

SAVINGS AND CLUB
KIT CARSON STATE BANK
113 MAIN STREET
PO BOX 175
KIT CARSON, CO 80825-0175
March 20, 2012

This disclosure contains information about terms, fees, and interest rates for some of the accounts we offer.

SAVINGS ACCOUNT

This is a passbook savings account which allows up to six (6) pre-authorized transfers per month. Interest is paid semi-annually on June 30 and December 31.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account Weekly. Interest begins to accrue no later than the business day we receive credit for the deposit of noncash items (for example, checks). Interest will be compounded semi-annually and will be credited to the account semi-annually.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$0.01 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$100.00 to open this account. You may make six (6) transfers from your account each four (4) week or similar period, if by preauthorized or automatic transfer, or telephone (including data transmission) agreement, order or instruction or by check, draft, debit card or similar order (including POS transactions), made by the depositor and payable to third parties. Transfers and withdrawals made in person, by messenger, by mail or at an ATM are unlimited.

Account Fees: The following fees apply to this account: Excess Withdrawal Fee: \$1.00 each over 20 withdrawals per statement cycle; Additional Statement Fee: \$10.00 for each additional statement cycle per month if the statement is mailed.; Dormant Account Fee: \$4.29 per statement if account balance falls below \$100.00; Returned Deposited Item Charge: \$2.00 per item charged back.; and Unclaimed Statement Fee: \$10.00 per statement cycle..

CHRISTMAS CLUB ACCOUNT

Save for next year's Christmas with this account!

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield will not change for the term of the account. The interest rate will be in effect until November 15, 2012. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will not be compounded on the account. Interest will be credited to the account at maturity. If the account is closed before interest is credited, you will not receive the accrued interest. At the end of the club account period November 15, 2012, the funds in the account will be mailed to you by check.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$25.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$25.00 to open this account. You may not deposit more than \$3,000.00 to this account. You must have an existing account with us in order to open this account. The amount you open the account with is the amount you agree to deposit every month. You must be enrolled and the first payment made by May 15, 2012 with the last payment due by October 31, 2012. Additional payments may be made so long as the maximum balance in the account does not exceed \$3,000.00. If you close the account before the maturity date of November 15, 2012, all accrued interest will be forfeited. You may not make withdrawals from your account until the maturity date.

FRONTIER ACCOUNT

This account is a monthly savings plan which requires monthly electronic deposits and restricts withdrawals in return for a higher interest rate. Statements are cycled and interest is paid semi-annually on June 30 and December 31.

Rate Information: This Account is an interest bearing account. The interest rate and annual percentage yield are included in the Rate Chart. The interest rate and annual percentage yield may change. At our discretion, we may change the interest rate on the account semi-annually. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded semi-annually and will be credited to the account semi-annually.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. You must maintain a minimum balance of \$25.00 in the account each day to obtain the disclosed annual percentage yield.

Limitations: You must deposit \$100.00 to open this account. Monthly electronic deposits must be made in order to earn the stated Annual Percentage Yield. Additional deposits are allowed, but at least one electronic deposit must be made per month. If two monthly deposits are missed within a statement cycle, the account will be closed and transferred to a regular savings account. Withdrawals are allowed for transfer to any Kit Carson State Bank Certificate of Deposit or Individual Retirement Account up to three per statement cycle. ACH payments on overdrawn accounts will not be allowed.

Account Fees: If you close this account without transferring to a Kit Carson State Bank Certificate of Deposit or Individual Retirement Account, you will forfeit any interest that has accrued since the last statement cycle.

OTHER ACCOUNT FEES

The following fees apply to all of your accounts with us:

Garnishment/Levy Fee:	\$25.00 per levy/garnishment served.
Research Fee:	\$15.00 per hour.
Microfilm Copy Fee:	\$.25 per copy.

The following fees apply to all of your accounts with us except Certificates of Deposit and Time Deposit Accounts:

Account Closure-Within 90 Days of Opening:	\$20.00
Automatic Transfer Overdraft Protection:	\$.50 per transfer

The following fee applies to Savings Account; Christmas Club Account; and Frontier Account Accounts:

Snapshot Statements:	\$1.00 per page.
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MISCELLANEOUS FEES AND CHARGES

Miscellaneous

Incoming Collections:	\$10.00 per request.
Personal Money Order Fee:	\$3.00 each.
Bank Money Order Fee:	\$15.00 each.
Outgoing Fax Service:	\$1.00 for the first 3 pages, \$1.00 per page thereafter.
Outgoing Domestic Wire Fee:	\$20.00 per wire.
Outgoing International Wire Fee:	\$75.00 per international wire for customers.
Photocopies:	\$.10 per copy - standard paper or \$.20 per copy - colored paper
Safe Deposit Box:	Fees vary per size

FUNDS AVAILABILITY POLICY DISCLOSURE

YOUR ABILITY TO WITHDRAW FUNDS AT KIT CARSON STATE BANK. Our policy is to make funds from your cash and check deposits available to you on the first business day after the day we receive your deposit. However, funds from electronic direct deposits will be available on the day we receive the deposit. Once the funds are available, you can withdraw them in cash and/or we will use them to pay checks that you have written. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and federal holidays. If you make a deposit before 3:00 p.m. on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after 3:00 p.m. or on a day we are not open, we will consider that the deposit was made on the next business day we are open.

Reservation of Right to Hold. In some cases, we will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. The first \$200 of your deposit, however, may be available on the first business day after the day of your deposit. If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if we decide to take this action after you have left the premises, we will mail you the notice by the business day after we receive your deposit. If you need the funds from a deposit right away, you should ask us when the funds will be available.

Longer Delays May Apply. We may delay your ability to withdraw funds deposited by check into your account an additional number of days for these reasons:

- * You deposit checks totaling more than \$5,000 on any one day.
- * You redeposit a check that has been returned unpaid.
- * You have overdrawn your account repeatedly in the last six months.
- * We believe a check you deposit will not be paid.
- * There is an emergency, such as failure of computer or communications equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

Holds On Other Funds. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. If we accept for deposit a check that is drawn on another financial institution, we may make funds from the deposit available for withdrawal immediately but delay your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

Special Rules For New Accounts. If you are a new customer, the following special rules will apply during the first 30 days your account is open:

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000 will be available on the second business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second business day after the day of your deposit.

Funds from deposits of checks drawn on KIT CARSON STATE BANK will be available on the first business day after the day of your deposit.

Funds from all other check deposits will be available on the seventh business day after the day of your deposit.

ELECTRONIC FUNDS TRANSFER AGREEMENT AND DISCLOSURES

This Agreement and Disclosure is made in compliance with Colorado and federal law regulating electronic funds transfer (EFT) services. Electronic funds transfers are electronically initiated transfers of money involving an account at the Financial Institution. The following disclosures set forth your and our rights and responsibilities concerning the electronic funds transfers. In this Agreement, the words "you" and "your" mean those who sign as applicants or any authorized user(s). The words "we", "us" and "our" mean the Financial Institution. The abbreviation "PIN" or word "code" means a personal identification number.

Government Direct Deposit-1199A

Electronic Funds Transfer-Government Direct Deposit-1199A

Types of Preauthorized Transfers: You may arrange for us to complete the following preauthorized transfers to your deposit accounts:

- * Accept direct deposits from the U.S. Treasury Department to your checking or savings account.

Fees and Charges:

- * We do not charge for any preauthorized EFTs.
- * We will charge \$28.00 for each stop-payment order for preauthorized transfers.

Other Direct Deposit

Electronic Funds Transfer-Other Direct Deposit

Types of Preauthorized Transfers: You may arrange for us to complete the following preauthorized transfers to your deposit accounts:

- * Accept direct deposits from your employer or other financial institutions to your checking or savings account.

Limitations on Frequency and Amount:

- * \$10,000.00.

Fees and Charges:

- * We do not charge for any preauthorized EFTs.
- * We will charge \$28.00 for each stop-payment order for preauthorized transfers.

Preauthorized Debit

Electronic Funds Transfer-Preauthorized Debit

Types of Preauthorized Transfers: You may arrange for us to complete the following preauthorized transfers to or from your deposit accounts:

- * Pay certain recurring bills from your checking or savings account.

Limitations on Frequency and Amount:

- * \$10,000.00.

Fees and Charges:

- * \$1.00 per transaction.
- * We will charge \$28.00 for each stop-payment order for preauthorized transfers.

ATM/POS/DEBIT CARD

Types of Transactions/Transfers: You may use the card and PIN issued you to pay for purchases from merchants who have agreed to accept the card at Point of Sale (POS) terminals within the networks identified on your card and such other terminals as the Bank may designate from time to time. Point of Sale (POS) transactions will be deducted from your Primary Account. Point of Sale (POS) transactions involving a refund will be credited to your Primary Account. You may also use the card to pay for purchases from merchants that accept the POS debit card with a VISA symbol. You may use the automated teller machine (ATM) card and personal identification number (PIN) issued to you to initiate transactions at ATMs of ours, ATMs within the networks identified on your card and such other facilities as we may designate from time to time. Unless you specify a different account during Automated Teller Machine (ATM) transactions, your Primary Account will be used for your transactions. Your Primary Account number and information may be obtained from the Combined ATM/POS/Debit Card Request Form. At present you may use your card to (some of these services may not be available at all ATMs):

- * Deposit funds to your checking account.
- * Withdraw cash from your checking account.
- * Deposit funds to your savings account.
- * Withdraw cash from your savings account.
- * Transfer funds between your checking and savings accounts.
- * Obtain balance information on your deposit accounts.
- * Make loan payments from your deposit accounts.

Limitations on Frequency and Amount:

- * You may withdraw up to a maximum of \$500.00 (if there are sufficient funds in your account) per day.
- * For security purposes, there are limits on the frequency and amount of transfers you may make using ATMs.
- * Each ATM Cash Withdrawal is limited to \$300.00.
- * You may purchase up to a maximum of \$1000.00 worth of goods and services per day, exclusive of ATM withdrawals.
- * In the event communications are down or offline, other limits may apply.

Fees and Charges:

- * We do not charge for ATM transactions at the present time.
- * There is an Annual Card Fee of \$12.00.
- * There is a Replacement Card Fee of \$12.00 per card.
- * We do not charge for any POS transactions.

ATM Fees. When you use an ATM not owned by us, you may be charged a fee by the ATM operator or any network used (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer).

VOICE RESPONSE REG E DISCLOSURE

Types of Audio Response Services: You may access your deposit accounts by using a separate personal identification number (PIN) assigned to you and your account number in our audio response system. At the present time you may use the system to:

- * Transfer funds between your deposit accounts.
- * Obtain balance information on your deposit accounts.
- * Determine if a particular check has cleared your account.
- * Make a Loan Payment.

Limitations on Frequency and Amount:

- * There are no limits on the number of inquiries, transfers or withdrawals you may make per day.
- * The maximum amount of transfers or withdrawals is \$10,000.00 per day.

Fees and Charges for Audio Response Transactions:

- * There will be a fax back statement fee of \$1.00 per page faxed.

Other EFT Transactions. You may access certain account(s) you maintain with us by other EFT transaction types as described below.

Electronic Check Conversion. You may authorize a merchant or other payee to make a one-time electronic payment from your account using information from your check to pay for purchases or pay bills. Electronic check conversion is a payment process in which a merchant or other payee (after obtaining your authorization) uses your check to gather routing, account, and check number information to initiate a one-time EFT. When information from your check is used to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment. This type of EFT transaction involving a consumer account is covered by the Electronic Funds Transfer Act and this disclosure. A description of the transaction will appear on your statement.

Re-presented Check Transactions and Fees. You may authorize a merchant to electronically collect a fee associated with the re-presentation of a check that is returned due to insufficient or unavailable funds. The resulting fee transaction if debited as an EFT from a consumer account is covered by the Electronic Funds Transfer Act and this disclosure. When a merchant re-presents a check electronically, that transaction is not covered by the Electronic Funds Transfer Act or this disclosure. A description of the transaction will appear on your statement.

The following limitations may be applicable to your accounts, except as provided by law:

Liability for Unauthorized VISA Point of Sale Debit Card Transactions. Tell us, **AT ONCE**, if you believe your VISA point of sale debit card has been lost or stolen or of any unauthorized transactions. Your liability for unauthorized VISA point of sale debit card transactions that take place on the VISA system is Zero dollars (\$0.00). We may require you to provide a written statement regarding claims of unauthorized VISA point of sale debit card transactions.

These provisions limiting your liability do not apply to VISA commercial credit cards, ATM transactions, or PIN transactions not processed by VISA; and apply only to cards issued in the United States. With respect to unauthorized transactions, these limits may be exceeded to the extent allowed under applicable law (see **Liability for Unauthorized Transfers** paragraph below) only if we determine that you were grossly negligent or fraudulent in the handling of your account or point of sale debit card. For specific restrictions, limitations, and other details see your Cardholder Agreement. To notify us of lost or stolen cards, or of unauthorized transactions, call or write to us at the telephone number or address set forth below. This will help prevent unauthorized access to your account and minimize any inconvenience.

VISA is a registered trademark of Visa International.

In addition to the limitations set forth above, the following limitations may be applicable to your accounts:

Liability for Unauthorized Transfers. Tell us **AT ONCE** if you believe your card, ATM, PIN, or POS card or PIN has been lost or stolen or if you believe that an electronic fund transfer has been made without your permission using information from your check. Telephoning is the best way for you to notify us of any unauthorized use. If the unauthorized use occurs through no fault of your own or that of any authorized user, you will not be liable for the unauthorized use. If the unauthorized use is due to your negligence or fault, your liability will be limited to no more than the lesser of \$50.00, or the amount of money, good, or services obtained by the unauthorized user prior to your notifying us that your card, ATM, PIN or POS has been lost stolen or improperly used. Also, if your statement shows transfers that you did not make, including those made by card code or other means, tell us at once. If you believe that your card or code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call (719) 962-3273, or write us at KIT CARSON STATE BANK, PO BOX 175, 113 MAIN STREET, KIT CARSON, CO 80825. You should also call the number or write this address if you believe a transfer has been made using the information from your check without your permission.

Illegal Transactions. You may not use your ATM, POS, or Debit Card, or other access device for any illegal or unlawful transaction, and we may decline to authorize any transaction that we believe poses an undue risk of illegality or unlawfulness. Notwithstanding the foregoing, we may collect on any debt arising out of any illegal or unlawful transaction.

Business Days. For purposes of these electronic funds transfer disclosures, our business days are Monday through Friday. Holidays are not included.

Documentation.

Periodic Statement. You will get a monthly account statement from us, unless there are no transactions in a particular month. In any case you will get a statement quarterly. You will get a quarterly statement from us on your savings account if this is the only account you maintain and the only possible electronic transfer to or from the account is a preauthorized deposit. If you have a passbook account, you may bring your passbook to us and we will record any direct deposits that we made to your account since the last time you brought in your passbook.

Terminal Receipt. You can get a receipt at the time you make a transfer to or from your account using one of our ATMs or a POS terminal. However, receipts for transactions of \$15.00 or less may not always be available.

Direct Deposits. If you have arranged to have direct deposits made to your account at least once every sixty (60) days from the same person or company, you can call us at (719) 962-3273 to find out whether or not the deposit has been made.

Our Liability for Failure to Make Transfers. If we do not complete a transfer to or from your account on time or in the correct amount according to our agreement with you, we will be liable for your losses or damages. However, there are some exceptions. We will **NOT** be liable for instance:

- * If, through no fault of ours, you do not have enough money in your account to make the transfer.

- * If the money in your account is subject to legal process or other claim restricting such transfer.
- * If the transfer would go over the credit limit on your overdraft line.
- * If the ATM where you are making the transfer does not have enough cash.
- * If the terminal or system was not working properly and you knew about the breakdown when you started the transfer.
- * If circumstances beyond our control (such as fire or flood) prevent the transaction, despite reasonable precautions that we have taken.
- * _____.

In Case of Errors or Questions About Your Electronic Transfers. Telephone us at **(719) 962-3273**, or write us at **KIT CARSON STATE BANK, 113 MAIN STREET, PO BOX 175, KIT CARSON, CO 80825** as soon as you can, if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We would like to hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

- * Tell us your name and account number (if any).
- * 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.
- * 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 ten (10) business days.

We will determine whether an error occurred within ten (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 forty five (45) days to investigate your complaint or question. If we decide to do this, we will credit your account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.

If a notice of error involves an electronic fund transfer that occurred within thirty (30) days after the first deposit to the account was made, the error involves a new account. For errors involving new accounts, point of sale debit card transactions, or foreign-initiated transactions, we may take up to ninety (90) days to investigate your complaint or question. For new accounts, we may take up to twenty (20) business days to credit your account for the amount you think is in error.

We will tell you the results within three (3) business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

If a notice of error involves unauthorized use of your point of sale debit card with the VISA logo when it is used as a VISA point of sale debit card, we will provide provisional credit within five (5) business days after you notify us instead of within ten (10) or twenty (20) business days. We may withhold providing this accelerated provisional credit, to the extent allowed under applicable law, if the circumstances or account history warrants the delay.

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

- * To complete transfers as necessary;
- * To verify the existence and condition of your account upon the request of a third party, such as a credit bureau or merchant; or
- * To comply with government agency or court orders; or
- * If you give us your written permission.

Personal Identification Number (PIN). The ATM PIN, POS PIN or Audio Response PIN issued to you is for your security purposes. The numbers are confidential and should not be disclosed to third parties or recorded on the card. You are responsible for safekeeping your PIN(s). You agree not to disclose or otherwise make your ATM PIN, POS PIN or Audio Response PIN available to anyone not authorized to sign on your accounts.

Notices. All notices from us will be effective when we have mailed them or delivered them to your last known address on our records. Notices from you will be effective when received by us at the telephone number or the address specified in this Agreement. We reserve the right to change the terms and conditions upon which this service is offered. We will mail notice to you at least twenty one (21) days before the effective date of any change, as required by law. Use of this service is subject to existing regulations governing your account and any future changes to those regulations.

Enforcement. In the event either party brings a legal action to enforce this Agreement or collect amounts owing as a result of any Account transaction, the prevailing party shall be entitled to reasonable attorneys' fees and costs, including fees on any appeal, subject to any limits under applicable law.

Termination of ATM, POS and Audio Response Services. You agree that we may terminate this Agreement and your use of the ATM Card, POS or Audio Response services, if:

- * You or any authorized user of your ATM PIN, POS card or PIN or Audio Response PIN breach this or any other agreement with us;
- * We have reason to believe that there has been an unauthorized use of your ATM PIN, POS card or PIN or Audio Response PIN;
- * We notify you or any other party to your account that we have cancelled or will cancel this Agreement. You or any other party to your account can terminate this Agreement by notifying us in writing.

Termination of service will be effective the first business day following receipt of your written notice. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

Preauthorized Electronic Fund Transfers.

Stop Payment Rights. If you have told us in advance to make regular electronic fund transfers out of your account(s), you can stop any of these payments. Here's how: Call us or write to us at the telephone number or address set forth above, in time for us to receive your request three (3) business days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and get it to us within fourteen (14) days after you call. We will charge you \$ 28.00 for each stop payment order you give.

Notice of Varying Amounts. If these regular payments may vary in amount, the person you are going to pay will tell you, ten (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.

Liability for Failure to Stop Payment of Preauthorized Transfers. If you order us to stop one of these payments three (3) business days or more before the transfer is scheduled, and we do not do so, we will be liable for your losses or damages.

Other Provisions. There may be a delay between the time a deposit is made and when it will be available for withdrawal. You should review our Funds Availability Policy to determine the availability of the funds deposited at ATMs. We reserve the right to refuse any transaction which would draw upon insufficient funds, exceed a credit limit, lower an account below a required balance, or otherwise require us to increase our required reserve on the account.

Other ACH-Type Transactions. You may also authorize WEB transactions and TEL transactions. A WEB code transaction is an electronic funds transfer (EFT) authorized by a consumer over the Internet and initiated by a third party through the Automated Clearing House (ACH) network. As a part of the transaction, the consumer provides the third party with their account and routing information. A TEL code transaction is similar in nature except that the transfer is authorized over the phone. A description of the transaction will appear on your statement. **Effective April 2, 2005**, the exchange rate between the transaction currency and the billing currency used for processing international transactions is a rate selected by Visa from the range of rates available in wholesale currency markets or the applicable central processing date, which rate may vary from the rate Visa itself receives, or the government-mandated rate in effect for the applicable central processing date, plus 1 percent. **Effective April 4, 2008**, a 0.80% (80 basis points) Cross Border fee will be assessed on all single currency international transactions.

**Member
FDIC**

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