreement between you and us governing transfers of funds by a wire or intrabank transfer (for example, provisions applicable to the initiation, processing, charging, changing and cancellation of orders) even if the agreement does not refer to an order given through the automated clearing house/wire transfer feature; and

ii. The transfer will be subject to any limit set by you or your administrator on the amount of the transfer or the total of the amount of the transfer and the amounts of all other transfers of funds from the account from which the transfer is to be made on the day the transfer is made.

**17. Limitations and other rules applicable to transfers of funds and payments.** The following limitations and other rules apply to transfers of funds and payments initiated by orders given by you or on your behalf through Online Banking:

a. We may refuse to honor any order to make a transfer of funds or payment given through Online Banking (for example, refusing to do so for reasons of security, to comply with applicable law or because the order reasonably appears to us to be erroneous, incomplete, conditional, fraudulent or possibly illegal).

b. Any transfer of funds from a deposit account ordered through the banking feature or the automated clearing house/wire transfer feature of Online Banking will be subject to the funds being available for withdrawal from the account when the order to make the transfer is to be charged against the account with respect to the transfer.

c. Any transfer of funds from any approved line of credit account ordered through the banking feature of Online Banking will be subject to the funds being available

as credit under the account when the order to make the transfer is to be charged against the account.

d. Any payment ordered through the bill payment feature of Online Banking will be subject to the funds that are to be used to make the payment being available for withdrawal from the approved payment account from which the payment is to be made when the order to make the payment is to be charged against the account with respect to the payment.

e. If, when any order to make a transfer of funds or payment from a deposit account of yours with us given through Online Banking is to be charged against the account with respect to the transfer or payment, the amount of the transfer or payment exceeds the amount of money available for withdrawal from the account (taking into consideration, if the account is tied to a line of credit account or other overdraft facility with us, the amount of credit available under the line of credit account or other overdraft facility), we may either make the transfer or payment, in which case you will be liable for the excess, or refuse to make the transfer or payment. In either case, you will be liable for any fee applicable to the withdrawal or attempted withdrawal of money from the account in excess of the amount of money available for withdrawal from the account. But, if we refuse to make the transfer or payment, we may attempt to make it on a later business day of ours.

f. If, when any order to make a transfer of funds from any approved line of credit account given through the banking feature of Online Banking is to be charged against the account, the amount of the transfer exceeds the amount of credit available under the account, we may either make the transfer, in which case the amount of the transfer will be considered to be credit extended under the account, or refuse to make the transfer. In either case, you will be liable for any fee applicable to the obtaining of the credit or attempted obtaining of credit in excess of the amount of credit available under the account.

g. If an order to make a transfer of funds or payment given through Online Banking contains an inconsistency in the name and account or other identifying number of an account or payee, financial institution or other party, we may treat the number as controlling and rely on the number in processing the order.

h. If any approved deposit account is a savings account for purposes of federal reserve requirements, during any monthly period at the end of which we review the account there may be no more than six transfers of funds from the account that are:

i. A transfer of funds to any other deposit account with us ordered through Online Banking;

ii. Any other computer transfer of funds to any other deposit account with us or a third party;

iii. A preauthorized, automatic or telephonic transfer of funds to any other deposit account with us or a third party;

iv. A transfer of funds to a third party made by using a debit card issued by us (for example, a transfer of funds to pay the purchase price of goods or services); or

v. A transfer of funds made by using a check, a draft or any other order payable to a third party.

i. You will be responsible for assuring that any order to make a payment given by you or on your behalf through the bill payment feature of Online Banking is given to us in sufficient time for the order to be processed and the payment to be sent so that the payment is received by the payee of the payment by the date the payment is to become due without taking into consideration any grace period provided by the payee, and you will be responsible, and we will not be liable, for any consequence of your not assuring that that is done (for example, any finance or late charge resulting from the payment being made late). If the payment is to be made by a transfer of funds through an automated clearing house to the payee, up to two of our business days after the day we receive the order if that day is a business day of ours, or up to two of our business days after our first business day after that day if that day is not a business day of ours, will be necessary to allow for processing of the order so that the payment is received by the payee by the date it is to become due. If the payment is to be made by the preparation and sending to the payee of a check, up to six of our business days after the day we receive the order if that day is a business day of ours, or up to six of our business days after our first business day after that day if that day is not a business day of ours, will be necessary to allow for the processing of the order so that the payment is received by the payee by the date it is to become due.

j. We may refuse to honor any order to make a payment given through the bill payment feature of Online Banking if, because the order identifies the same payee, payment date and amount, it appears to duplicate another order to make a payment given through the bill payment feature of Online Banking.

k. We may impose any other limitation on the types, number, frequency and amounts of transfers of funds and payments ordered through Online Banking.

l. As an accommodation to you, we may attempt to have an order to make a transfer of funds or payment given through Online Banking canceled or changed even though the time within which you may cancel or change the order has expired and even though the order may have already been communicated or transmitted to another financial institution or another party. By attempting to do so on any occasion, we will not be obligated to attempt to do so on any other occasion.

**18. Notice of availability of electronic documents through banking feature of Online Banking.** If the electronic statement delivery feature of the banking feature of Online Banking is chosen by you and approved by us for any approved deposit account or approved loan account:

a. You represent and warrant to us that any electronic mail address provided to us by you or on your behalf for use in connection with the use of the electronic statement delivery feature for the account is a valid and active electronic mail address and belongs to you, your administrator or an additional user.

b. You or your administrator must promptly notify us of any change in any electronic mail address provided to us by you or on your behalf for use in connection with the use of the electronic statement delivery feature for the account by changing the electronic mail address in your profile for the banking feature of Online Banking.

c. You must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim arising from any email address provided to us by you or on your behalf for use in connection with the use of the electronic statement delivery feature for the account being invalid or inactive or not belonging to you, your administrator or an additional user.

d. Whenever an electronic document for the account is ready to be made available to you at our website, we will send to the current electronic mail address provided to us by you or on your behalf for use in connection with the use of the electronic statement delivery feature for the account a notice that the electronic document is available to you at our website. The electronic document will be available to you at our website for four months, except that it will not be available to you at our website after cancellation of the electronic statement delivery feature in connection with the account takes effect. Except to the extent that applicable law requires otherwise, the notice will be the only notice that we send to you concerning the availability of the electronic document to you. The notice will constitute delivery of the electronic document to you, whether or not it is viewed or printed by you or on your behalf. Neither you nor anyone acting on your behalf may use the reply function for electronic mail to reply to the notice (for example, by using the reply function to request any information or service or a paper copy of any electronic document or other item or to cancel the electronic statement delivery feature in connection with the account), but, if that happens, we will not be obligated to do anything in response to the reply. If the notice is returned to us as undeliverable, we will send it a second time. If it is again returned to us as undeliverable, we will send it a third time. If the notice is again returned to us as undeliverable, we may stop sending electronic documents for the account to you and resume sending to you paper copies of electronic documents for the account at the mailing address shown for you in our records concerning the account. But we will not have to send the notice a second or third time if any return of the notice to us as undeliverable indicates that the email address to which it was sent is invalid or inactive.

e. We may discontinue sending you paper copies of electronic documents for the account. For as long as we are required by applicable law to keep a copy of any electronic document for the account, you, your administrator or any additional user may request a copy of the electronic document by writing to us at Lake Shore Savings Bank, 128 East 4th Street, P.O. Box 512, Dunkirk, NY 14048, Attention: Electronic Banking Department. The request will not constitute a request to cancel the electronic statement delivery feature in connection with the account. Even if we discontinue sending you paper copies of electronic documents for the account, we may resume sending them (for example, because we believe that you are not receiving notices that an electronic document for the account is available to you at our website or because we believe that there is a risk that you may not be able to receive electronically, view and print electronic documents for the account). If the account is closed, the final periodic statement for the account that we send to you or otherwise make available to you will be a paper copy.

f. If you cancel or your administrator cancels the electronic statement delivery feature in connection with the account, we may continue to make electronic documents for the account available to you at our website until the cancellation takes effect.

g. No cancellation of the electronic statement delivery feature in connection with the account will affect the validity or legal effect of any electronic document provided for the account.

**19. Automatic alerts through banking feature of Online Banking.** As a feature of Online Banking, you will be enrolled to receive transaction alerts and notifications (“Alerts”) for any approved deposit account or approved loan account that are electronic notices from us that contain transactional information about your approved deposit account or approved loan account (the “Alert Service”). Alerts are provided within the following categories:

- **Mandatory alerts (“Mandatory Alerts”):** Mandatory Alerts provide you with important account notifications, such as information about changes to your Online Banking password, PIN, or login information. You do not have the option to suppress these Mandatory Alerts.
- **Account alerts (“Account Alerts”):** Account Alerts provide you with notification of important account activities or when certain changes are made to your approved deposit account or approved loan account, such as scheduled payments made, scheduled payments cancelled and mobile deposits. These Account Alerts are automatically activated for you. Although you may suppress these Account Alerts, we strongly recommend that you do not do so because they provide important information related to your Service accounts.
- **Additional alerts (“Additional Alerts”):** Additional Alerts must be activated by you to be enabled. These Additional Alerts can be accessed from the Manage Alerts menu within Online Banking and Manage Alerts menu within Mobile Banking.

Account Alerts and Additional Alerts must be managed and/or added online through the Alert Service. You cannot maintain all Alerts through your mobile device. We may add new Alerts from time to time, or cancel old Alerts. We usually notify you when we cancel Alerts, but are not obligated to do so. We reserve the right to terminate the Alerts service at any time without prior notice to you.

a. We may provide Alerts through one or more channels (“EndPoints”): (a) a mobile device, by text message, (b) a mobile device, by push notification; (c) an email account, by an e-mail message; or (d) your Online Banking message in-box, by an e-mail message. You agree to receive Alerts through these EndPoints, and it is your responsibility to determine that each of the service providers for the EndPoints described in (a) through (c) above supports the email, push notification, and text message Alerts provided through the Alerts service. Please be advised that text or data charges or rates may be imposed by your EndPoint service provider. Alert frequency varies by account and preferences. You agree to provide us a valid mobile phone number or email address so that we may send you Alerts. If your email address or your mobile device’s number changes, you are responsible for informing us of that change. Your Alerts will be updated to reflect the changes that you communicate to us with regard to your primary and secondary email addresses or mobile device number.

b. To stop Alerts via text message, text “STOP” to 48179 at anytime. Alerts sent to your primary email address will be unaffected by this action. To restore Alerts on your mobile phone, just visit the Alerts tab in Online Banking and click the box next to your mobile number for the Alerts you’d like to receive again. For help with SMS text alerts, text “HELP” to 48179. In case of questions please contact customer service at 800-336-6116. Our participating carriers include (but are not limited to) AT&T, SprintPCS, T-Mobile®, U.S. Cellular®, Verizon Wireless, MetroPCS.

c. We provide Alerts as a convenience to you for information purposes only. Alerts do not constitute a bank record for the deposit or credit account to which it pertains. We strive to provide Alerts in a timely manner with accurate information. However, you acknowledge and agree that your receipt of Alerts may be delayed or prevented by factor(s) affecting your mobile phone service provider, internet service provider(s) and other factors outside our control. We neither guarantee the delivery nor the accuracy of the contents of Alerts. **YOU AGREE TO NOT HOLD US, OUR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND SERVICE PROVIDERS LIABLE FOR LOSSES OR DAMAGES, INCLUDING ATTORNEYS’ FEES, THAT MAY ARISE, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, FROM (A) A NON-DELIVERY, DELAYED DELIVERY, OR THE MISDIRECTED DELIVERY OF ONE OR MORE ALERTS; (B) INACCURATE OR INCOMPLETE CONTENT IN ONE OR MORE ALERTS; OR (C) YOUR RELIANCE OR NONRELIANCE ON OR USE OF THE INFORMATION PROVIDED IN ONE OR MORE ALERTS FOR ANY PURPOSE.**

d. As Alerts delivered via SMS, email and push notifications are not encrypted, we will never include your passcode or full account number. You acknowledge and agree that Alerts may not be encrypted and may include your name and some

information about your accounts, and anyone with access to your Alerts will be able to view the contents of these messages.

e. You represent and warrant to us that any electronic mail address provided to us by you or on your behalf for use in connection with the use of the Alert Service for the account is a valid and active electronic mail address and belongs to you.

f. You must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim arising from any email address provided to us by you or on your behalf for use in connection with the use of the Alert Service for the account being invalid or inactive or not belonging to you.

g. We may impose limitations on the types of automatic alerts to be provided through the Alert Service.

**20. Use of mobile banking device.** If a mobile banking device is used in connection with Online Banking:

a. You represent and warrant to us that you are or your administrator or an additional user is authorized to use the mobile banking device and that the telephone number of the mobile banking device is a valid and active telephone number and belongs to you.

b. You or your administrator must promptly notify us of any change in the mobile banking device or its telephone number.

c. You must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim arising from any telephone number for the mobile banking device being invalid or inactive or not belonging to you, your administrator or an additional user.

d. We may limit the types, number, frequency and amounts of transfers of funds and payments that may be initiated by orders given through Online Banking using the mobile banking device, and we may refuse to make any transfer of funds or payment initiated by an order given through Online Banking using the mobile banking device.

e. You are responsible for all fees and other changes imposed by any telecommunication or internet access service for the use of the mobile banking device in connection with Online Banking (for example, a fee or other change for transmitting data or a text message).

f. You acknowledge that any telecommunication or internet access service used in connection with the mobile banking device may impose limitations and fees and other charges (for example, with respect to the transmission of data or text messages) that may restrict the use the mobile banking device in connection with Online Banking.

**21. Deposit of check using mobile banking device.** If a mobile banking device is used to deposit a check in an account with us:

a. The account must be an approved deposit account used for business purposes.

b. The check must be drawn on a United States bank and not a foreign bank, must be payable in United States currency, must be endorsed by you, must contain above or below your signature the words “For bank mobile deposit only” or similar wording and may not be a Treasury check, a cashier’s check, a traveler’s check, a returned check, a substitute check, a money order, a savings bond or a check that is dated more than six months before the date the deposit is made or after the date the deposit is made.

c. The check must not be payable to any person or entity other than you, or to you and another business party. If the check is payable to you and another business party, the account must be open in both your name and the other business party’s name.

d. You must retain the original of the check for at least 60 days after the date the deposit is made.

e. The deposit is subject to verification by us and adjustment upon review by us.

f. The check will not be deemed to have been received by us until we have confirmed that a clear and legible electronic image of the check has been captured and processed by us on our check image processing system.. The image quality of the check must comply with the standards established from time to time set by us.

g. The face amount of the check may not exceed \$5,000 (the “Item Limit”), and the total of the face amount of the check and the face amounts of all other checks deemed to have been received by us for deposit in the account using a mobile banking device on the date the check is deemed to have been received by us may not exceed \$10,000 (the “Daily Limit”) or, if we regard the account as a new

account, any smaller amount determined by us. If you are enrolled to use our Commercial Remote Deposit Service, deposit limits may be imposed based on the financial data provided by you to us on an annual basis and therefore Commercial Remote Deposit Service deposit limits may supersede the Daily Limit.

h. In our sole discretion, we may reject the deposit, whether before or after we are deemed to have received the check.

i. If we are deemed to have received the check by 3:00 p.m. eastern United States time on any day Monday through Friday that is a business day of ours, the deposit will generally be deemed to have been made on that day; otherwise it will generally be deemed to have been made on our first business day after that day.

j. Generally the funds represented by the check will be available for withdrawal from the account two of our business days after the day the deposit is deemed to have been made. We reserve the right on a case-by-case basis to invoke an exception check hold for up to seven of our business days after the day the deposit is deemed to have been made, in which case the funds will not be available for withdrawal from the account during that time.

k. You will be representing and warranting to us that the check is owned by you, is in your possession, is not drawn on a foreign bank, is an original and not a duplicate, is not counterfeit, has not been altered or fraudulently issued or procured, contains each endorsement necessary for its transfer to us, is not being transmitted to us other than for deposit in the account and will not be further negotiated, deposited, presented for payment or imaged.

l. You will be assuming all obligations that we have, and making all warranties that we make, under any federal check collection regulation and assuming all obligations that you would have, and making all warranties that you would make, under any applicable Uniform Commercial Code if the check had been endorsed and deposited to the account by you or on your behalf in person at any of our offices.

m. To the extent that any provision of any applicable Uniform Commercial Code would apply to the check if the check had been endorsed and deposited to the account by you or on your behalf in person at any of our offices, the provision will apply to the check except to the extent that the provision is incompatible with any provision of this agreement.

n. You must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim arising under any federal check collection regulation or any provision of any applicable Uniform Commercial Code relating to the deposit or the check, the failure of the check to comply with any requirement described in this section or any breach or alleged breach of any representation or warranty described in this section.

**22. Authorization and appointment as agent.** You authorize us and each agent of ours and appoint us and the agent as your agent to take on your behalf any action that we consider or the agent considers to be necessary or appropriate to implement any order given by you or on your behalf through Online Banking or to correct any error in crediting or charging any deposit account or loan account in connection with any order given by you or on your behalf through Online Banking. For example, you authorize us and the agent and appoint us and the agent as your agent to on your behalf:

a. Withdraw money from any approved deposit account and deposit the money in any other approved deposit account in order to implement any order to make a transfer of funds from the first approved deposit account to the other approved deposit account given by you or on your behalf through the banking feature of Online Banking;

b. Withdraw money from any approved deposit account and use the money to make a payment under any approved loan account in order to implement any order to make a transfer of funds from the approved deposit account to the approved loan account given by you or on your behalf through the banking feature of Online Banking;

c. Obtain credit under any approved line of credit account and deposit the proceeds of the credit in any approved deposit account in order to implement any order to make a transfer of funds from the approved line of credit account to the approved deposit account given by you or on your behalf through the banking feature of Online Banking;

d. Obtain credit under any approved line of credit account and use the proceeds of the credit to make a payment under any other approved loan account in order to implement any order to make a transfer of funds from the approved line of credit account to the other approved loan account given by you or on your behalf through the banking feature of Online Banking;

e. Withdraw money from any approved payment account in order to implement any order to make a payment from the account given by you or on your behalf through the bill payment feature of Online Banking;

f. Direct that money be withdrawn from any deposit account maintained by you or someone other than you with us or another financial institution and direct that the money be deposited in another deposit account maintained by you or someone other than you with us or another financial institution in order to implement any order to make a transfer of funds through an automated clearing house from the first deposit account to the other deposit account given by you or on your behalf through the automated clearing house/wire transfer feature of Online Banking; and

g. Withdraw money from any deposit account maintained by you with us and direct that the money be deposited in a deposit account maintained by someone other than you with us or by you or someone other than you with another financial institution in order to implement any order to make a transfer of funds by a wire or intrabank transfer from the first deposit account to the other deposit account given by you or on your behalf through the automated clearing house/wire transfer feature of Online Banking.

The withdrawal or directing the withdrawal of money from any deposit account or the obtaining of credit under any approved line of credit account under the authority given and the appointment as your agent made in the first sentence of this section will be as effective as though you had signed a check or withdrawal form to make the withdrawal or to obtain the credit.

**23. Notice of loss, theft or unauthorized access or use.** If you believe or your administrator or any additional user believes that any identifier has been lost or stolen, that there has been without your authorization any access to any equipment (for example, a computer or mobile banking device) used in connection with Online Banking by you or on your behalf or that any transaction involving a deposit account of yours may have been or may be made using Online Banking without your authorization, you, your administrator or the additional user must contact us at once by telephoning us at 800-336-6116 and asking for our Electronic Banking Department or writing to us at Lake Shore Savings Bank, 128 East 4th Street, P.O. Box 512, Dunkirk, NY 14048, Attention: Electronic Banking Department. If any statement for any deposit account or line of credit account of yours with us that we send you or otherwise make available to you indicates that a transaction involving the account may have been made without your authorization during the period covered by the statement or that we may have made an error with respect to the account during that period, you will lose any right to make any claim against us based on the transaction or error unless you notify or your administrator notifies us in writing of the transaction or error in time for us to receive the notice within 60 days after the date we send the statement to you or otherwise make it available to you.

**24. Your liability for unauthorized use.** How much you will have to bear of any loss of money taken from any deposit account of yours in any transfer of funds or payment ordered through Online Banking by an order initiated without your authorization will be determined by applicable law and any agreement between you and us concerning the account or transfers of funds or payments from the account (for example, an agreement governing transfers of funds through an automated clearing house or by a wire or intrabank transfer), but:

**a. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE TO YOU FOR ANY LOSS OF MONEY TAKEN FROM THE ACCOUNT IN ANY TRANSFER OF FUNDS OR PAYMENT ORDERED THROUGH ONLINE BANKING BY AN ORDER INITIATED WITHOUT YOUR AUTHORIZATION BY YOUR ADMINISTRATOR, ANY ADDITIONAL USER OR ANYONE ELSE YOUR ADMINISTRATOR OR ANY ADDITIONAL USER ALLOWS TO ANY IDENTIFIER OR TO USE ONLINE BANKING;**

**b. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE TO YOU FOR ANY LOSS OF MONEY TAKEN FROM THE ACCOUNT IN ANY TRANSFER OF FUNDS OR PAYMENT ORDERED THROUGH ONLINE BANKING BY AN ORDER INITIATED WITHOUT YOUR AUTHORIZATION UNLESS EACH COMMERCIAL REASONABLE SECURITY PROCEDURE OFFERED BY US TO YOU IN CONNECTION WITH ONLINE BANKING IS FOLLOWED IN CONNECTION WITH THE GIVING OF THE ORDER TO US TO MAKE THE TRANSFER OR PAYMENT;**

**c. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE TO YOU FOR ANY LOSS OF MONEY TAKEN FROM THE ACCOUNT IN ANY TRANSFER OF FUNDS OR PAYMENT**

ORDERED THROUGH ONLINE BANKING BY AN ORDER INITIATED BY THE USE OF ANY IDENTIFIER WITHOUT YOUR AUTHORIZATION BEFORE WE RECEIVE AND HAVE A REASONABLE TIME TO ACT ON A NOTICE OF THE POSSIBLE UNAUTHORIZED USE OF ANY IDENTIFIER WITHOUT YOUR AUTHORIZATION;

d. EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE TO YOU FOR ANY LOSS OF MONEY TAKEN FROM THE ACCOUNT IN ANY TRANSFER OF FUNDS OR PAYMENT ORDERED THROUGH ONLINE BANKING BY AN ORDER INITIATED WITHOUT YOUR AUTHORIZATION UNLESS WE FAIL TO EXERCISE ORDINARY CARE IN PROCESSING THE TRANSFER OR PAYMENT; AND

e. IN THE CASE OF ANY LOSS OF MONEY TAKEN FROM THE ACCOUNT IN ANY TRANSFER OF FUNDS OR PAYMENT ORDERED THROUGH ONLINE BANKING BY AN ORDER INITIATED WITHOUT YOUR AUTHORIZATION, OUR LIABILITY WILL BE LIMITED, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, TO THE AMOUNT OF THE TRANSFER OR PAYMENT LESS ANY AMOUNT THAT, EVEN WITH OUR EXERCISE OF ORDINARY CARE IN PROCESSING THE TRANSFER OR PAYMENT, WOULD HAVE BEEN LOST.

25. **Fees.** You must pay us each fee we impose for the use of Online Banking by you or on your behalf and, as required by applicable law, each sales, use, excise, value added, utility or similar tax imposed in connection with the fee. The fee will be in addition to the fees applicable to any deposit account or line of credit account from or to which any transfer of funds or payment is made using Online Banking. We may charge any approved deposit account or any other deposit account of yours with us for the amount of the fee and the sales, use, excise, value added, utility or similar tax. We will not be liable if we do so and, as a result, we do not allow or make any withdrawal from the account.

26. **Reimbursement and indemnification.** Without limiting any other obligation you have under this agreement to reimburse us, you must reimburse us for any liability or expense incurred by us as a result of our hiring an attorney to enforce any of your obligations under this agreement or with respect to Online Banking. Without limiting any other obligation you have under this agreement to indemnify us, you must, except to the extent that this agreement imposes liability on us or to the extent prohibited by applicable law, indemnify us and each agent of ours against any liability or expense that is incurred by, imposed on or asserted against us or the agent as a result of any claim arising in connection with the use of Online Banking by you or on your behalf (for example, as a result of our following any instruction to us, acting on any information or document that we receive from you or anyone acting on your behalf or any failure by you or anyone acting on your behalf to maintain the security of any identifier or any equipment (for example, a computer or mobile banking device)). We may charge the amount of the liability or expense for which you must reimburse us or against which you must indemnify us against any approved deposit account or any other deposit account of yours with us or collect it in any other way.

27. **Disclaimer of warranties.** ONLINE BANKING IS PROVIDED BY US "AS IS," "AS AVAILABLE" AND, TO THE EXTENT ALLOWED BY APPLICABLE LAW, WITHOUT ANY WARRANTY OF ANY KIND. WITHOUT LIMITING THE PRECEDING SENTENCE, WE DO NOT MAKE, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, AND WE DISCLAIM, TO THE EXTENT ALLOWED BY APPLICABLE LAW, ANY EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OF ANY KIND (FOR EXAMPLE, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) CONCERNING ONLINE BANKING.

28. **Equipment, services and software.** You are responsible for the selection, installation, maintenance, operation and use of any equipment (for example, a computer or mobile banking device), service (for example, a telecommunication or internet access service) or software (for example, an application used with a mobile banking device) used by you or on your behalf in connection with Online Banking. You assume all risks of loss resulting from the selection, installation, maintenance, operation or use of the equipment, service or software (for example, a failure of a telecommunication or internet access service to provide, or a delay by a telecommunication or internet access service in providing, a service). EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE FOR ANY DAMAGES (FOR EXAMPLE, ACTUAL, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR

EXEMPLARY DAMAGES), WHETHER ARISING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHER TORT OR STRICT LIABILITY OR OTHERWISE, THAT RESULT FROM ANY ERROR IN SELECTING, INSTALLING, MAINTAINING, OPERATING OR USING, UNAVAILABILITY, FAILURE, MALFUNCTION OR INTERRUPTION OF, COMPROMISE OF DATA SENT USING OR VIRUS OR SIMILAR PROBLEM RESULTING FROM THE EQUIPMENT, SERVICE OR SOFTWARE, EVEN IF WE ARE NOTIFIED OF OR OTHERWISE KNOW OR SHOULD KNOW OF THE POSSIBILITY OF THOSE DAMAGES.

You must indemnify us against any liability or expense that is incurred by, imposed on or asserted against us as a result of any claim that the operation or use of the equipment, service or software by you or on your behalf in connection with Online Banking infringes any copyright, patent, trademark, trade secret or other property right of any party.

29. **Limitation of liability.** EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE IN CONNECTION WITH ONLINE BANKING FOR:

a. ANY DAMAGES NOT RESULTING DIRECTLY FROM OUR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT;

b. ANY DAMAGES (FOR EXAMPLE, CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES) IN ADDITION TO ACTUAL DAMAGES, WHETHER ARISING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, NEGLIGENCE OR OTHER TORT OR STRICT LIABILITY OR OTHERWISE, EVEN IF WE ARE NOTIFIED OF OR OTHERWISE KNOW OR SHOULD KNOW OF THE POSSIBILITY OF THOSE DAMAGES;

c. ANY DAMAGES IN EXCESS OF THE GREATER OF \$5,000 OR ANY COMPENSATION PROVIDED BY APPLICABLE LAW OR ANY APPLICABLE RULE OF ANY BANKING OR PAYMENT SYSTEM;

d. ANY CIRCUMSTANCE BEYOND OUR REASONABLE CONTROL (FOR EXAMPLE, A FLOOD OR OTHER NATURAL CATASTROPHE, WEATHER CONDITION, FIRE, RIOT OR OTHER CIVIL DISOBEDIENCE, ACT OF WAR, CYBER ATTACK OR OTHER ACT OF TERRORISM, NATIONAL EMERGENCY, EMBARGO, STRIKE OR OTHER LABOR DISPUTE, DEFECT IN OR UNAVAILABILITY, FAILURE, MALFUNCTION OR INTERRUPTION OF ANY EQUIPMENT, SERVICE OR SOFTWARE (FOR EXAMPLE, A TELECOMMUNICATION, INTERNET ACCESS, ELECTRONIC OR OTHER MAIL, COURIER OR OTHER TRANSMISSION OR COMMUNICATION SERVICE), SUSPENSION OF PAYMENTS BY ANY OTHER FINANCIAL INSTITUTION OR OPERATOR OF AN AUTOMATED CLEARING HOUSE OR ACTION OR INACTION OF ANY GOVERNMENTAL BODY, BANKING OR PAYMENT SYSTEM, CORRESPONDENT BANK OR SERVICE PROVIDER); OR

e. ANY FAILURE TO TAKE OR DELAY IN TAKING ANY ACTION IF WE BELIEVE THAT TAKING THE ACTION WOULD VIOLATE, OR THAT FAILING TO TAKE OR DELAY IN TAKING THE ACTION WOULD BE EXCUSED BY, APPLICABLE LAW, ANY RULE OF ANY BANKING OR PAYMENT SYSTEM OR ANY GOVERNMENTAL GUIDELINE OR PROGRAM.

30. **Our liability for failure to make transfers of funds and payments.** Subject to the limitations on our liability set forth in Section 29 of this agreement, our liability for damages you suffer as a result of our failure to make or cause to be made, on time and in the correct amount, any transfer of funds or payment to or from any deposit account ordered by a timely and properly initiated order to make the transfer or payment given by you or on your behalf through Online Banking will be determined by applicable law and any agreement between you and us concerning the account or transfers of funds or payments to or from the account (for example, an agreement between you and us governing transfers of funds through an automated clearing house or by a wire or intrabank transfer).

Whether the order is timely will be determined under Section 14, 15 or 16 of this agreement and, if the order is to make a payment, clause i of Section 17 of this agreement. The order will not be properly initiated unless:

- a. All equipment, services and software used by you or on your behalf in connection with Online Banking are properly functioning;
- b. The instructions on how to give the order are properly followed and all requirements applicable to the making of the transfer or payment are satisfied;
- c. The order is described in Section 11, 12 or 13 of this agreement and is correct and complete (for example, if the order is to make a payment, the order includes the correct name and address of the payee of the payment, the correct account number of the account to which the payment is to be made and the correct amount of the payment); and
- d. The transfer or payment would not be subject to any limitation referred to in Section 17 of this agreement.

**WITHOUT LIMITING THE FIRST SENTENCE OF THIS SECTION, EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, WE WILL NOT BE LIABLE TO YOU FOR FAILING TO MAKE THE TRANSFER OR PAYMENT IF ANY OF THE FOLLOWING THINGS HAPPENS:**

- a. **WE DO NOT RECEIVE THE ORDER;**
- b. **BEFORE THE TRANSFER OR PAYMENT IS TO BE CHARGED AGAINST THE ACCOUNT FROM WHICH THE TRANSFER OR PAYMENT IS TO BE MADE, YOUR RIGHT, OR THE RIGHT OF YOUR ADMINISTRATOR OR ANY ADDITIONAL USER GIVING THE ORDER, TO USE ONLINE BANKING OR THE FEATURE OF ONLINE BANKING INVOLVED IN THE TRANSFER OR PAYMENT IS CANCELED OR SUSPENDED;**
- c. **WHEN THE TRANSFER OR PAYMENT IS PROCESSED OR IS TO BE CHARGED AGAINST THE ACCOUNT FROM WHICH THE TRANSFER OR PAYMENT IS TO BE MADE, WE IN GOOD FAITH BELIEVE THAT THE ORDER WAS GIVEN WITHOUT YOUR AUTHORIZATION (FOR EXAMPLE, BECAUSE AN IDENTIFIER HAS BEEN REPORTED AS LOST OR STOLEN) OR IS ILLEGAL OR FRAUDULENT;**
- d. **THE ORDER IS TO MAKE A TRANSFER OF FUNDS AND, BEFORE THE TRANSFER IS TO BE CHARGED AGAINST THE ACCOUNT FROM WHICH THE TRANSFER IS TO BE MADE, EITHER THAT ACCOUNT OR THE ACCOUNT TO WHICH THE TRANSFER IS TO BE MADE IS CLOSED;**
- e. **THE ORDER IS TO MAKE A PAYMENT AND WE DO NOT RECEIVE THE ORDER IN TIME TO ALLOW US TO MAKE THE PAYMENT AND ALLOW THE PAYEE OF THE PAYMENT TO PROPERLY CREDIT IT BY THE DATE ON WHICH IT IS TO BECOME DUE, WE MAKE THE PAYMENT IN TIME TO ALLOW THE PAYEE TO PROPERLY CREDIT IT BY THE DATE ON WHICH IT IS TO BECOME DUE BUT THE PAYEE FAILS TO DO SO OR BEFORE THE ORDER IS TO BE CHARGED AGAINST THE ACCOUNT FROM WHICH THE PAYMENT IS TO BE MADE THE ACCOUNT IS CLOSED;**
- f. **THE ORDER IS TO MAKE A TRANSFER OF FUNDS OR PAYMENT FROM A DEPOSIT ACCOUNT AND THROUGH NO FAULT OF OURS, WHEN THE TRANSFER OR PAYMENT IS PROCESSED OR IS TO BE CHARGED AGAINST THE ACCOUNT, THE AMOUNT OF THE TRANSFER OR PAYMENT EXCEEDS THE AMOUNT OF MONEY AVAILABLE FOR WITHDRAWAL FROM THE ACCOUNT (TAKING INTO CONSIDERATION, IF THE ACCOUNT IS TIED TO A LINE OF CREDIT ACCOUNT OR OTHER OVERDRAFT FACILITY WITH US, THE AMOUNT OF CREDIT AVAILABLE UNDER THE LINE OF CREDIT ACCOUNT OR OTHER OVERDRAFT FACILITY);**
- g. **THE ORDER IS TO MAKE A TRANSFER OF FUNDS FROM A LINE OF CREDIT ACCOUNT AND THROUGH NO FAULT OF OURS, WHEN THE TRANSFER IS PROCESSED OR IS TO BE CHARGED AGAINST THE ACCOUNT, THE AMOUNT OF THE TRANSFER EXCEEDS THE AMOUNT OF CREDIT AVAILABLE UNDER THE ACCOUNT;**
- h. **WHEN THE ORDER IS PROCESSED OR IS TO BE CHARGED AGAINST THE ACCOUNT FROM WHICH THE TRANSFER OR PAYMENT IS TO BE MADE, MONEY IN THE ACCOUNT IS SUBJECT TO ANY LEGAL PROCESS (FOR EXAMPLE, A TAX OR OTHER LEVY, EXECUTION, ATTACHMENT, INJUNCTION OR RESTRAINING,**

**FORFEITURE, SEIZURE OR OTHER COURT OR ADMINISTRATIVE ORDER) OR ADMINISTRATIVE HOLD RESTRICTING ITS REMOVAL FROM THE ACCOUNT, IS COLLATERAL FOR A LOAN OR OTHER EXTENSION OF CREDIT OR IS THE SUBJECT OF A DISPUTE OR LEGAL PROCEEDING;**

**i. WHEN THE ORDER IS GIVEN, ONLINE BANKING OR THE FEATURE OF ONLINE BANKING INVOLVED IN THE TRANSFER OR PAYMENT IS NOT FUNCTIONING PROPERLY OR IS OTHERWISE UNAVAILABLE;**

**j. WE ARE PREVENTED FROM MAKING THE TRANSFER OR PAYMENT BY A TECHNICAL MALFUNCTION;**

**k. ANY CIRCUMSTANCE BEYOND OUR REASONABLE CONTROL (FOR EXAMPLE, A FLOOD OR OTHER NATURAL CATASTROPHE, WEATHER CONDITION, FIRE, RIOT OR OTHER CIVIL DISOBEDIENCE, ACT OF WAR, CYBER ATTACK OR OTHER ACT OF TERRORISM, NATIONAL EMERGENCY, EMBARGO, STRIKE OR OTHER LABOR DISPUTE, DEFECT IN OR UNAVAILABILITY, FAILURE, MALFUNCTION OR INTERRUPTION OF ANY EQUIPMENT, SERVICE OR SOFTWARE (FOR EXAMPLE, A TELECOMMUNICATION, INTERNET ACCESS, ELECTRONIC OR OTHER MAIL, COURIER OR OTHER TRANSMISSION OR COMMUNICATION SERVICE), SUSPENSION OF PAYMENTS BY ANY OTHER FINANCIAL INSTITUTION OR OPERATOR OF AN AUTOMATED CLEARING HOUSE OR ACTION OR INACTION OF ANY GOVERNMENTAL BODY, BANKING OR PAYMENT SYSTEM, CORRESPONDENT BANK OR SERVICE PROVIDER) PREVENTS US FROM MAKING THE TRANSFER OR PAYMENT;**

**l. WE IN GOOD FAITH BELIEVE THAT THERE IS A DISPUTE AS TO THE IDENTITY OF YOUR ADMINISTRATOR OR ANY ADDITIONAL USER OR THE AUTHORITY OF YOUR ADMINISTRATOR OR ANY ADDITIONAL USER TO USE ONLINE BANKING; OR**

**m. OUR FAILURE TO MAKE THE TRANSFER OR PAYMENT IS JUSTIFIED BY ANY PROVISION OF THIS AGREEMENT, BY ANY PROVISION OF ANY OTHER AGREEMENT BETWEEN YOU AND US CONCERNING ANY FEATURE OF ONLINE BANKING, ANY APPROVED DEPOSIT ACCOUNT, ANY OTHER DEPOSIT ACCOUNT WITH US, ANY APPROVED LOAN ACCOUNT, ANY LINE OF CREDIT ACCOUNT OR OTHER OVERDRAFT FACILITY WITH US TO WHICH ANY APPROVED DEPOSIT ACCOUNT OR ANY OTHER DEPOSIT ACCOUNT WITH US IS TIED OR TRANSFERS OF FUNDS OR PAYMENTS TO OR FROM ANY APPROVED DEPOSIT ACCOUNT OR ANY OTHER DEPOSIT ACCOUNT WITH US (FOR EXAMPLE, AN AGREEMENT BETWEEN YOU AND US GOVERNING TRANSFERS OF FUNDS THROUGH AN AUTOMATED CLEARING HOUSE OR BY A WIRE OR INTRABANK TRANSFER), ANY APPROVED LOAN ACCOUNT OR ANY LINE OF CREDIT ACCOUNT OR OTHER OVERDRAFT FACILITY WITH US TO WHICH ANY APPROVED DEPOSIT ACCOUNT OR ANY OTHER DEPOSIT ACCOUNT WITH US IS TIED, BY ANY OPERATING PROCEDURE, SECURITY PROCEDURE OR ERROR DETECTION PROCEDURE OR BY APPLICABLE LAW.**

**31. Our liability for failure to comply with order to stop transfer of funds or payment.** Subject to the limitations on our liability set forth in Section 29 of this agreement, our liability for damages you suffer as a result of our failure to comply with any order to stop a transfer of funds or payment ordered by you or on your behalf under this agreement or applicable law will be determined by applicable law and any agreement between you and us concerning the account from which the transfer or payment is to be made.

**32. Security and error detection procedures.** We may agree with you on any security procedure or error detection procedure, monitor the use of any security procedure or error detection procedure and report to you any breach of any security procedure or error detection procedure. You acknowledge that the use of any identifier is commercially reasonable for purposes of applicable law, that any security procedure or error detection procedure established by us or on our behalf will be commercially reasonable for purposes of applicable law and that any security procedure is solely for the purpose of verifying that any instruction to us is actually being given by you or on your behalf and not for the purpose of detecting any error in the content, communication or transmission of the instruction to us (for example, any error in the description in the instruction to us of any amount or any



name or account or other identifying number of an account or financial institution or other party).

**33. Certain obligations with respect to Online Banking.** You must:

a. Comply, and assure that everyone acting on your behalf in connection with Online Banking complies, with applicable law, each applicable rule of any funds transfer or payment system, each operating procedure, security procedure and error detection procedure and, in addition to each requirement as to any instruction to us contained in any operating procedure, each other requirement of ours as to any instruction to us, however communicated to you, your administrator, any additional user or anyone else acting on your behalf;

b. Keep confidential, and assure that everyone acting on your behalf in connection with Online Banking keeps confidential, all information relating to any operating procedure, security procedure or error detection procedure;

c. Not reveal, and assure that no one acting on your behalf in connection with Online Banking reveals, any information relating to any operating procedure, security procedure or error detection procedure to anyone not authorized to act on your behalf in connection with Online Banking;

d. Promptly notify us of any unauthorized disclosure or use of any information relating to any operating procedure, security procedure or error detection procedure;

e. Take, and assure that everyone acting on your behalf in connection with Online Banking takes, each action that we consider or any agent of ours considers to be necessary or appropriate in connection with Online Banking, whether to comply with applicable law, any rule of any banking or payment system or any governmental guideline or program or otherwise;

f. Take, and assure that everyone acting on your behalf in connection with Online Banking takes, each action necessary or appropriate to assure the security of each deposit account and line of credit account of yours with us and all equipment (for example, a computer or mobile banking device) or software (for example, an application used with a mobile banking device) used by you or on your behalf in connection with Online Banking (for example, by not leaving any computer or mobile banking device unattended while logged on to Online Banking and by logging off from Online Banking immediately upon completing any use of Online Banking);

g. Not use, and assure that no one acting on your behalf in connection with Online Banking uses, any software (for example, an application used with a mobile banking device) provided by us or on our behalf for use in connection with Online Banking other than as provided in this agreement; and

h. Cooperate with us to minimize any loss, to pursue any claim against any third party and to defend against any claim by any third party if we incur any liability in connection with the provision of any service to you in connection with Online Banking.

**34. Cancellation or suspension.** You or your administrator may cancel your right to use Online Banking or any feature of Online Banking at any time by notifying us of the cancellation. The cancellation will not take effect until we receive the notice and have a reasonable time to act on it. We may cancel or suspend your right or the right of your administrator or any additional user to use Online Banking, any feature of Online Banking or any means of accessing Online Banking (for example, a mobile banking device). The cancellation or suspension will take effect immediately unless we decide to have it take effect later. Despite the cancellation by you or your administrator of your right or the right of your administrator or any additional user to use Online Banking or any feature of Online Banking or the cancellation or suspension by us of your right or the right of your administrator or any authorized user to use Online Banking, any feature of Online Banking or any means of accessing Online Banking (for example, a mobile banking device), we may process any order given through Online Banking. The cancellation or suspension will not affect any of your obligations under this agreement. For example, you will remain liable under Sections 25 and 26 of this agreement.

**35. Notices.** Any notice or other communication or document concerning this agreement or Online Banking that is sent to you by us or on our behalf may be sent in any way allowed by applicable law (for example, electronic mail or facsimile). If sent by mail, the notice or other communication or document will be sent to your current mailing address shown in our records concerning Online Banking and may be sent by regular mail. If sent by electronic mail, it will be sent to your current electronic mail address shown in those records. If sent by facsimile, it will be sent to your current telephone number for receipt of facsimiles shown in those records. If your mailing address, electronic mail address or telephone number for receipt of facsimiles changes, you or your administrator must promptly notify us of the new mailing address, electronic mail address or telephone number. To notify us of the

new mailing address or telephone number, you or your administrator must visit any of our offices, call us at 800-336-6116 or write to us at Lake Shore Savings Bank, 128 East 4th Street, P.O. Box 512, Dunkirk, NY 14048, Attention: Electronic Banking Department. To notify us of the new electronic mail address, you or your administrator must change the electronic mail address in your profile for the banking feature of Online Banking. Except as otherwise provided in this agreement or by applicable law:

a. Any notice or other communication or document concerning this agreement or Online Banking that is sent to you by us or on our behalf will take effect when it is sent; and

b. Any notice or other communication or document concerning this agreement or Online Banking that is sent to us by you or on your behalf must be in writing and sent by mail or courier to Lake Shore Savings Bank, 128 East 4th Street, P.O. Box 512, Dunkirk, NY 14048 or any other address we specify and will not take effect until we receive it and have a reasonable time to act on it.

**36. Limitation on obligations.** Except to the extent required by applicable law, we will not have with respect to Online Banking any obligation to you not expressly stated in this agreement.

**37. Reliance on instructions, information and documents.** Except to the extent required by any security procedure, we may treat as given by you or on your behalf and rely on any instruction to us or any information or document with respect to Online Banking that we in good faith believe to have been given or provided by you or on your behalf, and we will not have any obligation to verify that the instruction to us, information or document was actually given or provided, or was authorized to be given or provided, by you or on your behalf or that the instruction to us, information or document is accurate or complete.

**38. Electronic mail.** We will not have to take any action based on any message sent to us by electronic mail until we receive and have a reasonable time to act on the message. Electronic mail must not be used to communicate to us information that is urgent or requires a prompt response or prompt action (for example, a stop payment order or a report of an unauthorized transaction involving a deposit account or line of credit account).

**39. Reasonable time to act.** A reasonable time for us to act on any instruction to us or any information or document concerning this agreement or Online Banking that is received by us from you or anyone acting on your behalf will not end until at least the close of business on our second business day after our business day we receive the instruction to us, information or document.

**40. Financial and other information.** If there is any unfavorable change in your financial condition, you must promptly notify us of the change. Whenever we ask you to do so, you must submit to us a financial statement in a form satisfactory to us and all other information we ask for concerning your financial or business affairs or the financial or business affairs of any business that you own or operate.

**41. Credit information.** We may investigate your credit record and obtain any credit report that we consider to be necessary or appropriate in connection with any aspect of our dealings with you with respect to Online Banking (for example, considering whether to cancel or suspend your right to use Online Banking and investigating any dispute concerning any transfer of funds or payment ordered through Online Banking). We may furnish, and you irrevocably consent to our furnishing, information concerning any aspect of our dealings with you with respect to Online Banking to other financial institutions, credit reporting agencies and merchants.

**42. Obtaining of information.** You irrevocably consent to the obtaining by us or any agent of ours of any information that we consider or the agent considers to be necessary or appropriate to complete any transfer of funds or payment ordered through Online Banking or to resolve any error concerning the transfer or payment.

**43. Monitoring and recording of instructions.** In the regular course of our business, we or any agent of ours may monitor and record, and you irrevocably consent to the monitoring and recording by us or any agent of ours of, any instruction to us, regardless of how the instruction to us is communicated or transmitted.

**44. Transfer of claims.** If we credit any deposit account or line of credit account of yours with us or reimburse you in any other way for any amount in connection with any transfer of funds or payment made using Online Banking that you claim should not have been charged against the account (for example, because of a dispute

concerning the transfer or payment or because of any possible illegal, fraudulent or unauthorized use of Online Banking), you transfer to us each claim (other than a tort claim) that you have against anyone involved in the transfer or payment, you must not pursue the claim without first obtaining our permission in writing, and you must assist us in any way we ask in our pursuing the claim.

**45. Changes in agreement or operating, security or error detection procedure.** No change in this agreement or any operating procedure, security procedure or error detection procedure can be made except as provided in this section. We may change this agreement or any operating procedure, security procedure or error detection procedure. Unless applicable law requires otherwise, we will send you a notice of the change or post it on the Online Banking section of our website and, unless we determine that the change is required by an emergency (for example, a breach or potential breach of security), will do so at least 30 days before the date the change takes effect. If any notice of the change that we send to you is returned to us as undeliverable, the change will still take effect.

**46. Changes in Online Banking.** We may change Online Banking by adding, deleting or changing any feature of Online Banking. Unless applicable law requires otherwise, we will send you a notice of the change or post it on the Online Banking section of our website and, unless we determine that the change is required by an emergency (for example, a breach or potential breach of security), will do so at least 30 days before the date the change takes effect. If any notice of the change that we send to you is returned to us as undeliverable, the change will still take effect.

**47. Changes in fees.** We may establish a new fee or change an existing fee that you must pay in connection with Online Banking. If we establish a new fee or increase an existing fee that you must pay in connection with Online Banking, we will send you a notice of the new fee or increase or post it on the Online Banking section of our website at least 30 days before the date the new fee or increase takes effect unless applicable law requires otherwise. If any notice of the change that we send to you is returned to us as undeliverable, the new fee or increase will still take effect. We will not have to notify you if we decrease or eliminate an existing fee that you must pay in connection with Online Banking.

**48. No notice or loss of rights.** We may exercise, waive, fail to exercise or delay exercising any of our rights under this agreement, with respect to Online Banking or against any person or property without notifying you or anyone acting on your behalf. By on any occasion exercising, waiving, failing to exercise or delaying the exercise of any of our rights under this agreement, with respect to Online Banking or against you or any property belonging to you or acquired by you in the future, we will not lose that right on any other occasion or lose any other of those rights.

**49. Waiver of rights by us.** None of our rights under this agreement, with respect to Online Banking or against you or any property belonging to you now or acquired by you in the future can be waived by us except in a writing signed by us.

**50. No transfer by you.** You may not transfer any of your rights and obligations under this agreement or with respect to Online Banking to anyone else. Any transfer of any of those rights and obligations will be void.

**51. Transfer by us.** We may transfer any of our rights and obligations under this agreement or with respect to Online Banking to anyone else.

**52. Permitted actions.** We will not be obligated to take or liable for not taking any action in connection with Online Banking that this agreement or applicable law allows but does not require us to take. Except to the extent limited by this agreement or applicable law, we may at any time, in our sole discretion, for any reason and without notifying you or obtaining your consent, take any action in connection with Online Banking that this agreement or applicable law allows us to take. For example, except to the extent limited by this agreement or applicable law, we may at any time, in our sole discretion, for any reason and without notifying you or obtaining your consent, cancel or suspend your right or the right of your administrator or any additional user to use Online Banking, any feature of Online Banking or any means of accessing Online Banking (for example, a mobile banking device), refuse to honor any order to make a transfer of funds or payment given through Online Banking or change this agreement or any operating procedure, security procedure or error detection procedure.

**53. Rights under agreement.** Our rights under this agreement are in addition to, and not in place of, all rights given us by applicable law.

**54. Conflicts.** If any part of this agreement conflicts with applicable law, that law will control, and this agreement will be considered changed to the extent necessary to comply with that law.

**55. Continued effectiveness.** If any part of this agreement is determined to be invalid, the rest of this agreement will remain in effect.

**56. What law applies.** Any legal question concerning this agreement, Online Banking or any matter in dispute between you and us that arises in any way from Online Banking or your entering into this agreement will be decided in accordance with, to the extent applicable, federal law and, to the extent that federal law is inapplicable, New York State law without regard to the law of any other state or other jurisdiction.

**57. Entire agreement.** Except for any agreement between you and us concerning any feature of Online Banking, any approved deposit account, any other deposit account of yours with us, any approved loan account, any line of credit account or other overdraft facility with us to which any approved deposit account or other deposit account of yours with us is tied, transfers of funds or payments to or from any approved deposit account or any other deposit account of yours with us (for example, an agreement between you and us governing transfers of funds through an automated clearing house or by a wire or intrabank transfer), any approved loan account or any line of credit account or other overdraft facility with us to which any approved deposit account or any other deposit account with us is tied or any operating procedure, security procedure or error detection procedure, this agreement is the final and complete agreement between you and us concerning Online Banking. If any part of any agreement described in the preceding sentence is incompatible with any part of this agreement, the part of this agreement will control. Any statement concerning Online Banking made by any of our employees or anyone else is not part of this agreement. This agreement replaces any other agreement now existing between you and us concerning Online Banking.

**58. Waiver of trial by jury. YOU IRREVOCABLY WAIVE ANY RIGHT YOU HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING BY US AGAINST YOU OR BY YOU AGAINST US INVOLVING THIS AGREEMENT, ONLINE BANKING OR ANY MATTER IN DISPUTE BETWEEN YOU AND US THAT ARISES IN ANY WAY FROM ONLINE BANKING OR YOUR ENTERING INTO THIS AGREEMENT.**

**59. Agreement.** By enrolling in Online Banking, using Online Banking or allowing anyone else to have any identifier or to use Online Banking, you agree to be bound by all provisions of this agreement, all our instructions and requirements concerning Online Banking and all legal terms and conditions contained on our website. Also, if your administrator or any additional user uses Online Banking or allows anyone else to have any identifier or to use Online Banking, you agree to be bound by all those provisions, instructions, requirements and legal terms and conditions.

Date: \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_  
Name of Entity

By \_\_\_\_\_  
Authorized Signer

By \_\_\_\_\_  
Authorized Signer

\_\_\_\_\_  
Signature of Sole Proprietor

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