

**MERCHANTS BANK
P.O. BOX 199
RUGBY, NORTH DAKOTA 58368-0199**

**BUSINESS ONLINE BANKING
TERMS AND CONDITIONS**

Please read these Terms and Conditions carefully and keep them for future reference.

Agreement. This agreement is a contract that establishes the rules that cover electronic access to your accounts at Merchants Bank through our Business Online banking system. By using our Business Online banking system, you accept all the terms and conditions of this Agreement.

This agreement is also subject to federal laws and the laws of the State of North Dakota (except to the extent that this Agreement can and does vary such rules or laws). This Agreement, together with the enrollment form, constitutes the entire agreement between you and Merchants Bank with respect to the subject matter hereof and there are no understandings or agreements relative hereto which are not fully expressed herein.

Definitions. The words *you* and *your* refer to either and all of the persons signing the Application. The words *we*, *us*, and *our* refer to the financial institution identified in the Application. The words *your deposit accounts* refer to the deposit accounts with us identified in the Application. The words *your loan accounts* refer to the loan accounts with us on which either or all of you are obligated to us. The words *your accounts* refer to your deposit accounts and your loan accounts. The words *our internet service* refer to our Online Banking. The word *terms* refers to these Terms and Conditions. *ACH* refers to Automated Clearing House.

Security. We work hard to make our website secure. We will employ such security measures as in our reasonable judgment are appropriate to secure our website. You will not use our website for unauthorized purposes. We may monitor and audit transactions made through our website.

In order to protect yourself against fraud, you and your Users should adhere to the following guidelines:

- Do not give out your User ID, password, account information or any other information related to your Business Online banking.
- Do not leave your PC unattended while you are in the Merchants Bank Business Online Banking website.
- Remember to always log off your session when transactions are completed and close your Internet Browser.
- Never leave your Business Online banking service information within range of others not authorized to use the service.
- Do not write down passwords, User ID's, or security codes.

- Do not send privileged Business Online Banking account information (account numbers, passwords, etc...) through any public or general e-mail system.

Passwords. For security purposes, you must enter your Access ID and password. During the initial login, you will be required to change the temporary password assigned to you by us. You will then choose what password you use and this will not be shared by us. You agree that we are authorized to act on instructions received under the use of your user code and password. You accept responsibility for the confidentiality and security of your password and you will be required to change your password every six months. If you have three unsuccessful attempts using an incorrect password, your account will be locked. It will be necessary for you to contact us to unlock your account and reset your password. The password length must be between 8 and 17 characters and must contain at least 2 alpha (case sensitive) and 2 numeric characters. Your password should not reflect any commonly known personal identification, such as Tax ID numbers, address, date of birth, names of children, etc. and should be memorized and not written down.

In addition to passwords, separate Multifactor questions or tokens may be required to access Business Online banking, including, but not limited to (a) one-time password generating device (“Token”), (b) computer identification files (“cookies”), (c) security questions and answers and (d) Verification of pictures and pass phrases. The requirements and use of these additional securities will be determined and updated by us from time to time.

Access to Accounts via the Internet. Subject to the terms set forth below, we will provide you with our internet service pursuant to which you can access your accounts by computer via the internet through our website using your username and password and providing such other information as may be required by our website to accomplish the following:

- Get information about your accounts, such as account balances or information on deposits or withdrawals.
- View account histories along with check and deposit slip images
- Transfer funds between your deposit accounts.
- Make payments from your deposit accounts to your loan accounts, if authorized.
- Transfer funds from lines of credit you have with us to your deposit accounts.
- Direct Deposit of Payroll.
- Download statements.

We will have no obligation to carry out any transfers or payments unless there are sufficient funds in the pertinent deposit account or any overdraft line of credit on that deposit account. We will promptly provide you with a username, password, the address of our website through which you can access your accounts and such other information as you will need to participate in our internet service. You can arrange for a change of your password by calling the number set forth below. Please see the Limitations on Frequency of Transfers below.

Accounts. You must appoint an individual (an “Administrator”) with the authority to determine who will be authorized to use the Business Online services on your behalf (“Users”). Your

Administrator will set limits on each User's authority to access information and/or conduct transactions. You assume sole responsibility for the actions of your Administrator, the authority he or she gives Users to act on your behalf, and the actions of the Users designated by the Administrator to use the Services. You or your Administrator will need to designate which accounts will be utilized for Service payments and transfers.

You can access only Accounts that you have designated on your Business Online application. We have the right to restrict access to any account if the ownership of that account is not controlled by the Company or its subsidiaries. You must complete a new Authorized Account form if you wish to add or delete an account. We undertake no obligation to monitor transactions through the system to determine that they are made on behalf of the accountholder.

Hardware and Software Requirements. You are responsible for providing and maintaining any equipment that is necessary for the Online Banking services, such as telephones, terminals, modems, and computers. You agree to use equipment that is compatible with our programs, systems and equipment, which we may change from time to time. We assume no responsibility for the defects or incompatibility of any computers or software that you use in connection with the Services, even if we have previously approved their use.

Merchants Bank is not responsible for any error or failures caused by any malfunction of your PC, any computer virus or related problems that may be associated with the use of the Business Online Banking Service or your PC. You are responsible for all charges incurred in connecting to the Business Online Banking Service and any charges by your internet service provider (ISP) and any losses or delays caused by your ISP.

Merchants Bank is not responsible for any error or failures caused by any malware.

Stop-Payment Orders. To be effective, a stop-payment order must be received in time to allow us a reasonable opportunity to act on it, and for some ACH debits must be received at least three banking days before the scheduled date of transfer. To be effective, a stop-payment order must identify the payment sufficiently to allow us a reasonable opportunity to act on it. If the payment is by check, or if the payment is by ACH debit and we give notice at the time an oral stop-payment order is received that written confirmation is required and provide an address where the written confirmation can be sent, an oral stop-payment order is effective for 14 calendar days only, unless confirmed in writing within the 14-day period. Properly signed written stop payment orders are effective for 6 months after date received and will automatically expire after that period unless renewed in writing. With respect to ACH debits, you and we agree to abide by the ACH rules and regulations regarding stop-payment orders.

We will charge you for stop-payment orders (refer to our separate fee schedule).

Business Online Bill Payment. Business Online Bill Payment is currently not available on our Business Online product.

Overdrafts. If your account has sufficient funds to perform all electronic fund transfers you have requested in a given day, then:

1. Electronic funds transfers involving a currency transaction, like an ATM withdrawal and Debit Card transaction will post first according to the dollar amount with the smallest items being processed first for the day on which they are processed.
2. Electronic transactions involving electronic funds transfers through online banking which would result in an overdraft of your account, at our discretion, may be cancelled.
3. If electronic funds transfers initiated through online banking results in an overdraft and is not cancelled, overdraft charges may be assessed pursuant to the terms of the deposit account agreement.

Fees. You agree to pay us the fees we may establish for each of the services. See our Fee Schedule for details. We may debit your account for the fees without notice. If there are insufficient funds available for payment of the fees at the time services are rendered we are under no obligation to complete the requested service. However, we reserve the right to complete the service requested and overdraw your account for the fee(s) due at the time the Service is rendered. We can debit any fees to any of your deposit accounts without notice.

Hours of Operation. You ordinarily can participate in our internet service 24 hours a day - 7 days a week. However, we reserve the right to suspend our internet service from time to time as we deem appropriate. Some or services may not be available occasionally due to emergency or scheduled system maintenance.

Transaction Posting. Transactions entered on our website on or before 5 P.M. Central on any business day will be posted on the same day. Transactions entered on our website on weekends, federal holidays or after 5 P.M. Central on a business day will be posted by the end of the next business day.

File transfer deadline. If you have requested ACH origination services such as a Payroll file, a separate ACH agreement must be executed. The cut-off times for transmitting Payroll files is 6:50 AM or 11:50 AM (CST) for next day settlement.

Assignment and Delegation. We can assign our interest and responsibilities under this agreement, delegate our responsibilities under this agreement, and use independent contractors to perform or assist in the performance of our responsibilities under this agreement, as we deem appropriate.

Limitations on Frequency of Transfers. In addition to those limitations on transfers elsewhere described, if any, the following limitations apply:

Regardless of anything else in this or other agreements, transfers and withdrawals from a money market account to another of your accounts or to third parties by preauthorized, automatic, telephonic, or computer transfer cannot exceed six per calendar month or statement cycle of at least four weeks with no more than three being by check, draft, debit card, or similar order to third parties.

For security reasons, there may be other limitations on the number of transfers you can make.

Termination. We can terminate your right to participate in our internet service at any time if you fail to comply with these terms or the terms of your account agreements with us, including any failure to pay a required fee. Either you or we can terminate this agreement without cause upon 30 days advance notice.

Changes in Terms. We can change these terms by giving you notice as required by law. Continued use of our internet service by you after notice of a change in terms constitutes acceptance of the change.

Notices. Notices must be in writing and mailed or hand delivered, except that we can give them to you electronically if you have so consented. Notices to you are effective when given, regardless of whether you receive them. Notices to us are effective only when we actually receive them.

Irreconcilable Conflicts. These terms supersede those of your deposit or loan account agreements to the extent they cannot be reconciled. You expressly waive any deposit account agreement requirements of one or more signatures for withdrawal when using our internet service. Any one of the persons authorized to make withdrawals from your deposit accounts is authorized to make transfers pursuant to our internet service, even if your account agreements provide that multiple signatures are required for withdrawal.

DOCUMENTATION

Periodic Statements. You will get a monthly account statement from us for your deposit accounts, unless there are no transfers in a particular month, in which case you will get a statement at least quarterly.

FINANCIAL INSTITUTION'S LIABILITY

Liability for Failure to Make Transfers. If we do not complete a transfer to or from your account on time and in a correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will not be liable, for instance:

1. If, through no fault of ours, you do not have enough money in your account to make the transfer.
2. If you have an overdraft line, and the transfer would go over the credit limit.
3. If circumstances beyond our control such as interruption of telecommunication service, catastrophic or emergency conditions, or a natural disaster (such as a fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
4. If the funds are subject to legal process or other encumbrance restricting the transfer.
5. There may be other exceptions stated in our agreement with you.

Except as expressly required by these terms or otherwise required by law, we will not be liable for any losses or damages resulting from:

1. Deficiencies in your computer hardware or software or in your ability or care in using them, or
2. Problems relating to your access to the internet.

CONFIDENTIALITY

We can disclose information to third parties about your account or the transfers you make:

1. Where it is necessary for completing transfers; or
2. In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant; or
3. In order to comply with government agency or court orders; or
4. As explained in our separate privacy disclosures. Please refer to our website at www.merchantsbankrugby.com for the Online Privacy Statement.

UNAUTHORIZED TRANSFERS

Tell us AT ONCE if you believe your code or token has been lost or stolen, or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within 2 business days after you learn of the loss or theft of your code, you can lose no more than \$50 if someone uses your code without your permission.

If you do NOT tell us within 2 business days after you learn of the loss or theft of your code, and we prove we could have stopped someone from using your code without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows transfers that you did not make, tell us at once. If you do not tell us within 60 days after the statement was mailed to you or was provided electronically if you consented to receiving the statement that way, you may not get back any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, we will extend the time periods.

Contact in Event of Unauthorized Transfer. If you believe your code has been lost or stolen, call or write us at the telephone number or address listed below. You should also call the number or write to the address listed in this brochure if you believe a transfer has been made using the information from your check without your permission.

ERROR RESOLUTION NOTICE

In Case of Errors or Questions about Your Electronic Transfers, Call or Write us at the telephone number or address listed below, as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you, or provided electronically to you if you consented to receipt that way, the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days (20 business days if the transfer involved a new account) after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days (90 days if the transfer involved a new account, a point of sale transaction, or a foreign-initiated transfer) to investigate your complaint or question. If we decide to do this, we will credit your account within 10 business days (20 business days if the transfer involved a new account) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your question or complaint in writing and we do not receive it within 10 business days, we may not credit your account. Your account is considered a new account for the first 30 days after the first deposit is made, unless each of you already has an established account with us before this account is opened.

We will tell you the results within three business days after completing our investigation. If we decide that there was no error, we will send you a written explanation.

You may ask for copies of the documents that we used in our investigation.

Communications between Merchants Bank and You. You can communicate with us in any one of the following ways or stop in and visit us at any of our locations.

Mail: MERCHANTS BANK
210 SOUTH MAIN AVE / P.O. BOX 199
RUGBY, NORTH DAKOTA 58368-0199
Business Days: Monday through Friday
Excluding Federal Holidays
Phone: 701-776-5811 or 888-765-8538
E-Mail: staff@merchantsbankrugby.com
MORE DETAILED INFORMATION IS AVAILABLE
UPON REQUEST



Merchants Bank

Rugby, North Dakota

Member FDIC

**210 SOUTH MAIN, P.O. BOX 199
RUGBY, NORTH DAKOTA 58368**

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BUSINESS DAYS:

MONDAY - FRIDAY

SATURDAY 8:00 A.M. - NOON

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