

## Mobile Deposit Service Agreement

This Mobile Deposit Service Agreement (“Agreement”) contains the terms and conditions for the mobile deposit capture services that Harborstone Credit Union may provide to you. The words “we,” “us,” “our,” and “Credit Union” mean Harborstone Credit Union. The words “you” and “your” mean each and every one who uses the mobile deposit services. The word “account” means any one or more deposit accounts you have with the Credit Union. Your Membership and Account Agreement is hereby incorporated into and made a part of this Agreement. In the event of a discrepancy between this Agreement and the Membership and Account Agreement, this Agreement will control.

**Services.** The mobile deposit services (“Mobile Deposit”) are designed to allow you to make the deposit of a check (“original check”) to your account from home or other remote location by electronically transmitting a digital image of the original check (“image”) to us or our designated processor. Original checks are converted to “substitute checks,” as such term is defined in the Check Clearing for the 21st Century Act and the Federal Reserve Board’s Regulation CC, for deposit with the Credit Union and for processing and presentment to a collecting or paying financial institution. For purposes of this Agreement, a “substitute check” (as defined in Regulation CC) is a check reproduction of an original check that:

- Contains an image of the front and back of the original check;
- Bears a MICR line that contains all the information appearing on the MICR line of the original check at the time the original check was issued as well as any additional information that was encoded on the original check’s MICR line before an image of the original check was captured;
- Conforms in paper stock, dimension, and otherwise with ANSI X9.100-140; and
- Is suitable for automated processing in the same manner as the original check.

**Member Eligibility.** After you log in to Mobile Banking, you will need to accept these terms and conditions to have access to Mobile Deposit. You understand that you must be a member in good standing to be eligible to enroll in Mobile Deposit. If any of the following apply to you, you will be ineligible to enroll in or use Mobile Deposit: your loan or credit card account with us is delinquent more than 30 days, you do not have an email address on file with us, you are not enrolled in Online Banking, or your account is dormant.

**Acceptance of Agreement.** By using Mobile Deposit or clicking the electronic signature “acceptance” below, you agree to the terms and conditions in this Agreement, including any amendments. Your use of the service constitutes your acceptance of this Agreement. You agree to comply with the hardware and software requirements set forth herein. There is currently no charge for Mobile Deposit. However, we reserve the right to change the terms and charges for Mobile Deposit at any time, and we may amend, modify, add to, or delete from this Agreement from time to time. Your continued use of Mobile Deposit will indicate your acceptance of the revised Agreement.

**Compliance With Laws.** You agree to comply with all laws, statutes, regulations, and ordinances pertaining to your use of Mobile Deposit, as well as all laws relating to the banking transactions contemplated hereunder. You also agree to be bound by any clearinghouse rules or agreements, operating circulars, image exchange agreements, and other documents to which we are a party that govern Mobile Deposit. You promise to indemnify and hold us harmless from any damages, liabilities, costs, expenses (including attorneys' fees), or other harm arising out of any violation thereof. This indemnity shall survive termination of your account with us or termination of this Agreement.

**Limits.** We reserve the right to establish limits on the dollar amount and/or the number of items or deposits that you may transmit using Mobile Deposit, which we may change at any time. If you attempt to initiate a deposit in excess of these limits, we may reject your deposit. If we permit you to make a deposit in excess of these limits, such deposit will still be subject to the terms of this Agreement and we will not be obligated to allow such a deposit at other times. The current daily limit is \$5,000 per business day, the current weekly limit is \$20,000, and the current monthly limit is \$50,000 per any calendar month period. Based on certain circumstances, Harborstone reserves the right to change these limits. There is no daily or monthly statement cycle limit on the number of items as long as the respective dollar limits are not exceeded.

**Eligible Items.** You agree to deposit only "checks," as that term is defined in the Federal Reserve Board's Regulation CC. For purposes of this Agreement, "check" (as defined in Regulation CC) means a negotiable demand draft that is drawn on:

- Or payable through or at an office of a bank or credit union;
- A Federal Reserve Bank or a Federal Home Loan Bank;
- The Treasury of the United States;
- A state or local government that is not payable through or at a bank or credit union; or
- A United States Postal Service money order.

**Unacceptable Deposits.** You understand and agree that you will not use Mobile Deposit to deposit:

- A check payable to any party other than the party that owns the account the check is being deposited to;
- A check to a personal account that is payable to a business;
- Any third-party check (i.e., any item made payable to another party and then endorsed to you by that party);
- A check payable to a business name that is not on your Harborstone business account, even if you are the business owner;

- A check containing evidence of alteration to the information on the check that you know or suspect, or should know or suspect, is fraudulent or otherwise not authorized by the owner of the account on which the check is drawn;
- A check made payable to more than one party (including tax-refund checks and other government checks), unless deposited into an account in the name of all payees;
- A check previously converted to a “substitute check,” as defined in Regulation CC;
- A check drawn on a financial institution located outside the United States;
- A check not payable in United States currency;
- A check dated more than six months prior to the date of deposit;
- A check that is postdated after the date of deposit;
- A check payable on sight or payable through drafts, as defined by Regulation CC;
- A check with any endorsement on the back other than that specified in this Agreement;
- A check that has previously been submitted through Mobile Deposit or through a remote deposit capture service offered at any other financial institution;
- A check or item that is drawn on or otherwise issued by the U.S. Department of the Treasury;
- A check drawn on your personal account at the Credit Union;
- A check stamped “nonnegotiable” (whether stamped in print or as a watermark);
- A check that has been redeposited or returned, such as “nonsufficient funds” or “refer to maker,” or a check that has been returned for any other reason;
- Any item that is incomplete;
- Cash;
- Savings bonds;
- Government-issued warrants;
- Any item with a qualified endorsement (e.g., “without recourse” or “John Doe”);
- Any item with a conditional endorsement (e.g., “pay to the order of John Doe” or “when car is fixed”); or
- A traveler’s check drawn on or payable through or at a bank or credit union.

**Deposits of this nature may result in the immediate termination of Mobile Deposit.**

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**Requirements.** Each image must accurately and legibly provide all information on the front and back of the original check at the time presented to you by the drawer, including, but not limited to, information about the drawer and the paying bank that is preprinted on the original check, MICR information, signature(s), any required identification written on the front of the original check, and any endorsements applied to the back of the original check. The image quality of the check must meet the standards established from time to time by the American National Standards Institute; the Board of Governors of the Federal Reserve, including the requirements under Regulation CC; and any other regulatory agency, clearinghouse, or association.

Prior to electronically transmitting a digital image of the original check, you will restrictively endorse the check as follows: Endorsements must be made on the back of the share draft or check within 1½ inches from the top edge, although we may accept endorsements outside this space. Your endorsement must include your signature, your account number, and “**FOR MOBILE DEPOSIT.**” You agree to follow any and all other procedures and instructions for use of Mobile Deposit that we may establish from time to time. Any loss we incur from a delay or processing error resulting from an irregular endorsement or other markings by you will be your responsibility.

If the check is made payable to your business, any signer can endorse the check. If the check is payable to you or your joint owner, either of you can endorse it. If the check is payable to you and your joint owner, both of you must endorse the check.

**Fees.** You agree to pay all fees and charges for deposit services as set forth on Harborstone’s fee schedule. Service fees are subject to change at any time. Harborstone’s fee schedule is available at any Harborstone branch or on Harborstone.com.

**Receipt of Deposit.** All images processed for deposit through Mobile Deposit will be treated as “deposits” under your current Membership and Account Agreement with us and will be subject to all terms of the Membership and Account Agreement. Upon receipt of the digital image, we will review the image for acceptability and will convert items meeting our requirements into substitute checks to facilitate the deposit and collection of such items. You understand and agree that electronically transmitting a digital image of a check does not constitute receipt by the Credit Union. Confirmation of our receipt of your deposit can be verified by email, if you choose to receive an email confirmation, or by viewing your account in Online Banking. We shall not be deemed to have received the image for deposit until the image is posted to your account. You understand that in the event you receive a notification from us confirming receipt of an image, such notification does not mean that the image contains no errors or that we are responsible for any information you transmit to us. We are not responsible for any image that we do not receive.

Following receipt of the image, we may process the image by preparing a “substitute check.” Notwithstanding anything to the contrary, we reserve the right, within our sole and absolute discretion, to accept or reject any item for remote deposit into your account. In the event we reject an item for remote deposit, you understand and agree that you must deposit the original item. You understand and agree that even if we do not initially reject an item you deposit through Mobile Deposit, we may return the substitute check we created because, for example,

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the paying bank deems the electronic image illegible. Our failure to reject such an item shall not limit your liability to us. We are not liable for any service or late charges levied against you due to our rejection of any item. In all cases, you are responsible for any loss or overdraft plus any applicable fees to your account due to an item being returned.

**Check Retention and Destruction.** After you have confirmation that we have received an image, you agree to prominently mark the item as **“Electronically Presented”** or **“VOID”** to ensure that it is not re-presented for payment. You agree to securely store each original check that you deposit using Mobile Deposit for a period of 60 days after transmission to us in order to verify settlement and credit or to balance periodic statements. After such period expires, you will destroy the original check. You understand and agree that you are responsible for any loss caused by your failure to secure an original check. During the retention period, you agree at your expense to promptly deliver any retained check, or a sufficient copy of the front and back of the check, to the Credit Union upon request to aid in the clearing and collection process, to resolve claims by third parties with respect to any check, or for our audit purposes. If not provided within seven business days of our request, such amount will be reversed from your account. In addition, if you are unable to provide a sufficient copy of the front and back of the check, you will be liable for any unresolved claims by third parties.

You agree that you will never re-present an original check. You understand that you are responsible if anyone is asked to make a payment based on an original check that has already been paid.

**Hardware and Software Requirements.** In order to use Mobile Deposit, you must obtain and maintain, at your expense, your own mobile device. Use of Mobile Deposit requires the download of our mobile app from the Apple Store or Android Market. We are not responsible for any data charges that may apply.

**Periodic Statement and Your Duty to Report Errors.** Any remote deposits made using Mobile Deposit will be reflected on your monthly periodic statement. You understand and agree that you are required to immediately notify us of any suspected error relating to images transmitted using Mobile Deposit by no later than 60 days after the date of the monthly periodic statement that includes any transaction you allege is erroneous. You are responsible for any errors that you fail to bring to our attention within such time period.

**Returned Deposits.** Any credit to your account for checks deposited using Mobile Deposit is provisional. If an original check deposited through Mobile Deposit is dishonored, rejected, or otherwise returned unpaid by the drawee bank, or is rejected or returned by a clearing agent or collecting bank, for any reason, including, but not limited to, issues relating to the quality of the image, you agree that the original check will not be returned to you and that we may charge back the amount of the original check and provide you with an image of the original check, a paper reproduction of the original check, or a substitute check. With respect to any item that you transmit to us for remote deposit that we credit to your account, in the event such item is dishonored, you authorize us to debit the amount of such item from your account plus a returned-check fee as stated in our fee schedule. We will notify you via email of transactions we are unable to process because of a returned item. Should such email be returned as undeliverable, the Credit Union will have completed our obligation to alert you of a rejected

item and we are under no obligation to attempt any redelivery of the email. You will reimburse us for all loss, cost, damage, or expense caused by or relating to the processing of the returned item. Without our approval, you shall not attempt to deposit or otherwise negotiate an original check if it has been charged back to you.

We may debit any of your accounts to obtain payment for any item that has been rejected or returned, for any adjustment related to such item, or for any warranty claim related to such item, whether or not the rejection, return, adjustment, or warranty claim was made timely.

**Your Warranties.** You make the following warranties and representations with respect to each image:

- Each image of a check transmitted to us is a true and accurate rendition of the front and back of the original check, without any alteration, and the drawer of the check has no defense against payment of the check.
- The amount, payee(s), signature(s), and endorsement(s) on the image and on the original check are legible, genuine, and accurate.
- You will not deposit, or otherwise endorse to a third party, the original check, and no person will receive a transfer, presentment, or return of, or otherwise be charged for, the original check or a paper or electronic representation of the original check such that the person will be asked to make payment based on an item that has already been paid.
- There are no other duplicate images of the original check.
- The original check was authorized by the drawer in the amount stated on the original check and to the payee(s) stated on the original check.
- You are authorized to enforce and obtain payment of the original check.
- You will retain possession of each original check deposited using Mobile Deposit for the required 60-day period, and neither you nor any other party will resubmit an original check for payment.
- You have not knowingly failed to communicate any material information to us.
- You will not use Mobile Deposit and/or your accounts for any illegal activity or transactions.
- Files and images transmitted to us will contain no viruses or any other disabling features that may have an adverse impact on our network, data, or related systems.

Each check you submit for deposit is drawn in United States dollars on a financial institution located in the United States, excluding its territories.

**Email Address.** You agree and understand that it is your full responsibility to keep the Credit Union informed of your most current email address, as this is the email address where we will send you notification of receipt or rejection of any remotely deposited items.

**Force Majeure.** The Credit Union shall not be liable for any loss, damage, liability, or claim arising directly or indirectly for any error, delay, or failure to perform hereunder that is caused by earthquakes, fires, natural disasters, civil or foreign disturbances, power outages, acts of government, labor disputes, failures in either communication or computer networks, legal constraints, or any other event beyond our control.

**Termination.** Either party may terminate this Agreement and the Mobile Deposit service without prior notice. Notwithstanding any such notice of termination, this Agreement shall remain effective with respect to any transaction occurring prior to such termination. Upon any termination of this Agreement, (i) you will immediately cease using Mobile Deposit, and (ii) you shall promptly remit all unpaid monies due under this Agreement. You may terminate the Mobile Deposit service in Online Banking or by calling the Credit Union during business hours at (253) 584-2260 or 1-800-523-3641 (Monday through Friday, 8 a.m. to 6 p.m., or Saturday, 9 a.m. to 1 p.m.) or by writing us at Harborstone Credit Union, P.O. Box 4207, Tacoma, WA 98438-0207. Upon your request, we will terminate your service within five business days of receipt of your notification. We reserve the right to terminate this Agreement or limit your use of Mobile Deposit at any time and for any reason at our discretion, with or without cause and without prior notice. Examples of when we may terminate this Agreement and the use of Mobile Deposit without prior notice include but are not limited to:

- If you breach this Agreement or any other agreement we may have with you;
- If we have reason to believe that there has been or may have been an unauthorized use of your user ID, password, authentication method, or account(s);
- If there are conflicting claims as to the funds in any of your account(s);
- If you request us to do so;
- If you do not access Mobile Deposit for a period of 30 consecutive days or longer;
- If you have insufficient funds in any one of your Credit Union accounts; or
- In order to protect the Mobile Deposit service or the Credit Union from harm or compromise of integrity, security, reputation, or operation.

Termination will not affect your liability or obligations under this Agreement for transactions that have been processed on your behalf. You will remain responsible for all outstanding fees and charges incurred prior to the date of termination. Termination will apply only to Mobile Deposit and does not terminate your other relationships with us.

Any termination will not affect obligations arising prior to termination, such as the obligation to process any checks or electronic items (including returned electronic items) that were in the process of being transmitted or collected prior to the termination date.

In addition, you will keep your account(s) at the Credit Union open until final payment with respect to all processing fees and will maintain funds in your account(s) in amounts and for a period of time as determined by the Credit Union in our reasonable discretion to cover any outstanding checks and your obligations for returns of checks, warranty claims, and fees, as well as any other obligations.

If any such liabilities exceed the amount in the applicable account, we may charge such excess against any of your other accounts and you will pay immediately upon demand any amount remaining unpaid.

**Mobile Deposit Unavailability.** Mobile Deposit may be unavailable temporarily due to system maintenance or technical difficulties, including those of the internet service provider, cellular service provider, or internet software. In the event that Mobile Deposit is unavailable, you acknowledge that you may deposit original checks at our branches or through our ATMs. It is your sole responsibility to verify that items deposited using Mobile Deposit have been received and accepted for deposit by us.

**Funds Availability.** Funds from deposited items will be available according to the Credit Union's Funds Availability Policy previously provided to you, as amended from time to time, which is incorporated herein by reference. You agree that items transmitted using the services are not subject to the funds-availability requirements of Federal Reserve Board's Regulation CC. For purposes of funds availability, Mobile Deposits are made in Tacoma, Washington. You agree that electronically transmitting a digital image of an original check does not constitute receipt by the Credit Union. Credit to your account does not infer funds availability. You also understand that credit is provisional until settlement is final. Harborstone's Funds Availability Policy is available on Harborstone.com. Funds deposited using the services will generally be made available in three business days from the day of deposit. The Credit Union may make such funds available sooner or later based on such factors as credit worthiness, the length and extent of your relationship with us, transaction and experience information, and such other factors as the Credit Union, in our sole discretion, deems relevant.

**Business Days.** Our business days are Monday through Friday, except holidays.

**Mobile Deposit Security.** You will complete each deposit promptly. If you are unable to complete your deposit promptly, you will ensure that your mobile device remains securely in your possession until the deposit has been completed. It is your responsibility to establish and maintain procedures to safeguard against unauthorized deposits. You will notify us immediately by telephone at (253) 584-2260 or 1-800-523-3641 (Monday through Friday, 8 a.m. to 6 p.m., or Saturday, 9 a.m. to 1 p.m.) and, if requested, follow up with written confirmation if you learn of any loss or theft of original checks. You will ensure the safety and integrity of original checks from the time of receipt until the time of destruction. If warranted in our reasonable judgment, we may audit you and/or monitor your account activity, and you agree to cooperate with us in connection with such audit and/or monitoring, to confirm that you have satisfied your obligations under this Agreement.

You agree to notify us promptly if your mobile device is lost or stolen or if you have any reason to believe your Mobile Deposit access may have been or is subject to compromise.

**Ownership and License.** We and our technology partners, inclusive of, but not limited to, Digital Insight Inc. and Ensenta Corporation, retain all rights, title, and interest in and to the Mobile Deposit service and related software and development made available to you. Your use of Mobile Deposit is subject to and conditioned upon your complete compliance with this Agreement. Without limiting the effect of the foregoing, any breach of this Agreement immediately terminates your right to use Mobile Deposit. Without limiting the restriction of the foregoing, you may not use Mobile Deposit: (i) in any anti-competitive manner, (ii) for any purpose that would be contrary to our business interest, or (iii) to our actual or potential economic disadvantage in any aspect. In addition, you agree that you will not modify, change, alter, translate, create derivative works from, reverse-engineer, disassemble, or decompile the technology or service; copy or reproduce all or any part of the technology or service; or interfere, or attempt to interfere, with the technology or service.

**Account Holder's Indemnification Obligation.** You agree to indemnify, defend, and hold harmless the Credit Union and our shareholders, directors, officers, employees, and agents against any and all losses, claims, actions, damages, liabilities, costs, and expenses, including reasonable attorneys' fees and expenses, arising from your use of Mobile Deposit and/or breach of this Agreement. You understand and agree that this paragraph shall survive the termination of this Agreement.

**DISCLAIMER OF WARRANTIES.** YOU UNDERSTAND AND AGREE THAT YOUR USE OF MOBILE DEPOSIT AND ALL INFORMATION AND CONTENT (INCLUDING THAT OF THIRD PARTIES) IS AT YOUR RISK AND IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. WE DISCLAIM ALL WARRANTIES OF ANY KIND AS TO THE USE OF THE MOBILE DEPOSIT SERVICE, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT. WE MAKE NO WARRANTY THAT THE MOBILE DEPOSIT SERVICE WILL MEET YOUR REQUIREMENTS OR WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE. WE MAKE NO WARRANTY THAT THE RESULTS THAT MAY BE OBTAINED WILL BE ACCURATE OR RELIABLE OR THAT ANY ERRORS IN THE MOBILE DEPOSIT SERVICE OR TECHNOLOGY WILL BE CORRECTED. WE ARE NOT RESPONSIBLE FOR ANY LOSS, INJURY, OR DAMAGES, WHETHER DIRECT, INDIRECT, SPECIAL, OR CONSEQUENTIAL, CAUSED BY YOUR INTERNET PROVIDER, ANY RELATED SOFTWARE, OR THE CREDIT UNION'S USE OF ANY OF THEM OR ARISING IN ANY WAY FROM THE INSTALLATION, USE, OR MAINTENANCE OF YOUR PERSONAL MOBILE DEVICE, HARDWARE, SOFTWARE, OR OTHER EQUIPMENT.

**LIMITATION OF LIABILITY.** YOU UNDERSTAND AND AGREE THAT WE WILL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, GOODWILL, USE, DATA, OR OTHER LOSSES INCURRED BY YOU OR ANY THIRD PARTY ARISING FROM OR RELATED TO THE USE OF, INABILITY TO USE, OR TERMINATION OF THE USE OF THE MOBILE DEPOSIT SERVICE, REGARDLESS OF THE FORM OF ACTION OR CLAIM (WHETHER CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE), EVEN IF WE HAVE BEEN INFORMED OF THE POSSIBILITY THEREOF, EXCEPT AS OTHERWISE REQUIRED BY LAW.

**Termination.** We may terminate this Agreement at any time and for any reason. This Agreement shall remain in full force and effect unless and until it is terminated by us. Without limiting the foregoing, this Agreement may be terminated if you breach any term of this Agreement, if you use the services for any unauthorized or illegal purposes, or if you use the services in a manner inconsistent with the terms of your Mobile Deposit Service Agreement or any other agreement with us.

**Financial Information.** You must inform us immediately of any material change in your financial circumstances or in any of the information provided in your application for Mobile Deposit. You agree to provide us any financial information we reasonably request during the term of this Agreement. You authorize us to review your history from time to time.

**Relationship to Other Disclosures.** The information in this Agreement applies only to the Mobile Deposit service described herein. Provisions in other disclosure documents, as may be revised from time to time, remain in effect for all other aspects of your account.

**Governing Law.** You understand and agree that this Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the internal laws of Washington State, notwithstanding any conflict-of-laws doctrines of such state or other jurisdiction to the contrary. You also agree to submit to the personal jurisdiction of the courts of Washington State.

**Confidentiality.** You acknowledge and agree that confidential data relating to Mobile Deposit and our marketing strategies, business operations, and business systems (collectively, "Confidential Information") may come into your possession in connection with this Agreement. Such confidential information is the exclusive and confidential property of the Credit Union. You understand and agree that you are prohibited from disclosing and agree to maintain the confidentiality of our confidential information.

**Waiver.** The failure of either you or us to seek a redress for violation of, or to insist upon the strict performance of, any covenant, agreement, provision, or condition hereof shall not constitute the waiver of the terms of any other covenant, agreement, provision, or condition, and each party shall have all remedies provided herein with respect to any subsequent act that would have originally constituted a violation hereunder.

**Relationship.** This Agreement does not create, and shall not be construed to create, any joint venture or partnership between you and us. No officer, employee, agent, servant, or independent contractor of either of us shall at any time be deemed to be an employee, servant, agent, or contractor of the other party for any purpose whatsoever.

**Other Terms.** You may not assign this Agreement. A determination that any provision of this Agreement is unenforceable or invalid shall not render any other provision of this Agreement unenforceable or invalid.