

## OnLine Banking Agreement

This OnLine Banking Agreement and Disclosure ("the Agreement") explains the terms and conditions governing basic online banking services and bill pay services offered by Kleberg First National Bank (collectively "OnLine Banking Services"). By using any of the OnLine Banking Services, you agree to abide by the terms and conditions of this Agreement. The terms "Kleberg Bank", "we," "us," "our," "Kleberg First National Bank," and "bank" refer to Kleberg First National Bank. "You" refers to each person who enrolls for OnLine Banking Services and has a password. The term "business days" means Monday through Friday, excluding Saturday, Sunday, and federal banking holidays.

Your OnLine Banking services and each of your accounts are also governed by the applicable Disclosures, Rates, and Fee schedules provided by the financial institution in your new account packet as each may be modified from time to time. Collectively, the "Bank Documents."

You are responsible for paying any fees associated with OnLine Banking and bill payment as outlined in the "Bank Documents" as well as any additional fees that may be assessed by your Internet Service Provider and for any telephone charges or fees incurred by accessing OnLine Banking Services.

Your initial use of OnLine Banking services constitutes your acceptance and agreement to be bound by all the terms and conditions of this Agreement and by the "Bank Documents," and acknowledges your receipt and understanding of this agreement.

The Bank is entitled to act on instructions received through OnLine Banking under your password and without inquiring into the identity of the person using the password. However, do not, under any circumstances, disclose your password by telephone or to any one claiming to represent the Bank; the Bank's employees do not need and should not ask for your password. You are liable for all transactions made or authorized using your password. You give your password to anyone, you do so at your own risk since anyone to whom you give your OnLine Banking password or other means of access will have full access to your accounts even if you attempt to limit that person's authority. You must notify the Bank that your password has been lost, stolen, or otherwise compromised and should not be honored and must be disabled.

If two people hold a joint checking account, then there are two ways to enroll for OnLine Banking Services. Both account holders may enroll separately and each will have his/her own password, and his/her own separate OnLine Banking Agreement. Each such joint account holder is subject to separate OnLine Banking Service fees as applicable. Alternately, one holder of a joint account can enroll for OnLine Banking Services with one password issued and be subject to fees for one person. You are liable for all transactions that you, or if you are using a joint Bill Payment Account, any of you, make or authorize, even if the person you authorize exceeds your authority. You hereby release the Bank from any form of liability and agree not to make any claim or bring any action against us for honoring or allowing any actions or transactions where you have authorized the person performing the action or transaction to use your account(s) and/or you have given your password to such person, or, in the case of a jointly held account such person is one of the owners of the account. You agree to indemnify the Bank and hold it harmless from and against any and all liability (including but not limited to reasonable attorney fees) arising from any such claims or actions.

Transfers initiated through OnLine Banking before 7:00 p.m. (Central Standard Time) on a business day are posted to your account the same day. Transfers completed after 7:00 p.m. on a business day, Saturday, Sunday, or banking holiday, will be posted on the next business day.

OnLine Banking Bill Payment Service-You must designate the Kleberg First National Bank account from which the payments are to be made; the complete name of the payee, the account number, and the payee's remittance address, all exactly as shown on the billing statement or invoice; the amount of the payment; and the date you want the payment to be debited from your account. Bill payments will be processed each business day at 2:00 a.m. (CST) and at 12:00 noon (CST). Any payment entered between 2:01 a.m. (CST) and 12:00 noon (CST), on any business day, can be modified or deleted anytime prior to the 12:00 noon (CST) run. Any payment entered between 12:01 p.m. (CST) and 1:59 a.m. (CST), on any business day, can be modified or deleted anytime prior to the 2:00 a.m. (CST) run. All electronic payments that may reject from the 2:00 a.m. (CST) run, due to NSF or communication error, will be

resubmitted for processing at the 12:00 noon (CST) run. If the date you want the payment to be debited from your account is not a business day, your account will be debited the next business day before 12:00 noon (CST). By using the OnLine Banking Bill Payment Service option, you agree that, based upon instructions received under password, we can charge your designated account by electronic transfer, "no signature required draft," or by debiting and remitting funds on your behalf. You also agree that your first OnLine Banking bill payment will be charged to your Primary Checking Account. We reserve the right to refuse to pay any payee designated by you. If we do so, we will notify you promptly.

If the payee is to be paid by paper check, you understand and agree that paper checks are mailed to the payee and the payee may not receive payment until 5 to 8 business days after it is mailed to the payee. If the payee is to be paid electronically, you understand and agree that the payee may not receive the payment until 72 hours after the date the payment is debited from your account. You understand and agree that we are not responsible for the timely delivery of mail or the improper transmission or handling of payments by a third party such as the failure of the bill payment payee to properly post a payment to your account.

To cancel a bill payment that you have scheduled through OnLine Banking between 2:01 a.m. (CST) and 12:00 noon (CST) on any business day, you must cancel the payment online, via OnLine Banking before 12:00 noon (CST) on the date the payment is scheduled to be debited from your account. To cancel a bill payment that you have scheduled through OnLine Banking between 12:01 p.m. (CST) and 1:59 p.m. (CST) on any business day, you must cancel the payment online, via OnLine Banking before 2:00 a.m. (CST) on the date the payment is scheduled to be debited from your account.

You may initiate stop-payment requests online via OnLine Banking only for paper checks you have written (not electronically) on your Kleberg First National Bank accounts (not OnLine Banking bill payer paper drafts). OnLine stop-payment requests are processed at 9:00 a.m. on the business day following the date the stop-payment has been requested online. To be effective, this type of stop-payment request must precisely identify the name of the payee, the check number, the amount, and the date of the check.

If you make your stop-payment request online or by telephone, we may also require you to put your request in the form of paper writing and get it to us within 14 days after you call. You will incur stop payment charges as disclosed in the current fee schedule for the applicable account. Stop payment charges for OnLine Banking bill payment paper drafts will be assessed in addition to the stop-payment charges for the applicable account.

The Bank has the right to modify or terminate this Agreement at any time. We will comply with any notice requirements under applicable law for such changes or termination. If we terminate this Agreement, no further OnLine Banking transfers, such as bill payments will be made, including but not limited to any payments or transfers scheduled in advance or any preauthorized recurring payments or transfers. If we modify this Agreement, your continued use of OnLine Banking Services will constitute your acceptance of such changes in each instance.

If a dispute arises between the parties hereto regarding the meaning of Agreement, or an alleged breach thereof, the parties agree to resolve the dispute through the mediation and arbitration procedures below in lieu of litigation.

a) MEDIATION. The parties agree to use the following mediation procedures prior to any party pursuing arbitration:

1) A meeting shall be held promptly between the parties, attended by individuals with decision making authority regarding the dispute, to attempt to good faith to negotiate a resolution of the dispute;

2) If, within ten (10) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will appoint a mutually acceptable certified mediator from Nueces County, Texas, seeking assistance in resolving the dispute, said mediation to occur on or before thirty days from the expiration of the above ten day period. In the event the parties are unable to agree upon a mediator within five days from the above ten day period, a mediator shall be

appointed by the Presiding Judge of Nueces County, Texas. The fees of the mediator shall be shared equally by the parties.

b) BINDING ARBITRATION. If the parties are not successful in resolving the dispute through mediation, then the parties agree that all such claims or controversy shall be resolved by final and binding arbitration in Nueces County, Texas, in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect on the date when the claim or controversy first arises. Either party must communicate its request for arbitration under this section in writing (Arbitration Notice) to the other party within one hundred twenty (120) days from the date of the conclusion of the unsuccessful mediation. Failure to communicate the Arbitration Notice within said 120 days shall constitute a waiver of any such claim of controversy. All claims or controversies subject to arbitration under this section shall be submitted to an arbitration hearing within ninety (90) days from the date the Arbitration Notice is communicated by either party. All claims or controversies submitted to arbitration under this section shall be resolved by on (1) arbitrator who is licensed to practice law in the State of Texas and who is experienced in the arbitration of banking disputes. The arbitrator will be a mutually accepted certified arbitration from Nueces County, Texas. In the event the parties are unable to agree upon an arbitrator within fifteen (15) days from the date of the Arbitration Notice, a mediator shall be appointed by the Presiding Judge of Nueces County, Texas. Either party may request that the arbitration proceeding be steno graphically recorded by a Certified Shorthand Reporter. The arbitrator shall issue a decision on any claim or controversy within thirty (30) days from the date the arbitration hearing is completed and such decision shall be final and binding on all parties. The parties shall have the right to be represented by legal counsel at any arbitration hearing. The costs of any arbitration hearing, including attorney's fees incurred by both parties (including any costs, expenses or attorney's fees incurred in filing any lawsuit to compel arbitration) shall be paid by the losing party of parties. The arbitration provisions in this section are subject to the Federal Arbitration Act, 9 U.S. C. 1, et seq. Or any successor provisions, and may be specifically enforced by any party, and submission to arbitration proceedings may be compelled by any District Court in Kleberg County, Texas. The decision of the arbitrators may be specifically enforced by any party in any District Court of Kleberg County, Texas.

c) Notwithstanding anything herein to the contrary, this mediation/arbitration clause shall not act as a bar to any applicable statute of limitations with regard to any claim or controversy asserted by any party of parties herein.

Consent of Electronic Delivery of Notices - You agree that any notice or other type of communication provided to you pursuant to the terms of this Agreement, and any future disclosures required by law, including electronic fund transfer disclosures, may be made electronically by posting the notice on the Kleberg First National Bank OnLine Banking website or by e-mail. you agree to notify us immediately of any change in your e-mail address.