

ONLINEADVANTAGE[®] Service Agreement and Disclosure Statement

Please read this Agreement carefully and keep it for future reference.

By signing this Agreement and completing the ONLINEADVANTAGE Application (the "Application") to subscribe to certain personal computer banking and related services offered by the Bank of Lancaster, as described in this Service Agreement and Disclosure Statement (this "Agreement") and as otherwise made available by the Bank from time to time and in consideration of our allowing you access to ONLINEADVANTAGE, you agree to the terms and conditions of this Agreement. This agreement will be effective as of the date of our acceptance of this Agreement and Application as evidenced by your signature thereon and our issuance of a Password to you.

Definitions and System Requirements

The following definitions apply in this Agreement:

1. Each reference in this Agreement to the "Bank", "we", "us", or "our" refers to Bank of Lancaster, a state banking corporation.
2. Each reference to "you" and "your" refers to each depositor, borrower, authorized signer, or authorized user for ONLINEADVANTAGE.
3. Reference to "online banking" and "online banking services" all refer to Bank of Lancaster's online banking product available through the Internet and named "ONLINEADVANTAGE". "Online Account" means the bank account from which you will be conducting transactions using the Service. You must have an existing account with us to enable ONLINEADVANTAGE. An existing account means any of your account(s) to which we may allow access via the Service under this Agreement.
4. "Password" is the customer-generated code selected by you for use during the initial log in, or the codes you select after the initial log in, that establishes your connection to the Service;
5. "User ID" is the identification code assigned to you for your connection to the Service.
6. "PC" means a personal computer that enables you, with an Internet browser and Internet service provider, to access ONLINEADVANTAGE. You will need a computer with a modem and internet browser that supports SSL with 128-bit encryption. You are solely responsible for the maintenance, installations, and operation of your computer. Bank of Lancaster shall not be responsible for any errors, deletions, or failures that occur as a result of any malfunction of your computer software.
7. You are solely responsible for scanning on an ongoing basis, using the latest virus definitions, the hardware and software for computer viruses and other related problems before you use them.
8. In order to provide electronic disclosures, we must maintain a current customer e-mail address at all times. It is your sole responsibility to provide us with your correct contact information, including your e-mail address. You should notify Bank of Lancaster of any changes to your personal contact information.

Access to Service/Business Days

1. We will provide instruction on how to use ONLINEADVANTAGE. You will gain access to your online accounts through the use of your Internet-enabled PC, your Internet service provider, your User ID, and your Password. You may access your accounts through ONLINEADVANTAGE twenty four (24) hours a day, seven (7) days a week, except that regular maintenance performed on our systems or equipment may result in interrupted service. We do not warrant that ONLINEADVANTAGE will be available at all times. We may also find it necessary to occasionally change the scope of our services. We cannot guarantee that

we will be able to provide notice of such interruptions and changes, although we will attempt to provide such notice.

2. For purposes of transactions, our business days are any calendar days other than Saturday, Sunday, or any holidays recognized by the Bank of Lancaster.

Banking Transactions with ONLINEADVANTAGE

1. You agree to use ONLINEADVANTAGE solely for the services described in this Agreement and designated by you in the Application or subsequently designated by you and solely in connection with each deposit account (collectively, the "Deposit Accounts") and each loan account (collectively, the "Credit Accounts") held by us and designated by you in the Application or subsequently designated by you as described below (collectively, the "Accounts"). Any account that requires two or more signatures to make withdrawals, transfers or other transactions is not eligible for ONLINEADVANTAGE.

You must have one or more of the following accounts with us to be eligible for ONLINEADVANTAGE:

- Checking
- Savings
- Bonus Money Market
- CD
- IRA
- Loan
- VISA®

2. **Account History.** Transaction history for ONLINEADVANTAGE begins accumulating on the date access to our service is activated. Up to 90 days of transaction detail and history is stored and may be viewed via ONLINEADVANTAGE.
3. **Transfer of Funds.** In addition to viewing account information, you may use ONLINEADVANTAGE to conduct the transfer of funds between your designated Accounts. You may make one-time transfers or schedule future or recurring transfers such as transfers to make loan payments. You may transfer funds between your checking and savings accounts.
4. **Additional Services.** Additional online banking services may be introduced from time to time. The Bank will notify you of the existence of these new services. 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.

Transfer Types and Limitations

You expressly authorize us to debit the appropriate Deposit Account in the amount of any bank transfer or loan payment initiated through ONLINEADVANTAGE by you or by any other person who is authorized to use your Password. You agree that we may treat any such bank transfer or loan payment from a Deposit Account the same as a duly executed written withdrawal, transfer, or check and that we may treat any such bank transfer to a Deposit Account the same as a deposit, all in accordance with the terms of this Agreement and your deposit agreement(s) with us.

Transfer Types-You may use ONLINEADVANTAGE to perform any of the following basic online services as follows:

- To transfer funds between any Deposit Accounts, such as checking, savings or bonus money market deposit accounts;
- To transfer funds or make payments/advances as approved in a separate credit agreement between any Deposit Account and any Credit Account, such as an installment loan, credit card account, equity line, or other loan;

- To receive and download balance and transaction information for designated accounts; and
- To receive e-mail from and transmit e-mail to the Bank, all as described in this Agreement and the Software.

Limitations-When using ONLINEADVANTAGE the following limitations apply:

- Your ability to initiate bank transfers between Deposit Accounts or make loan payments from your Deposit Accounts may be limited by federal law or by the terms of your deposit agreement with us.
- You agree that we may, without notice or other obligation to you, refuse to make any bank transfer for security reasons or as otherwise expressly provided in this Agreement or your deposit agreement with us.
- You may transfer up to your available balance daily.
- You can make no more than six (6) transfers per month by preauthorized or automatic transfer or by telephone or online banking from your Savings or Money Market Account as required by federal regulation.

Time of bank transfers; posting; funds availability

If you initiate a bank transfer or loan payment of **available funds** on or before 4:30 p.m. Eastern Standard Time on a business day, the bank transfer will be posted on the same business day. If you initiate a Credit card payment of **available funds** on or before 5:00 p.m. Eastern Standard Time on a business day, the payment will be posted on the same business day. Transferred funds will be available for withdrawal on the business day following the business day the bank transfer is posted to the Deposit Account. The service provider will determine the transaction time by placing a time stamp on all transactions.

Fees and Charges

There is no set up or annual fee with ONLINEADVANTAGE. There may be additional charges for customer requested services and other items. Please refer to the At Your Service fee schedule for additional information.

Periodic Statements

You will get a monthly account statement unless there are no transfers in a particular month. In any case you will get the statement at least quarterly unless you sign up to receive your statements electronically through E-Vue.

Security & Privacy

1. We have taken steps to protect the privacy and security of your personal information as well as your financial transactions with us. You should read our privacy notice before completing the enrollment process for the Service. Our customer privacy notice is available online at www.bankoflancaster.com.
2. The Service utilizes a comprehensive security strategy to protect your accounts and transactions conducted over the Internet. Prior to activating your access to the Service, our ONLINEADVANTAGE department will verify your identity and authorization against information associated with the eligible account(s) that you request to be accessible via ONLINEADVANTAGE.
3. You are responsible for keeping your password and online account information confidential. You determine your own password and no one at Bank of Lancaster or at our online banking service provider has access to this information.
4. In order to protect yourself against fraud, you should adhere to the following guidelines:
 - Do not give out your account information, Password, or User ID;
 - Do not leave your PC unattended while you are in the ONLINEADVANTAGE site;

- Do not allow your Internet browser to store your ONLINEADVANTAGE User ID or Password;
 - Do not leave your account information within range of others; and
 - Do not send privileged account information (account number, Password, etc.) via any public or general e-mail system.
5. If you believe your Password has been lost or stolen, please use the Password Change feature within the "My Profile" option of the Service to change your Password.
 6. If you suspect any fraudulent activity on your account, call us immediately at (804) 435-1171 or toll-free (800) 435-1140 between the hours of 8:30 AM to 4:30 PM, Monday through Thursday and 8:30 AM to 6:00 PM on Friday. Telephoning us is the best way of minimizing your losses and liability.

Telephone Numbers and Addresses

If you need to contact us to report an unauthorized transfer, report an error, or ask a question regarding ONLINEADVANTAGE, call (804) 435-1171 or toll free (800) 435-1140 or write us at Bank of Lancaster, ATTN: ONLINEADVANTAGE, P. O. Box 1869, Kilmarnock, VA 22482.

Electronic Mail (E-Mail)

1. If you send us an e-mail message, we will be deemed to have received it on the following business day. You should not rely on e-mail if you need to report an unauthorized transaction from one of your accounts or if you need to stop a transfer that is scheduled to occur.
2. E-mail transmissions outside of ONLINEADVANTAGE are not secure. We advise you not to send us or ask for sensitive information such as account numbers, password or account information via any general or public e-mail system. If you wish to contact us electronically, please use the "Contact Us" e-mail form provided within the ONLINEADVANTAGE site. Use this feature to e-mail us regarding inquiries, to report unauthorized transactions, or to contact us regarding any other confidential matters.

Confidentiality

You agree that we may from time to time disclose to third parties information about your Deposit Account or the transactions that you make through ONLINEADVANTAGE. We will disclose information to third parties about your Deposit Account or the transfers you make:

- Where it is necessary for completing bank transfers or providing any other service in connection with ONLINEADVANTAGE; or
- In order to verify the existence of your Deposit Account for a third party, such as a credit bureau or merchant; or
- In order to comply with government agency or court orders; or
- If you give us your written permission.

Bill Pay Services

Additionally, **subject to Credit and Customer Acceptance as indicated at the end of the Application**, you may sign up for an additional online service (separate from the "basic services" described above) to pay bills electronically.

Settlement of Obligation

To the fullest extent permitted by applicable law, you authorize us to obtain payment of your obligations to us under this Agreement from time to time by: (a) initiating debit or credit transfers to any of the account(s) or (b) deducting the payment from the amount of any bank transfer. Such obligations include, without limitation; fees owed to us and settlement for bank transfers initiated through ONLINEADVANTAGE. At the time any account is closed (whether by you, by us, or otherwise) or ONLINEADVANTAGE is terminated (whether by you, by us, or otherwise), you agree that all such obligations will be immediately due and payable to us, and you authorize us to withhold the amount of any such obligations from any account. Debiting an account or deducting payment from the amount of any bank transfer or bill payment is not the Bank's exclusive remedy under this or any other section of this Agreement and the Bank will not be deemed to have made an election of remedies by making any such debit or deduction on any one or more occasions.

Links to Other Sites

Information that we publish on the World Wide Web may contain links to other sites and third parties may establish links to our site. We make no representations about any other web site that you may access to, from or through this site. Unless expressly stated in writing, we do not endorse the products or services offered by any company or person linked to this site nor are we responsible for any software or the content of any information published on the site of any third party. You should take precautions when downloading files from sites to protect your computer software and data from viruses and other destructive programs.

Other Agreements; Severability; Governing Law

The terms and conditions of this Agreement are cumulative with and in addition to any terms of the signature cards or account agreements for your Deposit Account(s), the applicable account disclosures, the Service Fees Schedule, the Schedule of Funds Availability, the Bank's Electronic Fund Transfer Agreement and Disclosure Statement, the agreements governing the Credit Account, and the Application, all may be amended from time to time. In the event of any conflict between this Agreement and the content of the Software or any related materials regarding the Bank's obligations to you, the terms of the Agreement will control. If any provision of this Agreement is unlawful or unenforceable, each such provision or writing will be without force and effect without thereby affecting any other provision hereof. The parties agree to be bound by the operating rules and guidelines of the National Automated Clearing House Association and the applicable local automated clearinghouse association as in effect from time to time with respect to all automated clearinghouse transfers made hereunder. You submit to the jurisdiction of, and this Agreement shall be governed by the laws of, the Commonwealth of Virginia, U.S.A., as well as the federal laws of the U.S.A. Venue for any action arising out of this Agreement shall be in a state court of competent jurisdiction covering Lancaster County, Virginia, U.S.A. The prevailing party in any such action shall be entitled to the recovery of its reasonable attorney's fees, costs, and expenses.

Amendments

We may amend this Agreement from time to time. Each amendment will be effected by our mailing or otherwise delivering the amendment, revised agreement and/or notice thereof to you in accordance with applicable federal and state laws. If no federal or state law specifically governs the amendment, the amendment shall be effected by mailing or otherwise delivering it to you or posting it in our full-service branch offices at least forty-five (45) calendar days prior to the effective date of the amendment. Notwithstanding the foregoing and to the extent permitted by applicable law, we may change any term of this Agreement without prior notice or obligation to you: (a) if the Software or the Service Provider changes any term without providing us sufficient notice to enable us to properly notify you; (b) for security reasons; (c) to comply with applicable law; or (d) as otherwise expressly provided in this Agreement.

Termination

You agree that we may cancel or restrict your use of ONLINEADVANTAGE or any online service at any time upon such notice (including e-mail) as is reasonable under the circumstances. You may cancel ONLINEADVANTAGE by

written request to the Bank at any time. If you cancel the bill payment service, all pending and/or recurring bill payments will be automatically cancelled.

No Third-Party Beneficiaries

This Agreement is for the benefit of you and the Bank and is not intended to grant, and shall not be construed as granting, any rights to or otherwise benefiting any other person, except as expressly otherwise provided in this Agreement.

Waiver

We shall not, by the mere lapse of time, without giving notice or taking other action, be deemed to have waived any of our rights under this Agreement. No waiver by us of a breach of this Agreement shall constitute a waiver of any prior or subsequent breach of this Agreement.

Force Majeure

Neither party shall be liable for any loss or damage due to causes beyond its control, including fire, explosion, lightning, pest damage, power surge or failures, strikes or labor disputes, water, acts of God, the elements, war, civil disturbances, acts of civil or military authorities or the public enemy, inability to secure raw materials, transportation facilities, fuel or energy shortages, acts or omissions of communications carriers, or other causes beyond that party's control. Either party may terminate this Agreement immediately on written notice if the other party is prevented from performing its obligations under this Agreement for a period of more than thirty (30) days due to the reasons set forth in this subsection.

Construction

This Agreement shall be construed equally against the parties regardless of who is more responsible for its preparation. If there is a conflict between a part of this Agreement and any present or future law, the part of this Agreement that is affected shall be curtailed only to the extent necessary to bring it within the requirements of that law.