

INTERNET BANKING AGREEMENT

Effective January 1, 2007

From time to time, necessary changes will be made to the Internet Banking agreement terms. We thank you for reading the updated version and agreeing to the terms provided. All fees and services have remained the same.

Introduction

“You” or “your” means **anyone** to whom valid access has been provided for use of the system on your behalf. In this agreement, “we”, “us”, or “our” refers to Lytle State Bank, and “you”, “your”, or “yours” refers to Lytle State Bank customers with access to Internet Banking.

Use of this service indicates you agree to be bound by all rules and regulations applicable to your deposit accounts at Lytle State Bank as established and amended from time to time by us. This agreement explains the terms and conditions which govern the following Internet Banking services:

- View account balances and transaction history
- Search account history by check number, amount, or date
- Transfer funds between accounts

Accessing Your Accounts

You are responsible for maintaining the confidentiality of your password and account data. We are entitled to act on transaction instructions received using your password. You agree that the use of your password will have the same effect as your signature, authorizing the transaction(s).

YOU SHOULD NOT, UNDER ANY CIRCUMSTANCES, DISCLOSE YOUR PASSWORD BY TELEPHONE, E-MAIL, IN WRITING, OR ORALLY TO ANYONE CLAIMING TO REPRESENT LYTLE STATE BANK. BANK EMPLOYEES WILL NEVER ASK FOR YOUR PASSWORD OR OTHER ACCOUNT INFORMATION.

Password

As a customer of Lytle State Bank, you may access your accounts by selecting and using an online password. Any person having access to your Internet Banking password will be able to access Internet Banking Services and perform all transactions, including reviewing account information and making transfers to other accounts that have mutual ownership. You are responsible for all transactions made or authorized using your password.

The first time you log on to Internet Banking you will be asked to choose an Access ID and Password. The Access ID you select may be any combination of alpha/numeric characters from five to ten digits in length. Access IDs and Passwords are case sensitive. For example, if you enter your password as 1234abcd you cannot use 1234ABCD. It is recommended that you change your password periodically to enhance security.

For security purposes, your account will be locked after three invalid access attempts. The lock out will remain in effect for five minutes. If your account becomes locked a second time, you must contact the Electronic Banking Department of Lytle State Bank before you will be permitted future access.

Fees and Charges

Fees for this service shall be payable in accordance with a schedule of charges as established and amended from time to time (see Limits and Fees). Charges will automatically be deducted from your account. We shall provide monthly notice of such charges to you. There will be no fee associated with account inquires.

We reserve the right to cancel your online service at any time without notice due to insufficient funds in one or more of your accounts. After cancellation, service may be reinstated at the discretion of the bank provided an agreement is made regarding payment of any fees and or pending transfers.

Hours of Accessibility

You may access Internet Banking seven days a week, 24 hours a day. Necessary system maintenance will be scheduled for hours during which system traffic is normally at a minimum. If the system is unavailable due to an unanticipated problem, the automated telephone voice response system shall be available for your use.

If you do not access your accounts via Internet Banking for any consecutive six-month period, we reserve the right to disconnect your service.

Unauthorized Transactions

You must notify us immediately if you suspect that another person has improperly obtained and/or used your online password. You must also notify us if someone has transferred or may transfer money from your bank account without your permission, or if you suspect any fraudulent activity related to your account. To notify us, call the Lytle State Bank's Customer Service Department (Electronic Banking) at (830) 709-3601.

If you believe your online password has been lost, stolen, or compromised and you tell us within two business days after you learn of the loss or theft, your loss will be limited to not more than \$50.00 by federal law.

If you do NOT tell us within two business days after you learn of the loss or theft, where we could have prevented a loss had you told us, you could lose as much as \$500.00.

If your statement shows transactions that you did not make or authorize, please notify us at once. If you do not notify us within sixty days (60) after the paper or online statement was sent to you, and we could have prevented a loss if you had notified us, you may not get back any lost funds. If documented extenuating circumstances, such as an extended trip or hospital stay, kept you from telling us, the time periods in this section may be extended.

Scheduling Payments

If you choose to use on-line bill payment service (iPay) you will be governed by the rules of bill paying service which you will also be required to accept.

Error Resolution Notice

In case of errors or questions about your electronic transfers, contact us at (830) 709-3601, or write us at:

Lytle State Bank
Customer Service (Electronic Banking)
P. O. Box 575
Lytle, Texas 78501-0009

If you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt, contact us as soon as possible. We must

here from you no later than 60 days after we sent you the first statement on which the problem or error appeared. You must give us the following information:

1. Your name and account number;
2. The dollar amount of the suspected error;
3. A description of the error or transfer in question, and an explanation, as clearly as possible, why you believe it is an error or why you need more information.

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

We will communicate the results of our investigation within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will credit your account with 10 business days (5 days for errors involving VISA® Check Card point-of-sale transactions) for the amount you think is in error so you will have use of the money during the time it takes to complete our investigation. If we ask for your complaint or question in writing and we do not receive it within 10 business days (5 days for errors involving VISA® Check Card point-of-sale transactions) we may not credit your account. For errors involving new accounts, point-of-sale, or foreign-initiated transactions, we may take up to 90 days to investigate your complaint or question. For new accounts, we may take up to 20 business days to credit explanation within 3 business days of the completion of our investigation. You may request copies of the documents used in our investigation.

Governing Law

The laws of the State of Texas shall govern this agreement and all transactions hereunder. You acknowledge that you have reviewed this customer agreement, understand the terms and conditions set forth herein, and agree to be bound hereby.

Limits and Liabilities

We will not be responsible for the following incidents, errors or failures:

Access

We will not be responsible for failure to provide access or for interruptions in access to Lytle State Bank Internet Banking service due to a system failure or due to other unforeseen acts or circumstances.

You Computer Equipment or Software

We will not be responsible for any errors or failures caused by any malfunction or your computer or any computer virus or other problems related to your computer equipment.

We are not responsible for any error, damages, or other losses you may suffer due to the malfunction or misapplication any system used by you, including your browser, your online service provider, your personal financial management or other software, or any equipment you may use to access or communicate with Lytle State Bank Internet Banking service.

We recommend you use a browser with 128-bit encryption to ensure the highest level of security available on the Internet.

I have read and agree to the terms of the Internet Banking Agreement and Error Resolution Notice terms.