

Mobile Check Deposit Disclosure & Agreement

WHAT THIS AGREEMENT COVERS

This *Mobile Check Deposit Disclosure & Agreement* (“Agreement”) states the terms and conditions for the use of Salal Mobile Check Deposit (“Service”) that Salal Credit Union (“Salal,” “Credit Union,” “us,” or “we”) may provide to you (“you,” “your,” or “User”) within our mobile and online banking Service.

For consumers, this Agreement supplements your *Digital Banking Disclosure & Agreement* and other deposit agreements with Salal Credit Union including, but not limited to, your *Consumer Membership & Account Agreement*.

For businesses, this Agreement supplements your *Business Digital Banking Disclosure & Agreement* and other deposit agreements with Salal Credit Union including, but not limited to, your *Business Membership & Account Agreement*.

All agreements may be amended from time to time and are included as part of this Agreement.

This Agreement contains the following: Definition of Terms, Common Provisions, and Member Mobile Check Deposit rights and responsibilities. You should carefully review the information in this Agreement and keep a copy for your records.

HOW TO CONTACT US:

- Call us at **800.562.5515** or **206.298.9394**.
- Write to us at **Salal Credit Union, PO Box 75029, Seattle, WA 98175-0029**.
- Send us a secure message while logged in to mobile and online banking.

DEFINITIONS:

- **Account** — refers to the member or business member’s designated deposit account at Salal.
- **Service** — The Mobile Check Deposit offered by Salal, through selected third-party service providers.
- **Mobile Device** — A smartphone or other scanning device capable of capturing an electronic image of the front and back of an original check.
- **Electronic Check** — An electronic image of an original paper check transmitted to us using Mobile Check Deposit to be used for deposit, payment, or collection and may be cleared with a payor’s financial institution, with or without the need to convert the image to a substitute check.
 - Contains an image of the front and back of the original check.
 - Conforms, in paper stock, MICR line information, dimension, and otherwise, with generally applicable industry standards for electronic checks; and
 - Is suitable for automated processing in the same manner as the original check.
- **Substitute Check** — A paper reproduction of an original item that satisfies the requirements and definition of a “Substitute Check” set forth in Regulation CC.
- **Imaged Item/Original Item/Original Check** — The original paper check you used to create the “Electronic Check”. The item must have been originally printed on check stock with magnetic ink.
- **Regulation CC** — refers to 12 C.F.R. Part 229 as amended from time to time.
- **Business Day** — will refer to Monday through Friday, excluding federal holidays.
- **Administrator** — shall mean the business member or its designee, as assigned on the *Business Digital Banking Enrollment form*.
- **Member or Business Member** — The individual or company that has entered into the *Mobile Check Deposit Disclosure & Agreement* with Salal.
- **Security Procedures** — refers to the use of identification codes, passwords, login identifications, personal or location identification numbers, repetitive codes, and other security devices, systems, and software used by the consumer member or business member to communicate through the Internet for the Mobile Check Deposit Service as required currently or in the future.
- **User(s)** — Those Users whom the Administrator has designated access authority to one or more accounts and/or one or more service.

MOBILE CHECK DEPOSIT - COMMON PROVISIONS FOR CONSUMER AND BUSINESS MEMBERS

By using this Service, you are converting an original check to an electronic check. You are responsible for transmitting all information from the front and back of the original check at the time the original check is scanned, which may include but is not limited to:

- Information identifying the drawer and the paying bank that is preprinted on the check, including complete and accurate MICR information and the payor's signature(s).
- Any other information placed on the check prior to the time the image was captured, such as any required identification written on the front of the check and any endorsements applied to the back of the check.

The image quality must be legible and meet the standards for image quality established by the American National Standards Institute (ANSI), the Board of Governors of the Federal Reserve, and any other regulatory agency, clearinghouse, or association.

You understand and agree that you are responsible, to the extent permitted by law, for all warranties and indemnifications set forth in Regulation CC as they apply to any Reconverting or Truncating Bank, as such terms are defined by Regulation CC.

You also understand that you or any third party will not deposit a substitute check, electronic check, or original item that has already been presented for payment or paid and that no depository bank, drawee, drawer, or endorser will be charged twice for such items.

You agree that the aggregate amount of any checks which are deposited more than once will be debited from your account, and to the extent funds in your account are insufficient to cover such amount, any balance shall be debited by the Credit Union from any other deposit accounts with the Credit Union in its sole discretion.

You further acknowledge that you, and not the Credit Union, are responsible for the processing and handling of any original checks which are imaged and deposited utilizing the Service, and you assume all liability to the drawer of any check imaged using the Service or liability arising from the Credit Union's printing of any substitute check from those images.

You represent and warrant:

- That you will comply with all federal and state laws, and rules and regulations applicable to this Service's transactions.
- That all checks scanned through Mobile Check Deposit are made payable to you.
- That all signatures on each check are authentic and authorized.
- That each check has not been altered.
- That each electronic check submitted to us existed as an original paper check, prior to conversion to an electronic check. An original paper check was printed on check stock with magnetic ink. Checks emailed to you may not be processed through Mobile Check Deposit.
- 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 alterations.
- The amount, payee, signature(s), and endorsement(s) on the original check are legible, genuine, and accurate.
- You will not deposit or otherwise endorse to a third party the original item (the original check) and no person will receive a transfer, presentment, or return of, or otherwise be charged for, the item (either the original item, or a paper or electronic representation of the original item) such that the person will be asked to make payment based on an item it has already paid.
- You have possession of each original check you have deposited using the Service and no party will re-submit any original check for payment that has already been submitted to us or to another financial institution.
- Other than the digital image of an original check that you remotely deposit through the Service, there are no other duplicate images of the original check.
- The information you provided to use the Service remains true and correct and, in the event any such information changes, you will immediately notify us of the change. You have not knowingly failed to communicate any material information to us.
- 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.

In the event you or any third-party breach any of these representations or warranties, or present, or attempt to present, a deposit in violation of this Agreement, you agree to defend, indemnify, and hold the Credit Union and its agents harmless from and against all liability, damages, and loss arising out of any claims, suits, or demands brought by third parties with respect to any such breach. You further authorize the Credit Union to charge your account for the amount of any such demand, claim, or suit that constitutes a breach of warranty claim under the provisions of the Uniform Commercial Code. You agree to cooperate with us in the review or investigation of any transactions, poor quality transmissions, or claims, including, without limitation, by providing, upon request and without further cost, any originals or copies of items in your possession and your records relating to items and transmissions.

DEPOSIT REQUIREMENTS

You agree that you will only use this Service for checks drawn on financial institutions within the United States and that

these checks will be payable only to the account holder(s) and not payable to third parties. You also agree that you will not use this Service for checks that are:

- Drawn on the same Salal account you are depositing to.
- Made payable to “cash”.
- Payable to a member and another party who is not a joint owner on the account.
- Third-party checks (checks made payable to any person or entity other than a member).
- Stamped “non-negotiable,” “void,” or any other word or phrase indicating that the item is not valid.
- Altered or appear to contain altered information.
- Issued by a financial institution in a foreign country or written for an amount in non-U.S. currency.
- Traveler’s checks.
- Incomplete or contain incomplete information.
- “Post-dated” or “stale-dated” per our current guidelines in the *Consumer Membership & Account Agreement* and *Business Membership & Account Agreement*.
- Not properly endorsed.

You agree that you will not use this Service to deposit any checks that have been previously negotiated or deposited into any account, including any account at another financial institution.

Checks that do not fall within the deposit requirements need to be presented in person at one of our branch locations to determine if the item(s) can be accepted for deposit.

DEPOSIT ACCEPTANCE

Acknowledgement of receipt through this Service does not constitute our acknowledgement that your deposited check does not contain errors. You agree that the Credit Union may at any time, in its sole discretion, refuse to accept deposits of checks from you by this Service. You understand that you are solely responsible for any service charges, overdraft charges, late fees, and returned check/non-sufficient funds charges levied against you, your account, or any account that you may have at other financial institutions that may result from our rejection of any item, check holds, or deposit delays of any kind. If this Service is interrupted or is otherwise unavailable, you may deposit checks by mail, or in person at a Credit Union branch, ATM, or night drop.

Checks that are accepted for deposit will be credited on the day of deposit and will be subject to the Credit Union’s Funds Availability Policy, which can be found in the *Membership & Account Agreement* governing your account. The checks will be considered received when they arrive at Salal; however, as noted in this Agreement, may not be processed on the business day received. Salal will not be responsible for any missed deadlines or lost files or transmissions due to any interruption of electronic services at the member’s site or at Salal including, but not limited to, Internet failures, mobile device failures, or interruption of the Mobile Check Deposit Service.

CHECK RETENTION AND DESTRUCTION

You understand and agree that all checks you deposit belong to you and not to the Credit Union and that those checks shall be handled in accordance with this Agreement. After receipt by the Credit Union of any transmission by you of imaged checks for deposit to your account, the Credit Union will acknowledge by electronic means its receipt of such electronic transmission; however, your electronic transmission is subject to proof and verification. You shall retain the original check for all imaged checks that have been deposited via this Service for a reasonable period of time in order to verify settlement and credit to your deposit account or to balance periodic statements, but in no case less than fifteen (15) days or beyond sixty (60) days from the date processed, and you shall properly destroy and dispose of such original checks after such time. During the period that you maintain the original checks, you understand and agree that you must use a high degree of care to protect these original checks against security risks. These risks include, without limitation, (I) theft or reproduction of the original checks (including by employees if you are a business) for purposes of presentment for deposit of these original checks, i.e. after the original checks have already been presented for deposit via this Service, and (II) unauthorized use of information derived from the original checks. When you destroy and dispose of the original checks pursuant to the requirements of this Agreement, you understand and agree that you must use a high degree of care when selecting and implementing destruction and disposal procedures. Among other things, your procedures must be designed to ensure that the original checks are not accessed by unauthorized persons during the destruction and disposal process, and, once destroyed (e.g. through the use of competent shredding equipment), the original checks are no longer readable or capable of being reconstructed.

RESPONSIBILITY FOR SCANNING AND MAINTAINING MOBILE DEVICE

You are solely responsible for scanning checks, accessing the Service from the Credit Union, and for maintaining your mobile device. You are responsible for the payment of all telecommunications expenses associated with the Service. The Credit Union shall not be responsible for providing or servicing any mobile device of yours.

FINANCIAL RESPONSIBILITY

You are solely and exclusively responsible for any and all financial risks, including, without limitation, insufficient funds, associated with accessing this Service. You assume exclusive responsibility for the consequences of any instructions you may give to the Credit Union, for your failure to access the Service properly in a manner prescribed by the Credit Union, and for your failure to supply accurate input information.

ACCOUNT RECONCILIATION

You will continue to receive periodic account statements that describe all transactions for your account(s), including the transactions initiated through the Mobile Check Deposit Service. Review and reconcile your periodic statement in a timely manner. If you notice an error or have a question about a transaction using this Service, please call us at **800.562.5515** or **206.298.9394**, or write us at **PO Box 75029, Seattle, WA 98175-0029**. See your *Membership & Account Agreement* governing your account for more information on reporting errors or questions on your account.

RETURNED ITEM

Any check returned unpaid for any reason will be debited from your account maintained at Salal. You are responsible for correcting and re-submitting any returned checks for deposit in accordance with all applicable regulations and restrictions specific to substitute checks.

FINANCIAL DATA

We will transmit all the financial data under our control required to utilize this Service and act on appropriate instructions received from you in connection with such Service. We shall exercise due care in seeking to preserve the confidentiality of the Username and Password to prevent the use of the Service by unauthorized persons (and in this connection it is understood and agreed that implementation by the Credit Union of its normal procedures for maintaining the confidentiality of information relating to you, and where practicable, obtaining by the Credit Union from any third parties engaged in the installation, maintenance, and operation of the system of similar undertakings), shall constitute fulfillment of its obligation to exercise due care. We will retain any electronic check copies for seven (7) years.

EXCEPTION ITEMS

When we review and process your deposit, we may reject any electronic image of a check that we determine to be ineligible for this Service ("Exception Item") including, without limitation, electronic images of checks drawn on financial institutions located outside the United States, checks drawn on U.S. Banks in foreign currency, electronic images of checks that are illegible (due to poor image quality or otherwise), electronic images of checks previously processed, electronic images previously converted to substitute checks, and electronic images with unreadable MICR information. We will notify you by email of any Exception Items. You acknowledge and agree that even if the Credit Union does not initially identify an electronic image as an Exception Item, the electronic item sent for collection by us may nevertheless be returned to us because the electronic image is deemed illegible by a paying bank.

If you wish to deposit an Exception Item, you may make the deposit at a Salal branch or by mailing the original item to the address located in the How to Contact Us section of this Agreement.

CREDIT UNION WARRANTIES AND DISCLAIMER OF WARRANTIES

The Credit Union and its agents may, but shall have no obligation to, screen items or electronic checks for legal compliance. You agree, unless caused by our intentional misconduct or gross negligence, to defend, indemnify, and hold the Credit Union and its agents harmless from and against all liability, damage, and loss arising out of any claims, suits, or demands brought by third parties with respect to any such electronic checks or substitute checks.

DISCLAIMER OF WARRANTIES: YOU AGREE THAT YOUR USE OF THE SERVICES 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 SERVICES, 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 SERVICES (I) WILL MEET YOUR REQUIREMENTS, (II) WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE, (III) THAT THE RESULTS THAT MAY BE OBTAINED FROM THE SERVICE WILL BE ACCURATE OR RELIABLE, AND (IV) ANY ERRORS IN THE SERVICES OR TECHNOLOGY WILL BE CORRECTED.

LIMITATION OF LIABILITY: YOU AGREE THAT WE WILL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING, BUT NOT LIMITED TO DAMAGES FOR LOSS OF PROFITS, GOODWILL, USE, DATA OR OTHER LOSSES RESULTING FROM THE USE OR THE INABILITY TO USE THE SERVICES INCURRED BY YOU OR ANY THIRD PARTY ARISING FROM OR RELATED TO THE USE OF, INABILITY TO USE, OR THE TERMINATION OF THE USE OF THESE SERVICES, REGARDLESS OF THE FORM OF ACTION OR CLAIM (WHETHER CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE), EVEN IF THE CREDIT UNION HAS BEEN INFORMED OF THE POSSIBILITY THEREOF.

ALTERATIONS AND AMENDMENTS

This agreement may be altered by us from time to time. In such event, we may provide notice to you of the change(s) as required by law. Your use of the Service after we provide notice of such change(s) will constitute your agreement to such change(s).

TERMINATION

You may terminate this Service by notifying the Credit Union by phone, mail, email, or secure message within the digital banking Service. The Credit Union may terminate this Service for any reason, however, you will still be liable for any deposits made before the termination.

GOVERNING LAW

Severability

Except to the extent superseded by federal law and the laws of the State of Washington in which the principal office of Salal is located, this agreement shall govern the provision of the Mobile Check Deposit Service. The member agrees that the

courts of the State of Washington shall have jurisdiction to hear any dispute arising out of the Mobile Check Deposit Service and submits to the jurisdiction of such courts. Any provision of this Agreement, which is unenforceable shall be ineffective to the extent of such provision, without invalidating the remaining provisions of this Agreement. If performance of the Mobile Check Deposit Service would result in violation of any law, regulation, or governmental policy, this Agreement shall be deemed amended to the extent necessary to comply therewith.

Jurisdiction and Venue

In the event that either party commences legal action seeking monetary, declaratory, or injunctive relief with respect to enforcement, interpretation, or violation of this Agreement or any other agreement between Salal and the business member, the parties (I) agree that any such action may be commenced only in a court of competent subject matter jurisdiction in the State of Washington, (II) consent to venue and personal jurisdiction in such a court, and (III) waive any defense of lack of venue or personal jurisdiction in any such suit, action, or proceeding. The parties further (I) agree that process in any such suit, action, or proceeding may be served by mailing a copy thereof by certified mail, return receipt requested, to the other party at the address set forth in this Agreement, and (II) waive any defense of insufficiency of service of such process.

Attorney's Fees

The prevailing party in any legal action regarding the enforcement, interpretation, or violation of this Agreement shall be entitled to an award of all reasonable expenses, court costs, and attorney's fees incurred in connection with such litigation.

General

This Agreement manifests the entire Agreement between the parties regarding the subject matter hereof and supersedes all prior understandings, writings, proposals, representations, or communications, oral or written, of either party. Neither party relied on any representation or promise by other party that are not set forth in this Agreement. The member may not assign this Agreement without Salal's prior written consent. Salal may assign this Agreement without the member's consent. Neither the member nor Salal shall display any name, trademark or service mark of the other without the prior written consent. This Agreement shall bind and benefit the parties and their successors and assignees. None of the terms of this Agreement may be waived except as Salal may consent in writing, and no agreement with or representation made by any employee of Salal that is in conflict with this Agreement will be binding on Salal unless contained in a written modification or addendum of this Agreement signed by an authorized officer of Salal. No delay on the part of Salal in exercising any right or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right or power under this Agreement preclude further exercise thereof or the exercise of any other right or power. The rights and remedies under this Agreement are cumulative and not exclusive of any rights or remedies which Salal would otherwise have. Section headings in this Agreement are for convenience of reference only and do not constitute a part hereof or thereof. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

ELECTRONIC SIGNATURE

Your enrollment to use the Service or your use of the Service constitutes your signature, acceptance, and agreement to the terms and conditions of this Agreement as if actually signed by you in writing. Further, you agree that no certification authority or other third-party verification is necessary to the validity of your electronic signature. You agree that the lack of such certification or third-party verification will not in any way affect the enforceability of your signature or any resulting contract between you and the Credit Union.

CONSUMER MEMBER MOBILE CHECK DEPOSIT SERVICE

Members are automatically approved for this Service, which allows you to deposit checks to your accounts using a compatible and supported mobile device. You will use your mobile and online banking Username and Password to access the Service. To make a deposit, you must select the account you wish to deposit to. This Service uses check conversion technology to convert the original item to an electronic check for deposit at Salal. Salal, or its designated third-party service provider, will perform an image quality analysis of all electronic checks to ensure successful collection. If necessary, the electronic check may be converted to a substitute check to facilitate collection.

DEPOSIT LIMITS

The monthly limit for mobile check deposits is listed within the mobile banking app, when you select DEPOSIT CHECK. This limit may be modified at the Credit Union's discretion on a temporary or case by case basis. Each time you use the Service, the amount remaining that you can deposit for the calendar month be displayed. On the first (1st) business day of each calendar month, the dollar amount will reset to your monthly Service limit. Please contact us if you have questions about your limit.

FEES

Fees for these Services are set forth in the *Consumer Product & Fee Disclosure*. From time to time, these fees may be changed. We will notify you of any changes as required by law. In addition to these fees, you are responsible for any other fees applicable to your account, such as a returned item. Your mobile carrier may also charge fees depending upon your individual plan. Check with your carrier for specific fees and charges. Salal does not assume any responsibility for mobile carrier fees.

PROPER ENDORSEMENT

Checks submitted for deposit through this Service must be properly endorsed before the item is transmitted.

- Sign your name on the back of the check exactly as it appears on the front of the check and include

underneath: “For Mobile Deposit Only at Salal CU.”

- If the check is made payable to more than one individual, as stated with an “and,” both people must sign/endorse the back of the check. The check should then be deposited into an account with both names on it.
- For federal/government checks (i.e. tax refund or state checks), insurance checks, or escrow checks, endorsement signatures for all names listed on the check are required.

If you do not properly endorse the back of the check you’re depositing with the restrictive endorsement “For Mobile Deposit Only at Salal CU”, as described above, the check may be denied for deposit. Additionally, if your check is missing the proper endorsement, and it’s deposited more than once, your account may be debited for the amount of the check. Further, you’ll be liable for any resulting negative balances in your account, including any resulting fees, regardless of circumstances surrounding the deposit(s).

FUNDS AVAILABILITY

You agree that funds from deposited items will be made available according to the Credit Union’s Funds Availability Policy located in our *Consumer Membership & Account Agreement*, as amended from time to time, which is incorporated herein by reference. You understand and agree that the image capture of checks and resulting transmission does not constitute receipt by us, nor does it acknowledge that funds will be available.

MEMBER LIABILITY - CONSUMER ACCOUNTS

You are solely responsible for all deposits you authorize using this Service under this Agreement. If you permit other persons to use your Username and Password and initiate transactions with the Service covered under this Agreement, you are responsible for any transactions they authorize or conduct on any of your accounts. Transactions by family members or friends that you allow on your account are considered authorized by you.

You are responsible for safeguarding your financial, personal data, Username and Passwords, business, and other information to prevent unauthorized access to or use of your accounts through this Service.

You are responsible and liable for access to your accounts through the digital banking Service and for all transactions on your account using your established Username and Password. You agree that you will not share or make available any passwords to non-authorized persons. The Credit Union is not responsible for non-authorized use of the digital banking Service or for any losses that may result.

When you give someone your Username and Password, you are authorizing that person to access your deposit accounts using this Service, and you are responsible for all transactions that person performs while using the Service. All transactions that person performs—even those transactions you did not intend or want performed—are authorized transactions. If you notify us that a person is no longer authorized, only transactions that person performs after the time you have notified us are considered unauthorized. Transactions that you or someone acting with you initiates with fraudulent intent are also authorized transactions. For your protection, sign off after every digital banking session and close your browser to ensure confidentiality.

You agree to maintain and update any changes to your contact information within digital banking or by contacting us.

If you fail to maintain security of your Password and the Credit Union suffers a loss, we reserve the right to terminate any other services we provide.

If you believe your access has been compromised or that someone has transferred or may transfer money from your account without your permission, call us immediately at **800.562.5515** or **206.298.9394**, or send a secure message through the mobile and online banking Service. See your *Consumer Membership & Account Agreement* for more information on reporting errors or questions on your account.

CREDIT UNION LIABILITY - CONSUMER ACCOUNTS

If we do not complete a transaction, to or from your account, on time or in the correct amount according to our agreement with you, we may be liable for your losses or damages. However, there are some exceptions. We will not be liable, if, for instance:

- Through no fault of ours, your account is inactive.
- You used the wrong Password, or you have not properly followed any applicable mobile device or Credit Union user instructions for making deposits.
- Your mobile device fails or malfunctions, or the Service was not working properly, and such problem should have been apparent when you attempted such transaction.
- The item you deposit is deemed to be an Exception Item.
- Circumstances beyond our control (such as fire, flood, telecommunication, mobile service provider or Internet service provider failures, postal strikes, equipment or power failure) prevent making the transaction or transfer.
- The funds in your account are subject to a hold, legal process, or other claim.
- You have not given the Credit Union complete, correct, and current instructions so the Credit Union can process a transaction or transfer.
- There are other exceptions as established by the Credit Union, not specifically mentioned herein.

BUSINESS MEMBER MOBILE CHECK DEPOSIT SERVICE

Business members must enroll for this Service, which allows you to deposit checks to your accounts using a compatible and supported mobile device. You will use your mobile and online banking Username and Password to access the Service. To make a deposit, you must select the account you wish to deposit to. This Service uses check conversion technology to convert the original item to an electronic check for deposit at Salal. Salal, or its designated third-party service provider, will perform an image quality analysis of all electronic checks to ensure successful collection. If necessary, the electronic check may be converted to a substitute check to facilitate collection.

LIMITS AS ASSIGNED

The monthly/daily limit for mobile check deposits is listed within the mobile banking app, when you select DEPOSIT CHECK. This limit may be modified on a case-by-case basis at the Credit Union's discretion. Each time you log in, the amount remaining that you can deposit for the calendar month will display. On the first business day of each calendar month, the dollar amount will reset to your established limit.

DUTIES AND RESPONSIBILITIES OF THE CREDIT UNION

Use of Service

Under the terms and conditions of this Agreement, Salal hereby grants to the business member the ability to utilize the mobile Check Deposit Service through the mobile app to deposit checks.

Processing

During any business day, Salal will process and deposit into the account checks submitted by the business member through Mobile Check Deposit in accordance with federal laws. The following operational procedures will apply:

- Salal will **not** examine checks to verify any data or dates.
- Salal will process checks according to the amount entered by the business member.
- Checks made payable to the business member are acceptable for deposit, except checks drawn on the same account that the business member is depositing to.
- Salal will not accept for deposit third-party endorsed checks or checks payable to more than one party.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, SALAL'S ONLY OBLIGATION SHALL BE TO UTILIZE ORDINARY CARE IN PROCESSING AND DEPOSITING ACCEPTABLE CHECKS AND SALAL SHALL HAVE NO LIABILITY FOR THE PROCESSING OR DEPOSITING OF ANY ITEM WHICH DOES NOT CONFORM TO THE FOREGOING STANDARDS.

Deposits and Funds Availability

All checks submitted and accepted for deposit will be deposited into the business member's account the same business day and will be made available in accordance with the Credit Union's Funds Availability Policy, which can be found in our *Business Membership & Account Agreement*. You understand and agree that the image capture of checks and resulting transmission does not constitute receipt by us, nor does it acknowledge that funds will be available.

DUTIES AND RESPONSIBILITIES OF THE BUSINESS MEMBER

- The business member shall submit valid check images payable to the business member by capturing a clear and legible image of the front and back of the check, using a mobile device such as a smartphone. Valid checks must have been printed on check stock with magnetic ink.
- The business member agrees to enter in the amount of the check using the written dollar amount.
- The business member shall be responsible for ensuring proper scanning of the front and back of the check. The business member must ensure that a full image is displayed and aligned properly in accordance with the Regulation CC requirements for electronic checks.
- The name of the payee on the check shall be that of the business member.
- The business member shall enter only the amount written on the legal written line of the original check.
- All checks must bear a drawer's signature.
- The business member warrants to Salal that no check will be duplicated for deposit either through use of Mobile Check Deposit Service or any other remote deposit software or physical deposit of original check.
- The business member shall retain the original check for fifteen (15) calendar days from the processing date in a secured location and be able to produce the original check during this period if requested by Salal. The business member shall destroy the original check within sixty (60) calendar days. Archived checks should not be stored in locations accessible to non-employees and they need to be secured in some manner (locked drawer, storage room, etc.).
- The business member will be responsible for the destruction of all original paper checks in a confidential manner, either by shredding on-site or using an off-site destruction service.
- Checks submitted for deposit through Mobile Check Deposit must be properly endorsed before the item is transmitted.

- o The business name must be endorsed on the back of the check and include underneath, "For Mobile Deposit Only at Salal CU."
- o For federal/government checks (i.e. tax refund or state checks), insurance checks, or escrow checks, endorsement signatures for all names listed on the check are required.
- o If you do not properly endorse the back of the check you're depositing with "For Mobile Deposit Only at Salal CU", as described above, the check may be denied. Additionally, if your check is missing the proper endorsement, and it's deposited more than once, your account may be debited for the amount of the check. Further, you'll be liable for any resulting negative balances in your account, including non-sufficient funds ("NSF") fees, regardless of circumstances surrounding the deposit(s).

Administrator

The Administrator shall be assigned by the business member in the *Business Digital Banking Enrollment* form. The business member may amend this Administrator from time to time. This individual is responsible for the coordination and monitoring of any additional Users for use of the Mobile Check Deposit Service. Salal recognizes that the business member may modify Administrator or User entitlements after entering into the entering into this Agreement. Modification of Administrator or Users would include the addition or deletion of current Users, therefore, any request to add accounts, change services, and/or change Administrator subsequent to the acceptance of this Agreement must be made in writing and upon acceptance by Salal, and these changes shall automatically be considered as an amendment to and incorporated as part of this Agreement.

- The business member's Administrator will be responsible for authorizing system access and function in the Mobile Check Deposit Service to appropriate Users and assigning Usernames to such appropriate designees. The business member and Administrator will not make any Usernames or Passwords available to any non-authorized persons. Salal and the business member agree that the Usernames, User Passwords, and dollar limit security procedures provided are commercially reasonable and both parties further agree that transactions conducted under the Usernames and User Passwords shall be deemed to be authentic transactions and binding on the business member. The business member is responsible for all transactions made through the Username and Password security system, regardless of whether such transaction was authorized.
- It is the sole responsibility of the business member's designated security Administrator to ensure proper internal security policies and procedures with respect to confidentiality for designated Usernames and Passwords.
- Salal will not be liable for unauthorized use due to the business member's requested modifications regarding the addition of new Users, specific module access, or permitted entitlements within the Mobile Check Deposit Service or for any losses that may result. The business member will notify Salal immediately if the business member believes that a Username and/or User Password have been used without the business member's permission. The business member will not disclose any information pertaining to its use or the components of Mobile Check Deposit Service to any non-authorized User.

Security Procedures

The business member agrees to comply at all times with the security procedures described herein and any subsequent security procedures described in written material provided to the business member by Salal. The business member acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of any instructions sent to Salal.

The business member will designate an Administrator for this Service and Salal will provide the Administrator with a Username and Password.

Salal will consider any access to the Service through use of Usernames and Passwords to be duly authorized by the business member and Salal will therefore seek to carry out any instructions, regardless of, and without verifying, the identity of any person giving such instructions. In the absence of substantial evidence to the contrary, Salal's records with respect to instructions will be conclusive regarding access to, or action taken through, Mobile Check Deposit using valid Usernames and User Passwords, whether or not such access or action is by the business member's designees, whether employee or agent, who have obtained access to Mobile Check Deposit through the business member's failure to maintain adequate internal controls. The business member hereby confirms that it has instituted proper internal controls through the business member's computers, terminals, equipment and procedures to adhere to Salal's security procedures with respect to Mobile Check Deposit, including a disaster recovery or contingency plan addressing the Mobile Check Deposit Service and the unavailability of such due to forces beyond Salal's control.

The business member shall be responsible for establishing and maintaining the procedures to safeguard against unauthorized access to the Mobile Check Deposit Service, including anti-virus protection mechanisms, and if required, updates to such procedures and monitoring by the business member of its compliance with such procedures and regulations as outlined within this Agreement. The business member warrants that no individual will be allowed access to the Service in the absence of proper supervision and safeguards and agrees to maintain the confidentiality of the security procedures and valid Usernames and User Passwords and any other related instructions provided by Salal in connection with the applicable security procedures. If the business member at any time has reason to believe or suspect that any such information or instructions have been compromised or disclosed to or accessed by any unauthorized person, or used in a manner not authorized by the business member, the business member agrees to notify Salal via phone or email as soon as an intrusion is detected, followed by written confirmation, and the business member shall be solely responsible for any losses as a result thereof. The occurrence of unauthorized access will not affect any transactions executed in good faith

by Salal prior to receipt of such notification and for a reasonable time thereafter. Notwithstanding the foregoing, internal controls should also include safekeeping of original checks.

Fees for Service and Expenses

The business member agrees to pay all expenses related to software, equipment, installation, and training in accordance with the pricing established by Salal (refer to your *Product & Fee Disclosure*). Fees owed shall be collected on a monthly basis. Salal may change pricing from time to time and every effort will be made to provide thirty (30) days written notice to the Member, however, you agree that fees can be changed at any time. The business member shall also pay all attorneys' fees and other costs and expenses Salal may incur in collecting any fees or other sums the business member may owe. Salal shall also have the right to credit or debit any accounts the business member holds with Salal to correct any processing errors or discrepancies in connection with the Mobile Check Deposit Service.

REPRESENTATION, WARRANTIES, COVENANTS AND LIABILITY

Representations and Warranties

The business member and Salal each represents and warrants to the other, as of the date this Agreement is entered into and each time the Mobile Check Deposit Service is used or performed, that:

- It is validly existing and in good standing under the laws of the jurisdiction of its organization.
- It has all requisite power and authority to execute and deliver, and to perform its obligations under this Agreement and the Mobile Check Deposit Service used.
- This Agreement has been duly authorized and executed by it and constitutes its legal, valid, and binding obligation.

Salal makes no representation or warranty, express or implied, and disclaims all warranties as to the suitability of the Mobile Check Deposit Service for the business member, or as to the compatibility of Salal's software, equipment, or communication interface with those of the business member.

The business member represents and warrants that:

- It is fully authorized to enter into and perform under this Agreement, and that this Agreement constitutes its legal, valid, and binding obligation.
- It is solvent and in good standing in the State of its organization.
- It is not the present intent of the business member to seek protection under any bankruptcy laws.
- Checks deposited through the use of the Mobile Check Deposit Service are currently and were at the time of their creation, bona fide and existing obligations of the business member, free and clear of all security interests, liens, and claims whatsoever of third parties and are not now nor have they ever been declared in default.
- All checks and all documents and practices related to them comply with all applicable federal and state laws.

Covenants

The business member covenants that:

- It will allow Salal to review and inspect during reasonable business member hours, and the business member will supply, any and all financial information, security procedures, contingency plans, financial records, and documentation of the business member regarding the checks deposited through the Mobile Check Deposit Service that Salal may request.
- The checks submitted by the business member are valid checks, the business member will reimburse and indemnify Salal for all loss, damage, and expenses, including reasonable attorneys' fees, incurred in defending such transactions as invalid or fraudulent checks.
- In the event of the commencement of any proceeding under any bankruptcy or insolvency laws by or against the business member, the business member will not oppose or object to any motion by Salal seeking relief from the automatic stay provisions of such laws.
- It will provide to Salal current information regarding its business activities and other changes that may affect the nature of the previously supplied business member Information Profile (CIP) maintained by Salal, including financial criteria.
- It will abide by the provisions set forth under the USA PATRIOT Act as well as the Gramm-Leach-Bliley Act and other such regulations that may apply to this Service.

Liability

Salal will exercise ordinary care in utilizing the Mobile Check Deposit Service and will be responsible for any loss sustained by the business member only to the extent such loss is caused by Salal's reckless or willful misconduct. In no event shall clerical errors or mistakes in judgments constitute failure to exercise ordinary care, nor shall Salal have any liability for any indirect, incidental, consequential (including lost profits), special, or punitive damages, whether arising in contract or in tort, and whether or not the possibility of such damages was disclosed to or could have been reasonably foreseen by Salal. Under no circumstances shall Salal be responsible for any liability, loss, or damage resulting from any delay in performance of or failure to perform in connection with the Mobile Check Deposit Service which is caused by interruption of telephone, Internet, or communication facilities; delay in transportation, equipment breakdown, or mechanical malfunction; electrical, power, or computer failure; accidents, fire, flood, explosion, theft, natural disaster, or other catastrophe; acts of government, or other circumstances which are unavoidable or beyond Salal's control. Salal shall not be liable for failure to perform any of its obligations in connection with the Mobile Check Deposit Service if such performance would result in it being in breach of any law, regulation, or requirement of any governmental authority. If Salal fails to credit any of the business member's accounts utilized in connection with the Mobile Check Deposit Service as of the date such credit was earned, upon discovery or notification of such amount, Salal will make all necessary corrections, but Salal shall not incur any liability therefore, including any loss resulting from failure by the business member to invest the amount of funds not properly credited to the account. The business member agrees that Salal shall not be liable to the business member for any act done or step taken or omitted in good faith, or for any mistake in fact or law, or for anything which it may do or refrain from doing in connection with this Agreement, except for gross negligence or willful misconduct. In addition, with respect to all claims or controversies raised by third parties, the business member agrees to reimburse and indemnify Salal for, and hold it harmless against, any loss, liability, claim, or controversy of any kind arising out of or in connection with the performance by Salal of its duties and obligations under this Agreement, as well as the cost and expense, including but not limited to reasonable attorney's fees, of defending against any claim or liability arising out of or relating to this Agreement.

Indemnification

The business member shall indemnify and hold Salal harmless and each of its directors, officers, employees, agents, and successors, and assigns from and against all liability, loss, and damage of any kind (including attorney's fees and other costs incurred in connection therewith). This includes any issues arising out of the Service, by reason of any acts or omissions of the business member or any third party or otherwise.

Communications

Security procedures have been designed to verify the origination (but not errors in transmission or content) of instructions, orders, and other communications sent by Salal and the business member in connection with the Mobile Check Deposit Service. The business member agrees that the mutually agreed-upon security procedures, as defined above, shall be deemed commercially reasonable. Salal shall not be obligated to act on any communication not transmitted in accordance with the security procedures, and may refuse to act on any communication where Salal reasonably doubts the authorization, contents, origination, or compliance with the security procedures in respect to a communication; however, Salal shall be entitled to act on that communication and shall not be liable for acting on, and the business member shall be bound by any communication sent in the name of the business member, whether or not authorized. Salal reserves the right to issue new communications regarding security procedures and/or to cancel or change any security procedures from time to time. Whenever the Agreement, application, or security procedures include the assigning to the business member or its designees of any confidential password, login identification, identification code, personal or location identification number, repetitive code, or similar security device in connection with the Mobile Check Deposit Service, the business member shall implement such safeguards as are reasonably necessary to ensure the confidentiality and integrity of such security devices, and shall immediately notify Salal if the confidentiality or integrity of any such security device is breached or threatened. The business member shall be responsible for the use of such devices and assumes all risk of accidental disclosure or whatsoever, whether such disclosure or use is on account of Salal. Salal shall not be liable for any loss or improper use of any security devices. Notwithstanding the foregoing, Salal may change any operating procedures as necessary to maintain or restore the security of Salal's operation.

Confidentiality

All user guides, manuals, data software, processes, and other information provided to the business member in connection with the Mobile Check Deposit Service and all fee and pricing information with respect to the Mobile Check Deposit Service is the proprietary and confidential property of Salal and/or its relevant licensors or suppliers. The business member agrees to use the information only in the manner specified by Salal and in the ordinary course of the business member's business, to return it to Salal upon termination of the relevant service, and to keep the information confidential and limit access thereto only to its designees who require access in the normal course of their duties, except to the extent the information is already in the public domain or the business member is required to disclose the information by law.

Intermediaries

Salal may act on any communication and provide the Mobile Check Deposit Service using any payment system or intermediary organization it reasonably selects. Salal's performance of the Mobile Check Deposit Service is subject to the rules and regulations of any such system or organization. Salal may engage third parties to provide the Mobile Check Deposit Service. Salal shall have no obligation to disclose arrangements with third parties to the business member or obtain the business member's consent thereto. The business member authorizes the transfer of information relating to the business member to agents of Salal or the business member for use in connection with the Mobile Check Deposit Service or as required by law and under Salal's *Privacy Policy* available on its website.

Recordings and Records

Either the business member or Salal may produce telephonic or electronic recordings or computer records, including email and electronic transmissions, as evidence in any proceedings brought in connection with the Mobile Check Deposit Service. The business member agrees to Salal's telephonic or electronic recording for security and quality of service purposes.

Notices

Any notice or other communication required or permitted by this Agreement shall be in writing and may be given by secure message through Mobile and online banking, email, personal delivery, overnight delivery service, or certified mail (return receipt requested, postage prepaid). Notice shall be deemed given upon personal delivery thereof, on the day after such notice is deposited with an overnight delivery service, or upon receipt of delivery of such notice by certified mail.

Accounts

The Mobile Check Deposit Service involving the business member's accounts at Salal are subject to Salal's terms and conditions of deposit accounts and availability schedules in effect and are subject to change from time to time. In any conflict between this Agreement and Salal's terms and conditions of deposit accounts, this Agreement shall prevail.

Discrepancies

The business member shall promptly notify Salal in writing of any error in connections with the Mobile Check Deposit Service and any discrepancies between any records maintained by the business member and any notice the business member receives from Salal with respect to the Mobile Check Deposit Service, and shall provide Salal with any information it may reasonably request in connection therewith. Notwithstanding the foregoing, if Salal at any time discovers that the legal amount of the check is different than the amount that has been credited to the business member's account, Salal will make the necessary adjustment to the account to correct the discrepancy.

Compliance

The business member shall comply with all laws, rules, and regulations in connection with the Mobile Check Deposit Service. The business member agrees to be bound by such rules, and agrees that no entries that violate U.S. law may be initiated. The business member shall be responsible for and shall fully indemnify Salal for any and all fines and assessments imposed on Salal as a result of any infraction or violation of such rules caused by or attributable to the business member.

Disclosure

The business member acknowledges that Salal may have certain legal record keeping and reporting requirements with respect to the Mobile Check Deposit Service and consents to Salal's disclosure to governmental authorities of information concerning the business member and the Mobile Check Deposit Service provided to the business member which Salal believes to be appropriate or necessary to fulfill such legal requirements.

Fiduciary Status

Nothing contained herein shall be deemed to create fiduciary status on the part of Salal in connection with the provision of the Mobile Check Deposit Service. Salal is deemed to be a fiduciary of the business member in providing the Mobile Check Deposit Service, this Agreement is not intended to, nor shall, relieve Salal of any fiduciary responsibility otherwise imposed on it by law.

Termination

The business member may terminate the Mobile Check Deposit Service by providing thirty (30) days' prior written notice to Salal. Salal may also terminate or suspend the Mobile Check Deposit Service without notice to the business member if any of the following occurs:

- The business member becomes insolvent or files, or has filed against it, any bankruptcy or other insolvency, reorganization, liquidation, or dissolution proceeding of any kind.
- A material adverse change occurs in the business member's business or financial condition.
- Salal has reason to believe that the business member has engaged in fraudulent or illegal activity.
- The business member fails to maintain balances in accounts sufficient to cover overdrafts.
- The business member violates the terms of this Agreement or any financing arrangement with Salal.
- The business member fails to provide financial or any other information reasonably requested by Salal.
- Salal determines it is impractical or illegal to provide the Mobile Check Deposit Service because of changes in law, regulations, or rules.
- Salal, in good faith, is unable to satisfy itself that the Mobile Check Deposit Service has been properly authorized by the business member. Notwithstanding any termination, the terms of this Agreement shall apply to all transactions, which have been initiated prior to termination.