



ONLINE BANKING & ONLINE BILL PAYMENT SERVICES AGREEMENT & DISCLOSURES

Introduction. This Agreement is the contract which covers your and our rights and responsibilities concerning Online Banking (“Internet Banking”), Online Bill Payment (“Bill Pay”), and Electronic Statement (“E-statement”) Services offered to you by Harborstone Credit Union (“Credit Union”). In this Agreement, the words “you” and “yours” mean those who submit an Online Banking authorization form and any authorized users. The word “account” means any one or more share accounts you have with the Credit Union.

By submitting the Online Banking or online authorization for the Online Banking service, you agree to the following terms governing your and our rights and responsibilities concerning the Online Banking electronic funds transfer services. Electronic funds transfers (“EFTs”) are electronically initiated transactions through Online Banking and Internet Bill Pay transactions involving your deposit accounts.

1. Online Banking Services. Upon approval, you may use your personal computer to access your accounts. You must use your member number along with your security code to access your accounts. The Online Banking service is accessible seven (7) days a week, 24 hours a day.

However, from time to time, some or all of Harborstone’s Online Banking services may not be available due to system maintenance. During such times, you may use Money Express Telephone Banking, call our Member Service Center at 1-800-523-3641 or (253) 584-2260, or visit one of our branches. You will need a personal computer and a web browser (such as Netscape Navigator or Microsoft Internet Explorer). The link to Harborstone's Online Banking services can be found at www.harborstone.com. You are responsible for the installation, maintenance and operation of your computer and modem. 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 Savings, Checking and Select Money Market accounts.
- Transfer funds from your Checking and Savings account to a loan account.
- Review account balance, and/or transaction history for Checking, Savings, Select Money Market™, Certificate, and IRA accounts.
- Review information on your loan accounts including balance information, interest rates, scheduled payment amounts, and next payment due dates.

- Make bill payments from your checking account using the optional Internet Bill Pay service.

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

2. Online Banking Service Limitations. The following limitations on Online Banking transactions may apply:

- a. **Transfers.** You may make funds transfers to your other accounts as often as you like. However, transfers from your savings or money market accounts will be limited to a total of six (6) in any one month. 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. The Credit Union may set other limits on the amount of any transaction and you will be notified of those limits.
- b. **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.
- c. **E-Mail.** You may use your Internet e-mail service to send messages to us. E-mail may not, however, be used to initiate a transfer on your account or a stop payment request. To place a stop payment you can use the secure form icon at the top of the home page. To do a transfer between accounts you have to manually transmit this through the account transfer icon also on the home page. 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, you may call the Credit Union at the telephone number set forth in Section 4.
- d. **Internet Bill Payment Service.** When you apply for the Internet Bill Payment Service you must designate your Harborstone Credit Union Checking Account as the account from which payments that you authorize will be deducted. If your application for Internet Bill Payment Service is approved, you will be given the ability to set up merchants, institutions or individuals that you would like to pay. You are not permitted to designate governmental agencies or courts. We reserve the right to not allow the designation of a particular merchant or institution.

You or any persons who you have authorized to use your Internet Bill Payment Service, Online Banking Service, sign-on Password or any access code can perform the following transactions:

1. Pay any designated merchant, institution or individual in accordance with this agreement a fixed recurring amount or a variable amount “on demand,” from your designated Harborstone Credit Union Checking Account.
2. Obtain information (payee information, payment status information, etc.) about your Internet Bill Payment account status.
3. Bill Pay Transactions. You authorize us to process bill payments from your designated account. You may use the Bill Pay service to initiate three different types of payment transactions:
 - “On demand” payments are payments that are not reoccurring. The payments can be canceled or changed through Bill Pay up until 12:00 midnight before your Scheduled Debit Date.
 - “Future” payments are payments that you initiate each payment by setting the payment amount and due date. The payment can be canceled or changed through Bill Pay up until 12:00 midnight before the Scheduled Debit Date.
 - “Recurring” payments are payments that are reoccurring on a fixed due date and fixed amount. You have an option in the Bill Pay system to set Automatic Payments to continue indefinitely or set a maturity date. The payment can be canceled or changed through Bill Pay up until 12:00 midnight before the Scheduled Debit Date.
4. Authorized Payments. When you transmit a bill payment instruction to us, you authorize us to transfer funds to make the bill payment transaction from your designated Harborstone checking account. We will process bill payment transfer requests only to those payees the Credit Union has designated in its User Instructions and such payees as you authorize and for whom the Credit Union has the proper payee code number. 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, we may refuse to make the payment, make the payment and transfer funds from any overdraft protection account you have established, or make the payment and thereby overdraw the payment account. In any event that you have insufficient funds in your payment account to make the bill payment request, you are responsible for any non-sufficient funds ("NSF") or overdraft charges the credit union may impose. You are also responsible for any NSF, finance charges, and/or late fees imposed by the bill payment provider and/or the merchant(s) you intended to pay with your bill payment account. The Credit Union reserves the

right to refuse to process payment instructions that reasonably appear to the Credit Union to be fraudulent or erroneous.

5. **Processing Payments.** The amount of your requested bill payments will be deducted from your account on the Scheduled Debit Date and will be posted within two business days of the date that the payment is transmitted to the payee. You will receive a confirmation number at the time of each transaction. Therefore, you must have sufficient funds available to cover your payment on the Scheduled Initiation Date.

Bill payments are delivered to the payee either electronically, which may take up to three business days from the Scheduled Debit Date, or by check to those payees not set up to accept electronic payments, which may take up to five business days from the Scheduled Debit Date. 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 five (5) business days before a bill is due. If you do not allow sufficient time, you assume full responsibility for any late payments or finance charges that may be imposed as a result of your failure to transmit a timely bill payment authorization.

6. **Canceling or Changing Bill Payments.** Payments designated as “on demand” transactions cannot be stopped, canceled or changed once your Bill Pay session has ended. You may cancel or stop payment on Future and Recurring bill payments instructions under certain circumstances by following the instructions provided. 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 Pay service, you may electronically edit or cancel your payment request through the Bill Pay service. Your cancellation request must be entered and transmitted through the Bill Pay service before the date you have scheduled for payment. If your request is not entered in a timely manner, you will be responsible for the payment.

3. E-statement Services

By accepting the terms below, you agree to receive your periodic account statements online through our eStatement service from this point forward. Your online statements may include the periodic account and transaction activity for your deposit and loan accounts; notices for insufficient funds, certificate maturity, and other similar account notices; year-end tax statements for dividends earned and mortgage interest paid; and any disclosures. You also agree to receive any notices and disclosures required by regulation, such as changes in your account terms and your yearly Privacy Policy, which will be made available through the eStatement console.

We will send you an e-mail whenever your monthly statement, account notice, or tax form is available for review. Once you receive the e-mail, you can access your statements by logging into Online Banking and clicking on the eStatements link. You will need

Adobe Acrobat Reader software to read your statements, which can be downloaded at no charge from the eStatement registration screen. You will be able to access your statements and other documents online for a period of 12 months. You also have the option to download or print the documents for your future reference.

You have the right to request and receive your statements and other documents in paper form, and you may withdraw your consent to receive online statements at any time. To do this, first sign on to the e-statement application, then select "change registration information," and then "discontinue accounts". Select the account(s) you wish to discontinue, and click "discontinue. There are no fees or account restrictions for choosing to withdraw your consent for online statements.

Please note that there may be a delay in processing e-statement registrations for new Online Banking members. Please allow up to two business days after joining Online Banking before changing your e-statement registration.

There may also be a delay in processing e-statement information at the end of a business month. If you register for e-statements during the last three business days of the month, you may receive your next month's statement in paper form. Future statements will be received electronically.

4. Security of Access Code.

- a. **Initial Access.** After you have successfully completed and submitted the Harborstone Online Banking Registration Form, a representative from Harborstone Credit Union will contact you to initiate your use of the service via email. To log on to our Online Banking Service for the initial sign on, you must use your Money Express Telephone Banking PIN (Personal Identification Number). After you have successfully accessed the Online Banking Service, you will then select a specific, personal password to access the Online Banking Service for future access to the system. After your initial sign-on, you may change your password at any time by selecting the appropriate function from the User Options menu within the Online Banking Service.

For Internet Bill Payment Services: Approximately three (3) business days after your application for Bill Payment Services has been received, reviewed, and approved by the credit union, you will be able to access your Bill Payment Service through the Online Banking Service; therefore you will enter a Password to sign on to the Online Banking service as described above (see a. Initial Access) and click on the Bill Payment icon located at the top of the screen.

- b. **Security.** The personal identification number or access code ("access code") that you select is for your security purposes. The access code is confidential and should not be disclosed to third parties or recorded. You are responsible for safekeeping your access code. You agree not to disclose or otherwise make your access code available to anyone not authorized by you to sign on your accounts. If

you authorize anyone to have or use your access code, you understand that person may use the Online banking service to review all of your account information and make account transactions. Therefore, we are entitled to act on transaction instructions received using your access code and you agree that the use of your access code will have the same effect as your signature authorizing transactions.

- c. **Authorization.** If you authorize anyone to use your access code in any manner that authority will be considered unlimited in amount and manner until you specifically revoke such authority by notifying the Credit Union and changing your access code immediately. You are responsible for any transactions made by such persons until you notify us that transactions and access by that person are no longer authorized and your access code is changed. If you fail to maintain or change the security of these access codes and the Credit Union suffers a loss, we may terminate your electronic funds transfer and account services immediately.

5. Member Liability. You are responsible for all transfers you authorize using the Online Banking services under this Agreement. If you permit other persons to use your access code, you are responsible for any transactions they authorize or conduct on any of your accounts. However, tell us at once if you believe anyone has used your access code and accessed your accounts without your authority. Telephoning is the best way of keeping your possible losses down. For Online Banking transactions, if you tell us within two (2) business days, you can lose no more than \$50 if someone accessed your account without your permission. If you do not tell us within two (2) business days after you learn of the unauthorized use of your account or access code, and we can prove that we could have stopped someone from accessing your account without your permission if you had told us, you could lose as much as \$500.

Also, if your statement shows Online Banking transfers that you did not make, tell us at once. If you do not tell us within sixty (60) days after the statement was mailed to you, you may be liable the full amount of the loss if we can prove that we could have stopped someone from making the unauthorized EFT transactions. If a good reason (such as a hospital stay) kept you from telling us, we may extend the time periods.

If you believe your access code has been lost or stolen or that someone has transferred or may transfer money from your account without your permission, call:

(800) 523-3641

or contact us electronically by sending e-mail messages to:
online.banking@harborstone.com

or write:

Harborstone Credit Union
Attn: Online Member Service

PO Box 4207
Tacoma, WA 98438-0207

6. Business Days. Our business days are Monday through Friday. Holidays are not included.

7. Fees and Charges. There are certain charges for online banking 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. The Online Banking service fee is free to members.
- b. The Online Bill Pay fee is free for all members.

8. Transaction Documentation. Transfers and withdrawals transacted through Online Banking will be recorded on your monthly/quarterly periodic statements by mail.

9. Account Information Disclosure. We will maintain the confidentiality and privacy of your account information in accordance with our privacy policy as stated on our website at: www.harborstone.com However, We will disclose information to third parties about your account or the transfers you make in the following limited circumstances:

- 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 government agency or court orders;
- d. If you give us your express permission.

10. Limitation of Liability for Online Banking Services. 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. Our sole responsibility for an error in a transfer will be to correct the error. You agree that neither we nor the service providers shall be responsible for any loss, property damage or bodily injury, whether caused by the equipment, software, Credit Union, or by Internet browser providers such as Netscape (Netscape Navigator browser) and Microsoft (Microsoft Internet Explorer browser), 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, download, use, or maintenance of the equipment, software, Online Banking services, Internet Bill Pay services, or Internet browser or access software. In this regard, although we have taken measures to provide security for communications from you to us via the Online Banking and Internet Bill Pay Services and may have referred to such communication as “secured,” we cannot and do not provide any warranty or guarantee of such security. In states that do not allow the exclusion or limitation of such damages, our liability is limited to the extent permitted by applicable law. The Credit Union will not be liable for the following:

- a. If, through no fault of ours, you do not have enough money in your account to make the transfer, your account is inactive, or the transfer would go over the credit limit on your line of credit, if applicable.
- b. If you used the wrong access code or you have not properly followed any applicable computer, or Credit Union user instructions for making transfer and bill payment transactions
- c. If your computer fails or malfunctions or the phone lines or Credit Union computer system was not properly working and such problem should have been apparent when you attempted such transaction.
- d. If circumstances beyond your control (such as fire, flood, telecommunication outages or strikes, equipment or power failure) prevent making the transaction.
- e. If the funds in your account are subject to an administrative hold, legal process or other claim.
- f. If you have not given the Credit Union complete, correct and current instructions so the Credit Union can process a transfer.
- g. If, through no fault of ours, a bill payment or funds transfer transaction does not reach a particular payee due to changes in the payee address, account number or otherwise; the time you allow for payment delivery was inaccurate; or the payee failed to process a payment correctly, or in a timely manner, and a fee, penalty, or interest is assessed against you.
- h. If the error was caused by a system beyond the Credit Union's control such as a telecommunications system, an Internet service provider, any computer virus or problems related to software not provided by Credit Union.
- i. If there are other exceptions as established by the Credit Union.

11. Termination of Online Banking and/or Bill Pay Services. You agree that we may terminate this Agreement and your Online Banking services, if you, or any authorized user of your Online Banking services or access code breach this or any other agreement with us; or if we have reason to believe that there has been an unauthorized use of your Accounts or access code or if you conduct or attempt to conduct any fraudulent, illegal or unlawful transaction, or if we reasonably believe your account conduct poses an undue risk of illegality or unlawfulness. In addition, we reserve the right to terminate your Online Banking and/or Bill Pay services if you fail to use the service for more than 90 consecutive calendar days and there will be a \$6.00 reconnection fee for Online Banking and/or Bill Pay services that have been previously terminated.

You or any other party to your account can terminate this Agreement by notifying us in writing. Termination of service will be effective the first business day following receipt

of your written notice. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

12. Notices. The Credit Union reserves the right to change the terms and conditions upon which this service is offered. The Credit Union will notify you at least twenty-one (21) days before the effective date of any change, as required by law. This means we will mail you notice or if you have consented to electronic disclosures, we will send it to the e-mail address you have designated. Use of this service is subject to existing regulations governing the Credit Union account and any future changes to those regulations.

13. Statement Errors. In case of errors or questions about your Online Banking transactions, contact us by: telephone at the phone numbers; send us an e-mail; or write us at the address set forth in Section 4, as soon as you can. We must hear from you no later than sixty (60) days after we sent the first statement on which the problem appears.

- Tell us your name and account number.
- Describe the transaction you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
- Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you send us your complaint or question in writing within ten (10) business days.

We will tell you the results of our investigation within ten (10) business days after we hear from you and will correct the error promptly. For errors related to transactions occurring within thirty (30) days after the first deposit to the account (new accounts), we will tell you the results of our investigation within twenty (20) business days. If we need more time, however, we may take up to forty-five (45) calendar days to investigate your complaint or question (ninety (90) calendar days for new account transaction errors, or errors involving transactions initiated outside the United States). If we decide to do this, we will re-credit your account within ten (10) business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not re-credit your account.

If we decide after our investigation that an error did not occur, we will deliver or mail to you an explanation of our findings within three (3) business days after the conclusion of our investigation. If you request, we will provide you copies of documents (to the extent possible without violating other members' rights to privacy) relied upon to conclude that the error did not occur.

14. Other General Terms.

- a. **Other Agreements.** In addition to this Agreement, you agree to be bound by and will comply with all terms and conditions applicable to your relationship with

Harborstone Credit Union, as described in your Harborstone Credit Union Membership and Account Agreement, prior receipt of which you acknowledge.

- b. **Severability.** In the event that any portion of this Agreement is held by a court to be invalid or unenforceable for any reason, the remainder of this Agreement shall not be invalid or unenforceable and will continue in full force and effect. All headings are intended for reference only and are not to be construed as part of the Agreement.

15. 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 shall 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