

Please read carefully this Bank of Smithtown Personal Online Banking Agreement and Disclosure, as of **November 13, 2000** (this "Agreement"). This Agreement describes your rights and obligations as a user of the Personal Online Banking Service and of the Personal Online Banking Bill Payment Service (collectively referred to as the "Services" or "Online Banking"). It also describes the rights and obligations of the Bank of Smithtown (the "Bank").

DEFINITIONS

The following definitions apply in this Agreement:

"Account(s)" means the Bank account(s) from which you will be conducting transactions using the Services;

"Business Day(s)" means Monday through Friday, excluding holidays when the bank is closed, from 9:00 a.m. to 3:00 p.m. (Eastern Time);

"Online Banking" is the Internet-based service providing access to your Bank account(s) and to the Bill Payment service;

"Password" is the customer-generated code selected by you for use during the initial sign-on , or the codes you select after the initial sign-on, that establishes your connection to the Service;

"We", "us", or "Bank" refers to Bank of Smithtown;

"You" or "your" means the Online Banking customer.

1. ACCESS TO SERVICES

The Bank will provide online instructions on how to use the Services. You will gain access to your Online Accounts through the use of your Internet-enabled device, your Internet Service Provider, your Customer Number (Social Security Number) and your Password.

2. USE OF YOUR SECURITY PASSWORD

You agree not to allow anyone to gain access to the Services with your Password or let anyone know your Password used with the Services. In order to protect yourself against fraud, you should adhere to the following guidelines:

- a. Do not give out your account information, Customer Number, or Password
- b. Do not leave your computer unattended while you are in the Bank's Personal Online Banking Site
- c. Do not leave your account information within range of others, and
- d. Do not send privileged account information (account number, Password, etc.) in any public or general e-mail system.

3. BANKING TRANSACTIONS WITH ONLINE BANKING

- a. Account Access: You may access your personal accounts online. When you access your account(s), you may obtain an account balance and summary information, available funds information, cleared transactions, even ATM and Debit Card transactions, for the current statement period.
- b. In addition to viewing account information, you may use Personal Online Banking to conduct the transfer of funds. You may make one-time transfers and schedule future or

recurring transfers. **HOWEVER, YOU MAY NOT MAKE LOAN PAYMENTS TO THE BANK OF SMITHTOWN USING THE ONLINE BANKING SERVICES.** You may transfer funds among your checking accounts, savings accounts and money market accounts.

NOTE: Because regulations require the Bank to limit preauthorized transfers (including Online Banking transfers), the following limitations apply:

- o Statement Savings account. You can make no more than six transfers per statement period by preauthorized or automatic transfer or by telephone or Online Banking.
- o Regular Money Market, Premier, Prestige, Preferred Platinum and Preferred Professional Accounts. You can make no more than six transfers per statement period by preauthorized or automatic transfer or by telephone or Online Banking and no more than three of these may be by check, draft or debit card.
- c. Payments or transfer requests cannot be honored on any account that requires two or more signatures. You agree not to change the account status to require two or more signatures until you have first notified the Bank in writing at the address set forth in Section 24. No such change will be effective with respect to the Services until the Bank receives such notice and has a reasonable opportunity to act.
- d. New services may be introduced for Online Banking from time to time. The Bank may notify you online of the existence of these new services.
- e. If you apply for a new account or service through Bank of Smithtown Personal Online Banking, or ask to change an account or service you already use, you authorize the Bank to handle your application or request as if it had been made in writing and signed by you. By using these services when they become available, you agree to be bound by the rules that will be made available to you concerning these services.

4. BILL PAYMENT SERVICE

The Bill Payment Service permits you to designate an account to be used to make payments to third parties you wish to pay (the "Bill Payment Account"). Your Bill Payment Account must be a primary checking account. All payments you make will be deducted from the checking account that you designate as your Bill Payment Account for the Bill Payment Service. Any payments you wish to make using the Bill Payment Service must be payable in U.S. dollars to a payee located in the continental United States. You agree not to use the Bill Payment service to make payments to settle securities purchases, payments to interest bearing accounts, tax payments, or court ordered payments or fines.

We reserve the right to refuse to pay any payee to whom you may designate for a payment. The Bank will notify you promptly if it decides to refuse to pay a payee designated by you. This notification is not required if you attempt to pay to settle securities purchases, payments to interest bearing accounts, tax payments, or court ordered payments or fines, each of which is prohibited under this Agreement.

You may choose to schedule payments to recur in the same amount at regular weekly, monthly, or semi-monthly intervals. You should schedule a payment to a new payee at least ten (10) Business Days before any payment due date, to allow our bill payment service provider time to set up the payee and verify information about your account with the payee. For all subsequent payments, you agree to allow at least seven (7) Business Days between the date you schedule a payment to be initiated and the payment due date (that is, the due date shown on your invoice or provided in your agreement with the payee, not taking into account any applicable grace period). If you do not follow these frames, you will be fully responsible for all late fees, finance charges or other actions taken by the payee. After funds are withdrawn from your Bill Payment Account to make a payment, our bill payment service provider may make the payment either by transferring funds electronically to the payee or by mailing the payee a check. Because your payments, if not capable of being sent and received electronically, will be sent to your payee without the payee's

payment stub, some payees may take longer to post your account. Therefore, if the payee that you are paying cannot accept an electronic payment, the Bill Payment Service will send a paper check that may take up to two additional Business Days. Paper check payments drawn on your Bill Payment Account are not negotiable after ninety (90) days. After the ninety (90) day period, our bill payment service provider will notify you and recredit your Bill Payment Account. The Bank has no liability to you for refusing payment on any paper checks drawn on your Bill Payment Account which remain outstanding after ninety (90) days.

The Bank is only responsible for exercising ordinary care in processing and sending payments upon your authorization in accordance with this Agreement. Some of the circumstances under which the Bank will not be liable in any way for damages are as follows:

1. you do not have sufficient funds in your Bill Payment Account to make the payment on the processing date;
2. for changes to the payee's address or account number unless you have advised us of the change sufficiently in advance;
3. for the failure of any payee to correctly account for or credit the payment in a timely manner; or
4. for any other circumstances beyond the control of the Bank.

If the session during which you schedule a payment or transfer ends by 3:00 p.m. (Eastern Time) on a Business Day, the Bank will be considered to have received it on that day. Otherwise, it will be considered received on the following Business Day. For all entries made using the Service, the time recorded by the Online Banking Service will be considered the official time of the transaction.

Funds must be available in your Bill Payment Account on the scheduled payment date. If the date you schedule a payment to be initiated falls on a day that is not a Business Day, funds must be available in your Bill Payment Account the immediately succeeding Business Day. You agree that you will instruct the Bank to make a withdrawal only when a sufficient balance is or will be available in your designated account at any time of withdrawal. The Bank will not be obligated to act on any withdrawal instruction from you if sufficient funds, including overdraft lines of credit, are not available in the account you designated. The Bank will attempt to notify you by U.S. Postal Mail or e-mail, but the Bank shall have no obligation or liability whatsoever if it does not complete a payment because there are insufficient funds in your account to process a payment. In all cases, you are responsible for contacting the Bank at the phone number set forth in Section 24 to either make alternate arrangements for the payment or reschedule the payment through the Bill Payment Service. You agree that the Bank may, in its sole discretion, make payments to a named payee, even though a debit to your Bill Payment Account may bring about or increase an overdraft.

In the event of an overdraft to your Bill Payment Account, the Bank may charge you or any of your accounts for the amount of the overdraft plus the then current charge for such service as set forth in the schedule of fees for the Bill Payment Account.

Payments may be changed or canceled using the Service by 3:00 p.m. (Eastern Time) on the Business Day prior to the day the transaction is scheduled to be initiated. If you ask us to cancel a payment after it is issued and we agree to do so, we may charge you a stop payment fee. Stop payment orders whether oral, written, or electronic, will be in effect for a period of six (6) months. You must confirm any stop payment order immediately in writing. After six months, any stop payment will terminate and must be renewed in order to continue in effect. The Bank may pay any item that is presented following the lapse of any stop payment order.

You authorize the Bank to charge your Bill Payment Account for all payments that you authorize through Online Banking. The Bank and any agent of the Bank is authorized to prepare drafts drawn on your Bill Payment Account and/or electronically debit your Bill Payment Account for the purpose of making such payments. The Bank is authorized to accept any draft drawn on your Bill Payment Account, and issued as part of the Online Banking Service, for presentment and charge the Bill Payment Account even though it does not bear your signature.

5. ELECTRONIC MAIL (E-MAIL)

If you send the Bank an e-mail message through the Message Service provided in the Bank of Smithtown Personal Online Banking site, the Bank will be deemed to have received it on the following Business Day.

The Bank will have a reasonable time to act on your e-mail.

You should not rely on e-mail if you need to communicate with the Bank immediately - for example, if you need to report an unauthorized transaction from one of your accounts or if you need to stop a payment that is scheduled to occur.

- E-mail transmissions outside of the mail you create within the Bank of Smithtown Personal Online Banking site are not secure. Thus, we request that you do not send us or ask for sensitive information such as account numbers, Password, account information, etc. via any general or public E-mail system. If you wish to contact us electronically, please use the Message Service provided in the Online Banking site. Use this secure form to e-mail the Bank regarding inquiries about an electronic funds transfer error resolution, reporting unauthorized transactions, or contacting the Bank regarding other concerns of a confidential nature.

6. FEE SCHEDULE

The Bank offers the benefits and convenience of the Online Banking Service and Bill Payment to you free. However, there may be Online Bill Payment fees charged due to insufficient balance, Returned Items (\$25.00), Photocopy Requests (\$10.00), and Stop Payment Requests (\$20.00). The fee will be deducted automatically from your Bill Payment account. When any fees are charged as a result of your use of the Services, you agree that we may debit your accounts without requiring your signature on the item, and without prior notice to you. You are responsible for all telephone charges incurred in connecting to the Services, including but not limited to, charges by any Internet Service Provider and any other third party charges. The Bank may impose other charges from time-to-time.

7. STATEMENTS

You will continue to receive your regular account statements which will reflect all transactions involving your accounts using the Services.

8. HOURS OF OPERATION

The Services are available 24 hours a day, seven days a week, except during maintenance periods. For purposes of transactions, the Bank's Business Days are Monday through Friday, excluding holidays. All Online Banking transaction requests received after 3:00 p.m. (Eastern Time) on Business Days and all transactions which are requested on Saturdays, Sundays, or holidays on which the Bank is closed, will be processed on the Bank's next Business Day. The Bank's Business Day begins at 9:00 a.m. (Eastern Time).

9. IF YOUR PASSWORD HAS BEEN LOST OR STOLEN

If your Password has been lost or stolen, call the Bank immediately at the phone number set forth in Section 24 below on any Business Day. If you notify us within two (2) Business Days after discovering that someone has obtained access to your Password, you will not be held responsible for any unauthorized transfers or withdrawals over \$50, provided that you are not trying to defraud us. If you do not contact us within two (2) Business Days, and we can prove that we could have stopped someone from accessing your account without your permission if you had told us, we can hold you responsible for unauthorized transfers or withdrawals that occur between the end of the two-Business-Day period and time you actually notified us. In any event, your maximum liability for such unauthorized transfers or withdrawals during this period is \$500. If you believe your Password has been lost or stolen, please use the Password change feature within the Online Banking section on the Web site to change your Password.

10. ERRORS AND QUESTIONS

In case of errors or questions regarding Bank of Smithtown Personal Online Banking or Bill Payment Services, or if your statement(s) shows transfers or withdrawals that you did not make, notify the Bank immediately by calling the telephone number set forth in Section 24 below on any Business Day or write to the Bank at the address set forth in Section 24 below. We must hear from you no later than sixty (60) days after we sent you the FIRST statement on which the problem or error appeared. If you do not notify the Bank within sixty (60) days after the statement was mailed to you, you may not recover any money lost after the sixty (60) days which would not have been lost if the Bank had been notified in time. We will need:

1. Your name and account number;
2. A description of the error or the transfer in question and an explanation concerning why you believe it is an error or need more information;
3. The dollar amount of the suspected error and date on which it occurred.

If the report is made orally, we will require that you send the complaint or question in writing within 20 Business Days. We will notify you with the results of the investigation within 10 Business Days and will correct any error promptly. If more time is needed, however, we may take up to 45 days to investigate a complaint or question. If this occurs, we will provisionally credit your account within 10 Business Days for the amount you think is in error. This will allow you to use the money during the time it takes us to complete our investigation. If your complaint or question is not received in writing within 10 Business Days, we may not provisionally credit your account until the investigation is completed. If an alleged error involves an electronic fund transfer outside a state or territory or possession of the United States, the applicable time period for action by us is 90 calendar days (instead of 45).

If we determine that no error occurred, we will send you a written explanation within three Business Days after the investigation is complete, and debit your account for the amount of the provisional credit. You may request copies of the documents that were used in the investigation.

11. LIMITATIONS ON OUR RESPONSIBILITY

In no event shall we be liable for damages in excess of your actual loss due to our failure to complete a transfer. We will not be liable in any of the following instances:

1. You do not have enough money in your account to make the transfer.
2. If circumstances beyond our reasonable control prevent the transfer.
3. If there is a hold on your account, or if access to your account is blocked.
4. If your funds are subject to legal process or other encumbrances restricting the transfer.

5. If your transfer authorization terminates by operation of law.
6. If you believe someone has accessed your accounts without your permission and you fail to notify the Bank immediately.
7. If you have not properly followed the instructions on how to make a transfer included in this Agreement.
8. If we have received incomplete or inaccurate information from you or a third party involving the accounts or transfers.
9. If we have a reasonable basis for believing that unauthorized use of your Password or account has occurred or may be occurring or if you default under this Agreement, the deposit account agreement, a credit agreement or any other agreement with us, or if we or you terminate this Agreement.

There may be other exceptions stated in this Agreement and in other agreements with you. If any of the circumstances listed in this Section 11 shall occur, we shall make reasonable efforts to assist you in taking appropriate corrective action to reprocess the transactions that may not have been completed or to correct incorrect transactions that have been processed.

12. OTHER AGREEMENTS

In addition to this Agreement, you and the Bank agree to be bound by and comply with the requirements of the agreements applicable to each of your accounts with the Bank. Your use of the Online Banking Service or the Bill Payment Service is your acknowledgment that you have received these agreements and intend to be bound by them. You should review other disclosures received by you when you open your accounts at the Bank including the charges that may be imposed for electronic funds transfers or the right to make transfers listed in the fee schedules accompanying those disclosures and the fee schedule in Section 6 of this Agreement. We will automatically deduct the fees related to this Service from your Bill Payment Account each month.

13. MODIFICATION OF THIS AGREEMENT

The Bank may modify the terms and conditions applicable to the Services from time to time upon mailing or E-Mailing a notice of the modifications to you at the address shown on our account records and the revised terms and conditions shall be effective at the earliest date allowed by applicable law. You understand that by using the Services after a change becomes effective, you have agreed to it. We reserve the right to terminate this Agreement and your use of the Services in whole or in part at any time without prior notice.

14. DISCLOSURE OF INFORMATION TO THIRD PARTIES

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

1. where it is necessary for completing transfers;
2. in order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant;
3. in order to comply with government or court orders, or other reporting requirements;
4. if you give us your written permission;
5. to the Bank's affiliated companies.

15. INACTIVITY TERMINATION

You are responsible for complying with all the terms of this Agreement and with the terms and conditions agreement and all other disclosures governing the deposit accounts which you access using electronic banking services. We can terminate your Online Banking Services under this Agreement without notice to you if:

1. you do not pay any fee required by this Agreement when due; or
2. you do not comply with the agreement governing your deposit or loan accounts or your accounts are not maintained in good standing.

We will promptly notify you if we terminate this Agreement or your use of the Services for any other reason. If you are not paying a monthly service charge for the Service, we may convert your account to inactive status if you do not sign on to the Services or have any transaction scheduled through the Service during any consecutive 180 day period. If your account is considered inactive, you must contact us to have the Services activated before you will be able to schedule any transaction through the Services.

16. CANCELLATION

To cancel the Bank of Smithtown Personal Online Banking and/or Bill Payment Service, you must notify the Bank and provide your name; address; whether you are discontinuing Bank of Smithtown Personal Online Banking, Bill Payment or both; and the effective date to stop the Service. When Bill Payment Service is terminated, any prescheduled bill payments will also be terminated. Your final charge for the Bill Payment Service will be assessed at the end of your statement cycle. You may notify the Bank by one of the following methods set forth in Section 24 below, with the cancellation taking effect as of the end of the next Business Day.

17. LIMITATION ON LIABILITY

Except as specifically provided in this Agreement, or prohibited by law, the Bank nor any of its parent, subsidiary or affiliated entities, employees, or subcontractors shall not be liable for any direct, indirect, special, incidental, consequential, punitive, or exemplary damages or losses, including lost profits, arising in any way from the transactions conducted or the information contained through the Services.

The Bank agrees to make reasonable efforts to ensure full performance of the Services. The Bank will be responsible for acting only on those instructions sent through the Services which are actually received by the Bank and cannot assume responsibility for malfunctions in communications facilities not under their control that may affect the accuracy or timeliness of messages you send. The Bank is not responsible for any losses or delays in transmission of instructions arising out of the use of any Internet Service Provider. The Bank is not responsible should you give incorrect instructions or if your payment instructions are not given sufficiently in advance to allow for timely payment or delays in mail service.

The Bank is not liable for any damages or losses that may be caused to the equipment and other software due to any viruses, defects or malfunctions in connection with access or use of the Services.

18. EXCLUSION OF WARRANTIES

The Bank makes no warranties or representations as to the accuracy or completeness of the information contained on the Services' web site. The Bank makes no express or implied warranties concerning the Services including, but not limited to, any warranties of merchantability, fitness for a particular purpose or non-infringement, unless disclaiming such warranties is prohibited by law.

19. GOVERNING LAW

Any disputes arising from or related to this Agreement shall be governed by the laws of the State of New York (without reference to the conflict law rules thereof), except that any disputes arising from or related to an account opened and maintained in a state or jurisdiction other than New York shall be governed by the laws of that state or jurisdiction (without reference to the conflict of law rules thereof).

20. SEVERABILITY

In the event any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions shall remain valid and enforceable, and the invalid, illegal or unenforceable provision deemed modified to the extent necessary to make it valid, legal and enforceable while encompassing the intent of the parties.

21. INTERNET DISCLAIMER

User specifically acknowledges that the Site operates across the global Internet network and may therefore suffer outages or corrupted communications, including but not limited to the corruption of data transmitted between User and any third party, and that the Bank shall not be liable for any delays or unavailability of the Site or any errors generated or incorporated by the Site, whether or not such delays, unavailability or errors are within or outside the control of the Bank and/or its affiliates. User further acknowledges that the Bank shall not be liable for any actions or omissions of any third party with whom User may communicate via the Site.

22. DATA RECORDING

The information and messages you enter on the Services may be maintained as part of our records. By using the Services, you consent to such record keeping.

23. ELECTRONIC MAIL RESTRICTIONS

You agree that you will not use any electronic communication feature of the Services for any purpose that is unlawful, abusive, harassing, libelous, defamatory, obscene or threatening. The Bank is entitled, but not obligated, to (1) review or retain your electronic communications for, among other reasons, monitoring the quality of service you receive, your compliance with this Agreement and the security of your accounts, and (2) disclose your electronic communications to the same extent it may disclose other information about you or your account(s) as provided elsewhere in your account agreement(s). In no event will the Bank be liable for any costs, damages, expenses or other liabilities incurred by you as a result of such activities by the Bank.

24. NOTICES

Whenever this Agreement provides for notice to the Bank from the customer (except as expressly provided to the contrary in this Agreement), it shall be given in any manner specified below:

1. By using the Message Service available on the Bank of Smithtown Personal Online Banking site;
2. By calling the Bank at **(631) 360-9300**;
3. By writing a letter and sending it to the following address: Attention: Online Banking Department, Bank of Smithtown, 100 Motor Parkway, Suite 160, Hauppauge, New York 11788. Please keep a copy for your records.

Whenever this Agreement provides for notice to the customer from the Bank (except as expressly provided to the contrary in this Agreement), it shall be given in any manner specified below:

1. By First-Class mail to your address as set forth on the Bank of Smithtown Personal Online Banking Application.
2. By calling your phone number as set forth on the Bank of Smithtown Personal Online Banking Application.
3. By E-Mail to your address as set forth on the Bank of Smithtown Personal Online Banking Application.