

BUSINESS MEMBERSHIP AND ACCOUNTS AGREEMENT

This Agreement is the contract of deposit which covers your and our rights and responsibilities concerning Business Membership and Account(s) offered to you by Kitsap Credit Union (“Credit Union”). In this Agreement, the words “you” and “yours” mean those who sign the Business Membership and Account Card. The words “we,” “us,” and “our” mean the Credit Union. The word “account” means any one or more deposit accounts you have with the Credit Union, including Business savings, checking, money market, and share certificates of deposit, as applicable. The form of ownership of your accounts is set forth on your Business Membership and Account Card (“Card”). By signing the Card or providing an electronic signature and consent to any online application that is a part of the Agreement, each of you, jointly and severally, agree to the terms and conditions in this Agreement, including the Funds Availability Policy, the Business Rate and Fee Schedule, and Truth-in-Savings disclosures accompanying this Agreement, which collectively govern your Business Membership and Accounts. You agree that additional accounts and services you request in the future will be governed by this Agreement, as amended from time to time.

I. Business Membership and Accounts

Important Information about Procedures for Opening New Accounts. To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. When you open an account, we will ask you your name, address, date of birth and other information that will allow us to identify you. We may also ask to see your driver’s license or other identifying documents.

1. Eligibility. To be eligible for membership in the Credit Union you must be an individual or entity qualifying within the Credit Union’s field of membership and must maintain at least one share as required by the Credit Union’s Bylaws. You authorize us to check financial information data, and employment history about you by any means allowed by law, including obtaining a credit report or credit score from third parties, including credit reporting agencies to verify your eligibility for any accounts and services we offer or you request.

2. Expulsion. If you are expelled from membership, we are required to close all your accounts and services with the Credit Union. Member services may be terminated at any time without prior notice to you. You may be expelled from membership for any reason allowed by applicable law, including causing a loss to the Credit Union, nonparticipation, threatening conduct or failure to comply with Credit Union agreements. The Credit Union will notify members of their expulsion including the reason for such expulsion. The Credit Union will promptly pay amounts in any deposit account to the expelled member as provided by state law and expelled members have the right to seek reinstatement. Expulsion will not relieve any member of any liabilities owed to the Credit Union and the Credit Union will not be liable for payment on any checking, withdrawal, or other item upon expulsion.

3. Individual Business Accounts – Sole Proprietorship. An individual business account is an account owned by one depositor, or married couple, including any individual, or sole proprietor qualified for Credit Union membership and the account is used for business purposes. If the account is an individual account, the interest of a deceased individual will pass, subject to applicable law to the decedent’s estate. You understand that unless you waive your rights, certain account designations may be invalidated on the Credit Union’s receipt of notice of marriage dissolution or a testamentary disposition, as required by applicable law. We may require any claimant to the account to produce certain documents before releasing the funds to the account. The Credit Union may continue to honor all transfers, withdrawals, deposits, and other

transactions on the account until the Credit Union learns of an account owner's death. Once the Credit Union learns of an account owner's death, the Credit Union may pay checks or honor payments or transfer orders authorized by the deceased member for a period of ten (10) days unless the Credit Union receives instructions from any person claiming an interest in the account to stop payment on the checks or other items. You agree that the Credit Union can require that anyone who claims funds in the account after your death to indemnify the Credit Union for any losses from honoring that claim.

4. Accounts of Businesses and Organizations. You must designate on the Account Card who is authorized to act on behalf of the Business as an Authorized Signer or Business Agent. You agree to notify the Credit Union of any change in authority. The Credit Union may rely on the written authorization until such time as the Credit Union is informed of changes in writing and has had a reasonable time to act upon such notice. The Credit Union shall have no notice of any breach of fiduciary duties arising from a transaction by any authorized signer or business agent unless the Credit Union has actual notice of any wrongdoing.

5. Authorized Parties of Business and Organizational Accounts.

- a. Authorized Parties. The parties named on the Account Card as Authorized Signers are vested with full authority to open and close accounts on behalf of the Business, add or remove authorized signers on behalf of the Business and to transact any business of any nature on such accounts.
- b. Business Agents. Business Agents are persons authorized to receive any account information from the Credit Union either orally or in writing. Those persons are not authorized to withdraw funds or issue checks/drafts against the account. Deposits may be accepted by Business Agents.

The Credit Union is directed to accept and pay without further inquiry any item, signed by an Authorized Signer, drawn against any of the Member's accounts. Any one Authorized Signer is expressly authorized to endorse all items payable to or owned by the Business for deposit with or collection by the Credit Union and to perform any other transaction permitted under the Agreement. The authority given to the Authorized Parties named on the Account Card shall remain in full force until written notice of revocation or a Business Account Card supplement is delivered to and received by the Credit Union at each location where an account is maintained. Any such notice shall not affect any items in process at the time notice is given. The Authorized Signer shall notify the Credit Union of any change in the Business's composition, assumed business names, or any aspect of the entity affecting the deposit relationship between the Business and the Credit Union before any such change occurs. The Credit Union shall have no duty to inquire as to the powers and duties of any Authorized Party and shall have no notice of any breach of fiduciary duties by any Authorized Party unless the Credit Union has actual notice of wrongdoing.

6. Deposits. We reserve the right to require any check deposits to be deposited to your account without any right to receive any cash back, except as required by law. We have the right to refuse to accept any check or other item for deposit for any reason. Deposits may be made in any amount by cash, check, or other item for deposit at the main office, any branch, all KCU ATM's or at certain Co-Op ATM's. All deposit accounts are non-assignable and nontransferable to third parties. You agree not to deposit any substitute check or similar item that you have created, or for which no financial institution has provided any substitute check, warranties, and indemnity. If you do so, you agree to indemnify the Credit Union for all losses the Credit Union incurs in connection with the substitute check or item. You agree not to deposit any substitute check without our consent.

- a. Endorsements. You authorize the Credit Union, in its discretion, to accept transfers, checks, drafts, and other items for deposit into any of your accounts if they are made payable to, or to the order of,

the Business, whether or not they are endorsed. You authorize the Credit Union to supply missing endorsements if the Credit Union chooses to supply such endorsements. When you deposit items to your account, you warrant that all prior endorsements are genuine. Endorsements must be placed in the space on the back of the share checking or check between the top edge and 1 1/2 inches from the top edge. The Credit Union may accept drafts or checks with endorsements outside this space. However, if any such endorsement causes any delay in processing the item for payment, you will be responsible for any loss incurred by the Credit Union due to the delay. The Credit Union may disregard information on any check other than the signature of the drawer and MICR information. Any item presented with a full payment legend must be presented in person to a Credit Union officer; otherwise, payment is made with full reservation of rights.

- b. Collection of Items. The Credit Union shall not be responsible for deposits made by mail or at an unstaffed facility until the Credit Union actually receives them. In handling items for deposit or collection, the Credit Union only acts as your agent and assumes no responsibility beyond the exercise of ordinary care. The Credit Union will not be liable for default or negligence of any correspondent or for loss in transit, and each correspondent will only be liable for its own negligence. The Credit Union reserves the right to send any item for collection.
- c. Final Payment. All noncash deposits posted to your account are provisional and subject to our receipt of final payment. If final payment is not received, we reserve the right to charge your account for the amount of those deposits and impose a return deposit charge on your account. After we have received final payment, we refer to these deposits as collected items. If the Credit Union incurs any fee to collect your deposit item, the Credit Union may charge such fees to your account. The Credit Union reserves the right to refuse or to return all or a part of a deposit or to close your account.
- d. Crediting of Deposits. Unless otherwise stated in the Funds Availability Policy below, our policy is to make funds from your deposits to your accounts available to you on the first business day after the day we receive your deposit. Deposits received at our offices on business days before the deposit cutoff time will be credited to your account as of the day of the deposit. Deposits made on Saturdays, Sundays, and Credit Union holidays will be credited to your account on the next business day. Deposits received at unstaffed teller locations such as night depositories will be credited on the day funds are removed and processed by the Credit Union.
- e. Illegal Internet Gambling. You agree that any deposits you make to your account will not knowingly contain proceeds from illegal internet gambling.

7. Account Access.

- a. Authorized Signature. In order to access any account, the Credit Union must have an authorized signature on an Account Card. The Credit Union is authorized to recognize your signature but will not be liable for refusing to honor any item or instruction if it believes in good faith that the signature on such item or instruction is not genuine. If you have authorized the use of a facsimile signature, the Credit Union may honor any check that appears to bear your facsimile signature even if it was made by an unauthorized person.
- b. Access Options. You may make withdrawals or transfers from your account in any manner which is permitted by the Credit Union (i.e., check, automated teller machines (ATMs), in person, by mail, automatic transfer, telephone, fax, or online/mobile banking). If you make withdrawals by check, the check must be properly completed and signed by an authorized signer whose authority is on file with us. The Credit Union may return as unpaid any check that is not in the form provided by the Credit Union. The Credit Union may restrict the withdrawals or transfers on your accounts.

- c. ACH & Wire Transfers. You may receive credits or debits to your account via ACH (“Automated Clearing House”) transfer. ACH transactions are governed by the rules of the National Automated Clearing House Association. ACH originations are not available for business accounts. Disputes are subject to a 2-business day return. When you initiate a wire, you may identify either the recipient or any financial institution by name and by account or identifying number. The Credit Union (and other institutions) may rely on the account or other identifying number you give, even if it does not match the party named in your instructions. Wire transfers are governed by Federal Reserve Regulation J if the transfer is cleared through the Federal Reserve. You agree that if you receive funds by a wire or ACH transfer, the Credit Union is not required to notify you at the time the funds are received. Instead, the transfer will be shown on your periodic statement. The Credit Union may provisionally credit your account for a wire or ACH transfer before it receives final settlement for the transfer. You agree that if the Credit Union does not receive final settlement for a transfer or receives an authorized reversal transaction, we may reverse the provisional credit to your account. Wire Transfers and ACH transactions may be subject to fees as disclosed on the Business Rate and Fee schedule.
- d. Transactions by Mail. Except as otherwise provided in this Agreement, the Credit Union may permit you to make deposits, transfers, and withdrawals by mail. Transfers and withdrawals by mail will require a signed written request by you. Such transactions will be posted to your account as of the day the transaction is processed at the Credit Union.
- e. Credit Union Examination. The Credit Union may disregard information on any check other than the signature of the drawer and amount of the item and any magnetic encoded information. You agree the Credit Union does not fail to exercise ordinary care in paying an item solely because its procedures do not provide for sight examination of items.
- f. Electronic Check Transactions.
- (1) Electronic Checks. If you authorize a merchant to electronically debit your checking account using the routing, account and serial number of your check to initiate the transfer, whether the check is blank, partially or fully completed and signed, such authorization is an electronic check conversion. An electronic check conversion is an electronic funds transfer (“EFT”) subject to the terms of the Electronic Funds Transfer Agreement. You authorize us to honor any electronic check conversion from your checking account just the same as a regular written check.
- (2) Electronic Re-presented Checks. If you write a check that we return unpaid because of insufficient or uncollected funds, payee or any subsequent holder of the check may re-present the check to us, through an electronic instruction (“Electronic Re-presented Check”) to charge your account for the amount of the check. If we receive an electronic re-presented check, we will pay or return the electronic re-presented check as if the original paper check was presented to us. Any collection fee you authorize the merchant to debit from your account is an electronic funds transfer subject to the terms of the Electronic Funds Transfer Agreement. If you want to reverse an electronic re-presented check, you must give us an affidavit within 15 days after we send or make available to you the periodic statement that reflects payment of that electronic re-presented check. In your affidavit, you must declare and swear under oath that the electronic re-presented check was ineligible or unauthorized. If we receive a proper notice or affidavit from you within the 15-day period, we will credit your account with the amount of the charge. If you wish to stop payment of any electronic re-presented check, you must follow the procedures contained in this Agreement for stopping payment of checks, not the procedures for stopping payment on electronic loan or bill payments. If you ask us to request the depositor’s bank to send us the original paper check or a copy of the paper check, and we provide it to you, you agree that you

will not seek to have your account credited due to a prior stop payment order or if the item is otherwise ineligible for collection.

- g. Night Depository.** If you have requested and we have arranged for night depository services, the following requirements apply. You agree to properly place deposit items securely in our night depository facility. You agree to assume full responsibility for placing your deposit items in the night depository. You agree to hold harmless the Credit Union if you or your agent fails to conform to all terms applicable to the night depository service.

8. Account Transaction Limitations.

- a. Withdrawal Restrictions.** The Credit Union is only required to permit a withdrawal if you have sufficient available funds in your account to cover the full amount of the withdrawal. Drafts or other transfer or payment orders which are drawn against insufficient available funds will be subject to a service charge, set forth in the Business Rate and Fee Schedule. If there are sufficient available funds to cover some but not all your withdrawal orders, the Credit Union may allow those withdrawals for which there are sufficient available funds in any order at the Credit Union's discretion. The Credit Union can also refuse to allow a withdrawal in other cases; for example: any dispute between the owners about the account (unless a court has ordered the Credit Union to allow the withdrawal); the account has been pledged as collateral for a debt to the Credit Union; any required documentation has not been presented; or you fail to repay a Credit Union loan on time. You will be advised of the reasons for refusal if such action is taken. The Credit Union reserves the right to require members to give notice in writing of any intended withdrawals from any account (except checking) of not less than 7 days and up to 60 days before such withdrawal.

9. Overdrafts.

- a. Overdraft Liability.** If on any day, the available funds in your checking account are not sufficient to cover checks and other debit transactions posted to your account, those checks and debit transactions will be handled in accordance with our overdraft procedures or an overdraft protection plan you have with us. The Credit Union's determination of an insufficient account balance may be made at any time between presentation and the Credit Union's midnight deadline with only one review of the account required. The Credit Union has no duty to notify you of an insufficient funds check. If an overdraft occurs your account will then be subject to a non-sufficient funds (NSF) charge for the check or other debit transactions, whether paid or returned, as set forth in the Business Rate and Fee Schedule. We may charge an NSF fee each time a check or other debit transaction is presented for payment, therefore you may be assessed more than one fee as a result of resubmission of previously returned checks or other debit transactions. Except as otherwise agreed in writing, the Credit Union, by covering one or any overdraft, does not agree to cover overdrafts in the future and may discontinue covering overdrafts at any time. If the Credit Union pays a draft that would otherwise overdraw your account, you agree to pay the overdraft amount immediately. We reserve the right to pursue collection of previously dishonored items at any time, including giving a payor bank extra time beyond any midnight deadline limits. If your account is overdrawn and we find that funds are available in another Business account owned by you, we may transfer the funds to resolve the negative balance amount and may charge you a fee as disclosed on the Business Rate and Fee schedule.
- b. Overdraft Protection Plan.** If we have approved an overdraft protection plan for you, we will honor drafts drawn on insufficient funds in your Business checking account by initiating a transfer of the necessary funds from another account of yours to your Business checking account. We will transfer

funds to your Business checking account in the order you have directed. Transfers from a deposit account will be governed by this Agreement.

- c. **Order of Payments.** Checks, transactions, and other items may not be processed in the order that you make them. KCU posts checks, items, and executes other transactions in the order in which they are received. This may affect the total amount of overdraft fees that may be charged to your account.

10. Postdated and Staledated Items. You must not date a check later than the date that you write it. If you do and the item is presented for payment before its date, the Credit Union may return it unpaid. If you do issue a check that is postdated and we pay it before that date, you agree that we shall have no liability to you for such payment. You also agree not to deposit checks, drafts, or other items before they are properly payable. The Credit Union is under no obligation to pay a check or draft drawn on your account which is presented more than six months after its date, but may charge your account for payment unless the item is certified or you have placed an effective stop payment.

11. Stop Payment Orders.

- a. **Stop Payment Request.** You may ask the Credit Union to stop payment on any check drawn upon or ACH debit scheduled from your checking account and may be subject to a Stop Payment fee as disclosed on the Business Rate and Fee schedule. You may request a stop payment by telephone, by mail or in person. For checks, the stop payment will be effective if the Credit Union receives the order in time for the Credit Union to act upon the order. For ACH debits, the stop payment order must be received at least three (3) business days before the scheduled date of the transfer. You must state the number of the account, date, and the exact amount of the check or ACH and the number of the check or originator of the ACH debit. The stop payment will be effective if the Credit Union receives the order in time for the Credit Union to act upon the order and you state the number of the account, date and number of the item, its exact amount, and to whom it was issued. If you give the Credit Union incorrect or incomplete information, the Credit Union will not be responsible for failing to stop payment on the item. If the stop payment order is not received in time for the Credit Union to act upon the order, the Credit Union will not be liable to you or to any other party for payment of the item. If we credit your account after paying a check over a valid and timely stop payment order, you agree to sign a statement describing the dispute with the payee, to transfer all of your rights against the payee or other holders of the check to the Credit Union, and to assist the Credit Union in legal action taken against the person.
- b. **Duration of Order.** Verbal stop payment orders remain in effect for fourteen (14) days. Written stop payment orders are effective for six (6) months. In order for any written stop payment order to remain in effect after six (6) months, you must renew the order in writing.
- c. **Liability.** You may request that we stop payment on a check, draft, or similar paper instrument drawn against your account. The Credit Union will charge a fee for each stop payment order requested, as set forth on the Business Rate and Fee Schedule. You may stop payment on any certified check or draft, or any other check, draft, or payment guaranteed by you or the Credit Union at the Credit Union's sole discretion. You should be aware that while payment of the item may be stopped, you may remain liable, including the Credit Union, to any holder of the item despite the stop payment order.

12. Fees and Charges. The Credit Union may charge you fees for the services provided by the Credit Union. A current Business Rate and Fee Schedule has been provided to you separately. You agree that the Business Rate and Fee Schedule may change at any time and you will be notified of such changes as required by law.

13. Lost Items. The Credit Union, in receiving items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse the credit for any deposited items or to charge your account for the items should they become lost in the collection process.

14. Credit Union Liability. If the Credit Union does not properly complete a transaction according to this Agreement, the Credit Union will be liable for your losses or damages not to exceed the amount of the transaction. The Credit Union will not be liable if:

- (a) through no fault of the Credit Union, your account does not contain enough money to make the transaction;
- (b) circumstances beyond the Credit Union's control prevents the transaction;
- (c) your loss is caused by your negligence or the negligence of another financial institution; or
- (d) the money in your account is subject to legal process or other claim. In no event will the Credit Union be liable for consequential damages.

You grant the Credit Union the right, in making payments of deposited funds, to rely exclusively on the form of the account and the terms of this Business Account Agreement. Any conflict between oral representations by you or Credit Union employees and any written form will be resolved by reference to this Agreement and applicable written form.

15. Credit Union Lien and Security Interest. If you owe the Credit Union money as a borrower, guarantor, endorser or otherwise, the Credit Union will have a lien on any or all of the funds in any account in which you have an ownership interest at the Credit Union, regardless of the source of the funds. The Credit Union may apply these funds in which it has a lien to pay off your indebtedness, including any costs or attorney fees incurred by the Credit Union in enforcing its rights without further notice to you. If the Credit Union chooses not to enforce its lien, the Credit Union does not waive its right to enforce the lien at a later time. You grant the Credit Union a consensual security interest in your deposit accounts and agree the Credit Union may use the funds from your accounts to pay any debt or amount owed the Credit Union unless prohibited by applicable law. If we find that funds are available in an account owned by you, we may transfer the funds to resolve the payment(s) owed and charge you a fee as disclosed on the Business Rate and Fee schedule.

16. Legal Process. If any legal action is brought against your account, the Credit Union may refuse to pay out any money from your account until the dispute is resolved. If the Credit Union incurs any expenses or attorney fees in responding to legal process, such expenses may be charged against your account without prior notice to you unless prohibited by law. Any legal process against your account is subject to the Credit Union's lien and security interest.

17. Account Information. Upon your request, the Credit Union will inform you of the name and address of each credit reporting agency from which the Credit Union obtains a credit report in connection with your account. The Credit Union agrees not to disclose information to third parties about your account regarding any transaction or balances except when:

- (1) it is necessary to complete the transaction;
- (2) the third party seeks to verify the existence or condition of your account in accordance with the Fair Credit Reporting Act or other applicable laws and regulations;
- (3) such disclosure is in compliance with the law, government agencies or court orders; or
- (4) you give us your written permission.

18. Notices.

- a. Address Changes. It is your responsibility to notify the Credit Union upon a change of address. The Credit Union is only required to attempt to communicate with you at the most recent address you have provided to the Credit Union. The Credit Union may require any notice of change in address to be made in person or in writing. Failure to maintain a current address may result in an Returned Mail fee as disclosed on the Business Rate and Fee schedule.
- b. Notice of Amendments. Except as otherwise prohibited by applicable law, the terms of this Agreement and all fees and other agreements provided to you in connection with this account are subject to change at any time. If required by law, the Credit Union will notify you of any changes in terms, rates, or fees at such time as is required by law. To the extent permitted by law, amendments will be effective upon posting of the amendments in the branch office or upon delivery of notice to the last address which you have specified for this account. You may terminate your account prior to the effective date of any changes. You agree that verbal instructions are binding and agree to hold Credit Union harmless from any liability arising as a result of such instructions. Changes in account access, such as adding or removing an authorized signer, must be evidenced by a signed authorization of an account holder which upon execution will be binding on all parties and will be incorporated herein by this reference. We reserve the right to waive any terms of this Agreement. Any such waiver shall not affect our right to future enforcement.

19. Taxpayer Identification Numbers and Backup Withholding. The Credit Union is required by law to withhold and pay to the Internal Revenue Service (IRS) twenty-eight percent (28%) of payments of interest, dividends, and certain other payments under certain conditions. This is called backup withholding (Per IRS publication 1281). Your failure to furnish a correct TIN or meet other applicable requirements may result in backup withholding as well as civil or criminal penalties. If you refuse to provide your TIN, the Credit Union may suspend your account privileges while attempting to resolve the situation or may close your account. The Credit Union provided you with the required TIN and backup withholding certification and instructions at the time you established your account.

20. Statements.

- a. Contents. If the Credit Union provides a statement for your account, you will receive a periodic statement of all transactions and activity on your account during the statement period. The amount and date of any payment, deposit, withdrawal, transfer, payment of dividends or interest, and any fees imposed will appear on your statement. For checking accounts, you understand that your original draft will not be returned to you, but copies will be retained by Credit Union and made available upon your request. You agree to keep a copy of your original check in order to verify its validity. If you request us to provide you with an original check or sufficient copy, you agree that we may provide an electronic image of the original check or sufficient copy.
- b. Electronic Statements (E-Statements). If your statement is provided electronically, statements will be electronically mailed to you as an attachment, or you will be sent an electronic mail notice that will direct you to the website where you may access, review, print and otherwise copy/download your periodic statements using procedures we authorize. Electronic mails from us will be sent to the electronic mail address provided by the account owner.
- c. Examination. You are responsible for examining each statement and your check copy and reporting any irregularities to the Credit Union. The Credit Union will not be responsible for any forged, altered, unauthorized, or unsigned item drawn or deposited to your account if you fail to notify the Credit Union within thirty (30) days of the mailing date of the earliest statement and availability of drafts containing

any forgery, alteration, or unauthorized signature on the item. The Credit Union will not be liable for items forged or altered in a manner not detectable by a reasonable person including, but not limited to, the unauthorized use of a facsimile signature machine.

- d. **Notice to Credit Union.** You agree that the Credit Union's retention of drafts does not alter or waive your responsibility to examine your statements and check copies or the time limit for notifying the Credit Union of any errors. The statement will be considered correct for all purposes and the Credit Union will not be liable for any payment made or charged to your account unless you notify the Credit Union in writing within the above time limit after the statement and drafts are made available to you. If you fail to receive a periodic statement, you agree to notify us in a timely manner.
- e. **Insurance.** You are responsible for maintaining your own insurance against crime and fraud. You agree to pursue all rights you may have under any insurance policy covering any loss and to provide the Credit Union with information regarding coverage. The Credit Union's liability, if any, will be reduced, proportionately in accordance with the Credit Union's responsibility for any loss, by the amount of any insurance proceeds you receive or are entitled to receive for the loss. If the Credit Union reimburses you for a loss and the loss is covered by insurance, you agree to assign to the Credit Union your rights under the insurance policy to the extent of the reimbursement. You waive all rights of subrogation against the Credit Union with respect to any insurance policy or bond.

21. Marijuana-related businesses. With consideration of the regulatory requirements necessary to support marijuana related business accounts; KCU will not knowingly open or maintain accounts for members and businesses for marijuana related business activity. This includes accounts for marijuana producers, processors, and retailers. Any account which KCU identifies or suspects of having transaction activity directly related to a marijuana related business will be closed following notification.

22. Termination of Account. The Credit Union may terminate your account and/or services at any time without notice to you, or may require you to close your account and apply for a new account if:

- (1) there is a change in owners or authorized signers;
- (2) there has been a forgery or fraud reported or committed involving your account;
- (3) there is a dispute as to the ownership of the funds in the account;
- (4) any account checks are lost or stolen;
- (5) if there are excessive returned unpaid items not covered by an overdraft protection plan;
- (6) if there has been any misrepresentation or any other abuse of any of your accounts; or
- (7) we reasonably deem it necessary to prevent a loss to us.

You may terminate your account at any time by notifying the Credit Union in writing. We reserve the right to require the consent of all owners to terminate an account. The Credit Union is not responsible for payment of any check, withdrawal, or other item once your account is terminated.

23. Inactive/Dormant and Abandoned Accounts. If you have an account that you have not made a withdrawal from, deposit to, or transfer involving your account for more than 12 months, the Credit Union may classify your account as an inactive/dormant account and charge a monthly service fee as set forth on the Business Rate and Fee schedule. Also, dividends and interest will not be paid on inactive/dormant accounts with balances that fall below any minimum balance requirement unless otherwise required by applicable law. The Credit Union will notify you at your last known address three (3) months prior to imposing an inactive/dormant account fee. The Credit Union may charge the account a locator fee for costs incurred in obtaining a current address. You authorize us to transfer funds from an available Business

Savings or Business Checking account to cover the monthly maintenance or locator fee, if necessary. If a deposit or withdrawal has not been made on the account and the Credit Union has had no other contact with you for more than 36 months as required by the Uniform Unclaimed Property Act, the account will be presumed to be abandoned. Funds in abandoned accounts will be remitted in accordance with state law. Once funds have been turned over to the state, the Credit Union has no further liability to you for such funds and if you choose to reclaim such funds, you must apply to the appropriate state agency.

24. Indemnity. If you ask the Credit Union to follow instructions that the Credit Union believes might expose it to claims, lawsuits, expenses, liabilities, or damages, whether directly or indirectly, the Credit Union may refuse to follow your instructions or may require a bond or other protection. An example of the kind of protection asked for would be your promise to defend the Credit Union against any claims and pay all legal fees and costs associated with the defense.

25. Waiver. Any waiver of any term or condition stated in this Agreement must be in writing and signed by an officer of the Credit Union and shall not be considered as a waiver of any future or other obligation or right.

26. Severability. In the event that any paragraph of this Agreement or any portion thereof is held by a court to be invalid or unenforceable for any reason, the other paragraphs and portions of this Agreement shall not be invalid or unenforceable and will continue in full force and effect.

27. Enforcement. You agree to be liable to the Credit Union for any loss, cost, or expense as provided in this Agreement that the Credit Union incurs as a result of your failure to follow this Agreement. You authorize the Credit Union to deduct any such loss, costs, or expenses from your account without prior notice to you. In the event either party brings a legal action to enforce the Agreement or collect any amount due under this Agreement, the prevailing party shall be entitled, subject to applicable law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. If there is a lawsuit, you agree that it may be filed and heard in the county and state in which the Credit Union is located, if allowed by applicable law.

28. Governing Law. This Agreement is governed by the Bylaws of the Credit Union, federal laws and regulations, the laws, including applicable principles of contract law, and regulations of the State of Washington and local clearinghouse rules, as amended from time to time. To the extent permitted by applicable law, any legal action regarding this Agreement shall be brought in the court of the county in which the Credit Union is located.

II. Funds Availability Policy

1. General Policy. Our general policy is to make the funds you deposit available to you, when made in person to one of our employees and deposited to your personal or business checking (transaction) accounts, on the business day we receive the deposit. Electronic direct deposits will also be available on the business day we receive the deposit. Once available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

2. Kitsap Credit Union ATMs. When you make a deposit using a Kitsap Credit Union ATM machine, the first \$225 of the deposit will be immediately available. The remainder of the deposit will be available by the second business day after the date of your deposit. All ATMs that we own or operate are identified as our machines.

3. Deposits at Nonproprietary ATMs. When you deposit funds at ATMs we do not own or operate, the first \$225 will be immediately available. The remainder of the deposit will be available by the fifth business day after the date of your deposit.

4. Business Days. For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays, and Federal holidays. Deposits that are not made in person to one of our employees, or made after business hours, or on a Saturday, Sunday or Federal Holiday, we will consider to have been made on the next business day.

5. Reservation of Right to Hold. For deposits made in person, if we are not going to make all of the funds from your deposit available on the business day of the deposit, we will notify you at the time you make the deposit. The first \$225 of the deposit will be made immediately available and we will print on your receipt the amount of held funds and the date on which they will be available to you. If we decide to take this action after you have left the premises, we will mail you the notice the next business day.

6. Special Rules for New Accounts. If you are a new member, 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 \$5,525.00 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 business day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525.00 will be available no later than the ninth business day after the business 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 \$5,525.00 will not be available until the second business day after the business day of your deposit. Funds from all other check deposits will be available no later than the ninth business day after the business day of your deposit.

7. Longer Delays May Apply. We may delay your ability to withdraw funds deposited to your personal or business checking account an additional number of days under the following circumstances:

- a. We believe a check you deposit will not be paid.
- b. You deposit checks totaling more than \$5,525 on any one day.
- c. You deposit a check that has been returned unpaid.
- d. You have overdrawn your account repeatedly in the last six months.
- e. There is an emergency, such as failure of communications or computer 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. Funds will generally be available no later than the seventh business day after the day of your deposit.

8. Holds on other Funds. We reserve the right to hold funds of a corresponding amount on any account you hold with KCU in the event that we cash or accept for deposit a check(s) drawn on another financial institution, but choose to make the funds from the transaction immediately available to you. In any event the funds held in your other account will be available following the same schedule that would have been applied had the hold been placed on the actual item(s).

9. Business Savings Account Holds. We may delay your ability to withdraw funds deposited by check into your Business Savings account until we verify funds are paid.

III. Electronic Funds Transfers

You agree to the following terms concerning the electronic funds transfer services, as applicable. Electronic funds transfers (“EFTs”) are electronically initiated transfers of money through VISA Debit Card transactions, automated teller machines (“ATMs”), Cash Line Audio System, electronic check transaction and online banking access system involving your deposit accounts at the Credit Union.

1. Available EFT Services.

- a. ATM Machines. You may use your card and Personal Identification Number (PIN) in automated teller machines within the participating ATM networks shown on your Card and such other machines and facilities that we may designate. At the present time, you may use your card to make the following transactions:
 - Make deposits to your Business savings and checking accounts;
 - Make withdrawals from your Business savings and checking accounts;
 - Transfer funds between your Business savings and checking accounts; and
 - Inquire about your Business savings and checking accounts.
- b. Visa Debit Card. If we provide you with a Visa Debit Card, you may use your card to purchase goods and services any place your card is honored by participating merchants. Funds to cover your card purchases will be deducted from your Business checking account. If the balance in your account is not sufficient to pay the transaction amount, the Credit Union may not pay the amount and may terminate all services under this Agreement, unless you have an approved overdraft protection account with available funds.
- c. Point of Sale. You may use your Visa Debit Card and PIN to pay for purchases from participating merchants who have agreed to accept the card at POS terminals. POS transactions will be deducted from your Business checking account.
- d. Phone Banking System. You may use the phone banking system, your telephone and phone banking PIN to access all your accounts and make the following transactions.
 - Obtain balance, dividend and rate information on Business savings, checking, certificate, and loan accounts at the Credit Union;
 - Obtain information on the most recent deposit to your Business savings and checking account;
 - Transfer funds among your Business savings, checking, and loan accounts, as permitted, including loan payments, except on VISA accounts; and
 - Such other transactions as offered and permitted in the future.
- e. Online Banking Transactions. You may access your Business accounts online. You must use your online banking login credentials to access your accounts. The online banking service is accessible seven (7) days a week, 24 hours a day. You will need a computer and access to the Internet. You are responsible for the installation, maintenance, and operation of your computer. The Credit Union will not be responsible for any errors or failures involving any telephone service or your computer. At the present time, you may use the online banking service to:
 - Transfer funds between your Business savings, checking, and loan accounts.
 - Review account balance and transaction history for your Business savings, checking, and loan accounts.

- Review information on your loan account is including payoff amounts, due dates, finance charges, interest rate, and balance information.
- Make bill payments and preauthorized transfers from your Business checking account.
- Request that a withdrawal from your Business any savings, checking, or loan account be mailed to you in check form.
- Transfer funds between linked Business accounts.
- Communicate with the Credit Union using secure E-mail or online Chat.

Transactions involving your Business deposit accounts will be subject to the terms of your Business Membership and Account Agreement and transactions involving a line of credit account will be subject to your Loan Agreement and Disclosures, as applicable.

- f. Electronic Check Transactions. You authorize us to honor any electronic check conversion transaction and re-presented check fee debit transactions you authorize (“electronic check transactions”). You agree that your authorization for an electronic check transaction occurs when you initiate such a transaction after receiving any notice regarding the merchant’s right to process the transaction. You remain responsible for notifying us of any unauthorized electronic check transaction shown on your statement.

2. Service Limitations.

- a. Account Information. The account balance and transaction history information may be limited to recent account information involving your accounts. Also, the availability of funds for transfer or withdrawal may be limited due to the processing time for any ATM deposit transactions and our Funds Availability Policy.
- b. Visa Debit Card. You may withdraw funds from your Business accounts at ATMs as often as you like. However, a daily withdrawal limit may apply.
- c. Cash Line Audio System. Subject to the transaction limitations set forth in the Business Membership and Account section above, you may access your Business accounts using the audio response system via touch-tone telephone only. This service may be interrupted for a short time each day for data processing.
- d. Transfers. You may make funds transfers to your other Business accounts as often as you like. You may transfer or withdraw up to the available balance in your account or up to the available credit limit on a line of credit at the time of the transfer, except as limited under this Agreement or your deposit or loan agreements. The Credit Union reserves the right to refuse any transaction that would draw upon insufficient or unavailable funds, lower an account below a required balance, or otherwise require us to increase our required reserve on the account. If you do not use the online banking Service for two consecutive statement cycles, we reserve the right to terminate your service.
- e. Online Banking Service Limitations. The following limitations on online banking transactions may apply:
- (1) **E-Mail**. The Credit Union may not immediately receive E-mail communications that you send and the Credit Union will not take action based on E-mail requests until the Credit Union actually receives your message and has a reasonable opportunity to act. If you need to contact the Credit Union immediately regarding an unauthorized transaction or stop payment request, you may call the Credit Union at (360) 662-2000 or (800) 422-5852.

- (2) **Bill Payments.** You may authorize new payment instructions or edit previously authorized payment instructions for bill payments that are either variable (i.e. payments on merchant charge accounts that vary in amount) or fixed (i.e. fixed loan payments). When you transmit a bill payment instruction to us, you authorize us to transfer funds to make the bill payment transaction from your checking account. We will process bill payment transfer requests only for such creditors as you authorize. The Credit Union will not process any bill payment transfer if we know the required transaction information is incomplete. In any event, the Credit Union will not be liable for any transaction that contains incorrect information that the Credit Union was not responsible for entering or knowing.

If there are insufficient funds in your account to make the bill payment request, your account will incur a Non-Sufficient Funds (NSF) charge. Subsequent payment requests may not be processed until funds are collected for all previous payments. The Credit Union's bill payment processor may attempt to clear the payment (s) from your account up to three (3) times. After six (6) NSF occurrences, your Bill Payment account may be closed.

The Credit Union reserves the right to refuse to process payment instructions that reasonably appears to the Credit Union to be fraudulent or erroneous. The Credit Union will withdraw the designated funds from your account for the bill payment transfer within five (5) business days after your payment request has been processed. The Credit Union will process your bill payment transfer within three (3) business days of the date you schedule for payment.

It is your responsibility to schedule your bill payments in such a manner that your obligations will be paid on time. You should enter and transmit your bill payment instructions at least ten (10) days before a bill is due. You are responsible for any late payments or finance charges that may be imposed as a result of your failure to transmit a timely bill payment authorization. You may cancel or stop payment on variable or fixed bill payments instructions under certain circumstances.

If you discover an error in or want to change a payment instruction (i.e., payment date or payment amount) for a bill payment that you have already scheduled for transmission through the bill payment service, you may electronically edit or cancel your payment request through bill payment.

Your cancellation request must be entered and transmitted through the bill payment service before the date you have scheduled for payment. If your request is not timely entered, you will be responsible for the payment. Stop payments cannot be placed on payments that have been sent electronically.

3. Conditions of EFT Use. The use of your Account and EFT services are subject to the following conditions:

- a. **Ownership of Cards.** Any card or other device which we supply to you is our property and must be returned to us, or any other person whom we authorize to act as our agent, or to any person who is authorized to honor the card, immediately according to instructions. The card may be repossessed at any time in our sole discretion without demand or notice. You cannot transfer your card or account to another person.
- b. **Honoring the Card.** Neither we nor merchants authorized to honor card will be responsible for the failure or refusal to honor the card or any other device we supply to you. If a merchant agrees to give you a refund or adjustment, you agree to accept a credit to your account in lieu of a cash refund. You may not use your card or account for any transaction that is unlawful or illegal. We may decline to authorize any transaction that we believe may be unlawful or illegal.

- c. **Illegal Use of Internet Gambling.** You agree that all transactions that you initiate by use of your Visa Debit Card are legal in the jurisdiction where you live and/or where the transaction occurred. Internet gambling may be illegal in the jurisdiction in which you are located, including the United States. Your Visa Debit Card may only be used for legal transactions. Display of a payment card logo by an online merchant does not mean that internet gambling transactions are lawful in all jurisdictions in which you may be located. We have restricted all online gambling transactions with the Visa Debit Card.
- d. **Security of PIN.** The PIN issued to you is for your security purposes. The numbers are confidential and should not be disclosed to third parties or recorded on or with the card. You are responsible for safekeeping your PIN. You agree not to disclose or otherwise make your PIN number available to anyone not authorized to sign on your accounts. If you authorize anyone to use your PIN, that authority shall continue until you specifically revoke such authority by notifying the Credit Union. If you fail to maintain the security of these access codes and the Credit Union suffers a loss, we may terminate your card services and account services immediately.
- 4. Liability.** You are fully responsible for all transfers you or any authorized party makes under this Agreement. If you permit other persons to use an EFT service or Visa Debit Card or access code, you are responsible for any transactions they authorize or conduct on any of your accounts. Tell us at once if you believe anyone has used your Account or Visa Debit Card or access code and accessed your accounts without your authority or if you believe that an electronic funds transfer has been made without your permission using information from your check. The Credit Union will not be liable for any loss caused by your negligence if the Credit Union has acted with ordinary care.
- a. **Notice to Credit Union.** If you believe your Visa Debit Card or access code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission call: (360) 662-2000 or (800) 422-5852
or write:
Kitsap Credit Union
PO Box 990
Bremerton, WA 98337
After hours ATM and Visa Debit card holders can call (800) 316-5996.
- 5. Business Days.** Our business days are Monday through Friday 9:00 a.m. – 5:00 p.m. Holidays are not included.
- 6. Fees and Charges.** There are certain charges for electronic fund transfer services as set forth below. From time to time, the charges may be changed. We will notify you of any changes as required by law.
- a. **Online Banking.** Access to online banking is free. Optional services available within online banking may have additional fees, refer to the Business Rate and Fee Schedule.
- b. **ATM Fees.** If you use an ATM that is not operated by us, you may be charged an ATM surcharge by the ATM operator or ATM network utilized for such a transaction as well as a foreign terminal usage fee by Kitsap Credit Union. The ATM surcharge will be debited from your account if you elect to complete the transaction.
- c. **Replacement Cards.** A fee may be assessed to replace a card prior to its expiration as disclosed on the Business Rate and Fee Schedule.
- d. **Foreign Transactions.** Purchases made in foreign countries will be billed to you in U.S. dollars. The currency conversion rate for international transactions as established by VISA International, Inc. is a

rate selected by VISA from the range of rates available in wholesale currency markets for 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. In addition, you will be charged a Foreign Transaction Fee of a percentage of the transaction amount for any card transaction made in a foreign country or made with merchants located in foreign countries, even if the transaction is initiated within the U.S., as disclosed on the Business Rate and Fee schedule.

7. Right to Receive Documentation of Transfers.

- a. Periodic Statements. Deposits and transfers, and withdrawals, transacted through an ATM will be recorded on your periodic statement. You will receive a statement monthly unless there are no transfers in a particular month. In any case you will receive the statement at least quarterly.
- b. Terminal Receipt. You get a receipt at the time you make a transaction using an ATM, POS terminal or with a participating Visa merchant, except some electronic terminals will not provide receipts for transactions of \$15 or less.

8. Preauthorized EFT Stop Payment Rights. If you have told us in advance to make regular payments (other than bill payments) out of your account, you may stop any of these payments by notifying us either verbally or in writing. We must receive your request at least three (3) business days before the scheduled date of the payment. You will need to tell us your name, account number, the payment amount, the payment date, and the person or company who is to receive the payment. If you call, we will require written confirmation of the stop payment order within fourteen (14) calendar days. If we do not receive the written confirmation within the fourteen days specified, your verbal stop payment order will cease to be binding. Your stop payment order is effective only for the preauthorized payment date which you give us. If the stop payment order is not received in time for us to act upon it, we will not be liable to you or to any party for payment of the item. 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 may be liable.

9. Account Information Disclosure. We will disclose information to third parties about your account or the transfers you make:

- a. As necessary to complete transfers;
- b. To verify the existence of sufficient funds to cover specific transactions upon the request of a third party, such as a credit bureau or merchant;
- c. To comply with a government agency or court orders; or
- d. If you give us your express permission.

10. Credit Union 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:

- a. If, through no fault of ours, you do not have enough money in your account to make the transfer or the transfer would go over the credit limit on your line of credit.
- b. If you used the wrong PIN or used a PIN, or Visa Debit Card, or the phone banking system or online banking personal computer access system in an incorrect manner
- c. If the automated teller machine (ATM) where you are making the transfer does not have enough cash.
- d. If the ATM was not working properly and you knew about the problem when you started the transaction.
- e. If circumstances beyond our control (such as fire, flood, or power failure) prevent the transaction.

- f. If the money in your account is subject to legal process or other claim.
- g. If your account is frozen for any reason.
- h. If the error was caused by an ATM or payment network or any other participating network.
- i. If there are other exceptions as established by the Credit Union.
- j. The ATM terminal may retain your card in certain instances, in which event you may contact the Credit Union about its replacement.

11. Termination of EFT Services. You agree that we may terminate this Agreement and your use of your EFT services, if you, or any authorized user of your PIN, breach this or any other agreement with us, have caused us a loss, or if we have reason to believe that there has been an unauthorized use of your PIN, VISA Credit Card, or Visa Debit Card. We will notify you or any other party on your account if we have canceled or will cancel this Agreement.

You or any other party on 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.

12. Notices. The Credit Union reserves the right to change the terms and conditions upon which this service is offered.

13. ATM and Night Drop Safety Notices. The following information is a list of safety precautions regarding the use of Automated Teller Machine (ATM) and Night Deposit Facilities.

- a. Be aware of your surroundings, particularly at night.
- b. Consider having someone accompany you when the ATM or night deposit facility is used after dark.
- c. If another person is uncomfortably close to you at the time of your transaction, ask the person to step back before you complete your transaction.
- d. Refrain from displaying your cash at the ATM or night deposit facility. As soon as your transaction is completed, place your money in your purse or wallet. Count the cash later in the safety of your car or home.
- e. If you notice anything suspicious at the ATM or night deposit facility, consider using another ATM or night deposit facility or coming back later. If you are in the middle of a transaction and you notice something suspicious, cancel the transaction, take your ATM access device, or deposit envelope, and leave.
- f. If you are followed after making a transaction, go to the nearest public area where people are located.
- g. Do not write your personal identification number or code on your Card.
- h. Report all crimes to law enforcement officials immediately.

14. Enforcement. You agree to be liable to the Credit Union for any liability, loss, or expense as provided in this Agreement that the Credit Union incurs as a result of any dispute involving your accounts or services. You authorize the Credit Union to deduct any such liability, loss, or expense from your account without prior notice to you. This Agreement shall be governed by and construed under the laws of the state of Washington as applied to contracts entered into solely between residents of, and to be performed entirely in, such state. In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled, subject to Washington law, to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. Should any one or more provisions of this Agreement be determined illegal or unenforceable in any relevant jurisdiction, then such provision be modified by the proper court, if possible, but only to the extent necessary



to make the provision enforceable and such modification shall not affect any other provision of this Agreement.