

Farmers & Merchants Bank Online Banking Agreement and Disclosure Statement

This agreement states the terms and conditions that apply when you use our Online Banking service. These terms and conditions are in addition to those that apply to any accounts you have with us or any other services you obtain from us. You must also follow all of our instructions and procedures applicable to the services covered by this agreement. "You" and "your" mean each person who establishes an Online Banking Customer Account with us or who uses or is authorized to use an Online Banking identification number and password or other means of access we establish or approve. The term "Online Banking" means our service that allows you to make payments, transfer funds, access accounts, obtain information and perform other transactions over the Internet by use of a personal computer or mobile device and/or other means we authorize or allow.

IDENTIFICATION NUMBER AND PASSWORD - To access our Online Banking service, you must use the identification number and/or other means of access we establish or provide for your Online Banking Customer Account, together with a password. Anyone to whom you give your Online Banking identification number and password or other means of access will have full access to your accounts even if you attempt to limit that person's authority.

ONLINE FUNDING ACCOUNT - You may not designate any account that requires more than one signature for withdrawals. You must be the owner of this account.

ONLINE BANKING TRANSACTIONS - You, or someone you have authorized by giving them your Internet Banking identification number and password or other means of access (even if that person exceeds your authority), can instruct us to perform the following transactions:

Make transfers between your qualifying accounts to the extent authorized; Obtain information that we make available about your qualifying accounts; and Obtain other services or perform other transactions that we authorize.

LIMITS ON ONLINE BANKING TRANSACTIONS - You must have enough available money or credit in any account from which you instruct us to make a payment or transfer. If any of your qualifying accounts are money market savings accounts, certain types of withdrawals from those accounts, including payments and transfers, are limited to a total of no more than 6 in any specified period. The specified period for money market accounts is the monthly statement period. The kinds of withdrawals covered by this limitation are those made by means of preauthorized or automatic transfers and payments or telephone agreement. You also agree to the "Terms & Conditions of Your Deposit Account" that you received when you opened your deposit account. You can request another one of these at the time you fill out your Online Banking application.

Transaction Limits are set within online and mobile banking per product

External Transfers

\$6,000 per day for incoming transfers. A 3-day hold is automatically placed on funds for fraud review prior to allowing those funds to leave the bank.

\$2,000 per day for outgoing transfers.

OUR LIABILITY FOR FAILURE TO COMPLETE PAYMENTS OR TRANSFERS - If we do not complete a payment or transfer on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are exceptions.

We will NOT be liable, for instance:

1. If, through no fault of ours, you do not have enough available money in the account from which a payment or transfer is to be made, or if the account has been closed or is not in good standing, or if we reverse a payment or transfer because of insufficient funds.
2. If any payment or transfer would go over the credit limit of any account.
3. If your equipment or ours was not working properly and the breakdown should have been apparent to you when you attempted to conduct the transaction.
4. If you have not given us complete, correct or current account numbers or other identifying information so that we can properly credit your account or otherwise complete the transaction.
5. If you do not properly follow our instructions or if you provide us with wrong or inaccurate information or fail to correct or tell us about any inaccuracy of which you are aware.
6. If you do not instruct us soon enough for your payment or transfer to be received and credited by the time it's due.
7. If the money in the account from which a payment or transfer is to be made is subject to legal process or other claim restricts the transaction.
8. If circumstances or persons beyond our control prevent, delay, intercept or alter the transaction, despite reasonable precautions that we have taken.

BUSINESS DAYS - Our Online Banking service is generally available 24 hours a day, 7 days a week. However, we only process transactions and update information on business days. Our business days are Monday through Friday. Transfers made after approximately 7:00 p.m. EST will be processed on the next business day. Bill Payments made after 3:00 EST will be processed on the next business day. Holidays are not included.

STATEMENTS - Your Online Banking payments and transfers will be indicated on the monthly or annual statements we provide or make accessible to you for the Internet Funding Account. You agree to notify us promptly if you change your address or if you believe there are any errors or unauthorized transactions on any statement, or statement information.

YOUR LIABILITY - Each of you agrees, for yourself to the terms of this account & the schedule of charges that may be imposed. You authorize us to deduct these charges as accrued directly from the account balance. You are liable for all transactions that you or any of you make or Authorize, even if the person you authorize exceeds your authority, If you have given someone your Online Banking username and password or other means of access and want to terminate that person's authority you must change your identification number and password or other means of access or take additional steps to prevent further access by such person.

UNAUTHORIZED TRANSACTIONS OR LOSS OR THEFT OF YOUR ONLINE BANKING USERNAME OR PASSWORD - If you believe your Online Banking username or password or other means of access have been lost or stolen or that someone has used them without your authorization, call us immediately at (540) 896-8941 during normal business hours, after hours you may E Mail us at info@fmbankva.com or write to us at P. O. Box 1111, Timberville, VA 22853. Quickly telephoning us is the best way of reducing your possible losses. Not all e-mail may arrive at their destinations. We will send e-mail back to you as confirmation that we did receive it.

Because the Internet is not secure from being read by just anyone, do not include any of your Account or Social Security numbers with your E-mail. Your name, address, and a brief message as to what the problem might be is all we will need.

DISCLOSURE OF INFORMATION TO THIRD PARTIES – When enrolled in Online Banking, we may make requests for personal information to a consumer reporting agency or other third party to determine initial and ongoing eligibility. You hereby authorize us to make any and all such requests. When performing transactions or inquiries online, our business partners who assist us in providing Online Banking may have access to personal information. We may also disclose information to third parties about accounts or certain transactions:

When it is necessary to provide services to you, such as completing a request for an electronic transfer; or In order to verify the existence and condition of an account for a third party, such as a credit bureau or merchant; or In order to comply with a government agency or court orders; or If the Bank has written permission; or Pursuant to the Bank's Privacy Policy. You understand and agree that, in order to provide the Service, it is necessary for us to access third party websites and databases containing information regarding you and/or your accounts (collectively, the "Databases") and your Third Party Accounts, to retrieve information as requested or authorized by you. By using the Service, you agree to authorize us to access such Databases and Third Party Accounts to retrieve such Content as requested or authorized by you, or for any other purpose consistent with this Agreement. You warrant and represent that the information you are providing is true, correct and complete. You represent and warrant that you have the right to authorize and grant us access to your Third Party Accounts. You assure us that by disclosing the information to us and by authorizing us to use such information to access your Third Party Accounts, you are not violating any Third Party rights. You agree that we shall not be liable for any costs, fees, losses or damages of any kind incurred as a result of: Bank's access to the Third Party Accounts; Bank's retrieval of or inability to retrieve information from the Third Party Accounts; Any inaccuracy, incompleteness or misinformation contained in the content retrieved. The Bank's website may contain links to third party sites ("Linked Sites") as needed or as a convenience to you. We do not screen, approve, review or otherwise endorse any content or information contained in any Linked Sites. You acknowledge and agree that we, our affiliates and partners are not responsible for the contents of any Linked Sites, including the accuracy or availability of information provided by Linked Sites, and make no representations or warranties regarding the Linked Sites or your use of them. In addition, you acknowledge and agree that the Linked Sites are not owned or controlled by us and that they operate under their own privacy policy that is different from the Bank's Privacy Policy. You understand and agree that at all times your relationship with any Third Party account provider is independent of us and your use of the Service. We will not be responsible for any acts or omissions by the financial institution or other providers of any Third Party account, including without limitation any modification, interruption or discontinuance of any third party account by such provider.

INACTIVE ACCOUNTS WILL BE CLOSED- For your added security, we will disable your online access if you do not log in on a regular basis. After 90 days you will need to call the bank to re-activate it. If you do not log in for 120 days, your online access will be deleted from our system and you will need to re-enroll.

ONLINE BILL PAYMENT-If you enroll in Online Bill Payment you may use F&M Bank's bill paying service to direct F&M Bank to make payments from your designated checking account(s) to the Payees you choose in accordance with this agreement. The terms and conditions of this agreement are in addition to the account agreements, disclosures and other documents in effect from time to time governing your account.

Enrollment fees for F&M Bank Bill Payment services are waived.

Instructions for setting up Payees & Payments:

Payees: If you want to add a new Payee, first select the Payee tab located in the bill pay or speak to a service representative.

F&M reserves the right to refuse the designation of a Payee for any reason.

Payments: You may add a new payment to a Payee by accessing the service and entering the appropriate information. Most other additions, deletions, or changes can be made in writing or by using the service.

You may pay any Payee with-in the United States, including U.S. territories and APO and AEO addresses.

F&M is not responsible for payments that cannot be made due to incomplete, incorrect, or outdated information.

Single Payments

A single payment will be processed on the business day, generally Monday through Friday, except certain holidays, that you designate as the payment's processing date, provided the payment is submitted prior to the daily cut-off on that date. The daily cut-off time, which is controlled by F&M Bank, is currently 3:00 pm Eastern Time.

A single payment submitted after the cut-off time on the designated process date will be processed on the next business day. If you designate a non-business date, generally weekends and certain holidays, as the payment's processing date, the payment will be processed on the first business day following the designated processing date.

Recurring Payments

When a recurring payment is processed, it is automatically rescheduled by the system. Based upon your selected frequency settings for the payment, a processing date is calculated for the next occurrence of the payment. If the calculated processing date is a non-business date, generally weekends and certain holidays, it is adjusted based upon the following rules:

If the recurring payments Pay Before option is selected, the processing date for the new occurrence of the payment is adjusted to the first business date prior to the calculated processing date.

If the recurring payments Pay After option is selected, the processing date for the new occurrence of the payment is adjusted to the first business date after the calculated processing date.

Note, if your frequency setting for the recurring payment specify the 29th, 30th, or 31st as a particular day of the month for processing and that day does not exist in the month of the calculated processing date, then the last calendar day of that month is used as the calculated processing date.

Single and Recurring Payments

The system will calculate the Estimated Arrival Date of your payment. This is only an estimate, so please allow ample time for your payments to reach your Payees.

Limits

\$1,000 per transaction for consumer email, account payments, transfers (pay a person)

\$2,000 per day for consumer email, account payments, transfers (pay a person)

\$99,999.99 per transaction for consumer pay a company. (pay a company)

Cancelling a Payment

A bill payment can be changed or cancelled any time prior to the cutoff time on the scheduled processing date.

Liability

You are solely responsible for controlling the safekeeping of and access to your Personal Online Banking Username and Password.

You will be responsible for any bill payment request you make that contains an error or is a duplicate of another bill payment.

F&M Bank is not responsible for a bill payment that is not made if you did not properly follow the instructions for making a bill payment.

F&M Bank is not liable for any failure to make a bill payment if you fail to promptly notify F&M Bank after you learn that you have not received credit from a Payee for a bill payment.

F&M is not responsible for your acts or omissions or those of any other person, including, without limitation, any transmission or communications facility, and no such party shall be deemed to be F&M Bank's agent.

Amendment

F&M has the right to change this agreement at any time by notice mailed to you at the last address shown for the account on F&M Bank's records, by posting notice in F&M Bank's branches, or as otherwise permitted by law.

Termination

F&M Bank has the right to terminate this agreement at any time.

You may terminate this agreement by written notice to F&M Bank.

F&M Bank is not responsible for any fixed payment made before F&M has a reasonable opportunity to act on your termination notice.

You remain obligated for any payments made by F&M Bank on your behalf.