

Online Banking Agreement and Disclosures

Effective March 4, 2011

1. Definitions

The following definitions apply in this Agreement:

Account(s) refers to your checking, savings, money market, time deposit, loan, or mortgage account you have with Monarch Bank/OBX Bank, some of which may not be eligible for electronic transfers and bill payments using the Service.

Bank Services Agreement refers to the Bank Services Agreement (for consumer accounts) or the Commercial Bank Services Agreement (for commercial accounts) containing the terms and conditions governing your Accounts.

Business Day(s) means Monday through Friday, except Federal Reserve holidays.

Delivery Date refers to the estimated date on which your payment will be delivered to the Payee.

Financial Software means the version of the following software through which you may access the Service: QuickBooks®, Quicken®, and Microsoft® Money.

Payee refers to any business, merchant, or professional with a valid 5-digit U.S. Postal Service ZIP code that generates a bill or invoice for services, or services provided on your behalf, or to any individual.

Payee Account refers to the account to which the Payee will credit your payment.

Payee Information refers to information about a Payee that is used to properly direct payment to the Payee and permit the Payee to identify the correct Payee Account.

Service(s) refers to collectively, any, or all of the Bank's Online Banking products, which allow you to access Account and transaction information, transfer funds, and pay bills using a personal computer or mobile banking device.

Software License Agreement(s) means the software license agreement(s) governing your use of the pc versions of the Financial Software.

Withdrawal Date refers to the Business Day on which the funds are withdrawn from your Account for a scheduled Bill Payment. Your account is debited 1-2 business days after your payment is sent.

We, us, our or "the Bank" refers to Monarch Bank, OBX Bank (a Division of Monarch Bank) or any subsidiary of Monarch Bank and any agent, independent contractor, designee or assignee that Bank may, in its sole discretion, involve in the provision of the Service.

Web site refers to the Monarch Bank and OBX Bank Web sites at www.monarchbank.com or www.obxbank.com

You or your refers to the individuals, corporations, partnerships, limited liability companies, and sole proprietorships subscribing to or using the Service.

2. Applicability

This Agreement and Initial Disclosure (the "Agreement") governs your use of the Service. By subscribing to the Service or using the Service, you agree to the terms of this Agreement. Please read this Agreement carefully and in its entirety. We suggest you print a copy of this Agreement for your future reference.

3. The Service

You may use a personal computer ("PC") or mobile banking device to electronically direct us to make payments from your Account(s) through Bill Pay to Payees that you have set up in advance to receive payments. You may also access Account and transaction information and order transfers of funds among your eligible Account(s). Not all of the Bank's accounts are eligible for electronic transfers and bill payments using the Service.

4. Software and Equipment Requirements

You may access the Service using the Bank's Web site. If you choose to use QuickBooks®, Quicken®, or Microsoft® Money, you must purchase the software from Intuit, Microsoft, or another retailer. Your use of the PC versions of the Financial Software is governed by the Software License Agreements included with the software. You must agree to the terms and conditions of the Software License Agreements during the installation of the Financial Software on your

PC. You are responsible for the correct setup and installation of the Financial Software. The Bank does not provide technical support for your Financial Software. You must contact your software vendor for support. **The financial software contains trade secrets in its human perceivable form and, to protect them, you may not modify, translate, reverse engineer, decompile, disassemble, or otherwise reduce the financial software to human perceivable form. You may not create derivative works based on the financial software or remove any proprietary notices, labels, or marks on the software or accompanying documentation.**

5. Your User ID and Password

Your User ID will initially be your Social Security Number (SSN) or Tax ID Number (TIN), and a Password consisting of the last 4 digits of your SSN or TIN, which you will use to obtain access to your Account(s) at Monarch/OBX Bank. You will be prompted to change your password and User ID on your initial visit. You authorize us to follow any instructions entered through the Service using your User ID and Password. Since your User ID and Password can be used to access money in your Account(s) and to access information about these Account(s), you should treat your User ID and Password with the same degree of care and secrecy that you use to protect your other sensitive financial information. The system requires a password change every 90 days for security reasons. You agree not to use any language that is abusive, harassing, libelous, defamatory, obscene, or threatening when defining your User ID or any other personalization of your Account(s).

6. Sharing Your User ID and Password with Others

You agree not to give or make available your User ID, Password, or account number(s) to any person who is not authorized to access your Account(s). If someone to whom you have granted authority to use your User ID and Password exceeds such authority, you are fully liable for all transfers and payments made by such person until you have notified us that you have terminated the authority granted to such person and have given us a reasonable period of time to act upon such notice. We may require that you put such notice in writing. Upon receipt of such notice, we may require you to immediately change your User ID and Password or we may discontinue the service and require you to identify the person or persons you believe to have exceeded such authority. You agree to cooperate with us in the investigation and prosecution of any person who has obtained and used your User ID and Password without your authorization.

7. Online Statements

A. Description of Online Statements

We offer online statements for certain Eligible Accounts and Online Financial Services, allowing you to replace your mailed (paper) statement with an electronic version (PDF) that you can view on the Web site, save to your computer, or print at your convenience. Any legal notices or disclosures that normally accompany your mailed statement or that we would otherwise deliver to you by mail concerning your Eligible Account or Online Financial Service may be delivered to you electronically. We may, at our option, offer you additional options and preferences for the delivery of various types of communications related to your Eligible Accounts or Online Financial Services. From time to time, we may add to, modify, or delete any feature of online statements at our sole discretion. The following is a brief description of the various features of and requirements for using online statements:

B. Eligible Accounts for Online Statements

Most Consumer checking, savings, and money markets are eligible for online statements. Most Small Business checking, savings, and money markets that have recurring periodic statements are eligible for online statements.

C. Enrollment for Online Statements

The online statement option for Eligible Accounts is available if you have enrolled in the Service and provided us with a valid email address for the Service. Enrolling accounts for online statements automatically discontinues paper statements to you for that account.

If you currently receive Paper Check Image Statements and enroll for online statements, you will no longer receive your Check Image Statements. With respect to deposit accounts, you may view online images of the individual checks posted to your account. You may request that a photocopy of a cancelled check be mailed to you. Additional fees for photocopies may apply.

We may, in our discretion, apply your current online statement delivery elections for an existing Eligible Account to any account that replaces or refinances the existing Eligible Account.

D. Accessing Your Online Statements

Your online statement, legal notices and disclosures will be presented to you on the Web site. You will need to ensure that your computer software meets the requirements provided on the Web site in order to view, print,

and/or save your online statement and legal notices. Depending on the type of account, your statements are available online for up to a maximum of 36 months. For some types of Eligible Accounts, there may be a delay of up to several weeks after enrollment before you can begin viewing statements online. You will continue to have the option to request historical statements, for which fees may apply; please refer to the applicable account agreement and disclosures for details.

E. Email Address Maintenance

It is your responsibility to notify us if you change your email address and also to update it on your Service under the User Options. Unless otherwise prohibited by law, rule or regulation, if our email to you is returned as undeliverable, we may discontinue future online statements and switch your account statements to paper statements sent by U.S. Postal Service until you provide us with a valid email address.

8. Bill Payments

You may make payments through the Service to any business, merchant, or professional with a valid address that generates a bill or invoice for services, or services provided on your behalf. We reserve the right to refuse to allow you to designate any particular Payee or class of Payee. You may also make payments through the Service to individuals, family, or friends for non-business purposes. Payments may be made only to Payees with a 5-digit United States Postal Service ZIP code, including APO/FPO addresses. Any user of this Service shall comply with all applicable laws and regulations including the laws and regulations administered by the U.S. Treasury Office of Foreign Assets Control (OFAC).

9. Your Payee List

You must provide sufficient information about each Payee as we may request from time to time, to properly direct a payment to that Payee and permit the Payee to identify the correct Payee Account to credit with your payment. This information may include the name, address, and phone number of the Payee and your Payee Account number. You agree that we may obtain information regarding your Payee Accounts in order to facilitate proper handling and crediting of your payments, and you authorize your Payees to release such information to us. You can enter your Payee Information directly on your PC. Any changes will be immediate upon confirmation of the change.

10. How Bill Payments are Delivered

The first bill is always mailed as a check and may take up to **10 business days** to arrive. After which we may remit your payments by mailing your Payee a paper check or by electronic funds transfer, if they specify. Payees who have a relationship established to receive electronic delivery of payments by us will usually receive your payment information by a computer link. Electronic payments are generally received and credited by most Payees within three (3) Business Days after the Withdrawal Date. We may also send payments by a paper check. We send all checks through the United States mail. Payments made with a paper draft are generally received and credited by most Payees within five (5) Business Days after the Withdrawal Date. **WE ARE NOT RESPONSIBLE FOR POSTAL DELAYS OR PROCESSING DELAYS BY THE PAYEE.** Occasionally, a Payee chooses not to participate in the Service, or may be unable to process payments in a timely manner. In such cases, we may decline to make future payments to these Payees.

11. Delivery of Your Bill Payments

You will be asked to specify the Withdrawal Date. Payments to be sent the current day that are entered *after* 3 p.m. will be sent the *following* business day. We will withdraw money from your Account within 1-2 business days of the send date and deliver payment in as many as three (3) Business Days for electronic payments and as many as five (5) Business Days for check payments by mail [*refer to How Bill Payments are Delivered*]. If the Withdrawal Date falls on a weekend or a Federal Reserve holiday, your payment will be processed on the next Business Day. Although you may schedule bill payments by using the Service 24-hours a day, seven (7) days a week, payments will only be withdrawn from your Account on Business Days, subject to system availability. We may refuse to process your payment if sufficient funds, including funds available under any overdraft plan, are not available in your Account(s) on the Withdrawal Date. Overdraft fees may be charged to your account if payment was processed using funds available under any overdraft plan. You may request a current fee schedule from any Monarch/OBX Bank office.

12. Future Bill Payments

You may schedule a payment for a future Business Day up to 30 days in advance.

13. Recurring Bill Payments

You may schedule payments for a fixed amount on the same date every month (a "Recurring Payment"). The Bill Payment processor processes payments on all days excluding Sundays and Federal Reserve holidays. In cases where a recurring payment schedule falls on a Sunday, the payment is processed on Saturday. Please note that weekly recurring payments may not be scheduled for Saturdays.

14. Stopping or Editing Bill Payments

Edit Payments displays the payments you selected. Pending payments cannot be edited later than 12:00pm EST on the process date. For both single and recurring payments, you may edit the amount and date of the payment. A stop payment may be placed after the Bill Payment processor initiates the check payment and before the check clears the Federal Clearing House process. To initiate a stop payment and to determine stop payment pricing, contact the Bank.

15. Reviewing Payments and Payment Information

At least six (6) months of payment history can be viewed online. The Bill Payment processor maintains payment history for up to seven (7) years.

16. Balance Inquiries

You may use the Service to check the balance of your Account(s). The balances shown may differ from your records because they may not include deposits that are not available for withdrawal, outstanding checks, or other withdrawals, payments, or charges.

17. Cut-off Time for Transfers

The Bank will process transfers by 9:00 PM each business day.

18. Stopping or Modifying a Scheduled Transfer

A scheduled transfer may be stopped or modified any time the day prior to the scheduled transfer date. *Example: A transfer scheduled for May 3 may be modified or stopped any time prior to 5:00 p.m. Eastern Time on May 2.*

19. Documentation

All payments and transfers made through the Service will appear on your periodic account statement. The Payee Name, payment amount, and Withdrawal Date will be reflected for each payment made through the Service.

20. Service Hours

Online Banking services are available 24-hours a day, seven (7) days a week, except during maintenance periods, for the scheduling, modification or review of payment orders, and for initiation of funds transfers and balance inquiries. However, Bill Payments can only be processed on Business Days.

21. Transfer Types and Limitations

A. Account Access

You may use the Service to:

- Transfer funds between your Eligible Accounts whenever you request;
- Pay bills directly from your Account(s) in the amounts and on the days you request in accordance with the terms of this Agreement to merchants and individuals located in the U.S.;
- Obtain Account balances;
- View/print items that have been presented for payment against your account;
- Review the history of past transactions on your Accounts; and
- Email messages to us. Email may not, however, be used to initiate transactions on your Accounts.

B. Limitations on Frequency of Transfers

The number of transfers between your eligible Accounts may be subject to the limitations that apply to the maximum number of automatic or repeating withdrawals from certain types of accounts. Refer to your Bank Services Agreement or other Account Agreements for details.

C. Limitations on Dollar Amount of Transfers/Bill Payments

The maximum aggregate amount that can be transferred between Eligible Accounts per day is unlimited. Each bill payment from an Account may range in amounts up to \$9,999.99. The maximum aggregate bill payment amount that can be paid per day is \$19,999.99.

22. Confidentiality

Subject to applicable law, we will disclose information to third parties about you and your Accounts or the transfers you make: (i) where it is necessary for completing transfers; or (ii) in order to verify the existence and condition of your Account for a third party, such as a credit bureau or merchant; (iii) in order to comply with government agency or court orders; (iv) if you give us permission; (v) as stated in the Monarch/OBX Bank Privacy Notice; and (vi) as otherwise required or permitted by law or government regulation.

23. Your Liability

If you select an electronic payee address that matches your payment coupon exactly and the Bill Payment processor routes the payment to a different payment center, the Bill Payment processor is responsible for the late charge and will reimburse any payee-imposed late fees up to \$50. If you select an electronic payee with an address that is

different from that indicated on the payment coupon, you are responsible for the late charge. You always have the option to manually set up a payee with the correct address found on the payment coupon. If you do not tell us within two (2) Business Days after you learn of the loss or theft of your User ID and Password, and we can prove that we could have stopped someone from using your User ID and Password without your permission if you had told us, you could be responsible for up to \$500. Also, if your statement shows transfers that you did not make, notify us immediately. If you do not notify us within 60 days after the statement was mailed or otherwise made available to you, 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 notified 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.

24. Contact in Event of Unauthorized Transfer

If you believe your User ID and Password has been lost, stolen, or that someone to whom you have granted authority to use your User ID and Password has exceeded such authority, or that someone has transferred or may transfer money from your Account(s) without your permission, call **(757) 389-5152 or 1-800-675-0595**

Or write to us at:

Monarch/OBX Bank Online Banking Support

1435 Crossways Blvd., Suite 202

Chesapeake, VA 23320

25. Bank Liability For Transfers

If we do not complete a transfer to or from your Account on time or in the correct amount according to our Agreement with you, we will be liable for your losses or damages. This liability is in addition to the payment guarantee for bill payments. However, there are some exceptions. We will not be liable, for instance:

- A. If, through no fault of ours, you do not have enough money in your Account to make the transfer or payment;
- B. If the transfer or payment would go over the credit limit on your overdraft line;
- C. The funds in your Account are subject to legal process or other encumbrance restricting such transfer;
- D. If the Service, your PC, or modem is not working properly and you are aware of the malfunction when you started the transfer or payment;
- E. A Payee mishandles or causes delays in handling payments sent by us;
- F. You have not provided us with the correct Payee name, address, account information, or payment amount;
- G. Circumstances beyond our control prevent the proper completion of the transaction despite reasonable precautions by us to avoid these circumstances. Such circumstances include, but are not limited to, fire, flood, delay in U.S. Mail, interruption in your electrical power or telephone, the disconnecting of your telephone line by your local telephone company or from deficiencies in your line quality, or any defect or malfunction of your PC, mobile, device, operating software, modem, or telephone line;
- H. If you have not properly followed the instructions for using the Service or the Financial Software.

26. Error Resolution Notice

In case of errors or questions about your Electronic Transfers telephone us at **757-389-5152 or 1-800-675-0595**.

Notify the Bank as soon as possible if you think your statement or information regarding a transaction is wrong or you need more information about a transfer listed on the statement. We must hear from you no later than 60 days after we sent the first statement on which the problem or error appeared. When contacting us regarding an error resolution, please be prepared to communicate the following:

- A. Your name and social security number or tax identification number;
- B. 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;
- C. The dollar amount of the suspected error.

If you notify us orally, we may require that your complaint or question be sent to us in writing within ten (10) Business Days. We will notify you of the investigation results within ten (10) Business Days after we receive your request and will correct any error promptly. However, if we need more time we may take up to forty-five (45) days to investigate your complaint or question. We may give you provisional credit within ten (10) Business Days for the amount in question while we complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) Business Days, we may not give you provisional credit to your Account. If there was not an error, we will send you a written explanation within three (3) Business Days after we finish our investigation and debit your account for the provisional credit. You may request copies of the documents used in our investigation.

27. Electronic Messaging

The Bank provides you with the ability to send and receive electronic messages to and from us. Please remember that we will not immediately receive an electronic message sent by you. No action will be made on any electronic message you send to us until we actually receive your message and have a reasonable opportunity to act on it.

Electronic messaging CANNOT be used to notify us of lost or stolen User IDs or Passwords; nor can electronic messaging be used to notify us of unauthorized transactions. Notification of these occurrences must be done as specified in the "Contact in Event of Unauthorized Transfer" section in this Agreement. From time to time, we may send important notices to you concerning your use of the Service by electronic messaging. The electronic messaging service may not be used to send or receive email messages to or from the general public.

28. Limitation of Liability

We are not responsible for any loss, damage, or injury resulting from an interruption in the availability of the Service, or any computer virus you may encounter using the Service. We encourage you to routinely scan your PC using a reliable virus protection product to detect and remove viruses from your PC. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT OR BY LAW, WE ARE NOT RESPONSIBLE FOR ANY LOSS, INJURY, OR DAMAGE WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, CAUSED BY THE SERVICE OR THE USE THEREOF OR ARISING IN ANY WAY OUT OF THE INSTALLATION, USE OR MAINTENANCE OF THE FINANCIAL SOFTWARE, EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES. **THE BANK MAKES NO WARRANTY, EXPRESS OR IMPLIED, TO YOU CONCERNING THE SERVICE, THE FINANCIAL SOFTWARE, EQUIPMENT, BROWSER OR OTHER SERVICES INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD-PARTY RIGHTS, UNLESS DISCLAIMING SUCH WARRANTY IS PROHIBITED BY LAW.**

29. Entire Agreement

This Agreement, which is incorporated herein by reference, constitutes the complete and exclusive agreement related to the Service, and supplements the Software License Agreements, the Bank Services Agreement, and any other agreement or disclosure related to your Accounts. In the event of a conflict between this Agreement and any other agreement or disclosure related to your Accounts or any statement by our employees or agents, this Agreement shall control as to the subject matter addressed herein.

30. Waivers

No delay or omission by us in exercising any rights or remedies hereunder shall impair such right or remedy or be construed as a waiver of any such right or remedy. Any single or partial exercise of a right or remedy shall not preclude further exercise or the exercise of any other right or remedy. No waiver shall be valid unless in writing and signed by us.

31. Assignment

You may not assign this Agreement to any other party. We may assign this Agreement or delegate any or all of our rights and responsibilities under this Agreement to any third parties.

32. Governing Law

These terms and conditions of this Agreement shall be governed by and construed in accordance with the laws of the state of Virginia, without regard to Virginia's conflict of law provisions. Your existing account relationships shall continue to be governed by and construed in accordance with the laws of the state where the Monarch/OBX Bank, at which you initially established your bank account, is located.

33. Amendments

We may amend this Agreement from time to time by posting the amended agreement on our Web site along with a notice that this Agreement has been amended, or by any other reasonable notification method. You may obtain the most recent version of this Agreement by visiting our Web site to request a copy. Continued use of the Service following notice of amendment constitutes acceptance of any amendments to this Agreement.

34. Severability

If any provision of this Agreement is void or unenforceable in any jurisdiction, such ineffectiveness or unenforceability shall not affect the validity or enforceability of such provision in another jurisdiction or any other provision in that or any other jurisdiction.