

## ***BOB Preferred Customer Agreement***

Welcome to Southern Bank Business Online Banking ("**BOB Preferred**"). We are pleased to offer your business the many benefits of BOB Preferred. Using your computer and the Internet, you will be able to obtain information about your business accounts, initiate certain account transactions, and take advantage of many of the account services we offer to our business customers.

### **Definitions.**

In this Agreement, "**Bank,**" "**we,**" "**our,**" and "**us**" refer to Southern Bank. "**You**" and "**your**" refer to your business and any person with actual or apparent authority to access one or more of your business accounts using BOB Preferred, including the person executing this Agreement for such business. "**BOB Preferred**" means the online banking services provided by Southern Bank to its business customers as further described in this Agreement and within the services. "**Agreement**" means this BOB Preferred Agreement.

"**Account**" and "**accounts**" refer to your accounts with us that may be accessed through BOB Preferred and that are designated by you for access via BOB Preferred. "**Access Codes**" refer to the passwords and identification numbers that allow access to your accounts through BOB Preferred and that have been assigned to you or are administered by you and assigned to any User. Access Codes include your Customer ID, User ID and User Password. "**Agent**" has the same meaning as used in the Southern Bank Deposit Account Agreement. "**Electronic message**" means an electronically transmitted message, which allows the text to be displayed on equipment in the recipient's possession (such as a personal computer). An electronic message is considered written notice for purposes of this Agreement. "**User**" is anyone who accesses your Accounts through BOB Preferred by using your Access Codes.

"**Business day**" means any day, Monday through Friday, except bank holidays; for purposes of this Agreement, our business hours are based on Eastern Time. "**Include,**" "**includes,**" "**including,**" and "**such as**" are used to indicate examples and not to limit what is covered.

Other terms may be defined below. The financial services described in this Agreement may not be available in all states or for all customers.

### **Our Agreement With You.**

Your use of BOB Preferred and its related services is governed by this Agreement (including its Exhibits), your application for BOB Preferred, our Deposit Account Agreement, our Disclosure of Products and Fees, and your other agreements with us or rules applicable to the services and transactions you access or direct through BOB Preferred, including ACH, wire transfers, Bill Pay, overdraft protection, positive pay, trust services agreements, and loan agreements, as applicable. You also agree to comply with any instructions we provide you on using BOB Preferred or its related services. These agreements, rules, and instructions apply as they are amended from time to time, and they are incorporated herein by reference. Any use of BOB Preferred by you or any User is your acknowledgment that you have received this Agreement, understand it, and agree to be bound by it. With respect to BOB Preferred, in the event of any conflict between this Agreement and any other agreement governing your deposit or loan accounts or the services you access through BOB Preferred, this Agreement will control.

## **System Requirements.**

To access and use BOB Preferred, and to retain records in connection with BOB Preferred, your system must meet the following requirements:

For PC using Windows 98, NT, 2000, ME, XP

- Microsoft Internet Explorer 5.5 or higher
- Microsoft Internet Explorer with AOL 5.5 or higher
- Netscape 6.2 and higher

For Macintosh using OS 10

- Microsoft Internet Explorer 5.2 or higher

Changes to Internet browsers supported by BOB Preferred will be posted on the Bank's BOB Preferred website.

## **Access To BOB Preferred and Use of Access Codes.**

We will assign you a Customer ID, User ID and User Password to use the first time you sign-on to BOB Preferred. At the time of your first sign-on, you must select a new password. You or your Security Administrator will subsequently assign a User ID and User Password to all persons who are authorized to access your Accounts through BOB Preferred. If you forget your Access Codes, please contact Customer Service at 1-800-221-8617; the Bank may have to re-set your access. No one at the Bank will contact you requesting your passwords. Do not give your passwords to anyone who is not authorized to transact business in your accounts. It is your responsibility to remember, and protect the security of your Access Codes and passwords. All actions by Users through BOB Preferred are deemed authorized by you (even if the User makes transactions you do not want).

It is your responsibility to remember and to protect the security of your Access Codes. You agree (for yourself and each User):

- 1) To keep your password secure and confidential;
- 2) Not to provide or make available your Access Codes to any unauthorized person;
- 3) To instruct each User about security and confidentiality of Access Codes and about the terms of this Agreement; and
- 4) To notify us immediately if you believe any Access Code has been compromised.

Do not save Access Codes on your computer. Sign-off at the end of every session. Your use of BOB Preferred is your acknowledgment that the security procedures described in this Agreement and within the BOB Preferred service are commercially reasonable and acceptable to you.

You agree to designate a Security Administrator who shall be responsible for assigning User IDs and User Passwords; supervising User access to BOB Preferred; and serving as our main contact for receipt of information relating to your use of BOB Preferred. You may, at your option, allow the Security Administrator to also perform other administrative tasks in connection with your use of BOB Preferred, including adding and deleting Users and User authorizations; supervising the security of your systems; and setting up and modifying communication settings. The Security Administrator will be able to designate different levels of access for Users. We will provide you with instructions for the available options. All actions by your Security Administrator with respect to assigning Access Codes to Users and accessing your accounts through BOB Preferred are deemed authorized by you.

## **Reliance on Your Instructions.**

You authorize us to follow the instructions submitted under your Access Codes and to charge and credit your accounts according to those instructions. Except to the extent prohibited by applicable law or regulation, we may rely and act on any instructions, and you will be deemed to have expressly authorized any BOB Preferred transaction: (1) initiated by you, at your direction, or with your consent (whether express or implied); (2) initiated by a User or any co-owner or other person having an interest in any account; (3) initiated by an Agent with respect to any account or by anyone acting with authority from you (express or implied); (4) which results in the transfer of funds between accounts, even if subsequent transfers out of the accounts benefit someone else; (5) initiated under your Access Codes; (6) which is to or for your benefit (for example, the payment of a debt for which you are partially or fully liable); or (7) which you contend is unauthorized unless you cooperate fully with us in our investigation of the transaction, assign to us your right of recovery against the wrongdoer if we reconstitute your account, and cooperate fully with us in the recovery of any loss we sustain and the prosecution of any wrongdoer. Except to the extent prohibited by applicable law or regulation, each User is deemed to be authorized to conduct any transactions available through BOB Preferred using that User's Access Codes and to issue related instructions, even if the User exceeds your authorization. All such instructions will be considered as having been given to us directly by you and shall have the same authority as your written signature in authorizing us to comply with the instructions. Any requirement of verifying two signatures does not apply to transactions initiated or made via BOB Preferred. We are not required to separately verify any instruction given under your Access Codes, although we reserve the right to require separate verification for any reason.

## **If You Believe Your Access Codes Are Lost, Stolen Or Used Without Your Authority.**

Please tell us AT ONCE if you believe your Access Codes have been lost, stolen, or used without your authority, or if you suspect an unauthorized transaction or other discrepancy. Telephoning is the best way of keeping your possible losses down. Call our Customer Service Department at 1-800-221-8617 or write Southern Bank, Cash Management Department, 1405 Benvenue Road, Rocky Mount, NC 27804. You could lose all the money in your accounts, plus the maximum amount of any line of credit linked to your accounts. Please refer to your other account agreements for requirements to notify us within a certain time after your receipt of your account statement or other notice of a transaction.

WE WILL NOT BE LIABLE FOR OUR RELIANCE AND ACTION ON ANY UNAUTHORIZED INSTRUCTIONS OR ON INSTRUCTIONS FROM AN UNAUTHORIZED PERSON UNTIL WE HAVE BEEN NOTIFIED IN ACCORDANCE WITH THIS PARAGRAPH AND HAVE HAD A REASONABLE TIME (NOT LESS THAN TWENTY-FOUR (24) HOURS) TO ACT ON SUCH NOTICE. For security reasons, and without liability to you, we reserve the right to suspend or cancel your Access Code(s) or your BOB Preferred access if we suspect your Access Code(s) has been compromised, even without notice from you.

## **Services Available Through BOB Preferred.**

Services available through BOB Preferred are listed within the BOB Preferred website. Some services are described in Exhibits to this Agreement (which Exhibits are deemed incorporated herein). You may be required to enter into additional agreements for certain services, such as ACH, wire transfers, positive pay, trust (time-open) account services, and Bill Pay. From time to time, we may add, change, or remove services, or we may update or upgrade BOB Preferred, and we may limit your access only to revised or updated services. By using any new or changed BOB Preferred services when they become available, you agree to be bound by this Agreement, any amendments to this Agreement regarding the new or changed services, and any additional rules and instructions that we provide you concerning the new or changed services.

## **Accounts You May Access.**

Subject to any restrictions we may impose from time to time, you may access the following general\* types of accounts through BOB Preferred:

- a. Business deposit accounts,
- b. Business line of credit and installment loan accounts,
- c. Commercial Loans,
- d. Trust accounts (Time open and Preneed accounts), and
- e. Personal accounts. \*\*

\*Not all accounts of the indicated type are accessible via BOB Preferred. We reserve the right to limit specific types of accounts accessible via BOB Preferred and also the types of transactions that may be conducted for a specific account via BOB Preferred.

\*\*BOB Preferred is intended for use primarily with commercial accounts. In the event you use BOB Preferred to access a consumer checking or savings account (a checking or savings account owned by a natural person and used primarily for personal, family, or household purposes), the terms of EXHIBIT B also apply to your use of BOB Preferred with respect to those consumer accounts.

## **Transaction Limitations.**

For savings and money market accounts, federal regulations limit third party or pre-authorized transfers and withdrawals to six per statement cycle, no more than three of which may be made by check, draft, debit card, or similar order payable to third parties. Transfers or payments through BOB Preferred or Bill Pay count against these limits. We may charge a fee for transactions in excess of the limit. Also, for security reasons, we may impose additional limits on the frequency, number, and dollar amounts of transactions you can perform using BOB Preferred. Further, we reserve the right to refuse to pay any person or entity to whom you may direct a payment through BOB Preferred. We will notify you promptly if we decide to refuse to pay a person or entity designated by you; however, this notification is not required if you direct us to make any payment which is otherwise prohibited under your agreements with us. Loan payments to us are not included in these limits.

## **Overdrafts.**

If your use of BOB Preferred overdraws your account and the overdraft is not covered by an approved line of credit relating to the overdrawn account, you agree to make immediate payment to us of the amount of any such overdraft, together with related service charges. You also agree that we may charge the overdraft and related service charges against your other accounts with us to the extent permitted by law or by your Deposit Account Agreement.

## **Our Liability For Errors in Transactions.**

We will not be liable if we fail to complete a transaction on time or in the correct amount because of any of the following:

- a. You do not have enough money in the applicable account to complete the transaction.
- b. The transaction will exceed the credit limit on your related overdraft line of credit.
- c. You do not allow us adequate time according to this Agreement to process instructions we receive from you.
- d. The person or entity to whom you direct a transfer or payment mishandles, delays, or fails or refuses to accept a transfer or payment sent by us.

- e. You have provided us with incorrect, incomplete or inaccurate data or information concerning the recipient of a transfer or payment or other account information, or you have otherwise failed to comply with the procedures set forth in this Agreement or within the applicable Service.
- f. There are technical problems in our receipt of information or instructions from you or a third party involving the account or transaction (for example, problems arise with computers, software, modems, or telephone communications), or you have attempted a transaction even though you have notice that BOB Preferred (or the applicable service) is not working properly.
- g. Circumstances beyond our control (such as, but not limited to, fire, flood, interference from an outside force, acts of terror or common enemy, loss or delay due to biological or chemical threats, strikes, lockouts, acts of governmental authorities, delays of couriers or supplies, communications equipment failures, or equipment malfunction occurring despite ordinary maintenance) prevent the proper execution of the transaction, despite reasonable precautions we have taken.
- h. This Agreement or your payment or transfer authorization has been terminated.
- i. Your account has been closed, there is a hold on your account, or access to your account is blocked in accordance with our policies.
- j. Your funds are subject to legal process or encumbrances restricting transfer or withdrawal.
- k. Applicable law prevents completion of the transaction.
- l. Unusual or extraordinary circumstances exist which indicate improper or unlawful use of your account.
- m. You believe someone has accessed your account without your permission and you fail to notify us immediately.

Unless otherwise required by law, if we fail or delay in making a payment or transfer pursuant to your instructions, or if we make a payment or transfer in an incorrect amount which is less than the amount specified in your instructions, our liability is limited to interest on the amount which we failed to timely pay or transfer, calculated from the date on which the payment or transfer was to be made until the date it was actually made or you canceled the instructions. We may pay this interest either to you or the intended recipient of the payment or transfer, and our payment to either person will fully discharge our obligation. Unless otherwise required by law, if we make a payment or transfer in an incorrect amount which exceeds the amount specified in your instructions, or if we permit an unauthorized payment or transfer after we have had a reasonable time to act on a notice from you of unauthorized use as described above, our liability is limited to a refund of the amount incorrectly paid or transferred, plus interest on this amount from the date of the payment or transfer to the date of the refund, but in no event to exceed sixty (60) days' interest. If we become liable to you for interest compensation under this Agreement or applicable law, such interest shall be calculated based on the average federal funds rate at the Federal Reserve Bank in Atlanta for each day interest is due, computed on the basis of a 360-day year. You agree to notify us promptly of our failure or delay to make a payment or transfer pursuant to your instructions. Certain services, such as ACH and Bill Pay, may be subject to additional or different limitations on liability.

## **Fees And Charges.**

You must designate one account as the account from which all of your BOB Preferred service fees and charges will be paid (including any service fees for third party services accessed through BOB Preferred, such as Bill Pay). However, fees and charges such as insufficient funds charges may be charged against the account designated for the transaction. You are responsible for any non-Bank charges incurred by accessing BOB Preferred, including local or long-distance telephone charges, Internet access fees and any other charges that may be assessed and billed separately. We reserve the right to change applicable fees and charges at any time. We will provide you with any notice required by law of any changes to our fees and charges. If the applicable account does not have a sufficient balance to pay all applicable fees and charges due, we may exercise our right of setoff against any of your other accounts as provided by law or your Deposit Account Agreement. Any applicable fees and charges will be charged regardless of whether you access or use a service during the billing cycle. If you close the account designated for BOB Preferred service charges, or if that account is no longer linked to the service, we may terminate your BOB Preferred services. However, you can change the account designated for BOB Preferred service charges by contacting us at 1-252-446-2781.

## **Termination.**

You may terminate or discontinue BOB Preferred or specific services by any of the following methods: (1) you may call our Cash Management Department at 1-252-446-2781; (2) you may contact the customer service representative at your local Southern Bank branch; or (3) you may notify us in writing at the address set forth in the "Notices" section below. You will not be entitled to the refund of any prepaid fees or charges. You must tell us your name and address, whether you are discontinuing BOB Preferred or a specific Service, and the effective date to stop the Service(s). We will process your request as soon as practical after our receipt.

We may refuse BOB Preferred services to anyone. We may terminate your BOB Preferred services at any time without prior notice and with or without cause. Effective on termination by you or us, any unprocessed payments and transfers will be canceled. However, neither termination nor discontinuation shall affect your liability or obligations under this Agreement, and you will remain liable for transfers and other transactions already in process and for the payment of any accrued fees and charges.

## **Notices to You.**

We may provide future notices, amendments to this Agreement, and other communications (collectively, "communication(s)") by electronic message to your external e-mail address or via the internal messaging function in BOB Preferred; electronically by posting the communication (or posting a link to the communication) on the BOB Preferred log-in page or on a separate web page that you must click-through to access BOB Preferred; by personal delivery; or via regular mail or overnight courier service. You consent to receive communications by these methods. You may download or print electronic communications from a computer if the computer has the hardware and software described above. We will send, post, or e-mail communications prior to their effective date when required by law or regulation. Communications are effective on the effective date stated in the communication or, if no effective date is stated, on the date sent, posted, or e-mailed. Your use of BOB Preferred after the effective date of any communication means that you have accepted the communication. Notice to any co-owner is considered effective notice to all co-owners. A notice that alerts you to the availability of a communication on an Internet web site, in lieu of sending you the entire communication, is deemed sufficient notice of the communication. YOU AGREE THAT WE MAY SEND YOU ELECTRONIC MESSAGES ABOUT PRODUCTS OR SERVICES WE OFFER (INCLUDING ADVERTISEMENTS), although you may opt-out from e-mail advertising by following the instructions in the e-mail advertisement or by contacting us at the address under "Notices to Us" with a written request to opt-out of e-mail advertising.

We will not ask you via external e-mail to provide us with your business or personal information or your Access Codes. Further, we will not ask you via an unsecured website space (i.e., before you have logged-in to BOB Preferred with your Access Codes) to provide personal information. Due to "phishing" concerns, we recommend that you do not link to website addresses provided in a link in an external e-mail message. For more information about phishing, see the information available at <http://www.occ.gov/consumer/phishing.htm>.

It is important that you provide us with your current external e-mail and U.S. mail addresses and that you update us immediately with any changes. You agree that we may send notices and other communications, including Access Code confirmations, to the current address shown in our records, whether or not that address includes a designation for delivery to the attention of any particular individual. You also agree that we will not be liable or obligated to you in any way if information is intercepted by an unauthorized person after it leaves our exclusive control, whether in transit or at your place of business. We may ask you to designate one person as our main contact for receipt of information relating to your use of BOB Preferred.

You agree that your electronic consent or entry of information is legally binding and enforceable against you and the legal equivalent of your handwritten signature.

**Notices to Us.**

You can communicate with us electronically using the "messages" link in BOB Preferred. If you send us a notice via these links, we will be deemed to have received it at the close of business on the business day immediately following the day you send it. We will have a reasonable time to act on your notices. **Do not rely on electronic messages or external e-mail if you need to communicate with us immediately**, for example, to report an unauthorized transaction from one of your accounts or to stop a pre-authorized payment. Notices sent to us are the property of the Bank, and we reserve the right to delete such messages from the system from time to time. For security reasons, we may not act on instructions sent to us from an external e-mail address, so please use the "messages" link to communicate with us electronically. Do not use external e-mail to send confidential or sensitive information about you or your account(s), as these communication means may not be encrypted. For information on security of the "messages" function in BOB Preferred, please see the information on "messages" within the BOB Preferred service.

Notices you send to us via regular mail, overnight delivery, or hand delivery are effective no earlier than the first business day after our receipt of the notice, unless otherwise required by law or otherwise specified in this Agreement. You must use the following address when mailing us written notices:

Southern Bank Cash Management Department  
Benvenue Road Office  
P.O. Box 1340  
Rocky Mount, NC 27804

Our customer service telephone number for BOB Preferred is 1-800-221-8617.

**Joint and Several Liability.**

If any one or more of your accounts has co-owners, each co-owner will be jointly and severally liable for any obligations and transactions resulting from use of BOB Preferred. We are authorized to follow the instructions of any co-owner, without notice to any other co-owner, as provided in this Agreement and your other agreements with us relating to your accounts and the services. We are not responsible for determining the purpose of any instruction we receive from any co-owners or for the disposition of payments or funds among co-owners. We reserve the right to require written instructions from all account holders and co-owners at our discretion.

## **Warranty Disclaimer.**

We may on a regular basis perform maintenance on our equipment or system, which may result in interrupted service or errors in the BOB Preferred service. We also may need to change the scope of our services from time to time. We will attempt to provide prior notice of such interruptions and changes but cannot guarantee that such notice will be provided. We make no representation that BOB Preferred services will be uninterrupted or error free. Our sole obligation to you arising out of (i) the non-availability of BOB Preferred or (ii) an interruption or delay in providing BOB Preferred, shall be to use commercially reasonable efforts to resume such services. **THE FOREGOING IS OUR ENTIRE LIABILITY AND YOUR EXCLUSIVE REMEDY. IN NO EVENT SHALL THE BANK (OR ANY OF OUR OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR SUBCONTRACTORS) OR ITS SERVICE PROVIDERS BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING LOST PROFITS (EVEN IF WE ARE ADVISED OF THE POSSIBILITY THEREOF) ARISING IN ANY WAY OUT OF THE INSTALLATION, USE, OR MAINTENANCE OF ANY COMPUTER EQUIPMENT, BOB PREFERRED, OR ANY SERVICES ACCESSED THROUGH BOB PREFERRED. WE MAKE NO WARRANTY, EXPRESSED OR IMPLIED, CONCERNING BOB PREFERRED OR ITS RELATED SERVICES, WEB BROWSERS, INTERNET SERVICES, OR OTHER SERVICES, AND WE DISCLAIM ALL IMPLIED WARRANTIES INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT. IF ANY OF THESE DISCLAIMERS ARE LIMITED OR PROHIBITED BY APPLICABLE LAW, WE MAKE ONLY THE WARRANTIES SPECIFICALLY REQUIRED BY APPLICABLE LAW. IN NO EVENT SHALL ANY LICENSOR OR PROVIDER OF ANY SOFTWARE OR SERVICE PROVIDED BY OR THROUGH US HEREUNDER BE LIABLE TO YOU FOR ANY ERROR, LOSS OF DATA, MALFUNCTION, OR DEFECT OF OR CAUSED BY SUCH SOFTWARE OR SERVICE. ALL SUCH SOFTWARE AND SERVICES ARE PROVIDED "AS IS."**

## **Liability For Loss Of or Erroneous Data.**

You agree to be responsible for saving and storing your information. We shall have no liability to you for any data loss, error, or other damage or loss, direct or consequential, which you may suffer relating to your use of your computer system or third party communications provider. All electronic records used by us for transactions contemplated by this Agreement, including those recording and executing your instructions, are our property or the property of our service providers.

## **Virus Protection, Firewalls and Spy-ware.**

You are obligated to take security precautions to protect your computer. There are a number of means and mechanisms by which other persons may obtain information from your computer or otherwise gain control of your computer (or any computer by which you access BOB Preferred), such as viruses, spy-ware, and hacking. We are under no obligation to determine if your computer (or any computer by which you access BOB Preferred) is secure or if it is or may be compromised or insecure. We encourage you to routinely scan your hardware and software using reliable and current virus, firewall and spy-ware protection products of your choice to protect from, detect and remove any viruses and spy-ware found. Undetected or un-repaired, a virus may corrupt and destroy your programs, files and even your hardware. You agree that we are not responsible for any virus, spy-ware, or similar device that you may encounter, even when using BOB Preferred.

## **Ownership of Materials.**

The content and information on our website are copyrighted by Southern Bank and the unauthorized reproduction or distribution of any portion is prohibited.

**Amendments.**

We reserve the right to amend this Agreement at any time. We will provide you with notice by a means described in this Agreement and as required by law. Your use of BOB Preferred after we amend this Agreement will constitute your acceptance of such changes. You may decline changes by terminating BOB Preferred, in the manner provided in this Agreement, before the changes go into effect.

**Assignment.**

You may not assign this Agreement to any other person or entity. We may assign this Agreement to any company with which we are directly or indirectly affiliated. We may also assign or delegate certain of our rights or responsibilities under this Agreement to independent contractors or other third parties.

**No Waiver.**

We will not be deemed to have waived any of our rights or remedies under this Agreement unless we send the waiver to you by electronic message or we otherwise mail or deliver to you a written waiver signed by us. No delay or omission on our part in exercising any of our rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies we may have. A waiver on one occasion will not be construed as a bar or waiver of any rights or remedies on future occasions.

**Governing Law.**

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA, WITHOUT REGARD TO ITS OR ANY OTHER STATE'S CONFLICTS OF LAWS PROVISIONS, AND APPLICABLE FEDERAL LAW. ANY CLAIMS OR DISPUTES ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE SUBJECT TO THE ARBITRATION PROVISIONS SET FORTH IN THE SOUTHERN BANK DEPOSIT ACCOUNT AGREEMENT, WHICH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE. To the extent that any applicable state or federal law invalidates or is inconsistent with a provision in this Agreement, that provision shall be severed from this Agreement as to any person who is protected by, and subject to the jurisdiction of, that state's laws or the applicable federal law.

**Prohibited Persons and Transactions.**

You are authorized to use BOB Preferred only in the manner described in this Agreement and within the services and only for legitimate and legal purposes. You agree that neither you, any User, nor any transferee or payee is prohibited from participating in the transactions you initiate and/or make through BOB Preferred or any of its services, including prohibition pursuant to issuances of the Office of Foreign Assets Control or under the USA Patriot Act. To the extent consistent with applicable law, you agree to indemnify and hold us harmless from and against any and all claims, losses, damages, liabilities, penalties, fines, and expenses, including court costs and attorneys' fees, incurred by us relating to any such prohibition. Except to the extent prohibited by law, we reserve the right to review and monitor transactions and instructions submitted via BOB Preferred for security, legal compliance, fraud, and other legitimate purposes.

## **EXHIBIT A**

### **Description of Services**

The following are the account services (the “Services”) that we currently offer through BOB Preferred. You may select one or more of the Services. Your use of any of the Services constitutes your agreement to the terms and conditions of the Southern Bank BOB Preferred Agreement (the “Agreement”), including this Exhibit, and to any additional rules and instructions we may provide you regarding the Services. Additional services may be offered to you from time to time.

#### **Account Information.**

You may use BOB Preferred to obtain account information for certain deposit accounts. Balance information reported through BOB Preferred may not include transactions which have occurred since the close of business on the previous banking day. Balance information shown for your deposit accounts may include Ledger Balance and Collected Balance. These balance amounts may differ. The Ledger Balance is the ending balance in your account as of the close of the previous banking day and does not include any holds which may have been placed on your account. The Collected Balance is the Ledger Balance less any collection float and may include certain debits and credits which have taken place since the close of the previous banking day.

#### **Transfers (Including Wire Transfer and ACH).**

BOB Preferred permits you to transfer funds between your business accounts at the Bank which you have designated for BOB Preferred access. In addition, you may be able to initiate other money transfers through BOB Preferred using money transfer instructions. Please follow the money transfer procedures specified within the applicable Service.

The term “money transfer instructions” includes instructions relating to: 1) the transfer of funds from your accounts with us to your accounts with third parties; 2) the transfer of funds from your accounts with us to any accounts of a third party, whether such third party accounts are with us or other financial institutions or entities; 3) the transfer of funds from your accounts with other financial institutions or entities to us; and 4) intra-Bank transfers of funds between your accounts with us.

Money transfers may include wire transfers and automated clearinghouse (ACH) electronic fund transfers. Wire transfers are also governed by and subject to our Funds Transfer Authorization and Agreement as amended from time to time, the terms and conditions of which are incorporated herein by reference. International wire transfers may require separate activation and may be governed by additional or different terms. ACH transactions are also governed by and subject to our ACH Agreement (Business Accounts) and the operating rules of the National Automated Clearinghouse Association, as amended from time to time, which are incorporated herein by reference. Transactions made in the BOB Preferred Cash Concentration service are considered ACH transactions for purposes of this Agreement.

The Service may include the ability for you to set-up standing orders for transfers to or from your deposit account with us, from or to an account maintained at or by a third party. Examples of this Service include direct deposit of payroll for your employees and the ability to move funds between accounts as you direct (either on a one-time or recurring basis) within parameters specified by you in advance. These transfers are considered ACH transactions for purposes of this Agreement and are subject to our Funds Transfer Authorization and Agreement as amended from time to time, as well as any specific agreement for this Service. We may limit the types of accounts that can be linked or place other restrictions on this Service such as minimum and maximum transfer amounts and frequency of recurring transfers. You agree to indemnify us against any loss or damage incurred by us resulting from a transfer of funds involving an account at another financial institution.

Your money transfer instructions must conform to such procedures as we may prescribe from time to time, including the establishment of cut-off times each day for receiving such instructions. We may change our procedures at any time and will provide you with notice of such changes as required by law. All provisions of this Agreement, including those regarding Access Codes and authorized Users, apply to these Services. A payment order delivered to the Bank by means of BOB Preferred may be verified as an authentic payment order of the customer by use of the procedures and protocols specified in this Agreement and in the specific agreement applicable to the Service, as in effect from time to time.

You may be able to change, revoke, or cancel money transfer instructions prior to the time we begin processing the transfer if you call our Customer Service Department at 1-800-221-8617. In the event you desire to revoke and cancel money transfer instructions, we shall make a reasonable effort to comply with your request; however, we make no representation or warranty as to our ability to comply with such instructions, and you agree that we shall not be responsible and that you will indemnify and hold us harmless from and against any and all claims, losses, damages, liabilities and expenses, including court costs and attorneys fees, incurred by us in connection with such revocation or termination request.

We shall not be obligated at any time to transfer from any Account any amount in excess of the balance on deposit in such Account.

Transfers of funds between your deposit accounts with us accessible via BOB Preferred will be processed on the processing date entered in your transfer instructions. For example, if you transfer funds from deposit Account A to deposit Account B, the funds will be debited from deposit Account A and credited to deposit Account B simultaneously on the processing date. The funds will be available immediately but may not be reflected in your account status or balances reports for one or two business days. Processing and settlement of wire transfers and ACH transactions (including transfers involving third parties) are made in accordance with your separate agreements with us for those services (see above).

In case of errors or questions about your electronic transfers, call our Customer Service Department at 1-800-221-8617.

### **Positive Pay.**

When this Service is offered, BOB Preferred permits you to securely submit and receive check-related data files for the Bank's positive pay service. Please follow specific instructions and procedures within this Service. Transmission security protocols are described within the Service, and, by using the Service, you agree that the security protocols described within the Service are commercially reasonable and acceptable to you. Positive pay is also governed by and subject to our positive pay service agreement as amended from time to time, the terms and conditions of which are incorporated herein by reference.

### **Trust Accounts (Time Open and Preneed Accounts)**

When this Service is offered, BOB Preferred permits you to manage time-open (trust) accounts, including balance and transaction status, funds transfers, and account closure. Exact features of this Service are described with the Service. Not all features may be available for all accounts. These accounts and your related transactions are also governed by and subject to our separate agreement for these accounts as amended from time to time, the terms and conditions of which are incorporated herein by reference.

## **Stop Payment Requests.**

You may use BOB Preferred to initiate a stop payment request for any check written on your eligible account. You agree that any stop payment request shall be null and void after six months from the date of the order, or such earlier time as communicated by us to you.

In initiating a stop payment request, you agree to provide us such information as is required by our standard procedures relating to stop payment requests and as you shall be instructed to provide when initiating the order on BOB Preferred.

If you fail to provide us with complete information or if the information you provide is incorrect (for example, the name of the payee, check number or amount), you agree that we shall not be responsible for any failure to stop payment on such item. We shall have a reasonable time (not less than twenty-four (24) hours) after receipt of a stop payment request to act upon the request. You agree that if, before receipt of a stop payment request or before a reasonable time to act has passed after receipt of a request, an item has been accepted or certified by us, or if we have paid the item in cash, or settled for the item without receiving a right to revoke the settlement, or have posted the item or otherwise have become accountable for the item, then any stop payment request shall be deemed to have been made too late and shall not be honored by us.

You agree to indemnify and hold us harmless from and against any and all losses, damages and expenses, including court costs and attorneys fees, incurred by us on account of our refusing payment of any check or other item in accordance with your instructions. You further agree not to hold us liable for payment of an item contrary to your stop payment order if same occurs through inadvertence or accident and without gross negligence, or if by reason of such payment, other items drawn on your account are returned insufficient.

## **Bill Pay for Business.**

The Bill Pay for Business Service ("Bill Pay") is an electronic bill payment system available through BOB Preferred. Through Bill Pay, and under these terms, you can instruct us to pay bills designated by you. Your Bill Pay transactions will be processed for the Bank by CheckFree Corporation ("CheckFree"), a major provider of electronic banking transaction processing services. References to "we" and "us" in this section refer to both the Bank and CheckFree. Your access to and/or use of Bill Pay is governed by this Agreement (including other agreements and terms incorporated into this Agreement), your application for Bill Pay, your agreement with CheckFree, and any instructions we provide you on using Bill Pay or BOB Preferred. Bill Pay may feature a secure electronic message capability internal to Bill Pay.

- a. **Payees.** A "payee" is the person, business, or any other entity to whom or which you direct payments through Bill Pay. The Service (including CheckFree's terms and conditions) may specify prohibited types of payments and payees, such as payments to payees located outside the United States, and payments made at your own risk, such as tax payments and court ordered payments. You are solely responsible for any claims or damages resulting from your scheduling of these types of payments or from any payments to prohibited payees, whether or not we make the payment, and even if the payment is delayed or improperly processed. We reserve the right to refuse to pay any person or entity to whom or which you may direct a payment. We will notify you promptly if we decide to refuse to pay a person or entity designated by you; however, we are not required to notify you regarding a prohibited payee or any payment prohibited under this Agreement.

- b. **Payment Instructions.** "Payment instructions" are the instructions you give us through BOB Preferred to make a payment on your behalf to a payee, from funds in an account that you designate, using Bill Pay. In designating a payee for bill payment, you must provide us with detailed payment instructions. The Service will prompt you for needed information. You authorize us to follow your payment instructions and to rely on the accuracy of all information you provide. We reserve the right to select the method in which to remit funds on your behalf to the payee. Payment methods may include, but are not limited to, an electronic payment, an electronic to check payment, or a laser draft payment.
- c. **Payments.** The "payment date" that you enter with your payment instructions is the date you want the payee to receive your payment and also is the date we will charge your Account for the amount of the payment. Transactions begin processing approximately four (4) business days prior to the scheduled payment date. The Service will instruct you on the earliest payment date available when you enter your payment instructions. **In order to ensure adequate time for the payee to receive the payment, the "payment date" you enter must be no later than the date you want the payee to receive the payment ("the payment due date").** If the actual payment due date falls on a non-business day, you must select a payment date that is at least one business day before the payment due date. Some payees require payment to be received before a certain time (such as 2 p.m.) on the payment due date; in this case, the payment date you enter should be at least one business day before the actual payment due date. The payment date you enter with your payment instructions should be prior to any late date or grace period. If your payment instructions do not meet all of these requirements, you bear the risk that the payee will not receive your payment by the payment due date, and you will be responsible for any and all late fees, penalties, finance charges and other actions taken by the payee.
- d. **Bill Pay Account.** In your payment instructions, you must designate an account from which you will make payment for each bill you wish to pay using Bill Pay ("designated account"). The Bill Pay service will instruct you how to designate an account for a bill payment. You authorize us to charge the designated account according to your payment instructions. You agree that you will have funds available in the designated account for each payment on the payment date you have designated in your payment instructions; please review your Deposit Account Agreement and this Agreement regarding when funds are made available to your account. If you do not have sufficient funds in the designated account to cover the transaction, without notice to you, we will decide, at our discretion, whether or not to complete the transaction, and we may make additional attempts to debit your account for the amount. We also will debit associated service fees and charges (such as insufficient funds or "NSF" fees) in accordance with our agreement and policies. You are responsible and agree to reimburse us for all NSF and related service fees and charges, and you remain liable to us for all funds we have advanced plus applicable service fees and charges until we are paid in full. Availability of funds in other accounts will not prevent insufficient funds charges or rejection of a payment if you do not have sufficient funds in the designated account. If we are unable to complete the payment transaction for other reasons (such as incomplete or inaccurate information), we will attempt to notify you by e-mail or U.S. mail. We shall have no obligation or liability if we do not complete a transfer or payment because there are insufficient funds in the designated account to process the transaction or because of incomplete or inaccurate information, and you are responsible for either making alternate arrangements for the payment or rescheduling the payment through Bill Pay. Bill Pay service fees may be charged to an account different from the designated account.
- e. **Limitations.** We are only responsible for exercising ordinary care in processing and sending payments upon your authorization in accordance with this Agreement. In addition to other limitations in the Agreement, we will incur no liability or obligations if we are unable to

complete any of your payment instructions because the electronic processing center is not working properly; you have provided us with incorrect, incomplete, or inaccurate data or information concerning a payee or other account information, including but not limited to date related errors; you have failed to comply with the payment instruction requirements set forth in this Agreement, your application for Bill Pay, your agreement with CheckFree, or any instructions we provide you on using Bill Pay or BOB Preferred; or your payment authorization has been terminated. Further, we will not be liable in any way for damages you incur if you do not have sufficient funds in the designated account to make the payment on the processing date, for delays in mail delivery, for changes to the payee's address or account number unless you have advised us of the change sufficiently in advance, for the failure of any payee to correctly account for or credit the payment in a timely manner, if you have not provided correct payment information, if you have been advised that the payment processing center is not working properly but you execute a transaction anyway, or for any other circumstances beyond our control. If you have scheduled a payment in accordance with the Bill Pay terms, but your payment posts after its payment due date because of a delay by the Bill Pay service, Bill Pay will bear responsibility for no more than \$50 in late payment charges you actually incur for that payment.

- f. **Termination of Bill Pay Service.** You may discontinue or terminate Bill Pay using the termination procedure in the Agreement, but you must specify whether you are discontinuing or terminating just Bill Pay or both Bill Pay and BOB Preferred. When Bill Pay is discontinued or terminated, any prescheduled bill payments made through BOB Preferred will also be terminated. Your final charge for Bill Pay will be assessed at the end of the month. If you discontinue or terminate Bill Pay, you authorize us to continue making fund transfers, bill payments, or other transactions you had previously authorized until we have a reasonable opportunity to act upon your termination notice. If you are not paying a monthly service charge for Bill Pay, we may convert your account to inactive status if you do not sign on to Bill Pay or have any transactions scheduled through Bill Pay during any consecutive ninety (90) day period. If your account is considered inactive, you must contact us to have Bill Pay activated before you will be able to schedule any transaction through Bill Pay.
- g. **Stop Payment and Payment Instruction Change Procedures Using Bill Pay.** In addition to the other stop payment requirements in the Agreement, you must follow these procedures to stop a payment after payment instructions have been submitted in Bill Pay, including stopping a recurring payment. You may change or cancel bill payment instructions by following the directions within Bill Pay. However, **once Bill Pay has started processing a payment, the payment cannot be changed or canceled, and you must submit a stop payment request using our standard procedures.** Alternatively, you may change or cancel bill payment instructions if you call our Customer Service Department at 1-800-221-8617 in time for us to receive your change or cancellation instructions seven (7) business days or more before the designated payment date. If you call, we may also require you to put your request in writing and to get it to us within fourteen (14) days after you call. Normal service charges apply for each change/stop payment order requested. In the event you desire to revoke and cancel payment instructions, we shall make a reasonable effort to comply with your request; provided, however, we make no representation or warranty as to our ability to comply with such instructions and you agree that we shall not be responsible and shall indemnify and hold us harmless from and against any and all claims, losses, damages, liabilities and expenses, including court costs and attorneys fees, incurred by us in connection with such revocation or termination request.
- h. **Warranty Disclaimer.** BILL PAY IS PROVIDED "AS IS" WITHOUT ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

**Bill Delivery.**

You may be able to utilize a bill delivery and presentment service provided by CheckFree. Bill delivery allows you to view certain bills using your software interface or web browser, as applicable. Bill delivery, if available, is provided to you by CheckFree and not by Southern Bank, even if the service is provided through the BOB Preferred system.

**Electronic Statements.**

We may offer you the ability to view some account statements via BOB Preferred. We reserve the right to determine the electronic format of statements viewable through BOB Preferred. We may require you to waive paper statements and e-mail alerts of statement availability in order to activate or continue electronic statements. Additional terms may apply to the electronic statements Service.

**Electronic Alerts.**

For your convenience, we may provide an electronic "alerts" feature for some Services. For Services and activities you select within this feature, we will provide an "alert" notice to your "messages" box within BOB Preferred or to your external e-mail address, as selected by you. This feature is provided as a convenience, and we are not responsible for any failure or delay in sending, transmission, or receipt of any alert. We do not guarantee the delivery or accuracy of the contents of any alert. We will not be liable for your use of or reliance on the contents or delivery of any alert for any purpose. You may manage the types and timing of your alerts within the "alerts" feature.

**EXHIBIT B**  
**Additional or Different Terms for Consumer Accounts**  
**Accessed Through BOB Preferred**

The following additional terms apply only to consumer checking or savings accounts (a checking or savings account owned by a natural person and used primarily for personal, family, or household purposes) accessed through BOB Preferred. These additional terms do not apply to commercial, business, partnership, or agricultural accounts.

**Your Right to Stop Payment And Your Right to Receive Notice of Varying Amounts.**

- a. **Stop Payment Procedure.** If you have told us in advance to make regular payments or transfers out of your account, you can stop any of these payments or transfers by following the procedures outlined in this paragraph. You may change or cancel **Bill Pay instructions** by following the directions within the Service. However, once the Bill Pay Service has started processing a payment, the payment cannot be changed or canceled, and you must submit a stop payment request in the manner provided in the Bill Pay service or in your Deposit Account Agreement. You may change or cancel any instructions you have given us to **transfer** funds from one of your accounts to another using BOB Preferred if you enter and transmit through BOB Preferred your change or cancellation instructions (and we receive your new instructions) at any time prior to the time we actually execute your transfer instructions.

Alternatively, you may change or cancel bill payment or funds transfer instructions if you call us at 1-800-221-8617, or write us at Southern Bank Cash Management Department, Benvenue Office, P.O. Box 1340, Rocky Mount, NC 27804, in time for us to receive your change or cancellation instructions seven business days or more before the designated payment or transfer date. If you call, we may also require you to put your request in writing and to get it to us within 14 days after you call. Normal service charges apply for each change/stop payment order requested by telephone or in writing.

- b. **Notice of Varying Amounts.** If your regular payments vary in amount, the person you are going to pay should tell you, at least 10 days before each payment, when it will be made and how much it will be. You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment, or when the amount would fall outside certain limits that you set.
- c. **Failure to Stop Payment of Pre-authorized Transfer.** If you order us to stop one of these payments within the applicable time frame indicated above, and we do not do so, we will be liable for your losses or damages caused by our failure except as otherwise limited in this Agreement.

**Your Liability for Unauthorized Transfers.**

We will send you a monthly account statement for your checking and savings accounts unless there are no transfers in a particular month. In any case, we will send you a statement for your checking and savings accounts at least quarterly. The statement will show Bill Pay and other BOB Preferred transfers. If your statement shows transfers that you did not make, tell us AT ONCE. You may call us at 1-800-221-8617; write Southern Bank Cash Management Department, Benvenue Office, P.O. Box 1340, Rocky Mount, NC 27804. If you do not tell us within sixty days after the statement was mailed to you, you may not get back any money you lost after the sixty days if we can prove that we could have stopped someone from taking the money if you had told us in time. If a good reason (such as a long trip or a hospital stay) kept you from telling us, we may extend the time periods. Remember that if you maintain the confidentiality of your password, it will reduce the possibility of unauthorized use.

## **Errors and Questions.**

In case of errors or questions about your electronic transfers, call us at 1-800-221-8617, write Southern Bank Cash Management Department, Benvenue Office, P.O. Box 1340, Rocky Mount, NC 27804, as soon as you can, if you think your statement is wrong or if you need more information about a transfer listed on your statement.

Alternatively, you may call or visit your local branch office. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared.

When you notify us: 1) tell us your name and account number, 2) describe 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, and 3) tell us the dollar amount of the suspected error. If you tell us orally, we may require that you send us your complaint or question in writing within 10 business days.

We will determine whether an error occurred within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will re-credit your account within 10 business days for the amount you think is in error, so that you will have use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not re-credit your account. If your complaint or question involves (i) an electronic fund transfer that was initiated outside the United States or that resulted from a point-of-sale debt card transaction, then the 45 day investigation period will be extended to 90 days; (ii) an electronic fund transfer to or from the account during the first 30 days the account is open, then the 10 day period will be extended to 20 business days, and the 45 day investigation period will be extended to 90 days.

We will tell you the results within three business days after completing our investigation. If we decide there was no error, we will send you a written explanation within three business days after we finish our investigation. You may ask for copies of the documents that we used in our investigation.

### **Addition to "If You Believe Your Access Codes Are Lost, Stolen Or Used Without Your Authority":**

If you believe your Access Codes have been lost or stolen, and you tell us within two business days after you learn of the loss or theft, you can lose no more than \$50 if someone used your password without your permission to make an unauthorized electronic fund transfer (as defined by federal law). If you do NOT tell us within two business days after you learn of the loss or theft of your password, and we can prove we could have stopped someone from using your password without your permission if you had told us, you could lose as much as \$500. Losses could include not only money in your account, but also advances on any credit line associated with your account.

## **Information Authorization.**

You authorize us and our agents to request and obtain consumer reports on you from any consumer reporting agency and to obtain and verify information relating to you and your accounts from any other source. You also authorize us to disclose any information relating to you and your accounts (i) to any consumer reporting agency or any other person or entity we reasonably believe is conducting a legitimate credit inquiry, (ii) to any financial institution, (iii) to any account information service (such as Chex Systems or Equifax), (iv) in response to any subpoena, summons, court or administrative order, or other legal process which we reasonably believe requires our compliance, (v) to any of our affiliates or subsidiaries, (vi) to Southern Bank BancShares, Inc. (our parent company) and any of its subsidiaries or

affiliates, and (vii) to any law enforcement officer if we suspect any wrongdoing in connection with any of your accounts. You further agree that we may obtain financial information regarding your accounts with any of your designated payees to resolve payment problems. From time to time we are legally required to provide information in response to court or administrative orders, subpoenas, summonses, tax levies, or other such legal process. You agree to pay our standard charges for the research and copying of documents and for any other expenses we incur in complying with such legal process including, but not limited to, our attorneys' fees. Our fees will be determined from our Disclosure of Products and Fees in effect at the time that the Services are rendered, and we will charge your Primary Account for any such fees or expenses.

### **Disclosure of Account Information.**

- a. **In General.** We will disclose information to third parties about your account(s) or the transfers you make that we believe is necessary:
- To complete or document transactions, to investigate possible unauthorized transactions, or to combat fraud.
  - To verify the existence and condition of your account for a third party, such as a credit bureau or merchant.
  - In response to government agency inquiries or orders.
  - In response to court orders.
  - If you give us your written or oral permission.
  - To comply with government regulations.
  - To offer you products and services that we believe may interest you.

You must pay our standard charges for research and copying when we provide account information to you or to third parties.

- b. **Southern Bank Affiliates.** We call the companies that are related to us by common ownership or control our "affiliates." Our affiliates are all financial service providers, including banks, insurance companies and insurance agencies. When we are permitted to share information about you with our affiliates, we can serve you more efficiently, make it easier for you to do business with us and offer you a wider array of financial products and services.

We are permitted by federal law to share certain types of information about you with our affiliates, including identification information and information about your transactions and experiences with us. In addition, unless you tell us not to, we may share other information about you with our affiliates that we call "eligibility information." We use eligibility information to determine your eligibility for our products and services. Eligibility information may include, for example:

- Information we obtain from your applications or other forms, such as your name, address, assets, employment and income;
- Information we obtain from a consumer report or a credit bureau, such as your credit history or your credit score.

### **How to Tell Us Not to Share Eligibility Information with Our Affiliates**

If you prefer that we refrain from sharing eligibility information about you with our affiliates, you may direct us not to by calling us toll free at 800-821-0655 or by writing to us at: 121 East Main Street, Credit Administration, Mount Olive, NC 28365. When two or more customers jointly obtain a financial product or service from us, we will treat a request not to share eligibility information made by one of the joint customers as applying only to that person unless that customer tells us that he or she is acting on behalf of other joint customers. We will process your request as promptly as we reasonably are able.