

Read this document carefully and print or save a copy for your records using your browser functionality.

### 1. GENERAL TERMS.

#### 1.1. **Definitions.** Throughout this Agreement:

- 1.1.1. "Services" means the Internet banking services offered by FI to the Company pursuant to this Agreement.
  - 1.1.2. The "Company", "you" and "your" refer to the Company, each Authorized User (as defined below), and each person who is listed on our records as an owner and/or an authorized officer of applicable Company.
  - 1.1.3. "FI", "Financial Institution", "Bank", "we", "us" and "our" mean Peoples Bank.
  - 1.1.4. "Authorized User" means the Company and any person who either: (i) is actually authorized by the Company to use the Services on the Company or an authorized user's behalf; or (ii) accesses the Services using authorized login credentials, whether or not such person has actual authority to do so.
  - 1.1.5. "Account" means the Company's primary checking account and/or any other accounts designated by the Company in connection with your use of the Services.
  - 1.1.6. "Business Day" means Mondays through Fridays, excluding Federal Holidays.
  - 1.1.7. "Banking Day" means any day the Bank is open, and the Federal Reserve is processing banking transactions.
  - 1.1.8. "Day" means all calendar days, including weekends and Federal Holidays.
  - 1.1.9. "Check" means a draft, payable on demand and drawn on or payable through or at an office of a bank, whether or not negotiable, that is handled for forward collection, including a Substitute Check and a traveler's check; and does not include a non-cash item payable in a medium other than United States dollars.
  - 1.1.10. "Transaction" means any transaction requested using the Site.
  - 1.1.11. "Site" includes the "Services" and means our Internet website.
  - 1.1.12. "Remote Deposit Capture Services" means all information, web-based services, technological infrastructure and installed software on the Business' computers, which allow the Financial Institution to submit Checks for deposit through the Internet.
  - 1.1.13. "Security Procedures" means the use of identification codes, encryption, passwords, logon identifications, personal or location identification numbers, repetitive codes, and other security devices, systems and software used by the Business to communicate through the Internet for the Services.
  - 1.1.14. "Substitute Check" (aka IRD) means a paper reproduction of the original check that: (i) Contains an image of the front and back of the original check; (ii) Bears a MICR (Magnetic Ink Character Recognition) line containing all the information on the MICR line of the original check, except as provided under generally applicable industry standards for substitute checks to facilitate the processing of substitute checks; (iii) Conforms, in paper stock, dimension, and otherwise, with generally applicable industry standards for substitute checks; and (iv) Is suitable for automated processing in the same manner as the original check.
  - 1.1.15. Other capitalized terms not defined herein shall have the meaning ascribed to such terms in your Business Deposit Account Agreement or other agreements governing the Services and your account(s), as applicable.
- 1.2. **Services.** By accepting this Agreement, you agree to be bound by these terms and conditions herein governing the Company's use of the Services. Your use of the Services is also subject to: (i) the rules and regulations applicable to your Accounts as described in the applicable account agreements; (ii) any other agreements applicable to Services available on the Site (including, without limitation, those agreements comprising any Schedules to, or otherwise referenced in, this Agreement); (iii) all applicable fee schedules and account disclosure statements; (iv) the rules and regulations of any funds transfer system through which Transactions are processed; and (v) applicable state and federal laws and regulations, all of which shall together with any amendments to each, constitute the complete agreement between you and us for the Services.
- 1.3. **Accounts.** The Service involving Business's accounts at Financial Institution are subject to Financial Institution's terms and conditions of deposit accounts and availability schedules in effect from time to time, provided that in the event of any conflict between this Agreement and

Financial Institution's terms and conditions of deposit accounts, this Agreement shall prevail.

- 1.4. **Use of Services.** Each time you use the Services, or you permit any other person to use the Services, you: (i) agree to the terms and conditions that we have set out in this Agreement, as amended, and each amendment thereto from time to time by us; (ii) agree to the terms and conditions of any instructional material, which we provide to you regarding the Services; (iii) acknowledge your receipt and understanding of this Agreement.
- 1.5. **Fees and Charges; Change in Terms.** You will be responsible for any service charges for the Services accrued in your use, or use by any user with access to your login credentials of the Services. Such service charges may be deducted from your Account. A Business Fee Schedule of the service charges has been provided with this Agreement. Normal account charges may also apply. You agree to be responsible for any telephone charges and Internet service provider charges you incur using the Services. Transaction fees may apply to specific Transactions conducted through the Service. FI reserves the right to change the charges, fees or other terms described in this Agreement or in the Disclosures, Rates and Fee Schedules applicable to your Accounts. If required by law, we will either send a notice to you at the address shown on our records, or send you an e-mail message. For changes involving: (i) additional fees for online Transactions; (ii) stricter limits on the type, amount or frequency of transactions; or (iii) any increase in your responsibility for unauthorized Transactions, such notice will be posted or sent at least thirty (30) days in advance of the effective date of any change, unless an immediate change is necessary to maintain the security of the Services. If such an immediate change is made, and it can be disclosed without jeopardizing the security of the Services, we will provide you with electronic or written notice within thirty (30) days after the change, if notice is required by law. You may choose to accept or decline changes by continuing or discontinuing the accounts or services to which these changes relate. We also reserve the option, in our business judgment, to waive, reduce or reverse charges or fees in individual situations. You will be asked to designate a primary checking account for use in connection with the Services. You agree to pay promptly all applicable fees and charges for services provided under this Agreement, and authorize us to charge your designated primary account(s) for the fees. If you close the designated primary account, you must notify us and identify a new checking account for the selected services. If you close all of your Accounts, you must notify our Customer Service department to cancel the Services. Charges apply for as long as you maintain your enrollment, regardless of whether you use the Services.
- 1.6. **Recording and Records.** If our records about a Transaction are different from your records, our records will govern. Our "records" include our written, computerized and mechanized records and any authorization and instructions received about any Transaction. When any payment or other online service generates items to be charged to your Account, you agree that we may debit your designated eligible account or the account on which the item is drawn without requiring your signature on the item and without prior notice to you. You agree that any Transactions resulting from your instructions that we receive through the Services under your password shall be deemed to have been "in writing" and authenticated by you "in writing". All records maintained by us of Transactions under your password shall be deemed to have been "signed" and to constitute an "original" when printed from records established and maintained by us or our authorized agent in the normal course of business. You agree not to contest the authorization for, or validity or enforceability of, the records and "signed" documents, or the admissibility of copies thereof, under any applicable law relating to whether certain agreements, files or records are to be in writing or signed by the party to be bound thereby. Records and "signed" documents, if introduced as evidence on paper in any judicial or other proceedings, will be admissible to the same extent and under the same conditions as other documentary business records. Upon our written request, you agree to manually sign or place your signature on any paper original of any record or "signed" document which we provide to you containing your purported signature. You agree to receive account information by electronic transmission of a visual display of the text. You may request a paper copy of electronic notices required by federal regulations by contacting FI at (800) 584-8859 between 8:00am and 6:00pm Pacific Time, Monday through Friday or between 9:00am and

4:00pm Pacific Time on Saturday. A fee per statement copy per account will be assessed to your primary account. Please refer to your Business Fee Schedule for fee amount or visit <https://www.peoplesbank-wa.com/pbwa/media/pdfs/Business-Fee-Schedule.pdf>.

- 1.7. Account Statements and Error Resolution.** All Transactions completed using the Services will appear on your periodic account statement. Please refer to your Business Deposit Account Agreement for rules applicable to account statements. If you think your statement is wrong or if you need more information about a Transaction, please see the section entitled "Error Resolution Notice" appearing in the applicable account agreement for the proper procedures to follow.
- 1.8. Termination of the Services.** We reserve the right to terminate your use of the Services for breach of the Rules or at any time and for any reason. Termination of a single feature or service does not constitute termination of this agreement or any other Addendum. You may cancel the Service at any time by providing us with written notice via postal mail, secure message through the Service or by contacting the Customer Contact Center at (800) 584-8859. Within 3 business days of receiving instructions, we will terminate your access to the Service. You will remain responsible for all outstanding fees incurred prior to our receiving and processing your termination.
- 1.9. Electronic Funds Transfer Act.** This Agreement applies to personal accounts and business accounts, unless an exception is noted. Because personal accounts may be subject to the Electronic Funds Transfer Act ("EFTA"), some personal accounts will be governed both by the rules of the EFTA and this Agreement. If the EFTA applies to an account and there is a conflict between the rules of the EFTA and this Agreement, the EFTA's provisions will control. Please see the Electronic Funds Transfers Agreement and Disclosure for the special rules applicable to such personal accounts.
- 1.10. Credit Verification.** Your use of the Services may be subject to credit approval. You hereby authorize us to check your credit, and verify or re-verify any information contained in this Agreement at any time, either directly or through a credit-reporting agency for each person who has a controlling ownership interest in the Company. A controlling ownership interest shall mean the principal member, shareholder, business owner or other individual authorized to make significant business decisions regarding the direction and finances of the Company.
- 1.11. Equipment and Software.** There are certain system requirements in order to access and use the Services. System requirements for the Services can be found at <https://www.peoplesbank-wa.com/mobile-and-online-banking/online-banking/system-requirements>. All software hardware and peripherals required are hereinafter referred to as your "Equipment". Your Equipment shall be acquired and maintained at your own expense. You hereby certify that you are an authorized user of the Internet browser you select as well as any other software used to access or interface with the Services and you agree to ensure that any future supported upgrades to your Equipment will be loaded and operational on your personal computer. You are responsible for the installation, maintenance, and operation of your Equipment and you assume all risk of error, failure, or non-performance of your Equipment, including the risk that you do not operate your Equipment properly. We are not responsible for any errors or failures from any malfunction of your Equipment. We have no liability to you for any damage or other loss, direct or consequential, which you may suffer or incur by reason of your use of your Equipment. WE MAKE NO WARRANTY TO YOU REGARDING YOUR EQUIPMENT, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- 1.12. License Grant and Use Restriction; Indemnification.** The Site is intended to provide you with easy access to information about us. We grant you a nonexclusive, revocable license to copy or print an unaltered permanent copy of information on the Site only for your personal, non-commercial use. You may not otherwise copy, modify, publicly distribute or display, perform, publish, license, create derivative works from, transfer, or sell anything obtained from this Site. You agree that you will not alter any Site information and will not use (or allow others to use) the Site or any information obtained from it for any wrongful, unauthorized or unlawful purpose and agree to indemnify and hold us and our affiliates harmless from and against any loss, damage or expense (including attorneys' fees) incurred by us or our affiliates because of any such use.
- 1.13. Reasonable Processing Time.** You will allow FI a reasonable time in which to complete your enrollment once you submit the necessary forms. You will allow FI a reasonable time in which to process any service requests you make through the Services.

- 1.14. Transaction Exports.** You may use the Service to export recent transaction history to third-party bookkeeping software. The Bank does not support nor warranty these third-party exports.
- 1.15. Authorization to Issue Login Credentials.** At the direction of any person named in the **Business Manager Profile** as your Company Administrator and/or Backup Company Administrator, or at the direction of any person named as your Company Administrator and/or Backup Company Administrator in the future, you hereby authorize FI to issue one or more login credentials for use of the Services. Any change in the Company Administrator requires the completion of the **Business Manager Profile** by an authorized officer of the Company. As accounts are opened and closed, continued access to some or all of the Services may require the completion of the **Business Manager Profile** form by an authorized officer of the company.
- 1.16. Authorization to Self-Enroll in Third-Party Services.** By accepting this agreement, you agree that any person named in the Business Manager Profile as your Company Administrator and/or Backup Company Administrator, as well as any users granted the Administrator role in Business Manager, have authorization to self-enroll and contract for third-party services offered in the Business Manager platform through self-enrollment requiring no intervention from us. In addition to this authorization, you also agree that the Company lawfully accepts any terms and conditions accepted by the user during enrollment of the third-party services. YOU HEREBY RELEASE US FROM ANY LIABILITY AND AGREE NOT TO MAKE ANY CLAIM OR BRING ANY ACTION AGAINST US FOR HONORING OR ALLOWING ANY ACTIONS OR SELF-ENROLLMENTS WHERE YOU HAVE AUTHORIZED THE PERSON(S) PERFORMING THE ACTION OR TRANSACTION TO USE SAID SERVICES. YOU AGREE TO INDEMNIFY AND HOLD US HARMLESS FROM AND AGAINST ANY AND ALL LIABILITY IN CONNECTION WITH SAID ENROLLMENT (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEY FEES) ARISING FROM ANY SUCH CLAIMS OR ACTIONS.
- 1.17. Information Accuracy.** We strive to provide complete, accurate and timely Account information through the Site. All information is either generated by us or obtained from sources believed by us to be accurate and reliable as of the date posted on the Site. However, because of the possibility of human and mechanical error, delayed updates, as well as other factors such as the difficulty of securing a web site from unauthorized alterations or the occurrence of a system breakdown or other unavailability, neither we nor any of our affiliates provide any representations or warranties regarding the Site or any information in it, and we will not be liable to you if any such information is unavailable, delayed or inaccurate. We do not provide any warranty against infringement or of quiet enjoyment, and make no other express warranties. With respect to electronic funds transfer problems, such as unauthorized transfers or our failure to properly complete authorized transfers, the extent of our liability is described in the Electronic Funds Transfers Agreement and Disclosure. TO THE MAXIMUM EXTENT ALLOWED BY LAW, THE SITE AND ALL INFORMATION IS PROVIDED "AS IS" AND WITH ALL FAULTS, AND WE MAKE NO REPRESENTATIONS AND DISCLAIM ALL IMPLIED WARRANTIES OF EVERY KIND, INCLUDING WARRANTIES OR ANY DUTIES (IF ANY) AS TO ACCURACY, TIMELINESS, COMPLETENESS, SUITABILITY, AVAILABILITY, MERCHANTABILITY, AND FITNESS FOR ANY PARTICULAR PURPOSE, OR LACK OF NEGLIGENCE OR VIRUSES.
- 1.18. Service Interruptions.** We will make a reasonable effort to make the Site available. However, the Site may be unavailable at certain times when computer systems require maintenance or upgrades, unforeseen maintenance is necessary, or major events occur, such as earthquakes, fires, floods, force majeure, computer failures, interruptions in telephone service, or electrical outages. You agree that we shall not be liable for the unavailability of all or any portion of the Site.
- 1.19. Links to Other Sites.** The Services may contain hyperlinks to sites operated by third parties. When you click on a link, you will leave the Site and go to the linked site. We are not responsible for the contents or your use of the linked sites, and their terms and conditions will apply. We make no warranty whatsoever, and disclaim any and all liability whatsoever, with respect to the contents, functionality, accuracy or any other aspect of any linked site.
- 1.20. Computer Virus Information.** It is possible to contract a computer virus by using the Internet or materials downloaded from it. We attempt to keep the Site virus free, but we cannot assure you that the Site and any software or other information downloaded from it will be virus free. We are not responsible for any electronic virus or viruses that you may

encounter, including, without limitation, any computer virus related problems that may be associated with the use of the Site.

**1.21. No Extension of Credit.** This Agreement, and the provision of the Services hereunder, shall not be deemed a commitment or obligation of FI to lend money to Company or otherwise obligate FI to extend any credit or advance funds to Company to pay for any payment order contrary to FI's published availability schedules.

**1.22. Compliance.** Business shall comply with all laws, rules and regulations in connection with the Services. Business agrees to be bound by such rules, and agrees that no entries that violate United States law may be initiated. Business shall be responsible for and shall fully indemnify Financial Institution for any and all fines and assessments imposed on Financial Institution as a result of any infraction or violation of such rules caused by or attributable to Business.

**1.23. Right to Audit.** The Bank may at its sole discretion conduct an on-site inspection, at any time and from time to time, of the customer's place of business, to ensure compliance with the provision of this Agreement.

## **2. SECURITY AND SECURITY PROCEDURES.**

**2.1. Security Procedures.** Where required by the FI, you agree to utilize any security procedures and processes used in connection with the Services including any communication between you and FI relating to your Account(s) and Services including your login credentials, password, PIN, requirements of dual control and Transaction verification, and/or security devices assigned to you such as a secure token for use of certain Services. You agree that FI may act on instructions received under your login credentials and security procedures and you are responsible for keeping your security procedures secure and confidential. Any person to whom you give your security procedures will have full access to your accounts, and you assume all risk of loss resulting from any such access. Notwithstanding our efforts to protect the security of the Services, you acknowledge that the Internet is inherently insecure and that all data transfers, including electronic mail, potentially can be monitored and read by others. We cannot and do not warrant that all data transfers utilizing the Services, or communication transmitted to and from us, will not be monitored or read by others. Standard data and messaging rates may apply.

**2.2. Security Procedures and Communications.** Certain Security Procedures designed to verify the origination (but not errors in transmission or content) of instructions, orders and other communications sent by Financial Institution and Business might be used in connection with the Service. Business agrees that any such mutually agreed-upon Security Procedures shall be deemed commercially reasonable. Financial Institution shall not be obligated to act on a communication not transmitted in accordance with the Security Procedures and may refuse to act on any communication where Financial Institution reasonably doubts its authorization, contents, origination or compliance with the Security Procedures. Financial Institution shall have no duty to discover, and shall not be liable for, errors or omissions by Business. If Financial Institution complies with the Security Procedures with respect to a communication, Financial Institution shall be entitled to act on that communication and shall not be obligated to verify the content of such communication, establish the identity of the person giving it, or await any confirmation thereof, and Financial Institution shall not be liable for acting on, and Business shall be bound by, any communication sent in the name of Business, whether or not authorized. Financial Institution reserves the right to issue new Security Procedures and/or to cancel or change any Security Procedures from time to time. Whenever the Security Procedures include the assigning to Business of any confidential password, logon identification, identification code, personal or location identification number, repetitive code, or similar security device, Business shall not disclose such security device except to employees or agents authorized to act for Business in connection with the Service. Business shall implement such safeguards as are reasonably necessary to ensure the confidentiality and integrity of such security devices, and shall immediately notify Financial Institution if the confidentiality or integrity of any such security device is breached or threatened. Business shall be solely responsible for the security of the physical and electronic data in its possession. Business shall also be solely responsible for safekeeping of confidential password, log-on identification, identification code, personal or location identification number, repetitive code, or similar security device and assumes all risk of accidental disclosure or inadvertent use of such security devices by any party whatsoever, whether such disclosure or use is on account of Business's negligence or deliberate acts or otherwise. Financial Institution shall not be liable for any loss or damage resulting from

fraudulent, unauthorized or otherwise improper use of any security devices.

**2.3. Dual Control.** Security settings within the Services require file approval by two (2) different users through the use of token-based authentication for ACH and/or wire transfer Transactions. The Company may elect to waive such dual controls processing by completing the **Dual Control Waiver**. Security controls within the Services require use of an FI-issued token that generates a unique code and requires input of that code for approval of all ACH and/or wire transfer Transactions originated through the Services. Token approval is required even if the Company opts to waive dual control procedures. FI will issue two (2) tokens to the Company at no cost via U.S. Postal Service or United Parcel Service to the mailing or Physical address of record. If the Company will have more than two ACH and/or wire transfer approvers established in the Services, additional devices can be issued to the Company for a fee. Upon receipt of the tokens, it is the Company's responsibility to assign, use and maintain the security of the tokens. The Company agrees to notify FI by phone as soon as it becomes aware the token may be lost or detects suspicious or fraudulent account activity alerting them to the loss or compromise of a token. FI will replace all active tokens upon device expiration at no cost. Replacement devices can be issued to the Company for a fee. Such fees may be offset by account analysis.

**2.4. Commercial Reasonableness of Security Procedures.** You agree that the security procedures used in connection with the Services are commercially reasonable and, as a result, you assume all risk of loss for unauthorized Transactions where we have followed the then current security procedures. The Company further agrees that the security procedures are appropriate given the size, type and frequency of the Company's use of the Services. Company further agrees to safeguard any number, code, passwords, test key, token, or other identifier assigned to it, from discovery by any unauthorized person. If at any time Company knows or suspects their credentials, computer(s), network or accounts may have been compromised they must notify FI as soon as practicable. The security procedures are not designed to and will not detect errors and Company assumes all responsibility for errors that may be contained in its orders to FI.

**2.5. Change of Security Procedures.** You agree that we may, from time to time, upon notice to you (if such notice is required by law), implement additional or alternative security procedures which may include, without limitation, encryption, creating security firewalls in our computer systems and implementing other commercially reasonable security procedures in connection with your Account(s). At all times you agree to comply with all security procedures we may impose in connection with your use of the Services. You agree that your continued use of any such changed security procedures constitutes your acceptance of such procedures and your agreement that the changed security procedures are commercially reasonable.

**2.6. Company Administrator; Additional Users.** The Company Administrator designated on the Business Manager Profile is solely responsible for the addition or deletion of any users of the Services. Such users will have the authority designated by the Company Administrator, and the Bank may act, without inquiry, on any instructions received from such users following security procedures.

**2.7. Unauthorized Use of Login Credentials.** You agree that FI is not responsible for any loss, costs or damage of any kind occasioned by instructions FI receives from any person using the current security procedures assigned to your Account(s). Any use of your login credentials and appropriate security procedures will be considered the same as your written signature in authorizing FI to complete any transactions requested. You authorize FI to act on all instructions received using your login credentials without investigations, whether or not such instructions have otherwise been expressly authorized by you, and to deduct any service charges directly from your Account balance as accrued. To the maximum extent allowed by law, you also agree to be liable for any account shortage resulting from Transactions, charges or overdrafts, including reasonable attorneys' fees or costs incurred by the FI, whether caused by you or a user, regardless of whether such user was authorized.

**2.8. Assignment of Duties.** Company agrees to establish secure dual control procedures through assignment of duties as staffing permits when using the Services. Procedures include, but are not limited to, processing, reporting, and retention.

**2.9. Monitoring Activity.** Subject to our Privacy Policy, FI has the right to monitor and review all banking activity conducted on the Site or while using the Services. FI may place a hold on your Account and/or individual transactions, may restrict user access, or may take whatever other additional steps it deems advisable or necessary if, in its sole

discretion, FI suspects any unauthorized, suspicious, or illegal activity on your Account. You expressly waive any and all claims against FI for delay, loss, or other damages, including any direct, incidental, or consequential loss of any nature whatsoever, as a result of any hold placed on your Account or individual Transactions due to suspected unauthorized or illegal activity on your Account, without regard for whether such Transactions or activity was, in fact, unauthorized or illegal.

- 2.10. E-mail.** You must not use the e-mail function for communication that is time sensitive, such as placing stop payments, making fund transfers, reporting lost or stolen debit or credit cards or checks, or reporting an error on your Account. If you send us a message using e-mail, we will receive it by the following business day but may take additional time to act on any message. You agree not to use e-mail for communicating any information or material which is, in our opinion, obscene, defamatory or otherwise objectionable. If you desire to send the Bank confidential information, you can do so through the secure online messaging system that is available within the Services. For more information, please contact Peoples Bank Customer Support. Furthermore, you agree to notify us immediately of any change in your mailing address, e-mail address or other particulars relevant to this Agreement. Please note that you must provide us with an e-mail address in order to use the Service. Peoples Bank will rely on the accuracy of the e-mail address provided by you. You should notify the Bank immediately if you believe your e-mail account may have been compromised. You agree that FI in its discretion may respond to you by e-mail with regard to any non-confidential matter related to the Services. Any such message we send you shall be considered received within three days of the date sent, regardless of whether you check your e-mail messages within that time frame.
- 2.11. Notices.** Any notice or other communication may be sent by Financial Institution to Business at Business's postal, e-mail, tele facsimile or other address provided by Business to Financial Institution, and Financial Institution may assume that any notice or communication sent to Business at any such address has been received by Business, until Business notifies Financial Institution in writing of another address.
- 2.12. YOU HEREBY RELEASE US FROM ANY LIABILITY AND AGREE NOT TO MAKE ANY CLAIM OR BRING ANY ACTION AGAINST US FOR HONORING OR ALLOWING ANY ACTIONS OR TRANSACTIONS WHERE YOU HAVE AUTHORIZED THE PERSON PERFORMING THE ACTION OR TRANSACTION TO USE YOUR ACCOUNT(S) AND/OR YOU HAVE GIVEN YOUR ACCESS CODES TO SUCH PERSON, OR, IN THE CASE OF A JOINTLY HELD ACCOUNT SUCH PERSON IS ONE OF THE OWNERS OF THE ACCOUNT. YOU AGREE TO INDEMNIFY AND HOLD US HARMLESS FROM AND AGAINST ANY AND ALL LIABILITY (INCLUDING BUT NOT LIMITED TO REASONABLE ATTORNEY FEES) ARISING FROM ANY SUCH CLAIMS OR ACTIONS.**
- 2.13. Liability.** Financial Institution will exercise ordinary care in providing the Service and will be responsible for any loss sustained by Business only to the extent such loss is caused by Financial Institution's reckless or willful misconduct. In no event shall clerical errors or mistakes in judgments constitute failure to exercise ordinary care, nor shall Financial Institution have any liability for any indirect, incidental, consequential (including lost profits), special or punitive damages, whether arising in contract or in tort, and whether or not the possibility of such damages was disclosed to or could have been reasonably foreseen by Financial Institution. Under no circumstances shall Financial Institution be responsible for any liability, loss or damage resulting from any delay in performance of or failure to perform in connection with the Service which is caused by circumstances which are unavoidable or beyond Financial Institution's control. Financial Institution shall not be liable for failure to perform any of its obligations in connection with the Service if such performance would result in it being in breach of any law, regulation or requirement of any governmental authority. If Financial Institution fails to credit any of Business's accounts utilized in connection with the Service, upon discovery or notification of such error, Financial Institution will properly credit such account, but Financial Institution shall not incur any liability therefore, including any loss resulting from failure by Business to invest the amount of funds not properly credited to the account.
- 3. ESTATEMENTS/E-SIGN.** You agree that Peoples Bank may provide certain disclosures and notices to you in electronic form, in lieu of paper form, relating to all of your current and future accounts and services. In order for this to include electronic delivery of statements ("eStatements") for your FI account(s), you must accept **PEOPLES**

**BANK ELECTRONIC STATEMENT (eStatement) DISCLOSURE AGREEMENT.** You agree to be bound by any and all laws, rules, regulations and official issuances applicable to eStatements now existing or which may hereafter be enacted, issued or enforced, as well as such other terms and conditions governing the use of other facilities, benefits or services that the Bank may from time to time make available to you in connection with eStatements. The Bank may from time to time upon notice to you to modify, restrict, withdraw, cancel, suspend or discontinue eStatements without giving any reason and you understand that by using eStatements after any modification or change has been effected, you agree to such modification or change. You understand you will access your eStatement, disclosures and notices using the Services to obtain, review, print, and copy/download your documents. Each month we will send an e-mail notice to you advising you of the availability of your eStatement with instructions on how to access your eStatement. Failure to maintain a valid e-mail address may result in conversion to paper statements. Please refer to your Business Fee Schedule for fees associated with paper statements or visit <https://www.peoplesbank-wa.com/pbwa/media/pdfs/Business-Fee-Schedule.pdf>. You may then access your eStatement via the procedures that we authorize. Your electronic statement will be available for viewing for a period of twelve (12) months (or such period as decided by the Bank and notified to you) from the applicable statement date. You may request a paper copy of electronic notices required by federal regulations within 60 days of the availability of the electronic disclosure. EStatements, some disclosures and notices are in portable document format (PDF). Your browser must include an updated PDF reader or you can download one for free at <https://get.adobe.com/reader/>. You may withdraw E-Sign consent to receive certain disclosures and notices, including eStatements, by visiting any branch or contacting our Customer Support Center at 800-584-8859.

- 4. STOP PAYMENT REQUESTS.** The Company acknowledges that the Stop Payment feature of the Services is an alternate entry system for issuing Stop Payment Requests. When utilizing this feature, Company warrants that the information describing the check including its exact amount and the check number is correct. Company acknowledges that the exact amount of the check is required, and if the incorrect amount or any other incorrect information is provided, the Bank will not be responsible for failing to stop payment on the item. Company agrees that the Stop Order must be received by the Bank within a reasonable time for the Bank to act on the order prior to final payment of the check. A Stop Payment Order received by the Bank using this service will be accepted as if it were in written form and will be effective for six (6) months only, and will expire automatically at that time, without further notice, unless specifically renewed prior to expiration. You agree that it is commercially reasonable for the Bank to pay on an item for which a stop payment order has expired without further notice or approval. When the Company elects to execute Stop Payment requests through the Services, the stop payment will be automatically posted to FI's main computer system. The Services will automatically check the current and previous month's transactions to verify that the item has not already been posted to your Account. However, if a stopped item has already been paid prior to the FI receiving the request, FI shall not be liable for any loss incurred by the Company arising from the event. **Use of the Stop Payment Request service does not apply to payments issued through the Bill Payment Service.**
- 5. WIRE TRANSFERS.**
- 5.1. Relationship to Other Sections of this Agreement.** This Section 5 of this Agreement sets forth additional terms and conditions with respect to requesting a wire transfer via the Services. To the extent that the terms of this Section conflict with the terms applicable to the Services generally set forth in Sections 1, 2, 10, and 11 of this Agreement, the terms set forth in this Section shall control.
- 5.2. Applicable Law.** The Wire Transfer Services shall be governed by Article 4A of the Uniform Commercial Code as adopted in Washington, as amended ("Article 4A"), except to the extent the provisions thereof are varied by this Agreement. Capitalized terms in this Section, except as specifically defined in this Section, shall have the meaning ascribed to such terms in Article 4A or Sections 1, 2, 12, and 13 of this Agreement. The Company and Bank agree that if a payment order is a portion of a funds transfer in which other portions are subject to the Electronic Fund Transfer Act of 1987, as amended, all actions and disputes by the Company and the FI concerning that payment order shall be determined pursuant to Article 4A, as varied by this Section, to the maximum extent allowed by applicable law. Each payment order or cancellation thereof may be furthered by any bank by use of Fedwire, the Federal Reserve



Banks' funds transfer system. The rights and obligations of FI and Company with respect to any payment order, any part of which is carried out through the system of Fedwire will be governed by any laws, regulations, rules, and official interpretations applicable to Fedwire transactions. Each payment order or cancellation thereof, carried out through a funds transfer system will be governed by all applicable funds transfer system rules, whether or not FI is a member of the system. The Company acknowledges that the Bank's right to reverse, adjust, stop payment, or delay posting of an Executed payment order is subject to the laws, regulations, official interpretations, and rules described in this paragraph.

- 5.3. Wire Transfer Services.** One of the Services offered is a wire transfer service, which allows the Company, directly or indirectly, to use the Services to initiate requests for wire transfers of funds from the Company's eligible accounts by means of the Federal Reserve Communication System, or a similar network used for the transfer of funds. The Company hereby requests that FI honor its requests to execute wire transfers communicated via the Services in accordance with applicable security procedures. Upon receipt of your wire transfer request, we may choose not to process the request if the applicable account does not contain sufficient Available Funds to cover the Transaction. FI will not process the request unless it is authorized by Company or is verified by FI in compliance with the applicable security procedure for verifying the authenticity of funds transfer instructions. You may be notified via telephone, regular e-mail or other means if a wire transfer request is denied. Wire transfer requests must be dated for a Business Day and cannot be dated for holidays, weekends or other non-processing days. An Authorized Company Administrator may request changes in Company wire transfer limits, request the investigation of Company wire transfers, request that we don't process a Company wire transfer, or request a reversal for a wire transfer request that has been submitted. Once accepted by the Bank, a wire transfer cannot be reversed. Wire transfer requests communicated through the Services will be reviewed and considered for processing when submitted before the posted cutoff time established by the FI from time to time. Same day wire transfers cannot be transmitted after the wire cutoff time. Such same day wire transfer requests submitted after the wire cutoff must be scheduled for a future business day.
- 5.4. Limitations.** Maximum daily limits on wire transfers are established at the time of enrollment into the Wire Services. FI shall be entitled to execute wire transfers submitted via the Services without regard to the amount(s) of wire transfers, the recipient thereof, the account(s) to be credited or charged, or any other matter relating to the wire transfer. FI reserves the right to decrease your maximum per wire and/or daily limits at any time, for any reason without prior notice. International wire transfers are subject to the laws of the foreign country involved.
- 5.5. Completion of Wire Transfers.** The Company agrees that FI may elect not to act upon a wire transfer request for the Company's or FI's protection, including: (i) for non-compliance with the applicable security procedures for wire transfers; (ii) if FI is unable to obtain proper verification of the wire transfer request deemed satisfactory to the FI; or (iii) if there is any inconsistency between a wire transfer request and information previously supplied to FI. The Company agrees that all wire transfer requests shall be subject to Company having sufficient Available Funds in the account to be charged, as evidenced by the FI's records, which shall be conclusive. FI reserves the right to refuse to honor, and shall have no obligation to honor, any request for a wire transfer from any account in which there is not sufficient immediately Available Funds to cover such wire transfer. In the event that FI does honor any request for a wire transfer that results in an overdraft of any Company account, the Company agrees that the amount of the overdraft shall be immediately due and payable to FI and that the FI may offset the amount of the overdraft against the balance of any of the Company's Accounts with FI, and may also exercise any rights that the FI may have under any agreements granting the FI security for the payment of liabilities or obligations of the Company to FI. The Company hereby consents to FI's recording of all wire transfer requests made electronically via the Services or by telephone. FI has no duty to record any instructions or wire transfer requests and the decision is within FI's complete and total discretion. FI may provide a wire transfer [receipt/advice] to Company within a reasonable time after the wire Transfer has been Executed. The Company agrees that such [receipt/advice] shall constitute confirmation that a particular wire transfer has been executed by FI. Non-executed wire transfer requests will be reported to the Company as soon as practical.
- 5.6. Limitation of Liability.** FI IS NOT RESPONSIBLE FOR DETECTING ANY ERROR CONTAINED IN ANY PAYMENT ORDER SENT BY COMPANY TO FI. FI SHALL NOT BE LIABLE

UNDER ANY CIRCUMSTANCE FOR CONSEQUENTIAL OR SPECIAL DAMAGES RESULTING FROM USE OF THE WIRE TRANSFER SERVICE, WHETHER OR NOT SUCH DAMAGES RELATE TO SERVICES COVERED BY ARTICLE 4A, EVEN IF FI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE COMPANY SHALL REPORT ANY DISCREPANCIES BETWEEN ITS RECORDS AND THE FI'S STATEMENT OR CONFIRMATION WITHIN A REASONABLE TIME, NOT TO EXCEED THIRTY (30) DAYS OF SUCH STATEMENT OR CONFIRMATION, WHICHEVER THE COMPANY RECEIVED FIRST. FI WILL NOT BE LIABLE FOR ANY INTEREST ON THE AMOUNT OF A PAYMENT ORDER THAT WAS AUTHORIZED OR WAS ERRONEOUSLY EXECUTED UNLESS COMPANY NOTIFIES FI IN WRITING THAT THE PAYMENT ORDER WAS NOT AUTHORIZED OR PROPERLY EXECUTED WITHIN 30 DAYS FOLLOWING THE COMPANY'S RECEIPT OF NOTIFICATION EITHER OF THE ACCEPTANCE OF THE PAYMENT ORDER OR OF THE DEBITING OF THE PAYMENT ORDER TO THE ACCOUNT.

- 5.7. Additional Provisions.** FI assumes no liability for delays, non-delivery, or events resulting from causes beyond its control. In refunding non-executed payments, the FI will not be responsible for more than it receives from its correspondent. Any fee, commission or charges assessed by our correspondent will be passed on to the Company. A handling fee will be charged for tracing or stop payment on any Transaction. Cancellation of a Transaction involving a foreign amount may be subject to exchange rate.
- 6. TRANSFERS.** Transfers can be made from one account to another account within the FI or from or to one from or to many accounts within the FI. The Company Administrator designated within Business Manager assigns which specific transfer authority each user has. It is your responsibility to monitor these transfers and promptly discover and report any erroneous or unauthorized transfers. The ability to transfer funds between FI deposit accounts owned by the business will automatically be established during the enrollment process for the Services and new deposit accounts as such accounts are opened by the Company.
- 7. ACH SERVICES.**
- 7.1. ACH Origination.** ACH origination allows the Company, directly or indirectly, to initiate requests to debit or credit accounts (Entries, as such term is more particularly defined in the Rules described in the ACH Services Agreement) using the Services. Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries, subject to terms and conditions contained in the ACH Services Agreement and the Nacha Operating Rules (the "Rules"). ACH origination requires completion of the ACH Origination Application for the qualification and approval process and the separate ACH Services Agreement.
- 7.2. EFTPS ACH Credit Transmissions.** Filing of the IRS Business Enrollment form 9779 and approval by the IRS must be completed prior to the first EFTPS ACH credit transmission date. EFTPS Credit transmissions must be submitted to the bank two (2) banking days prior to the due date of the tax payment. Transmissions must be received prior to 3:00PM to be considered received today. All transmissions received after 3:00PM will be considered received on the next business day.
- 7.3. Court Ordered Payments.** Payments from employee wages to provide support and maintenance of a child or children, or make other court ordered payments must be withheld at time of payment.
- 8. BILL PAYMENT SERVICE.**
- 8.1. Bill Payment.** You may use the Service to pay bills if you enroll in the Bill Payment Service. Unless the context clearly requires otherwise, all references to the "Service" herein also refer to the Bill Payment Service as long as you are subscribed to the Bill Payment Service. With the Bill Payment Service, you may schedule payments on the same day ("Same Day Payments"), a future date ("Future Payments"), or on a recurring basis ("Recurring Payments") to certain companies or individuals you select or to your loan or credit accounts with us. Bill payments may not be made to pay taxes or child support, maintenance, alimony or other court-ordered obligations. You may make bill payments in any amount greater than or equal to \$1.00 and less than \$50,000 ("Payment Range"). Total limit of bills paid in a single day must be less than \$50,000 ("Daily Payments Limit"). Bank reserves the right to change the Payment Range

and/or the Daily Payments Limit at any time. Such changes will be effective upon Bank's implementation and posting of such on its systems or website. Furthermore, Bank reserves, in Bank's sole discretion, to allow exceptions to the Payment Range and Daily Payments Limit based upon certain criteria including, but not limited to total relationship with Bank, your credit scores, and/or special requests.

- 8.2. Funding Account.** When you sign up for the Bill Payment Service, you designate a checking account with us as the default funding account from which bill payments should be made (the "Default Funding Account"). Additional checking accounts can be enabled for use as a bill payment funding account during enrollment or by managing your payment accounts after enrollment.
- 8.3. Payees.** You may designate payees through the Bill Payment Service (each, a "Payee"). You must provide sufficient information about each Payee as requested from time to time to properly direct a payment to that Payee and permit the Payee to identify the correct account to credit with your payment. This information may include, without limitation, the name and address of the Payee and your Payee account number. The Payee must have a United States payment address that can be verified in the ordinary course of business. Occasionally a Payee may choose not to participate in the Bill Payment Service or may require additional information before accepting payments. While we work with these Payees to encourage them to accept an electronic or check bill payment through the Bill Payment Service, the Payee may not accept such bill payments or may not be able to process bill payments in a timely manner. In that event, we may decline to make future payments to this Payee and a notice will be sent to you.
- 8.4. eBills.** You may also select the option to activate electronic bill statement presentment and payments ("eBills"), which will allow you to establish a payment schedule for such eBills to be paid through the Bill Payment Services. With the payment schedule, you can select to pay a designated fixed amount, the total amount of the bill due, the minimum amount of the bill due, or a reoccurring amount with a specific set of designated options based on the eBill presented for payment. In addition, you can determine the desired date you want to pay your bill; you should schedule your payments at least five (5) to seven (7) Business Days prior to the due date of the bill or upon you receipt of the eBill. You have sole responsibility for setting up eBill presentment through your third-party service providers or bill presenters ("Billers") and for receiving and reviewing billing statements directly from your Biller. You will have sole responsibility for updating your personal information with Bank and with Biller separately. Additionally, you will be solely responsible for maintaining, protecting, and updating any and all usernames, passwords, or authentication techniques with your Biller and with the Bank and their respective electronic or Internet websites. It will be your responsibility to activate eBill presentment through your Biller and set-up all authorization and notification requirements. By activating your electronic billing through the Biller, you authorize Bank to act on your behalf to access your billing statements and information necessary to pay bills through eBills and the Bill Payment Services. You understand and agree that the Biller may require several billing cycles to set up your request for eBill presentment to the Bank and you agree to schedule and plan for any delays. You will be solely responsible for maintaining a current balance and paying all bills timely with your Billers; Bank shall have no liability whatsoever to you or the Biller for any reason for any late fees, expenses, or late payments and you agree to indemnify and hold the Bank harmless from any Biller or other third party claims, damages, expenses, costs, or fees which arise out of or relate to eBills or the Bill Payment Services. The retention and ability to see eBill history will be at the discretion of the Bank and/or Biller based on how the eBills are presented and received for payment. Bank shall have no liability for eBill historical information, which is outside the control of the Bank. You must request copies of any billing statements directly through your Biller and set up eBills in accordance with Bank instructions. You should monitor and keep track of all bills paid and those pending for payment. Bank is not responsible for the accuracy of any eBills presented or received by Bank; any discrepancies or disputes regarding the accuracy of any bills or payments must be addressed

directly to the Biller. As necessary, you grant Bank the right to access the necessary third-party website or system to retrieve necessary account and billing information on your behalf; however, Bank shall have no responsibility or liability for any Biller who fails to provide necessary information or data required by Bank to process an eBill in a timely manner. You are responsible for making sure your eBills are timely paid and that accurate information is provided.

- 8.5. Making Payments.** The date that you request a bill payment is the "Initiation Date". The date that an electronic funds transfer is made from the Funding Account is the "Scheduled Date" and may be different than the date the payment is sent to the Payee. If your funding account has insufficient funds or is not an active account in good standing with the Bank, your payment may be delayed or canceled. The date the payment is actually sent to the payee is the "Transmit Date" of the payment. The date the payee receives the payment may be later than the Transmit Date and will depend on the method of payment as discussed below.
- 8.6. Scheduled Payments and Sufficient Available Funds.** When you schedule a bill payment using the Bill Payment Service, you authorize us to follow the payment instructions and transfer funds to the Payee from your Funding Account with us. We process payment instructions only if there are sufficient funds available in your Funding Account on the Scheduled Date. If sufficient funds, including funds available under any overdraft plan, are not available in your Funding Account on the Scheduled Date, we may refuse to act on your payment instructions. If sufficient funds are not available, the bill payment may be held aside until next day exception processing is completed. If funds are available during exception processing, the payment will be sent; if not the payment will be canceled. An electronic notice of any canceled bill payment will be sent to you. We reserve the right to refuse to make any bill payment.
- 8.7. Same Day Payments.** You may schedule payments on the same date of your request ("Same Day Payments") if payment is initiated prior to 8:00 pm Central Time. Otherwise, "Same Day Payments" will be transmitted on the first Business Day after the payment request is scheduled. You must have sufficient available funds in the Funding Account on the Scheduled Date. Same Day Payments may be changed or canceled any time prior to 8:00 pm Central Time.
- 8.8. Future Payments.** You may schedule the Transaction Date of a bill payment to be a future date within 365 days of the Initiation Date ("Future Payment"). You must have sufficient available funds in the Funding Account as of the Scheduled Date of the payment. Future Payments may be changed or canceled online until 8:00 pm Central Time of the Business Day before the Scheduled Date. Future Payments are generally transmitted on the same date as the Scheduled Date.
- 8.9. Recurring Payments.** You may schedule a bill payment to be automatically initiated in a fixed amount on the same Scheduled Date every month ("Recurring Payment"). The date on which a bill payment is scheduled is referred to as the "Recurring Payment Date". If the Recurring Payment Date is a date that does not exist in a certain month, the bill payment will be initiated on the last Business Day of the month. For example, if you schedule a bill payment for the 30th of each month, the bill payment for the month of February will be initiated on or before the 28th of February. If the Recurring Payment Date falls on a day other than a Business Day in any month, the bill payment will be initiated on the next Business Day. For example, if you schedule a payment to be issued on the 15th of each month, and the 15th is a Saturday or Sunday of that month, a check will be issued on the first Business Day after the 15th. Thus, the actual Transmit Date for any month may not be the Recurring Payment Date. Recurring Payments may be changed or canceled online until 8:00 pm Central Time of the Business Day before the Scheduled Date. Recurring Payments are generally transmitted on the same date as the Scheduled Date.
- 8.10. Method of Payment.** You authorize us to make the bill payments you request through the Bill Payment Service in any one of the following ways. Bill payments may be sent through an electronic transmission to the Payee or they may be made by a check mailed to the Payee. When more than one customer schedules a payment to the same Payee on the same date (which frequently happens), a consolidated check may be issued to the Payee with an accompanying paper list of each customer by

name, each account number to be credited, and the amount of each payment. All checks are sent through the United States Postal Service.

- 8.11. Processing Time.** To ensure that your bill payments arrive on time, payments that will be transmitted electronically should have a Scheduled Date at least three (3) Business Days prior to the payment due date, not including any applicable grace period. Payments that will be transmitted as a check should have a Scheduled Date at least ten (10) Business Days prior to the Payment Due Date, not including any applicable grace period. This generally allows sufficient time for the Payee to receive and post your bill payment. We are not responsible for postal delays or processing delays by the Payee. Payments made through the Bill Payment Service are assigned a unique confirmation reference number that appears on your monthly statement for your Funding Account and is viewable online through the service.
- 8.12. Stopping, Canceling or Changing Bill Payments.** You may use the Bill Payment Service to electronically change the payment amount and/or the scheduled payment date of any previously scheduled payment, or to electronically cancel a previously scheduled payment, subject to the limitations herein. A Same Day Payment may be canceled, changed or rescheduled using the Bill Payment Service any time prior to 8:00 PM Central Time on the scheduled payment date. Future Payments and Recurring Payments may be canceled, changed or rescheduled any time prior to 8:00 pm Central Time on the Business Day prior to the scheduled payment date. If your payment has already been transmitted it may not be cancelled or stopped through the Bill Payment Services. If a bill payment was sent by check, a stop payment may be placed up to three (3) Business Days after the Transaction Date by contacting Peoples Bank at (800) 584-8859. A stop payment fee may be assessed. Please refer to your Business Fee Schedule for fee amount or visit <https://www.peoplesbank-wa.com/pbwa/media/pdfs/Business-Fee-Schedule.pdf>.
- 8.13. Fees.** Please refer to your Business Fee Schedule for fees associated with the Bill Payment Service.

## 9. ACCOUNT RECONCILIATION/DEPOSIT RECONCILIATION/ POSITIVE PAY.

- 9.1. Relationship to Other Sections of this Agreement.** This Section sets forth additional terms and conditions with respect to Account Reconciliation/Deposit Reconciliation/Positive Pay features ("ARPP Services") via the Services. To the extent that the terms of this Section conflict with the terms applicable to the Services generally set forth in Sections 1, 2, 10, and 11 of this Agreement, the terms set forth in this Section shall control. ARPP Services requires completion of the ARPP Services Request to identify the Company designated features of the ARPP Services that the Company chooses to utilize.
- 9.1.1. **Account Reconciliation.** Account Reconciliation allows the Company to reconcile outstanding checks for eligible Accounts enrolled in Account Reconciliation based on customer entered data for the check number, issue date, dollar amount, and status in the issue register. The issue register contains the Company entered information in the Issues File (as defined below). Account Reconciliation applies only to checks issued by the Company from designated eligible Accounts and only to checks that are presented or payment to FI through the normal inter-bank clearing process.
- 9.1.2. **ACH Positive Pay.** ACH Positive Pay allows the Company to view ACH exceptions and make decisions to pay or return them. Customer shall identify to FI all Accounts subject to ACH Positive Pay. ACH transactions are compared against conditions, called payment rules ("Payment Rules") that determine whether they will be charged to the designated account or blocked. If a transaction matches the condition criteria set by the Company, it will be processed and charged to the Company's designated Account. Blocked transactions will be presented to the Company to make a decision whether to pay or return them. Information in the reporting of blocked transactions will include, without limitation, the account number, the name of the originating company, the amount, and the effective date of the transaction. Company can create new payment rules based on "paid" exceptions, which will prevent future exceptions from being generated for the same originating companies. If no decision is made by Company to pay or return exception items by the deadline established by FI, the blocked items will be returned.

The return reason 'Corp Advises Not Authorized' will accompany these blocked transactions.

- 9.1.3. **Check Positive Pay.** Check Positive Pay allows the Company to pay or reject Checks for eligible Accounts enrolled in Check Positive Pay based on customer entered data for the check number issue date, dollar amount, and status in the issues register. Check Positive Pay verifies check data against the Company entered information in the Issues File (as defined below) to identify Exception Items (as defined below). Checks that are presented for payment over-the-counter at a branch will be paid or refused as indicated by the Company during enrollment for the ARPP Services.
- 9.1.4. **Deposit Reconciliation.** Deposit Reconciliation allows the Company to report on deposits made into eligible Accounts enrolled in Deposit Reconciliation based on the location code in the Auxiliary field of Customer provided deposit slips. It is the Customer's responsibility to procure and utilize deposit slips with location code information to use Deposit Reconciliation via the Service.
- 9.2. Issues File.** The Company must provide and keep up to date a list of checks issued by the Company on the Services, including the check number, issue date, exact amount, and other information required by FI (the "Issues File").
- 9.3. Exception Items.** Checks presented to FI will be compared against the Issues File and a daily report showing any "Exception Items" will be made available to the Company. Items will be noted as "Exception Items" if an Item is paid and:(i) is not found in the Issues File; (ii) is a duplicate of a previously paid item; (iii) the issue date is older than the agreed upon stale date; (iv) is listed in the Issues File with a Stop Payment status; (v) is listed with a Void status in the Issues File; (vi) has a different dollar amount than is shown in the Issues File; (vii) does not have a serial number; (viii) the account it is presented against is in a dormant status.
- 9.4. Payment of Checks.** The Company agrees that FI may treat all issued checks as validly issued and properly payable and that FI may process such items for payment regardless of the Company's use of the ARPP Services. All checks issued by the Company and cleared by FI are paid initially and then, based on exception criteria, presented to the Company as an Exception Item for which the Company must decide to pay or return. If the Company chooses to return the item, the transaction will be returned by the Bank with the notation "return to maker." If FI decides to return the item this will not be reflected in the status of the check in the register where the status of the check will remain "paid". The Company is responsible to use the ARPP Services and make a decision to pay or return an item within the designated cut-off times for exception processing. Cut-off times are defined on the Site. FI must receive the pay or return decision by the designated cutoff time otherwise the Exception Items shall be processed pursuant to the Company's "default decision" provided during enrollment. If the item is re-submitted after such item is returned, it will be recognized as a duplicate "paid" item since the FI has already processed the item before. The Company will again be asked to decide to pay or return the item.
- 9.5. Reliance on MICR Encoding.** The Company understands and agrees that FI may compare the Company's Issues File with information that is encoded on the checks presented for payment. The Company understands and agrees that Deposit Reconciliation reporting by location uses the information that is encoded on the deposit tickets presented for deposit. The Company understands that FI will not physically examine checks and deposits to confirm that they are properly signed, completed and encoded. The Company agrees that the FI may rely on such a process and that the process will be deemed an acceptable standard of care for the ARPP Services and the Company's Accounts. The Company understands that the ARPP Services may not identify counterfeit or duplicate checks. As such, the Company agrees to promptly review all statements, returned checks, reports and other check and transaction information made available to it by FI.
- 9.6. Liability.** To the extent applicable, the liability provisions of the Uniform Commercial Code as enacted in Washington shall govern the ARPP Services provided through the Services, except as provided below. The Company agrees that the Bank shall bear no liability for delays or events beyond its control that may cause the ARPP Services to be unavailable for a period of time. The Bank shall not bear any contract or warranty liability for the Company's returned checks.
- 9.7. Wrongful Honor.** It shall not constitute wrongful honor by FI if FI pays an Exception Item listed in an Exception Item report timely provided and received by the Company and: (a) Company issued a "pay" decision; or (b) Company selected the pay "default decision" and did not issue a "return" decision. In the event that an item is wrongfully

honored, FI's liability to Company shall be limited to the lesser of the amount of the wrongfully honored Exception Item or the Company's actual damages resulting from the FI's payment of the Exception Item. FI retains the right to assert the Company's failure to exercise reasonable care under UCC sections 3-406(b) and 4-406(c) as such provisions are codified in the State of Washington, or similar provisions and retains the right to assert that Company has sustained no actual damages because the FI's wrongful honor of the Exception Item discharged for value an indebtedness of the Company.

- 9.8. Wrongful Dishonor.** It shall not constitute wrongful dishonor by FI if (a) FI dishonors an Exception Item that FI has been ordered to pay pursuant to a "pay" decision; or (b) for which the Company has not issued a "return" decision under the pay "default decision". FI shall have no liability to the Company for wrongful dishonor when FI, acting in good faith, returns an Exception Item: (a) that it reasonably believed was not properly payable; (b) if there are insufficient Available Funds on deposit in the account; or (c) if required to do so by the service of legal process on FI or instructions of regulatory or government authorities or courts.
- 9.9. Rightful Payment and Dishonor.** If FI honors an Exception Item in accordance with the pay "default decision" selected by the Company or in accordance with a "pay" decision issued by the Company, such honor shall be rightful, and the Company waives any right it may have to assert that the Exception Item was not properly payable under UCC section 4-401, as codified in the state of Washington or any similar provision under applicable law. If Bank dishonors an Exception Item in accordance with the return default option selected by Company or in accordance with a "return" decision issued by the Company, the dishonor shall be rightful, and the Company waives any right it may have to assert that the dishonor was wrongful under UCC section 4-402 or similar provision under applicable law. Company agrees that FI exercises ordinary care whenever it rightfully pays or returns an Exception Item consistent with the provisions of this agreement.

## 10. LIMITATION OF LIABILITY

**10.1. EXCEPT WHERE THE LAW REQUIRES A DIFFERENT STANDARD, YOU AGREE THAT NEITHER WE, OUR PARENTS, SUBSIDIARIES, AFFILIATES, OR THE SERVICE PROVIDERS SHALL BE RESPONSIBLE FOR DAMAGES, ERROR, LOSS, PROPERTY DAMAGE OR BODILY INJURY, WHETHER CAUSED BY THE EQUIPMENT, SOFTWARE, US, OR BY INTERNET BROWSER PROVIDERS, OR BY INTERNET ACCESS PROVIDERS OR BY ONLINE SERVICE PROVIDERS OR BY AN AGENT OR SUBCONTRACTOR OF ANY OF THE FOREGOING, NOR SHALL WE OR THE SERVICE PROVIDERS BE RESPONSIBLE FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, ECONOMIC OR OTHER DAMAGES ARISING IN ANY WAY OUT OF THE INSTALLATION, USE OR MAINTENANCE OF THE EQUIPMENT, SOFTWARE, THE SERVICES, INTERNET BROWSER, ACCESS SOFTWARE, THIS AGREEMENT, THE UNAVAILABILITY OF SERVICES OR ANY ERRORS IN INFORMATION PROVIDED THROUGH THIS SERVICE, EVEN IF WE OR A SERVICE PROVIDER HAVE BEEN ADVISED OF OR ARE OTHERWISE AWARE OF THE POSSIBILITY THEREOF, EXCEPT AS LIMITED BY APPLICABLE LAW. THE MAXIMUM AGGREGATE LIABILITY OF US FOR ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE FORM OR CAUSE OF ACTION, SHALL BE THE LESSER OF THE AMOUNT YOU HAVE PAID TO FI FOR THE SERVICES OVER THE LAST TWELVE (12) MONTHS OR ONE HUNDRED U.S. DOLLARS. SOME STATES DO NOT ALLOW THE EXCLUSION OR LIMITATION OF INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE MAY NOT APPLY TO YOU.**

**10.2. Specific Situations.** Without limitation, we will have no liability whatsoever if:

- The Account is closed or frozen;
- You, or anyone you allow, commits any fraud or violates any law or regulation;
- Any electronic terminal, telecommunication device or any part of the electronic fund transfer system is not working properly;
- You have not properly followed our instructions and the payee's instructions on how to make a Transaction, or if you provide us with wrong, incomplete or inaccurate information, either electronically, orally or in any written materials completed by you in connection with the Services;

- We have completed any Transaction requested by an Authorized User;
- There may be other exceptions contained in other agreements with us that govern your Account;
- Through no fault of ours, you do not have enough money in your Account to make a transfer;
- A transfer would cause your balance to go over the credit limit on any credit product;
- The Services were not accessible or otherwise not working properly, and the breakdown should have been apparent to you when you attempted to request a Transaction;
- Circumstances beyond our control (such as fire, flood or improper transmission or handling of payments by a third party, including the post office) prevent a transfer, despite reasonable precautions we have taken; or
- Funds are subject to legal process or other encumbrance restricting transfer.

**10.3. Your Liability.** Except as otherwise provided by law, you will be liable for any loss or damage resulting from your breach of this Agreement or to which your negligence contributed, or which resulted from unauthorized, fraudulent, or dishonest acts by others (other than us). Such liability includes instances when someone one or more Transactions to your detriment. YOU ARE LIABLE FOR ALL TRANSACTIONS THAT YOU MAKE OR WHICH ARE MADE OR REQUESTED BY AN AUTHORIZED USER, EVEN IF SUCH AUTHORIZED USER EXCEEDS YOUR AUTHORITY AND EVEN IF SUCH AUTHORIZED USER IS NOT AN AUTHORIZED SIGNER ON YOUR ACCOUNT.

## 11. MISCELLANEOUS TERMS AND CONDITIONS

**11.1. General.** This Agreement manifests the entire agreement between the parties regarding the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. Neither party relied on any representation or promise by the other party that are not set forth in this Agreement. Neither Business nor Financial Institution shall display any name, trademark or service mark of the other without the prior written consent of the other. Business shall not advertise or promote the Service without Financial Institution's prior written consent. None of the terms of this Agreement may be waived except as Financial Institution may consent in writing, and no agreement with or representation made by any employee of Financial Institution that is in conflict with this Agreement will be binding on Financial Institution unless contained in a written modification of this Agreement signed by an authorized officer of Financial Institution. No single or partial exercise of any right or power under this Agreement precludes further exercise thereof or the exercise of any other right or power. The rights and remedies under this Agreement are cumulative and not exclusive of any rights or remedies which Financial Institution would otherwise have. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of the Agreement. A facsimile or other copy of the Agreement shall be the equivalent of an original for all purposes. This Agreement may be signed electronically pursuant to the Electronic Signatures in Global and National Commerce Act and other applicable laws.

**11.2. Waiver and Severability.** We may delay exercising our rights without losing them. Any waiver or partial exercise of one right is not a waiver of other rights or the same right at another time. If any provision of this Agreement, or its application to any person or set of circumstances is held invalid or unenforceable to any extent, the remainder of this Agreement, and the application to any other persons or set of circumstances is not impaired or otherwise affected.

**11.3. Governing Law, Forum, Limitation of Actions, Severability.** This Agreement is governed by laws of the state of Washington, U.S.A. You consent to the jurisdiction and venue of the courts in Whatcom County, Washington in all disputes arising out of or relating to this Agreement or the Site. In any dispute arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs. You agree that a printed or electronic version of this Agreement (as the same may be amended from time to time) will be admissible in any judicial or administrative proceedings to the same extent as paper records. If you ever believe we have not adhered to this Agreement or are liable for any other reason, please contact us immediately. If you feel compelled to bring a lawsuit or other



proceeding, you must do so within one (1) year from the date you first have a right to initiate suit.

**11.4. Right of Off-Set.** In the event a Company account becomes overdrawn, the Company agrees that the amount of the deficit balance shall be immediately due and payable to FI and that the FI may offset the amount of the deficit balance against the balance of any of the Company's Accounts with FI, and may also exercise any rights that the FI may have under any agreements granting the FI security for the payment of liabilities or obligations of the Company to FI.

**11.5. Financial Accommodation.** Business and Bank agree that this Agreement and the Services constitute an agreement to provide a "financial accommodation" as defined in 11 U.S.C. §365.

**11.6. Assignment.** You may not assign this Agreement or any portion hereof. We may assign this Agreement, including by operation of law, to our parent corporation or to any now-existing or future direct or indirect subsidiary of us or our parent corporation without obtaining consent. We may also assign or delegate certain of our rights and responsibilities under this Agreement to independent contractors or other third parties.

**11.7. Confidentiality.** All user guides, manuals, data, software, processes and other information provided to Business in connection with the Service and all fee and pricing information with respect to the Service ("Information") is the proprietary and confidential property of Financial Institution and/or its relevant licensors or suppliers.

**11.8. Intermediaries.** Financial Institution may act on any communication and provide the Service using any payment system or intermediary organization it reasonably selects. Financial Institution's performance of the Service is subject to the rules and regulations of any such system or organization. Financial Institution may engage third parties to provide the Service. Financial Institution shall have no obligation to disclose arrangements with third parties to Business or obtain Business's consent thereto. Business authorizes the transfer of information relating to Business to agents of Financial Institution or Business for use in connection with the Service or as required by law.

**11.9. Disclosure.** Business acknowledges that Financial Institution may have certain legal record keeping and reporting requirements with respect to the Service and consents to Financial Institution's disclosure to governmental authorities of information concerning Business and the Service provided to Business which Financial Institution believes to be appropriate or necessary to fulfill such legal requirements.

**11.10. Fiduciary Status.** Nothing contained herein shall be deemed to create fiduciary status on the part of Bank in connection with the provision of the Service. The foregoing notwithstanding, to the extent, if any, that Bank is deemed to be a fiduciary of Business in providing the Service, this Agreement is not intended to, nor shall, relieve Bank of any fiduciary responsibility otherwise imposed on it by law.

**11.11. Additional Schedules may be attached.** Where there is a conflict between one or more provisions in this Agreement and the provisions in any other applicable agreement, the provisions in this Agreement will control.

**11.12. How to Contact Us.** For all matters affecting this Agreement, you may call us at 800-584-8859, or you may write to us at PO BOX 233, Lynden, WA 98264.

**11.13. Notices.** All notices, other than routine administrative communications, must be in writing and sent to the Bank at the address indicated above and to the Business at their current mailing address of record with the Bank.