



Northrim Bank

Customer First Service

**Deposit Account
Agreement, Disclosures,
Rules, and Regulations**

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Deposit Account Agreement, Disclosures, Rules, and Regulations

Thank you for choosing Northrim Bank for your banking needs. We are committed to giving you caring personal attention each time you call or visit us. It is important that you understand the benefits of banking with Northrim, as well as the rules and obligations that apply to you and to the bank.

OVERVIEW

Each Account type that we offer or will offer in the future is governed by Federal and State regulations as well as policies adopted by Northrim Bank that are set within the guidelines of applicable law. The majority of state and federal law that governs our relationship with you is too large and intricate to be recorded here. The purpose of this document is to; summarize some laws that apply to ordinary transactions, document rules that apply to transactions or events that the law does not regulate, document rules for certain transactions or events that the law regulates but allows for variations by agreement, and give you disclosures of our policies to which you are entitled or those in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some deviations from our standard agreement, although we must agree to any differences in writing in advance. Unless it would be inconsistent to do so, words and phrases in this document will be construed so that singular includes the plural and the plural includes the singular.

In this *Deposit Account Agreement, Disclosures, Rules, and Regulations*, you should note that the terms “you,” “your,” and “signer” refer to anyone having the authority to deposit, withdraw, or exercise control over the funds in a Personal Deposit Account and anyone who is authorized to act for and on behalf of a business or entity with regard to a Business or Entity Deposit Account. The terms “the bank,” “we,” “our,” and “us” refer to Northrim Bank.

The term “Personal Deposit Account” means any Account primarily used for personal, family, or household purposes.

The term “Business or Entity Deposit Account” means any Account opened by a corporation, limited liability company, partnership, sole proprietorship or other form of business entity, and the Accounts of non-profit and governmental entities.

Both the Personal Deposit Account and Business or Entity Deposit Accounts will be referred to as an “Account” unless the situation specifically applies to one but not the other. Deposit Accounts include those Accounts that we designate as checking, savings, retirement or certificate of deposit Accounts.

The term Account Owner means one or more individuals who open, or are subsequently added to a Personal Deposit Account and a business or other entity which opens a Business or Entity Deposit Account. Each business or other entity must designate one or more individuals authorized to act for and on behalf of the business or other entity with regard to its Accounts.

The term "Agreement" refers to this document, associated signature cards, applicable rate and fee schedules, our privacy policy statement, and any additional bank agreements you authorize, disclosures, or brochures and updates we provide and/or refer to in this document. Our *Funds Availability Policy* and our *Electronic Banking Rules and Regulations* may also apply to your Account and will thus be considered a part of this Agreement. You also agree that the most recent version of the *Deposit Account Agreement, Disclosures, Rules, and Regulations* will supersede all prior agreements governing your Account.

A "Beneficiary Payee" means a person named as one to whom sums on deposit in a Personal Deposit Account are payable on request after death of all Account Owners or for whom a party is named as Trustee.

An "Item" (as used in this Agreement) includes; checks, substitute checks, drafts, demand drafts, preauthorized drafts, withdrawal slips, deposit slips, automatic transfers and electronic transactions such as Automated Clearing House (ACH), Automated Teller Machine (ATM), Point of Sale (POS), and electronic check (e-check) transactions. An Item also includes any writing created or authorized in an Account Owner's name that would be a check or draft if it were signed.

Note: Information specifically addressing ACH, Visa Check Card, ATM and POS transactions can be found in the *Electronic Banking Rules and Regulations*.

Each signer on a deposit Account signature card acknowledges receipt of this Agreement by one or more signers and agrees to the terms as set forth. Notice from us to any one signer is considered notice to all signers on an Account. Periodically, in our sole discretion or as mandated by changes to Federal and/or State law, we may change this Agreement by adding new terms and conditions or by modifying or deleting existing terms and conditions. We will notify you of these changes, if required, in one or more of the following ways unless applicable law or regulation requires notice is given in another fashion:

- Posting the notice in the bank;
- Including a message on or with your Account statement;
- Making the notice available to view on the Internet through our web site; or
- Any other means we deem appropriate.

An amendment is effective thirty (30) days after notice. Continuing to maintain your Account or use any related service following the effective date of the change will indicate each Account Owner's acknowledgement and consent to that change.

Any term or condition that is found to be inconsistent with applicable law or regulation will be modified by the bank and applied in a manner consistent with that law or regulation. Each of the rules, terms, regulations and conditions described in the Agreement stands alone. You agree that any claim not brought within one year of the act or omission giving rise to the claim will be time-barred except as otherwise provided for in this Agreement.

We reserve the right to waive the enforcement of any of the terms of this Agreement with respect to any transaction or series of transactions (as allowed by applicable law). Any such waiver will not affect the right of the bank to enforce any of its rights with respect to other customers, or to enforce any right with

respect to any other transactions with you.

These terms and conditions form a binding contract between you and Northrim Bank. You should keep a copy of this Agreement and any information we provide to you regarding changes and updates for as long as you have the Account with us. You may contact any of our branches or call Customer Service at 562-0062 (Anchorage) or (800) 478-2265 (outside of Anchorage) to request the most recent version of the *Deposit Account Agreement, Disclosures, Rules, and Regulations* and related schedules and brochures. A current version of this Agreement may also be found on our web site.

You will receive only one Agreement, which will cover all of your deposit Accounts with Northrim Bank. This Agreement governs Personal Deposit Accounts, Business or Entity Deposit Accounts, and services. It does not govern credit accounts, credit-related services, safe deposit box rentals or non-deposit investment services. If you open a Certificate of Deposit Account, additional terms and disclosures applicable to that Account will be set forth in the *Rules and Regulations Governing Certificates of Deposits*.

The relationship you have entered into via this Agreement is that of a debtor and creditor only. You acknowledge that there is not a fiduciary, quasi-fiduciary, agency, partnership or joint venture or other special relationship existing between you and the bank.

You also agree that the terms of this Agreement are for the sole and exclusive benefit and protection of you and the bank. No other person or entity shall be a third party beneficiary of this Agreement, and no provision of this Agreement shall operate or inure to the use or benefit of any third party.

Controlling Language

English shall be the controlling language between you and the bank. Should we translate our forms, disclosures or advertisements into another language and there is a discrepancy between the English materials and the translation, we will consider the English language version as conclusive and controlling within all applicable laws.

Bank Liability

We will follow reasonable commercial general standards as followed by or that do not unreasonably differ from the general standards of other similarly situated Alaska banks. These standards are referred to as "ordinary care." By exercising ordinary care we are not liable to you except as legally required. We will meet our obligation to you to care for your Account within these standards. Clerical errors, equipment failure, or even an honest mistake does not mean the bank failed to exercise ordinary care.

We will not be liable if, through no fault of ours, your Account does not contain enough funds to pay an Item or the funds in your Account are purported to be subject to legal process or other claim. The bank, in receiving Items from you for withdrawal or deposit, acts only as your agent and reserves the right to reverse the credit for any deposited Items for which provisional credit was given before the Item was returned to the bank unpaid, or to charge your Account for Items should they become lost in the collection process. The bank will not be liable to you if we refuse to accept an Item for deposit for any reason.

The bank will not be responsible for the acts or omissions of its correspondents

or for loss in transit of Items deposited with the bank for collection unless we fail to exercise ordinary care. We will, however, make reasonable efforts to resolve such problems. The bank is expressly authorized to pursue collection of previously dishonored Items and in so doing, may permit the payor bank to hold an Item beyond the midnight deadline.

We will not be held responsible for delays or our inability to provide any or all of the services covered by this Agreement due to force' majeure' such as fire, earthquake, extreme weather, war, strikes, acts of terrorism, interruptions of communication, transportation, utilities, or services, or other unforeseen circumstances.

———— **OPENING A NEW ACCOUNT** ————

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an Account.

What this means for you: When you open an Account, we will ask you for your name, address, date of birth and other information that will help identify you. We may ask to see your driver's license and/or other identifying documents.

Inquiries of Personal Information

You authorize us to make inquiries that we consider appropriate to determine if we should open, maintain or close your Account. This may include a credit report or other report on you and/or any other signer on your Account.

Account Limits/Household

We reserve the right to limit each Account type to one per Account Owner or per household. A "household" refers to all individuals occupying an individual dwelling regardless of the existence or non-existence of a family relationship.

Certification of Tax Payer Identification Number (TIN)

In most instances, Treasury regulations require the bank to obtain a tax identification number (TIN) for each Account. To avoid backup withholding tax, you must submit Internal Revenue Service (IRS) Form W-9 or Form W-8BEN to the bank. U.S. citizens or other U.S. persons, including resident alien individuals, must appear as the primary owner of an Account and must provide Form W-9. If you are a non-resident alien, you must provide a Form W-8BEN. Additional forms may be required.

Until the bank has received a properly completed and signed W-9 or W-8BEN, we may; not pay interest, pay interest and comply with the backup withholding requirements of the IRS, close the Account, or take any other action that we believe to be reasonable under the circumstances.

If we receive information that indicates that someone other than you is using the same TIN that you certified on Form W-9, and we are not able to determine to our satisfaction that the TIN has been assigned to you, we may, at our option and without prior notification to you, stop paying interest on your Account, continue paying interest but comply with backup withholding requirements of the IRS, close the Account or take any other action that we believe to be reasonable in the circumstances. If you are the last surviving owner of a Personal

Deposit Account, or are a Sole Proprietor, upon your death, we must be provided with your estate's, beneficiary's or successor's TIN (as applicable), or we may either refuse to pay interest earned on your Account since the date of your death or withhold a portion of the interest that has been earned on your Account since the date of your death.

Failure to Supply Signature

If a person identified in your written authorization as a signer on your Account fails to sign a signature card or related document the bank may or may not, at its sole discretion, treat such person as a signer on the Account and we will not have any liability to you as a result.

Special Documentation

In opening an Account in which you will serve in a fiduciary capacity, such as an agency, estate or a custodial Account or for a Business or Entity Deposit Account, you may be required to provide specific authorization documents depending on the type of Account being opened.

Temporary Account Agreement

An Account opened with incomplete or missing paperwork is considered a temporary agreement until all of the requirements we specify have been met. This Agreement will be fully in effect at the time the Account is opened. We may restrict, prohibit, or close your Account if you fail to comply with all of our requirements within a reasonable time.

Magnetically Encoded Account Numbers

Your Account will be assigned an Account number that must be encoded in magnetic ink character recognition (MICR) format on all deposit and withdrawal forms in a manner complying with American National Standards Institute (ANSI) specifications. The portion of the Item containing the Account number is referred to as the MICR line. We assume no responsibility for any loss, damage or any inconvenience caused by your use of a deposit or withdrawal form other than a form magnetically encoded with your Account number and obtained through the bank or from a reputable supplier who has received our MICR line format and follows ANSI specifications.

OWNERSHIP OF ACCOUNTS

These rules apply to your Account depending on the form of ownership and the beneficiary designation (if any) specified on the signature card. The types of survivorship rights that we make available to our customers are those that are provided in this disclosure. This agreement supersedes any selected survivorship rights indicated on the signature card if they are different from those provided. We make no representation as to the appropriateness or effect of ownership and beneficiary designations, except as they determine to whom to pay the Account funds.

Single Owner Personal Deposit Account

This is an Account in the name of one Account Owner only. All funds belong to that Account Owner. Upon the death of the Account Owner, ownership of the Account passes as part of the Account Owner's estate. This section will also apply to a business Account opened by a sole proprietor.

Single Owner Personal Deposit Account with Payable on Death (POD) Designation

Upon the death of the Account Owner, ownership passes to the named Beneficiary Payee, and it is not part of the Account Owner's Estate.

Joint Owner Personal Deposit Account with Rights of Survivorship

This is an Account with two or more Account Owners. Upon the death of one of the Account Owners, the deceased person's ownership interest in the Account will immediately pass to the remaining surviving Account Owner. Upon the death of the surviving Account Owner, ownership passes as a part of that Account Owner's estate.

Joint Owner Personal Deposit Account with Rights of Survivorship and POD Designation

This is an Account with two or more Account Owners. Upon the death of one of the Account Owners, the deceased person's ownership interest in the Account will immediately pass to the remaining surviving Account Owner. Upon the death of the last surviving Account Owner, the deceased person's ownership interest in the Account passes to the named Beneficiary Payee and is not part of the last surviving Account Owner's estate.

Totten Trust Accounts

A Totten Trust Account is not a formal trust. It is a Personal Deposit Account in the name of one or more Account Owners, referred to as trustees, for one or more Beneficiary Payees where the relationship is established by the formation of the Account and there is no subject of the trust other than the funds on deposit in the Account.

The Account belongs to the trustee during the trustee's lifetime. If two or more parties are named as trustees in the Account, their ownership in the Account during their lifetime is determined by the rules for joint Accounts. The trustee may change, add, or remove the name of any Beneficiary Payee at any time upon written notice to the bank.

Funds on deposit in the trust Account may be paid, on request, to any trustee. Payment may be made upon request, to the Beneficiary Payee upon presentation to the bank of proof of death showing the Beneficiary Payee survived all persons named as trustee. Payment may also be made to the personal representative of a Beneficiary Payee upon proof that the decedent Beneficiary Payee survived all other persons named as beneficiaries.

POD Accounts

Personal Deposit Account Owners may designate one or more Beneficiary Payees. The Account is treated according to individual or joint Account guidelines throughout the Account Owners lifetime. Upon the death of all Account Owners ownership will pass to the named Beneficiary Payees.

Any POD Account may be paid, on request, to any Account Owner. Payment may be made, on request, to the Beneficiary Payee or to the personal representative or heirs of a deceased Beneficiary Payee upon presentation to the bank of proof of death showing that the Beneficiary Payee survived all persons named as Account Owners. Payment may be made to the personal representative or heirs of a deceased Account Owner if proof of death is presented to the bank showing

the decedent was the survivor of all other persons named on the Account either as an Account Owner or as a Beneficiary Payee. If the payee is a minor at the time of death of the last surviving Account Owner, we may, at our discretion, transfer the Beneficiary Payee's interest to a legal custodian according to the Alaska Uniform Transfer to Minors Act (UTMA). (See the *Uniform Transfer to Minors Act Accounts* section of this Agreement.)

Formal Grantor Revocable or Irrevocable Trusts

In order to open a formal trust Account, additional documents are required. You may be asked to provide the first and last page of the trust, a synopsis of the trust prepared by an attorney, and/or you will be asked to complete a Trust Certification (provided by the bank). We will act only as the custodian of the trust funds and are under no obligation to act as a trustee or to inquire as to the powers or duties of the trustee(s) beyond those actions mandated by law. The trustee(s) and/or any person opening the Account, in their individual capacity, jointly and severally, agree to indemnify, defend and hold the bank harmless from and against any and all loss, costs, damage, liability, or exposure, including reasonable attorney fees that we may incur arising out of any action or claim by any beneficiary or other trustee with respect to the authority or any action or omission of the trustee(s) in handling or dealing with the Account.

- **Revocable Trust** – If the person setting up a written trust is able to revoke the trust or change the beneficiaries, it is a “revocable” trust. In effect, the assets in the trust still belong to the trustor and its income may be taxable to him or her. Therefore, unless legal counsel instructs the trustor differently, the bank will use the individual trustor's TIN for reporting purposes.
- **Irrevocable Trust** – If the person setting up a written trust is not able to change its terms after it is established, it is an irrevocable trust. The person who established and funded the trust no longer owns or controls the funds held in the trust. The law treats the trust as a separate “person.” An irrevocable trust has its own TIN and files its own income tax return (as applicable).

The beneficiary's right to receive funds in the Account is determined by the trust instrument and is subordinate to the rights of any other person (including the bank) that holds a security interest in or has claim to the funds in the Account.

Be advised that the bank does not provide legal or tax advice and you should consult your attorney or accountant for advice in setting up your Accounts.

Minor Accounts

As an adult parent or legal guardian, you may, in our discretion, open the Accounts described below for a minor (under eighteen (18)) child in your care. Except as is otherwise described below, the minor will be considered to have all of the rights of an adult Account Owner with respect to the Account. The adult parent or guardian, however, will be solely responsible for the acts or omissions of the child with respect to the Account, including, without limitation, responsibility for all withdrawals and any overdrafts. It is the responsibility of the parent or legal guardian to monitor and control the activities of the minor on any Account.

An adult parent or legal guardian may open a savings Account “In Trust For” a minor (under age eighteen (18)) child in your care. You, as the adult, will be the

owner of the funds while the child is the Beneficiary Payee. See the *Totten Trust* section of this Agreement for additional information. Although this Account is used to teach your child the benefits of savings, you are still considered the Account Owner and interest will be reported under your TIN. An alternative would be establishing an Account under the Alaska UTMA described below.

You may also elect to establish a joint savings Account or, with our consent, a joint checking Account, with your child whereby you would share responsibility with your child as co-owner. In such event your child will be considered to have the rights of an Account Owner. This type of arrangement would allow your child to have an ATM card (with your consent). The adult parent or legal guardian will be solely responsible for the child's use of the card and the Account. Interest earned on the Account could be reported under either TIN.

If a minor is the sole surviving Account Owner or a beneficiary payee on any Account, we may in our discretion, require transfer of the minor's interest to a legal custodian according to the Alaska Uniform Transfers to Minors Act.

Uniform Transfer to Minors Act Accounts

If you establish an Account as a custodian for a minor beneficiary, the Alaska Uniform Transfers to Minors Act (the Act or UTMA) will govern your rights and duties. The minor's TIN must be provided. You will not be allowed to pledge the Account as collateral for any loan to you. We may disclose information about the Account to the minor or the minor's representative after we have ascertained the identity of the minor or minor's representative. You agree to indemnify, defend and hold the bank harmless from and against any and all loss, costs, damages, liability or exposure, including attorney's fees, that we may suffer or incur arising out of any action or claim by any beneficiary or custodian with respect to the authority or any action taken or omission by you in handling or dealing with the Account.

You understand and agree that when the minor reaches the age that transfer of the Account balance from the custodian to the minor is mandated under UTMA, or anytime afterward, we may pay the deposited funds to the minor in accordance with the custodian's duty without your instructions to us to do so.

There may only be one custodian per Account and the duties therein may not be assigned, pledged or transferred to another person. However, if you die before the minor attains the age of twenty-one (21) (or age predetermined by you within applicable law at the time the Account is opened) then the custodianship of the Account will be reassigned to a successor custodian, per applicable law, unless you have pre-selected a successor custodian and have provided appropriate paperwork to the bank.

You agree to keep the bank informed of the minor's most current living address.

Business or Entity Accounts

Each officer, partner, sole owner, member and each signer authorized to act on behalf of a business or other entity, represents to the bank that the named business or entity exists and that they are authorized to transact any business relating to the Account on behalf of the business or entity. We may require the business or entity opening the Account give us a separate authorization informing us who is authorized to act on its behalf. We will not honor an authorization until we actually receive, accept, and have a reasonable time to

act on the authorization or any written notification of a change of authorization from the business or entity. Any supporting documents, in a form approved by the bank, will be provided to the bank upon request to include, without limitation, resolutions and certificates of authority. You authorize us, should we choose to do so, to provide information regarding your Business or Entity Account to owners and officers of the business or entity which the bank reasonably believes hold such offices notwithstanding the fact they may not be authorized signers on the Account. The business or entity, and the individual opening the Account, jointly and severally, agree to indemnify, defend and hold the bank harmless for any liability it incurs if the authority of the Account Owner or any Authorized Representative or designated signer does not exist, ceases to exist, or is abused in any way. Sole proprietorships and certain non-profits and governmental agencies may be able to open interest bearing checking Accounts. Please contact Customer Service if you are interested in this type of Account.

Public Records

You agree that the bank may rely on the current records maintained and published by the State of Alaska Division of Corporations, Business and Professional Licensing and other agencies or divisions of the State of Alaska, or the state of entity formation, to determine the correct name of your business or other entity and the names of your shareholders, members, directors, officers and registered agents, as appropriate. You agree to keep such public records current, and you agree to indemnify, defend and hold us harmless from any claim made against or loss suffered by the bank should you fail to do so.

— ADDITIONAL ACCOUNT PROVISIONS —

Rights of Joint Personal Deposit Account Owners

Each Account Owner is authorized by every other Account Owner to act without consent or notice to any other Account Owner in engaging in any transaction permitted within this Agreement, including but not limited to:

- Withdrawal of all or any part of the Account balance via any allowed means associated with the Account type;
- Endorse and deposit Items to the Account that are made payable to any of the Account Owners;
- Place a stop payment order on any Item regardless if it was drawn by one of the other Account Owners;
- Pledge the funds on deposit in the Account as collateral to the bank for any individual, joint or third party obligation;
- Close the Account and direct proceeds;
- Open one or more Accounts on behalf of other Account Owners; and
- Execute and deliver one or more signature cards.

If the bank believes there is a dispute between Account Owners, we reserve the right to suspend or close the Account, require a court order to act, and/or require that all Account Owners agree to any or all transactions in writing.

Account Owners are personally, jointly and severally liable under the terms of

this Agreement for how the Account is handled. For example, if there is an overdraft on the Account, each Account Owner is individually, jointly and severally liable for the full amount regardless of who caused or benefited from the overdraft. This means that we may exercise our *Right to Setoff* or our security interests against any Account held by any Account Owner, individual or joint, as well as take other legal action if needed.

Changes to Personal Deposit Account Ownership

We may allow you to add additional signers to your Account; however, you will not be allowed to delete an owner from your Account except upon the death of one or more of the Account Owners. The form of ownership may be altered by written order given by you to the bank to change an Account or to stop or vary payment under the terms of the Account. The order or request must be signed by you, received by the bank during your lifetime and within a reasonable time for the bank to act on the order or request, and not countermanded by any other written order from you or another Account Owner.

A change of ownership through the right of survivorship, the beneficiary designation in a Totten Trust Account, or a POD payee designation, cannot be superseded by a will. We do not provide legal advice nor make recommendations to the type of Account Ownership that would best suit your needs. Only a professional estate-planner or attorney can make that recommendation for you.

Bank's Right to Change Your Account Type

We reserve the right to convert your Account to another type of deposit Account offered by us at any time. You will be given any advance notice that is required prior to making the change(s):

- If we determine that excess withdrawals on a savings or Money Market Account have occurred, we may close the Account and assist you with opening a checking Account;
- If the balance in a Certificate of Deposit or in an Alaska CD falls below the minimum balance requirement, we may close the Account and assist you with opening a savings Account; and
- When the minor Beneficiary or minor signer of a Kid's Club Account reaches eighteen (18) years of age, we may convert the Account to a Classic Savings Account.

Should any of the following occur, we might determine that your Personal Account is being used for business purposes and convert the Account to a Business or Entity Deposit Account subject to the bank's Business Account fee schedule:

- The Account has a business name and/or the checks show a business name as the maker;
- Credit card receipts are included in deposits;
- Routine Account activity consistent with a business such as excessive withdrawals, large numbers of deposit Items, change order requests, large cash or coin deposits or the use of an armored carrier; or
- Checks deposited are payable to a business or entity name.

Determining Ownership

Our records will be used solely as the means to determine ownership of your Account and the type of ownership that you selected, except as provided for in the *Ownership of Accounts* section of this agreement.

Signer

A signer may also be someone whom you authorize to transact business on your Account by providing the bank written instruction to do so or by providing other written documents approved or provided by us.

If you request to terminate a signer's authority, you agree to notify the bank of this action immediately and in writing. We may also require that the terminated signer(s) and all other remaining signers agree to provide written notification to the bank evidencing agreement with the changes in authority with respect to your Account.

It is your obligation to supervise the activities of your signer(s). You agree to be responsible for any losses resulting from the acts or omissions of your signer. You agree to indemnify, defend and hold us harmless from any loss that we may suffer or expense we may incur, including attorney fees and costs, whether or not suit is initiated, as a result of any act or omission of your signer(s).

Account Administrator

When a business or entity signs up for Internet banking and/or ACH services, we require that an individual be designated to manage your Accounts (Account Administrator). You acknowledge that under the terms of the applicable *Northrim Bank Business Online and Electronic and Bill Payer for Business Access Agreement, Electronic Banking Rules and Regulations, and the ACH Agreement*, the Account Administrator has the sole authority to manage your Accounts and may authorize other people to access and/or manage your Accounts as your agent. Your Account Administrator alone will determine the administrative rights of these people, which may include permission to perform any one or any combination of the following activities (to include future services):

Transfer Funds	Manage Accounts	ACH Activities
Stop Payment	Manage Users	Wire Transfer Activities
Bill/Loan Payment	Request Reports	Loan Advances
View Online Statements/Notices		

You acknowledge these rights, and your obligation to supervise your Account Administrator's activities. You also agree to be responsible for any losses resulting from the acts or omissions of your Account Administrator or anyone authorized by your Account Administrator to act on your behalf. You agree to indemnify, defend and hold us harmless from any loss we may suffer or expense that we may incur, including attorney fees and costs, whether or not suit is initiated, as a result of any act or omission of your Account Administrator or anyone authorized by your Account Administrator to act on your behalf.

Assignment of Interest

The transfer or assignment of an Account does not bind us until we acknowledge and accept the assignment in writing. We do not have to accept a transfer or

assignment of an interest in an Account nor are we obligated to make any further inquiry regarding the matter regardless of the document received or the claim made. If we do accept or recognize a transfer or assignment, we may, at our sole discretion, make such acceptance or recognition conditional. We are under no obligation to notify you or any other person before we disburse funds from your Account according to what the bank, in good faith, accepts and believes to be the terms of a transfer or assignment of interest in an Account.

———— FEES AND CHARGES ————

You agree to pay the bank certain fees and charges for banking services. The fees and charges that are applicable to personal, family, or household Accounts may be found in the *Personal Banking Fee Schedule* that is a part of this Agreement. Fees for all Business or Entity Deposit Accounts will be found in the *Business Banking Fee Schedule* that is also a part of this Agreement. These fees may include, but are not limited to, transaction/per item fees, periodic Account fees or service charges, overdraft or non-sufficient fund (NSF) charges, overdraft protection fees, stop payment fees, research fees, early Account closure fees, interim/duplicate statement and photocopy fees, fees for purchasing official instruments, incoming and outgoing wire transfer fees, and ACH fees. We may also charge you for other activities that affect your Account such as the handling of liens, levies, garnishments, citations and legal proceedings.

You agree that fees and charges are subject to change and that the bank will notify you in the time frame and manner dictated by applicable law. Continuing to maintain your Account or use of any related service after the effective date of change will indicate your agreement to the change.

———— INTEREST ————

Unless we otherwise specify, in writing, your interest bearing Account will be a variable rate Account. The bank reserves the right, subject to applicable law, to change the interest rate on your Account at anytime without prior notice to you. If you have a fixed rate Account we agree to pay the specified interest rate until the maturity date. For fixed rate Accounts with terms greater than one (1) month, disclosures will be mailed or delivered thirty (30) calendar days before the end of the grace period.

Interest Rate

The Interest Rate is the current rate of simple interest the bank will pay on the specified balance in your Account, which does not reflect compounding. The bank reserves the right to pay interest at different rates depending on the amount deposited and the type of Account opened.

Annual Percentage Yield (APY)

We may periodically disclose the APY that is applicable to your Account. The APY is a percentage rate that reflects the total amount of interest paid on the Account. It is based on the interest rate earned on the Account and the frequency of compounding for a 365-day period. If you receive a periodic statement, that statement will include the APY earned on your Account for the period covered by the statement. The APY is calculated according to formulas established by Federal regulations.

Accrual of Interest

If you deposit funds other than cash into an interest bearing Account we reserve the right to not begin accruing interest until we have received final credit for the deposit Item(s).

The bank may calculate interest daily yet only pay interest to you on a monthly, quarterly, semi-annual, annual basis or at maturity (at least annually for maturity dates longer than one year). This unpaid interest is called accrued interest. Closing your Account prior to the scheduled interest payment date may result in the forfeiture of a portion or all of your accrued interest. Additional fees or penalties may apply.

Payment

The bank will pay interest at the Interest Rate specified on the most current *Deposit Interest Rate* sheet (that is a part of this Agreement) on variable rate Accounts. Fixed rate Accounts will earn the interest disclosed on the *Deposit Interest Rate* sheet at the time the Account is opened or renewed. In the case of a Jump-Up CD, once the interest rate is increased due to an allowable jump, the Account will earn the interest disclosed on the *Deposit Interest Rate* sheet on and after the date of the increase. The *Deposit Interest Rate* sheet sets forth the APY, frequency of interest payments, frequency of compounding, balance on which interest will be paid, and any minimum balance requirements.

We reserve the right, subject to applicable law, not to pay interest on uncollected funds or on balances that do not meet the Account requirements, fall below the minimum required balance, or exceed Account balance limitations. Information regarding current rates of interest and the manner of computation can be obtained at any one of our branches, through our web site or by contacting Customer Service.

Minimum and Maximum Balance Requirements

Keeping a minimum balance in your Account may be necessary in order to avoid being assessed a fee or to earn interest for that period.

Exceeding the maximum balance requirement designated for specific products for your Account may result in reduction of the interest rate or no interest rate applied to the amount exceeding the maximum balance. In addition, we may require that you immediately withdrawal the amount necessary to bring the balance below the stated maximum.

Minimum and Maximum balances, interest rates, and fees that describe our deposit Accounts can be found in the brochures and/or in the *Deposit Interest Rate* sheet. You may also obtain this information at any one of our branches, through our web site or by contacting Customer Service.

Interest Adjustments

If it is necessary to adjust the interest paid to your Account, that adjustment might not be reflected on the statement for the month it occurs but on the statement for the following month, depending on statement cut-off schedules.

Compounding

If the *Deposit Interest Rate* sheet indicates compounding frequency, then your Account has a compounding feature. A compound interest Account is one in

which interest is accrued on interest already credited to your Account. That means that at the end of the compounding period, the bank will add together the balance of your Account and the accrued interest paid on the Account. Future interest will be calculated using this new sum. In order to get the benefit of compounding, interest earned must be left on deposit.

———— DEPOSITS ————

Real Time System Money Management

The deposit system utilized by the bank allows certain transactions to post to your Account periodically throughout the day as they are presented for processing (Real Time). These transactions may include but are not limited to in-person, Bank-by-mail, ATM, Internet, ACH, and electronic transactions. Not all transactions will post in Real Time; instead they will be processed by the end of the business day.

Transactions posted in Real Time affect your Account immediately, which results in both deposits and withdrawals having an immediate impact on your Account balance. This means that you will need to deposit funds that are necessary to cover any kind of debit such as a check, transfer, or withdrawal prior to the Item being presented for payment or payment may be refused for insufficient funds. The bank, in its sole discretion, with your consent when required, may elect to pay an Item for which your Account does not have sufficient funds. A fee may be charged for this type of activity.

The bank is not required to inquire about the source or ownership of funds received for deposit to your Account. The bank reserves the right, in certain instances, not to make all deposited funds immediately available. (See the *Funds Availability Policy* described later in this Agreement.)

Regardless of the processing method, your transactions are subject to being “proofed” by us. This means that we reserve the right to verify the cash, review checks and other Items of deposit to ensure they are negotiable and/or properly payable, and to make corrections as deemed necessary without prior notification to you. A credit to your Account is conditional. We may revoke a credit to you if the check or other deposit Item is dishonored or not paid for any reason, regardless if there is a delay in returning the unpaid check or deposit Item to you. (See the Substitute Check section of this Agreement.)

Basic Procedure

Deposits to your Account may be made in person, by mail, by the use of Northrim ATMs, direct deposit, electronic/Internet transfer, remote deposit capture or any other method made available by the bank. The bank, in receiving Items for deposit or collection, acts in the role of your agent and assumes no responsibility beyond the exercise of ordinary care.

We may, without inquiry, accept a deposit to your Account from anyone at any time as long as they have both your name and Account number. We will not accept an Item for deposit from anyone who is not an Account Owner or signer if they do not have your Account number and your name. We will not verify the existence of an Account relationship between the bank and you under these circumstances unless required to do so by law.

Final Payment

All non-cash Items deposited to your Account will be posted subject to our receipt of the final payment by the payor bank. You agree that you are solely responsible for verifying the validity of all Items deposited to your Account. Upon receipt of final payment, the Item becomes a collected Item. If final payment is not received, or if any Item you have deposited or cashed is charged back to the bank for any reason, you authorize the bank to charge any of your Accounts for the amount of the returned Item, together with the bank's Returned Item fee. If there is not enough money in your Account to cover the Item, we may charge all or a portion of the Item back to your Account. Doing so may result in an overdraft of your Account and other Items being dishonored because of this overdraft. We may retain the Item until you pay us the remaining balance due. If an Item is returned to the bank unpaid because of insufficient funds we may, at our discretion and without prior notice to you, resubmit the Item to the bank it is drawn on in order to collect it. Sending the Item again to the original bank will not affect our right to charge your Account in the event the Item is again returned to us unpaid. In addition, if the bank pays or incurs any fee or provides any service to collect a deposited Item, the bank may charge you or your Account the amount of the applicable fee. The bank reserves the right to refuse to process any Item for deposit to or withdrawal from your Account.

You must maintain a record of each Item you give us for deposit or payment. You agree to immediately review deposit receipts and statements provided to you for accuracy and promptly report discrepancies to the bank. In the event a loss occurs due to information that was provided by you to the bank, you agree to indemnify, defend and hold the bank harmless from liability as allowed by applicable law, whether or not suit is initiated.

Cash Back on Deposit

If you are the Account Owner of a Personal Deposit Account or you own an Account as a Sole Proprietor, you may receive a portion of your deposit back as cash depending on the type of Item being deposited, the length of time you have held an Account with the bank, the history of your Account activity, and the average balance of the Account. You will be required to sign for the cash received in the presence of the bank employee processing the transaction, and you may be required to produce acceptable identification. You may be asked to deposit an Item to your Account instead of being allowed to cash the Item. Funds from a deposited Item may not be immediately available. (See the *Funds Availability Policy* section of this Agreement.) We may also require an Item be sent for collection before crediting your Account or we may refuse to accept the Item.

Endorsements

We are authorized to supply your endorsement to any Item taken for collection, payment, or deposit to your Account. We are also authorized to collect any unendorsed Item that is made payable to you without first supplying your endorsement, provided the Item was deposited to your Account. This includes any unendorsed Item that is made payable to two or more persons and deposited to an Account that is owned in whole or in part by those Account Owners.

Each Account Owner of a Joint Personal Deposit Account appoints all other

Account Owners as his or her attorney-in-fact with full power to endorse the name of any Account Owner on any Item for deposit into the Account that is jointly held by the Account Owners. This activity will only be permitted to the extent legally allowed for that Item and/or situation.

We may refuse to accept any Item for deposit or collection or refuse to pay that Item unless we can verify to our satisfaction that all necessary endorsements are present. We may require that all endorsers be present at the time the Item is presented to the bank.

When you deposit Items into your Account, you warrant that you are the owner of the Item and that all endorsements are genuine. Insurance drafts and government checks must be endorsed exactly as they are made payable. You agree to, indemnify, defend and hold us harmless from any loss we suffer or expense we may incur because an Item was not endorsed exactly as drawn, delays resulting from endorsements that are not legible and delays caused by the condition of an Item.

In addition to any other warranties that you make by law or agreement, you also warrant that all signatures on any deposited Items are authentic and authorized.

Funds Availability

Please see the *Funds Availability Policy* section later in this Agreement for the bank's policy concerning the availability of deposited funds.

Non-U.S. Dollar Currency or Foreign Items

We reserve the right to refuse acceptance of any foreign currency, foreign Items and Items presented or payable in non-U.S. dollars. If we agree to accept such Items, we may send the Items for collection; you agree to accept all risk associated with fluctuations of the value of foreign currency, nonpayment or late return of the Item(s). You further agree that we may use our most current buying and selling rate as applicable and may recover from your Account any loss we incur due to processing the Item(s). We reserve the right to place longer holds on Foreign and non-U.S. dollar Items than the times specified in our *Funds Availability Policy* or until we are otherwise satisfied that payment of the Item(s) is final.

24-Hour Deposit Center and ATM Usage

When using our 24-Hour Deposit Center or an ATM, you assume all risks unless the damage or loss is due to our failure to exercise ordinary care. You also agree that the bank is not responsible for any loss that is the result of mechanical defect, malfunction or Force' Majeure'. If you are unable to properly operate the 24-Hour Deposit Center or ATM or fail to use bags or envelopes as instructed by us, we will not be responsible for any resulting loss. You further agree that the bank is not responsible for any loss or injury that occurs from the use of our 24-Hour Deposit Center or an ATM that is the result of unlawful acts by other persons such as assault, theft, vandalism, or mechanical mischief.

Deposits made at the 24-Hour Deposit Center or an ATM are conditional upon our acceptance, verification, proofing and collection of the deposit Items. You agree that it is your responsibility to provide the information necessary to reasonably reconstruct any missing, lost, stolen or irreparably damaged deposit Item listed on a deposit slip.

Armored Courier

By choosing to use an armored courier service, you assume all of the associated risk unless the damage or loss is due to our failure to exercise ordinary care. You further agree that the bank is not responsible for any loss or injury that occurs from the use of armored courier services as a result of unlawful acts by other persons such as assault, theft, vandalism, or mechanical mischief.

Deposits made through the use of an armored courier are conditional upon our acceptance, verification, proofing and collection of the deposit Items. You agree that it is your responsibility to provide the information necessary to reasonably reconstruct any missing, lost, stolen or irreparably damaged deposit Item listed on a deposit slip or on the courier's delivery voucher.

Non-cash Courier Services

We have a service available for pickup and delivery of non-cash deposits for some of our locations. In order to setup this service, an additional agreement is required. If you are interested in this service, please contact your branch of Account or Customer Service for additional information. We may choose to stop offering this service at any time. There are also fees associated with using this service.

WITHDRAWALS

Basic Procedure

When making a withdrawal from an Account, you may be asked to sign the withdrawal order in ink in the presence of the bank employee processing your withdrawal. You may also be asked to produce acceptable identification. Withdrawal by mail will be posted to your Account on the day the transaction is processed by the bank. If you make a withdrawal by check or order, the Item must be properly completed and signed by you or a signer whose authority is on file with us. The bank is not required to inquire about the proposed application of any payments made from your Account. Withdrawals and transfers from your Account may be restricted as provided in this Agreement, the applicable rate and fee schedule or by applicable law.

Withdrawal by a Signer

We are not liable for any claims, loss or damage as a result of amounts we pay from your Account at the request of any Account Owner or signer, regardless of whether or not the payment is consistent with the actual ownership of the Account.

Payment to Non-Account Owners

You agree that we may refuse to cash a check or checks written by you to a third party at our sole discretion, for any reason. This would include, without limitation, if they refuse to provide the identification that we require from non-Account Owners or are listed as a Blocked Party on the records of the Office of Foreign Assets Control (OFAC).

Disclosure of your Account Number

If you voluntarily give information about your Account (such as our routing number or your Account number) to a party who is seeking to sell you goods or services and you do not physically deliver a check to the party, you authorize

the bank to treat such disclosure as your authorization to that person to issue payment instructions and withdraw funds from your Account.

Restrictions and Overdrafts

We are only required to permit withdrawal from your Account if you have sufficient, collected, and available funds to cover the entire amount of the Item presented. If a number of Items are presented for payment and the total of these Items exceed your available balance, we reserve the right to pay Items against the available balance in whatever order we choose. Items presented for payment from an Account that does not have sufficient, collected, and available funds, may be either paid or returned unpaid in accordance with the bank's overdraft procedures or according to any other agreement that you may have with the bank such as an overdraft protection agreement. The bank's determination of your Account balance may be made at any time between presentment and the bank's midnight deadline. The bank is only required to review your Account balance once per day.

Restrictions on your Account that can affect the amount available include, but are not limited to; bank holds, pending transaction holds, collateral holds, security holds, court ordered holds, garnishments and attachments or if the availability of funds on deposit cannot be verified or the required documentation has not been presented.

A decision by the bank to allow an overdraft does not obligate the bank to allow future overdrafts.

Each Account Owner is individually, jointly and severally liable to the bank for any debit balance arising as a result of overdrafts and/or Account charges, without limitation. Each Account Owner promises to pay, upon demand, any and all debit balances in the Account along with related fees and charges. The return or payment of Items presented against insufficient funds will be subject to related service charges. You waive notice of dishonor of checks as authorized by the Alaska Uniform Commercial Code. You agree to deposit sufficient funds to cover any overdraft and associated fees immediately.

You understand and agree that the bank may, in its discretion, utilize automated processing of overdrafts and is not required to provide prior notification of this process, unless otherwise specified by applicable law or regulation.

Large Cash Withdrawal

If you need to cash a large check or complete a cash withdrawal for a large sum we may require that you wait five (5) to ten (10) business days depending on the amount so we will have sufficient time to order the cash from our main vault or from the Federal Reserve. We may, although we are under no obligation to, require that you provide adequate security for transfer of the funds at your expense. Security measures must be pre-approved by the bank and may not be contrary to our security measures. We reserve the right to require that an armored carrier pick-up the cash for delivery to you at your sole risk and expense. The bank will exercise commercially reasonable judgment in determining what constitutes a large sum.

Bank Cards, ATM and POS Transactions

If you use a magnetically encoded bank card, which enables withdrawals, deposits, transfers and inquiries at ATMs or purchases from participating

retailers, you agree that such transactions and applicable fees will be charged to your Account according to the instructions you or the merchant give the machine. You also agree that these transactions are subject to all Account rules and regulations. Except as otherwise required by law, you are responsible for all of your transactions made with your card, through ATMs or otherwise. The bank will establish the maximum withdrawal amount per day. Your card is the property of the bank and is not transferable. The bank may cancel or restrict the use of your card at any time, without prior notice. You agree to return your card to the bank if we request it or you close your Account. You agree to notify the bank promptly if your card is lost or stolen or if a monthly statement of Account contains any unauthorized charges. For more specific information on the rules and regulations governing electronic transactions, see our *Electronic Banking Rules and Regulations*.

Wire Transfer Service for Business or Entity Accounts

In addition to general wire transfer activity, our *Wire Transfer Service* allows you to initiate a wire transfer from your Account with us to the account of another party at another financial institution via fax, telephone, or Business On-Line. You may authorize wire transfers from your Account upon the prior consent of the bank; we may also require the execution of our *Agreement for Wire Transfer Services*.

Checks

We will attempt to assist you in cashing your checks. However, as cashing checks drawn against another financial institution exposes us to risk of non-payment, we may require that you deposit the check and have a hold placed according to our *Funds Availability Policy*. We may also require the Item be sent on collection. This means you will not have access to the funds represented by the Item until it is finally paid. We also reserve the right to refuse the Item.

If we cash such a check and it is returned unpaid, you agree that we may deduct the amount of the check and any associated fee from your Account.

We also reserve the right to refuse checks that are "not standard" in form or content. This would include checks of unusual size, paper, weight, color, or are written in colors that cannot be easily photocopied, microfilmed or imaged. Checks without magnetic encoding or which are not encoded in compliance with ANSI specifications are also considered "not standard."

You can reorder checks by mailing the reorder form enclosed in your current order of checks, by submitting a request at any branch, by placing an order on our web site, or by calling or e-mailing Customer Service. If you choose to print your own checks or utilize a third party to print your checks, we are not liable to you if we cannot process such checks by automated means for any reason including; improper MICR encoded information, MICR encoding ink that is not readable by our processing equipment, failure to use MICR ink or which are otherwise "not standard." A fee is assessed in such instances.

Restrictive Check Legends and/or Endorsements

The bank will NOT take legends printed on checks into consideration during processing. These legends include, but are not limited to, "void if not paid in 30 days" and "not good in excess of \$100." Any attempt to reserve rights or sign or endorse an Item with restrictive language such as "without prejudice" or "under

protest” is ineffective against the bank and will not affect the negotiability of an Item presented for payment.

Should you use restrictive language on any Item, you agree to indemnify, defend and hold the bank harmless from any claims by third parties, whether or not suit is initiated. You are responsible for all losses, claims, damages and expenses we suffer that result from a restrictive legend or endorsement on your checks at the time we receive them for payment.

The bank will NOT review the number or combination of signatures on any Item drawn against your Account unless we are so ordered by a court. This means that if you indicate that more than one signature is required, we are not liable if a transaction is conducted on or through your Account that does not conform to your specifications as long as one of the signatures on the Item is authorized. You agree that if your Account purports to require more than one signature, such a provision is for your internal purposes only and is not binding to us. You agree that this is the customary practice for commercial banks located in the State of Alaska.

Lost, Stolen or Compromised Items

You agree to notify the bank immediately if any of your unused checks or Items is lost, stolen, or compromised. Should this occur, we reserve the right to require that you close your Account and open a new one.

Post, Stale or Time-dated Items

Because we utilize high-speed check processing equipment, we are unable to prevent the payment of post-dated, stale-dated or time-dated checks during processing.

- **Post-dated checks** – You agree that any checks you write from your bank Account will not be dated in the future. Any post-dated checks presented to the bank for payment against your Account will be paid against sufficient available funds on the date presented. You further agree that the bank is not liable to you in doing so.
- **Stale-dated checks** – You agree that the bank, at its option, may either pay or dishonor a check more than six (6) months old, without prior notice to you. You further agree the bank is not liable to you in doing so.
- **Time-dated checks** – You agree that the bank, at its option may either pay or dishonor a check presented after a deadline printed on the check without prior notice to you. You agree that the bank is not liable to you in doing so.

Forgeries, Signatures or Alterations

The specimen signature(s) you provide on your Account signature card may be used when necessary (unless the bank is in receipt of a direct order by a court to act otherwise), to verify signature(s) on Items presented for payment against your Account. If you choose to use a facsimile signature device, you agree to deliver a sample of the signature to the bank. You are responsible for the proper use and security of the facsimile device. This means we will debit your Account if the use of your facsimile signature is unauthorized. If a forgery, alteration or use of a signature facsimile stamp or machine is made in such a way that a reasonable banking institution could not be expected to detect the forgery, alteration, or fraud, we will not be liable for payment of such Item(s).

You understand that the bank is unable to verify or examine your signature, or endorsements, on Items that are posted to your Account(s) utilizing high speed processing. You agree that this is the customary practice with respect to processing Items for commercial banks located in the state of Alaska.

You agree to immediately provide the bank with any information that may cause a potential loss against your Account as soon as you have such knowledge that it has occurred and the bank is open for business. An example would be a theft, robbery, or burglary involving information regarding your Account or unauthorized access to your Account information even if it has not been determined that information was or was not compromised. Should you fail to advise the bank of these or similar situations, you agree to indemnify, defend and hold us harmless from any loss we may suffer or loss we may incur as a result of such activity whether or not suit is initiated.

Powers of Attorney

The bank will only act on properly executed powers of attorney that contain specific provisions covering the requested transactions or actions to be taken. The bank may require an original power of attorney or a certified copy of the original document be provided to the bank. The bank may also require an affidavit by the agent stating the newly presented or existing power of attorney is an original or certified copy of the original and to the best of the agent's knowledge, that you are alive and the relevant power of attorney has not been altered or terminated.

We reserve the right to reject powers of attorney that are not in a form acceptable to us. We will not honor powers of attorney that delegate authority or fiduciary responsibility to another to act on behalf of a business or entity, unless a resolution is provided that indicates that use of the power of attorney has been authorized by the business or entity. In addition, we reserve the right not to honor powers of attorney that delegate a trustee's responsibility under a trust to an agent, unless such power is expressly authorized in the trust document. We will not honor a power of attorney after we have received actual notice of your death and have had reasonable time to act on such notice. All joint owners of the Account will be bound by any and all actions taken by the attorney-in-fact. If we decide to honor a power of attorney, we can later decide not to honor it any longer.

Should we determine that a power of attorney or other document does not comply with applicable laws or does not authorize the person to act in the capacity requested, we reserve the right, in our discretion, to refuse to honor the instructions of the holder of the power of attorney.

You agree that if you revoke a power of attorney, the bank will not be liable for any Items that were accepted for payment prior to actual receipt by the bank of a written notice of the revocation and the expiration of a reasonable time for the bank to act on the notice.

Return of Deposit Items

We reserve the right to charge back (debit) Items deposited to your Account that are returned to us by the payee bank as well as to reverse any interest they may have accrued. This right of charge back will not be affected by the expiration of an applicable midnight deadline provided we do not have actual knowledge that

said deadline has expired, or by having such knowledge we conclude that the Item has been returned according to law, regulation or rule that is binding on the bank, or if we receive word that you breached a warranty (forged endorsement, alteration, etc) made in connection with the deposited Item. You agree that we have the right to pursue the collection of such deposited Items, even if that means we allow the payee bank to hold the deposited Item beyond the midnight deadline in an attempt to recover payment. We reserve the right to redeposit a returned Item and represent the Item for payment by any means, including electronic means, unless we receive instructions from you not to redeposit such Item. We shall not be liable for any action or inaction in the recovery of payment of a returned Item if we exercise ordinary care.

If an Item is returned for breach of warranty, we may debit your Account for the amount of the Item plus any applicable fees and pay the amount to the claiming party. You agree that we are not obligated to verify the truth or facts that are asserted or to assess the timeliness of the claim or to assert any defense on your behalf. You agree to immediately repay any overdraft caused by the return of an Item and any associated interest and fees.

Lost or Destroyed Deposit Items

Due to the methods, volume and/or speed of modern check processing systems, deposit Items may become lost or destroyed at either the bank or at another point in the Item processing system. We are not responsible for the actions or inactions of any other institution in the Item processing system.

You agree to fully cooperate with the bank so that we may reconstruct the lost or destroyed Item(s) as quickly as possible. This may be accomplished by doing the following:

- Providing a copy of the front and back of the Item (from the issuer's records);
- If the Item has not cleared, you will have the issuer place a stop payment on the Item(s) at our expense and issue a replacement Item to be delivered to us; or
- If you do not know the identity of the issuer, you agree to review your records and other pertinent information and perform reasonable research to identify the issuing party.

If you fail to cooperate with the bank in reconstructing lost or destroyed Item(s), we may reverse a credit or otherwise adjust your Account for the amount of the lost or destroyed Item(s) without advance notice to you.

Investigation, Assignment of Claim and Provisional Credit

The bank will investigate all claims it receives that regard unauthorized transactions involving your Account. You will be required to submit your claim in writing to us unless a rule or regulation dictates otherwise. Upon receipt of the written claim, we will begin our investigation. For claims regarding electronic transactions, please refer to the *Electronic Banking Rules and Regulations*. You agree to:

- Fully cooperate by completing a detailed description of the claim under penalty of perjury, using a form or format supplied by or approved by the bank.
- File a police report.

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- Complete and return any documents required by the bank within ten (10) days of the date we send them to you.

We may provide you with provisional credit, at our sole discretion, unless otherwise required to by rule or regulation. This provisional credit may be reversed if you fail to cooperate with us.

Should we determine through our investigation that the transaction was proper, we reserve the right to reverse any provisional credit we may have made relating to this claim. Although we will attempt to notify you of the reversal, we are not obligated to do so prior to taking this action. If the reversal of the provisional credit creates an overdraft, you will be expected to pay the amount of the overdraft within fourteen (14) days. Until that time, we will honor Items drawn against your Account up to the amount of the provisional credit that we reversed. No NSF fees will be assessed for these Items in this time frame. We will begin treating the Account as overdrawn if it does not show a positive balance in fourteen (14) days. By accepting payment from us for your loss, you agree to provide us with reasonable assistance in pursuing recovery and you assign to the bank any rights you have against any other person in connection with the claim. You will also release the bank from any further or future liability in connection with the claim.

Stop Payment Orders

You may order a stop payment on any check or other Item drawn on your Account, within certain limitations, regardless of whether you or another Account Owner or signer authorized the transaction. The bank must receive the order to stop payment in sufficient time that we may reasonably act on the request and before we have taken any action with respect to the Item. A stop payment cannot be placed if an Item has already been paid. Acceptance of a stop payment order does not constitute a representation that the Item has not already paid or that the bank has had a reasonable amount of time to act. A fee will be assessed for this service. You will be required to provide the exact payee, check number, amount and Account number. If blank checks or Items are lost/stolen, the bank will accept a stop payment without the amount or payee, and in most cases require that the Account be closed for your protection. You acknowledge that while payment of a check may have been stopped, you may remain liable to any person who is a holder of the check despite the stop payment order.

An oral request for a stop payment must be followed up in writing (to include an authorized signature) within fourteen (14) days of the initial oral request. Failure to do so will result in the stop payment order being removed from your Account.

A written stop payment order will remain in force for six (6) months unless renewed by you in writing before expiration of the first six (6) month period. It is your obligation to timely request an extension of your stop payment order. An additional fee may apply to such an extension. However, there are circumstances in which we may, in our sole discretion, elect to honor a stop payment order for a longer period of time without notice to you. We treat each renewal as a new stop payment order. If a check is presented for payment during the period a stop payment order is effective, we will make every effort to return the check provided the stop payment order is accurate and complete. We may pay your check after the stop payment order has expired, even though the check is more than six (6) months old.

You will be provided with a copy of the stop payment at the time you come to the bank to request the stop payment. If you place the stop payment by telephone, one will be mailed to you at the address of record held with the bank. You agree to review the information on the stop payment order and advise us immediately if there is a discrepancy. Stop payments made through Northrim Personal or Business On-Line are considered written stop payments and the confirmation that is provided through these services at the time the stop payment is ordered by you serves as documentation of that stop payment order.

You agree to indemnify, defend, and hold us harmless from any loss we may suffer or we may incur as a result of stopping payment on a check, whether or not suit is initiated, other than losses or costs arising out of our failure to exercise ordinary care.

You are responsible for reviewing all your Account statements to determine if the original check has been paid prior to issuing a replacement check. The bank is only responsible for reviewing the transactions that have been paid since your last statement date. The bank will not be held responsible for any loss incurred by you if you issue a replacement check for any check on which you stopped payment if the original check was shown as paid on a previous statement.

Bank's Security Interest and Right to Setoff

By opening an Account, you as an individual and any other Account Owners, expressly grant the bank a first lien security interest in your Account for the purpose of securing any obligation that you or any other Account Owner may owe the bank.

The bank may also charge or "setoff" against funds in an eligible deposit Account any liability or debt of any Account Owner whether joint or individual, whether direct or indirect, absolute or contingent, whether now or hereafter existing, and whether arising from overdrafts, endorsements, guarantees, loans, attachments, garnishments, levies, attorney fees or other obligations. Setoff may be used even if the payment of the debt will result in interest penalties or dishonor of subsequent checks presented against the Account. If this is a Joint Account, you and each of the other Account Owners authorize the bank to exercise its right of setoff against any and all Accounts of each Account Owner regardless if only one of the Account Owners is liable to the bank and regardless of to whom the funds belonged prior to their deposit to the Account.

We may exercise our right of setoff or security interest against any and/or all of your Accounts with the exception of trust Accounts and those Accounts that would cause the tax-deferred status of any tax-deferred retirement Account such as IRAs, SEPs and Keogh plans to become invalid by this action.

If your Account is a CD that has not matured, we may deduct any early withdrawal fee that may be due as a result of our exercising our right of setoff.

———— AUTOMATED CLEARING HOUSE (ACH) ————

Automated Clearing House (ACH)-Personal Deposit Accounts

ACH services allow you to transfer funds to or from your Accounts by means of entries that direct us to either deposit funds to or withdraw funds from the Account of a third party known as a receiver. Funds may be sent through the ACH system or processed directly to Accounts with us.

Withdrawal or Debit Entries

Examples of an ACH debit entry would be a transfer of funds from your Account to pay a monthly athletic club membership or insurance premium. A third party may not submit debit entries on your Account unless you have signed a written authorization with them that states the terms for withdrawals from your Account and that contains provisions authorizing you to terminate or revoke your authorization. Please refer to the *Disclosure of Your Account Number* section of this Agreement.

Variable ACH Withdrawal or Debit Entries

An example of a variable amount ACH debit entry would be the monthly payment of your telephone, gas or electric utility bill. If you authorize a third party to submit debit entries that will vary in amount, the third party must mail you written notice of the amount and the scheduled payment date at least ten (10) calendar days before the payment date. Alternatively, you may elect to receive such notice from the third party when a payment does not fall within a specified range of amounts or when the payment amount differs from the most recent transfer by more than an agreed amount.

Unauthorized Debit Transaction

An unauthorized ACH debit entry is an entry in which one or more of the following occurs:

- The written authorization requirements have not been followed;
- The transaction was initiated in an amount greater than the amount authorized by you; or
- The transaction was initiated for payment earlier than authorized by you.

You may direct us to recover a debit entry from a third party on the basis that it was unauthorized by providing us with an executed affidavit in which you declare and swear under oath that the debit entry was unauthorized for one of the three reasons noted above. We must receive your affidavit within fifteen (15) days following the date we advise you of the debit entry in the case of a business or entity and sixty (60) days after we notify you of the debit entry in the case of a consumer transaction. For more information regarding electronic transactions please refer to our *Electronic Banking Rules and Regulations*.

Revocation of Authorization

If you wish to cancel or revoke your authorization to a third party to withdraw funds from your Account, you must do so directly with the third party under the terms set forth in your written authorization.

Before we may refuse a debit request from a third party on the grounds you have revoked the authority to do so, you must provide us with an executed affidavit in which you declare and swear under oath that you have revoked the authorization directly with them.

Stop Payment of Debit Entries

You may stop payment of an ACH debit entry orally or in writing up to three (3) business days before the scheduled payment date. We may require written confirmation of the stop payment order within fourteen (14) days of an oral notification. If a written confirmation is requested but not received, the stop payment will cease to be binding after fourteen (14) days. See the *Stop Payment* section elsewhere in this Agreement.

Direct Deposit or Credit Entries

You may authorize a third party to transmit funds for credit to your Account. An example of a credit entry would be a deposit of your monthly paycheck by your employer. The bank will not give you notice that a deposit has been made to your Account. You may confirm receipt of a deposit by calling Customer Service at 562-0062 (Anchorage) or (800) 478-2265 (outside of Anchorage).

If you wish to cancel this service, you must contact the originator of the deposit. You also acknowledge and agree that deposits we receive for your benefit from outside sources may be paid to us solely on the basis of Account number, even if the name specified is not yours.

If funds deposited to your Account via a direct deposit plan are later recalled and/or returned to the originator of the deposit, we may deduct the amount from that and/or any other Account that you have at the bank without advance notice, except as legally required. We may also use any other legal remedy to recover these funds.

Please note that funds deposited into the Account via direct deposit from entities such as the Social Security Administration in the name of a deceased Account Owner after the date of death may be subject to recall by the sender. The bank reserves the right to hold these funds for the recall within the limits of applicable law or return these funds to the originator.

Automated Clearing House (ACH) - Business or Entity Deposit Accounts

Business or entity Account owners may authorize third parties to make ACH deposits to or withdrawals from their Accounts upon the prior consent of the bank. In order to originate ACH transactions through Northrim Business Online an *ACH Services Agreement* is required and the service must be approved by us in advance.

SAVINGS, INTEREST CHECKING, AND MONEYMARKET ADDITIONAL TERMS

Withdrawal Notice

The bank reserves the right to enforce Federal regulations that require that you provide us with seven (7) days notice of intent to withdraw funds from a savings, interest checking or money market Account. It is normally our policy to pay withdrawals or checks without notice on these Accounts; however, we do not give up our right to require notice at any time.

Withdrawal Limitations for Savings and Money Market Accounts

Federal regulations allow you to make no more than six transfers and withdrawals, or a combination of such transfers and withdrawals, per calendar month, to another Account (including a transaction Account) you have with us or to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order or instruction, by check, draft, debit card, or similar order made by you and payable to third parties. A preauthorized transfer includes any arrangement by us to pay a third party from your Account upon written or oral instruction (including an order

received through an automated clearing house) or any arrangement with us to pay a third party from one of your Accounts at a predetermined time or on a fixed schedule. An excess activity fee will be assessed for exceeding these limitations.

If we determine that you are exceeding the limits described above we may, according to Federal regulations, change the Account to one that does not fall under the regulation or close the Account.

———— **CERTIFICATE OF DEPOSIT (CD) ACCOUNTS** ————

CD Accounts include funds that are held on deposit by the bank that are payable at maturity on a specified date or at the end of a specified time (not less than 30 days unless agreed to in writing).

You agree to keep the funds on deposit in a CD Account until they reach maturity or you will be assessed an early withdrawal penalty and may forfeit all or part of any accrued interest. The forfeiture of interest may result in a reduction of the principle balance. The bank may waive the penalty in circumstances such as death or legal incompetency when provided copies of verifying documents. We will also waive the penalty on Jump-Up CDs when the funds are used for medical purposes (provided the CD has been open for a minimum of seven (7) days).

You understand that you may withdraw all or part of the deposited funds penalty free on the CD maturity date or within a ten (10) day period after the maturity date on all automatically renewing CDs.

Several of our CD Account products may allow for deposits and some penalty free withdrawals based on Account requirements.

If the CD is automatically renewing, it will do so for a like term and at the bank's interest rate and APY in effect at the time of renewal, unless the bank determines that the CD type will no longer be offered. In that case your CD will automatically renew to a CD selected by us. You will be notified if this should occur. In all cases minimum balance requirements apply.

CD balances that fall below the required minimum for that type of CD due to withdrawals or fees will not earn interest and may be closed by us at our discretion.

———— **FUNDS AVAILABILITY POLICY** ————

General

Our general policy is that any deposits made directly with an employee of the bank will be available to our customers on the next business day. This means the funds are available on the business day after the day we receive your deposit.

We do not routinely place holds on our customer's deposits. However, we reserve the right to place a hold on a case-by-case basis, exception basis, or on new Accounts less than 30 days old.

Note that Items deposited to your Account electronically through the Automated Clearing House (ACH) are available to you on the date we have been instructed to make them available by the originator.

Case-by-Case Delays (Accounts over 30 days old)

Under some circumstances, some or all of the funds in your deposit will not be available on the first business day after the business day of your deposit. You will have access to the first \$100 of checks and the full amount of the cash deposited on the next business day. We will notify you promptly of any delay in access to your funds.

Depending on the type of check you deposit and the amount, funds may not be available until the third (3) business day after the business day of your deposit. Should a delay in the availability of funds occur, you will be informed at the time of deposit. A notice will be mailed to you if you have already left the bank at the time a delay is determined or if the deposit is not made by you in person (such as by ATM, 24-Hour Deposit Center, armored or non-cash courier, or mail).

You may contact any branch or Customer Service to determine whether a particular deposit is available for withdrawal.

New Account Holds (Accounts under 30 days old)

An Account is new if one of the Account Owners has not had a transaction (checking) Account at the bank during the last thirty (30) days. If an Account Owner already has another Account at the bank, that existing Account must have been open for at least thirty (30) days.

Funds from deposits of cash and the first \$5,000 of a day's total deposit of cashier's, certified, teller's, traveler's and government checks made payable to the depositor and made in person to an employee of the bank may be available on the next business day after the day we receive your deposit. Non-cash amounts over \$5,000 will not be available until the ninth (9th) business day after the day of deposit.

Third party Items, and funds from deposit Items not noted above, will be available on the twelfth (12th) business day after the day of your deposit. Under this situation, the availability to the first \$100 dollars does not apply.

Exception Holds

On an exception basis, delays of availability under special circumstances may occur, such as:

- We have reason to believe an Item of deposit will not be paid;
- An Item of deposit has previously been returned unpaid;
- You have repeatedly overdrawn your Account in the past six (6) months;
- Your deposited checks exceed \$5,000; or
- There is an emergency, such as a failure of communication systems or computer equipment, suspension of payment by another bank, or another form of emergency beyond our control.

Availability of funds under an exception basis may be delayed up to eight (8) business days. If we delay your ability to withdraw funds for any of these reasons, we will notify you of the delay and tell you when the funds will be available.

Banking Day versus Business Day

"Banking Day" means any part of any day on which an office of a bank is open

to the public for carrying on substantially all of its banking functions. Be aware that business transacted on a Saturday is considered to have been transacted on the next "Business Day."

A Business Day means a calendar day, Monday through Friday except legal holidays.

IMAGING

You agree that we may create and store an image of any document or Item involving your Account and that such image will have the same force and effect as the original document.

Check Images

The bank does not return original canceled checks with our periodic statements. You may be given the choice of receiving just the statement or a statement including imaged copies of your Items. These Items are replicas of the front of the original Item and provide all information required as proof of payment under IRS Publication 552 and the Alaska Uniform Commercial Code. If you ever need to get a copy of the back of a particular Item it can be obtained through Northrim Personal or Business On-line, by visiting any of our branches, or by calling Customer Service.

You agree that the bank may participate in streamlined check processing modernization initiatives as implemented through the Federal Reserve Board. This includes, but is not limited to, the electronic exchange of check images between the Federal Reserve and financial institutions rather than the exchange of physical Items.

You agree that the bank's retention of checks does not alter or waive your responsibility to examine your statements promptly or change the time limits for notifying the bank of any errors. You are responsible for promptly examining and reconciling your statement each statement period and for reporting any irregularities to the bank immediately upon discovery of an error or within thirty (30) days from the date of the statement, whichever is earlier.

If another financial institution or clearing house does not return your check or an image of your check to us, you understand that the bank has no means by which to view and verify your signature on the Item, and you agree that the bank will not be liable for any forgery or alteration on the Item unless the bank fails to act with ordinary care on the information it has available.

Substitute Checks

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks with a slightly reduced image of the front and back of the original check. The front of the substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

When you deposit an Item with us drawn on another institution for credit to your Account, we may remove the original Item from the collection system by creating

an electronic representation of that Item. We would then submit the Item electronically to the check collection system for payment by the institution on which the check is drawn. The removal of the original physical Item from the collection system is referred to as truncation. An institution in the collection system may choose to convert the electronic Item back to a paper Item for further processing. The paper recreation of the original Item is a “substitute check.”

Your Rights Regarding Substitute Checks

Some or all of the checks that you receive back from us may be substitute checks. This disclosure describes rights you have when you receive substitute checks from us. The rights in this disclosure do not apply to original checks or to electronic debits to your Account. However, you have rights under other law with respect to these transactions.

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a substitute check is posted to a Personal Deposit Account. These procedures only apply when you receive an original substitute check that is charged to your account. The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal.

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the substitute check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the substitute checks, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund, plus interest if your account is interest bearing, within 10 business days after we receive your claim and the remainder of your refund, plus interest if your account is interest bearing, not later than 45 calendar days after we received your claim.

We may reverse the refund, including any interest on the refund, if we later are able to demonstrate that the substitute check was correctly posted to your account.

If you believe that you have suffered a loss relating to a substitute check that you received and that was posted to your account, please contact Customer Service at 562-0062 (Anchorage) and at (800) 478-2265 (outside of Anchorage). You must contact us within 40 calendar days of the date that we mailed or otherwise delivered the substitute check in question or the account statement by a means you have agreed to showing that the substitute check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must be in writing and include:

- A description of why you have suffered a loss;
- An estimate of the amount of your loss;
- An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss; and
- A copy of the substitute check and/or identifying information to help us recognize the substitute check.

GENERAL ACCOUNT MATTERS

Address Changes

You agree to notify us as soon as possible when your Account information changes. Any Account Owner may update the address information by providing a signed notice, notifying the bank in person or by calling our Customer Service Department. Periodically, we receive address change notification from the United States Postal Service (USPS) we may use these notifications as authorization from you to update your records based on this information. Regulations require that your physical address must be provided to the bank if it differs from your mailing address.

Mailings – Statements, Notices, and Bank Correspondence

It is important that you keep us informed of updates to your personal and Account information so that we may provide statements, notices and correspondence to you in a timely fashion. Unless agreed otherwise, we will use the mailing address in our records.

If you select the option of receiving your statements, notices, and disclosures electronically, the bank will provide a method for notifying you of their availability for review. You agree to review such materials promptly upon receipt from us, and to promptly notify us of any changes in your e-mail address. You agree that you and the bank have the same responsibilities regardless whether you receive your statements, notices, and disclosures electronically or through the mail.

You agree that the bank will notify you of incoming or outgoing wire transfers on your regular deposit statement. An individual notice is not provided when ACH or wire transfers are debited or credited to your Account. You may confirm the receipt of an ACH or wire transfer by calling our Customer Service Department.

If you do not receive your statements on schedule, you are obligated to notify us of that fact within a reasonable period of time.

We reserve the right to discontinue printing and mailing your statements should your Account become inactive, dormant, or we receive returned mail marked undeliverable. Once the Account becomes active again, or the mailing address is updated, the mailing of statements will resume.

Review and Report

It is your obligation to review your statements and Items paid and to report any irregularities found to us in a timely manner. Therefore, you agree to promptly examine each statement that you receive and the Items posted to that statement. If imaged copies of the Items are not returned with the statement we will, at your request, provide a copy of any Item in our possession (fees may apply).

You will have thirty (30) calendar days from the date we mail your periodic statement or otherwise make it available to you to report to us any discrepancies that result in your filing a request for credit or reimbursement. An example of possible discrepancies would be an unauthorized signature, forged signature or endorsement or material alteration of a check written on your Account. The bank will not be liable to you for the payment of any altered check, or any signature that is forged or unauthorized unless you notify the bank promptly upon

discovery of the error and in all events within thirty (30) calendar days after the statement and the altered or forged Item(s) are made available to you, whichever is earlier. The bank will not be liable for any subsequent Items paid containing an unauthorized signature or alteration made by the same wrongdoer unless you have notified the bank regarding the first improper Item presented within thirty (30) calendar days after the statement describing the first improper Item is mailed or we otherwise make it available to you or the first altered or forged Item is made available.

If you fail to notify the bank within the time limits as stated above and said limits are not affected by any other rule or regulation (such as the unauthorized use of an access device, electronic transactions, or recrediting of substitute checks), you agree to accept the stated balance as correct and indemnify, defend and hold the bank harmless from the payment of the Item reported on your Account statement whether or not suit is initiated. You also release the bank from any liability for payment of such Items.

For more information regarding electronic transactions please refer to our *Electronic Banking Rules and Regulations*.

Returned or Unclaimed Held Statements

Unless otherwise prohibited by law, rule or regulation we may discontinue sending statements if they are returned to us for incorrect or insufficient address until a valid address is received from you. We may also destroy unclaimed statements, notices or other communications that were sent to you and returned to us as undeliverable.

If you have requested the bank to hold your Account statements, additional fees may apply. It is agreed that held statements are considered mailed to you on the day they become available for pick-up. If a statement is not picked-up within thirty (30) days, we may send it to the address reflected in our records or destroy it.

Adverse Claims

Notice to the bank of an adverse claim to available funds on deposit with us in your Account is generally ineffective unless the adverse claimant procures a restraining order, injunction or other appropriate process against the bank from a court in a case where you are made a party, or executes to the bank, in form and with sureties acceptable to it, a bond indemnifying the bank from any liability, loss, damage, costs and expenses because of the payment of the adverse claim or the dishonor of a check or other order on your Account. This section does not apply where you are a fiduciary for the adverse claimant, and the facts constituting that relationship and the facts showing a reasonable belief on the part of the claimant that you are about to misappropriate the deposit are made to appear by the affidavit of the claimant.

If we receive a claim to all or a portion of your Account that is adverse to your interest and we cannot in good faith determine the relative rights of the person or persons making a claim to the funds, or we do not feel that we are protected if we do not respond to the claim, we may, at our sole discretion, refuse to allow any withdrawals and place a hold on the funds claimed in one or more of your Accounts, close the Account and forward the balance to you or to the claimants or interplead the funds without liability to you. Be advised that a hold placed on

the funds would not fall under timelines stated in our *Funds Availability Policy* but may be placed for a period we deem reasonably necessary to allow legal proceedings to determine the merits of the claim instituted. You acknowledge that an overdraft could result from such a hold and agree to promptly pay any overdraft and related fees upon request from us.

Garnishment, Levy and Other Claims

If the bank receives a garnishment, levy or other claim against your Account, the bank may refuse to allow any withdrawals until the dispute is resolved. Any garnishment, levy or other claim is subject to the bank's right of set off and security interest. In the case of a joint Account, all funds in the Account are subject to the garnishment, levy or other claim regardless of which Account Owner deposited the funds. The bank will not be liable to you or to any other Account Owner, even if the payment of the claim or a hold on disputed funds leaves insufficient funds in the Account to cover outstanding checks or debit items and an overdraft results. Any expenses incurred, including legal fees and costs incurred by the bank, will be your responsibility. The bank will also assess a processing fee against your Account. This fee can be found in the most current version of the *Personal Banking Fee Schedule* or the *Business Banking Fee Schedule* as applicable.

Death or Incompetence

The bank has the right to pay and collect checks after you die or are declared incompetent until the bank has had a reasonable opportunity to act upon notice of your death or incompetency, or court order. The bank may continue to pay checks drawn before your date of death on your Account for ten (10) days after the date of death unless ordered to stop payment by a person or persons claiming an interest in your Account.

You agree to contact us immediately if any Account Owner or signer dies or a court declares any Account Owner or signer on your Account incompetent.

Disclosure of Account Information

You authorize the bank to report information regarding your Account, if closed by us for cause, to one or more consumer reporting agencies including, without limitation, ChexSystems, Inc. or a similar company. We may also, at our discretion, assign any amounts you owe us to a third party collection agency to act on our behalf. Additional fees may apply.

Except as provided above, we will not disclose information about your Account except when:

- authorized in writing by you, another Account Owner, or authorized signer;
- required by federal or state statute or regulation or by an order directed to the bank and issued by a court or administrative agency of competent jurisdiction;
- made to the holder on a negotiable instrument drawn on your Account confirming whether your Account has sufficient funds in the Account to cover the Instrument;
- made to a consumer-reporting agency regulated under 15 U.S.C. 1681 – 1681v (Fair Credit Reporting Act); or

-
- made in connection with the maintenance or servicing of your Account with the bank, or with another entity as part of a private label credit card or other extension of credit on your behalf.

For further information, ask for *Our Privacy Policy* brochure.

Account Closure

You may close your Account by notifying the bank in person or in writing. You understand that bringing your Account balance to zero may not cause it to close and that additional service charges may be assessed. Writing a memo or note on a check written for the balance and indicating "To Close Account" will not satisfy the requirement for a separate written request.

The bank is not responsible for acceptance of any credit Item or payment of any debit Item once your Account has been closed. If your Account is interest bearing, you may not be paid interest that has accrued but not been posted to the Account. Some types of Accounts, such as CD Accounts, may charge a penalty for early withdrawal.

The bank may close your Account for any reason or for no reason within the timeframe dictated by applicable law. At the time of closure, we will issue a cashier's check for any balance owing and mail it to the address of record using first class mail. If your Account is being closed for cause such as fraud or overdraft activity, we reserve the right to freeze activity on your Account pending review of each Item. Without prior notice, we may require you to close your Account and open a new Account if we feel that keeping the existing Account open poses an unacceptable risk of loss to you or the bank. Such risks may include, but not be limited to, forgery, lost or stolen checks or withdrawal slips, or fraudulent activity.

"Freezing" Your Account

Should the bank suspect that irregular, unauthorized or unlawful activities may be involved with your Account or should you file a petition under the United States Bankruptcy Code, we may "freeze" or hold the balance on your Account pending an investigation of suspected activities or a determination of our rights to the funds in your Account. You will be provided with notice of this action as required by law.

Dormant Accounts

Your Account will become dormant if there is not any customer-initiated activity other than that covered by applicable law in twelve (12) months for a checking Account and twenty-four (24) months for a savings Account. If your Account remains dormant, as defined by Alaska law, for five (5) years we are legally required to deliver the funds to the State of Alaska. Once the funds have been delivered to the State, the Account will be closed and you will need to contact the State of Alaska to reclaim the funds.

Telephone Call Recording and Monitoring

We may, at our discretion, record or monitor any telephone conversation involving our employees. When you make a call to the bank, you agree that we may record or monitor your call without further notice to you.

Reclassification of Accounts

A checking Account may, due to limited activity, be reclassified for accounting purposes as a savings Account. If a checking Account is reclassified as a savings Account, it will be governed by the rules applicable to savings Accounts. The reclassification does not affect your available balance, the interest you may earn, Federal Deposit Insurance Corporation (FDIC) insurance protection, or your monthly statement. This reclassification may reduce the required amount the bank will reserve for the period reviewed.

FDIC Coverage

All types of deposits received by a financial institution in its usual course of business are insured. For example, savings deposits, checking deposits, interest-checking deposits, and CD Account deposits are all insured. The FDIC presumes that funds are owned by the Account Owner as shown on the “deposit Account records” of the insured depository institution. It is the dollar amount of all funds rather than the number of Accounts that is used to determine the amount covered per legal ownership. In the event of bank failure, federal deposit insurance protects deposits that are payable in the United States up to the amount of coverage then available under the FDIC general deposit insurance rules.

When you have funds on deposit that exceed the insurance coverage of the FDIC based on your legal ownership, the bank has an alternative to withdrawing excess funds and placing them with a different financial institution in order to be fully insured. The Certificate of Deposit Account Registry Service (CDARS[®]) is available to you and provides an option to have amounts over the coverage available under the FDIC general deposit insurance rules (limitations may apply).

“Pass-through” FDIC Coverage

Employee Benefit Plan funds have FDIC insurance based upon the capital level of the insured bank where the deposits are made. Deposits of retirement and employee benefit programs are generally insured up to the amount of coverage available under the FDIC general deposit insurance rules per participant’s non-contingent interest in the plan providing FDIC disclosures are satisfied. Basically, this means that insurance “passes through” to each participant who has an interest in the plan deposits.

Assuming that an employee benefit plan is entitled to “pass-through” coverage, any interest of the same participant in any other employee plan established by the same employer or employee organization and deposited in the institution is aggregated for insurance purposes.

The following disclosure rules apply to employee benefit plans:

- The deposit Account records of the bank must expressly disclose that the funds are those of an employee benefit plan.
- The employee benefit plan must maintain records that disclose the identities and interest of plan participants.

For more information on FDIC coverage, you should contact:

Federal Deposit Insurance Corporation

San Francisco Regional Office
44 Montgomery Street, Suite 3600
San Francisco, California 94104
(415) 546-0160
www.FDIC.gov

Indemnity

If you ask the bank to follow instructions that the bank believes might expose it to a claim, action, suit, expense, liability or damages, whether directly or indirectly, the bank may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify, defend and hold us harmless from any such loss we may suffer or expense we may incur before honoring your instructions. An example of the kind of protection that the bank might ask for would be your promise to indemnify, defend and hold the bank harmless from such exposure and to pay all legal fees and costs associated with the defense of a possible third party claim.

Attorney's Fees and Costs

In the event either you or the bank brings an arbitration or legal action to enforce rights under this Agreement, the prevailing party shall be entitled to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal. In addition, the bank reserves the right to recover attorney's fees and costs the bank incurs when the bank reasonably determines that the assistance of an attorney is needed in connection with any Account dispute or litigation, or when assistance is needed to collect any amounts you are obligated to pay the bank, regardless of whether a lawsuit is filed.

Dispute Resolution

Informal Dispute Resolution

If a dispute arises out of or relates to this Agreement or the alleged breach thereof, the parties agree to exercise their best efforts to resolve the dispute informally. The executives or representatives of each of us with authority to resolve the dispute shall meet within ten (10) days of receipt of a written request for a meeting under this section of the Agreement. The parties agree to exchange relevant information and, recognizing their mutual interests, diligently endeavor to resolve the dispute. All reasonable requests for information by one party shall be honored by the other party.

Mediation

If the parties cannot so resolve their dispute informally, the parties agree next to try in good faith to resolve the dispute by mediation under the mediation rules for Commercial Financial Disputes of the American Arbitration Association, before resorting to arbitration. The parties shall mutually select an acceptable mediator. If they are unable to do so, the parties may either use the process for selecting an arbitrator when the parties are unable to do so or they may elect to go directly to arbitration.

Arbitration

Any unresolved controversy or claim arising out of or relating to this Agreement,

or alleged breach thereof not resolved informally or by mediation, shall be resolved by a single neutral arbitrator utilizing arbitration rules for Commercial Financial Disputes of the American Arbitration Association.

PLEASE READ THIS SECTION OF THE AGREEMENT CAREFULLY. IT PROVIDES THAT ANY DISPUTE MAY BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT. YOU WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT SUCH AS IN THE FORM OF A PRIVATE ATTORNEY GENERAL ACTION, NOR WILL YOU BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. YOU WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. IN THE ABSENCE OF THIS ARBITRATION AGREEMENT, YOU AND WE MAY OTHERWISE HAVE HAD A RIGHT OR OPPORTUNITY TO BRING CLAIMS IN A COURT, BEFORE A JUDGE OR JURY, AND/OR TO PARTICIPATE OR BE REPRESENTED IN A CASE FILED IN COURT BY OTHERS (INCLUDING CLASS ACTIONS AND OTHER REPRESENTATIVE ACTIONS). OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO A COURT, SUCH AS DISCOVERY OR THE RIGHT TO APPEAL THE DECISION MAY BE MORE LIMITED. EXCEPT AS OTHERWISE PROVIDED BELOW, THOSE RIGHTS ARE WAIVED.

The Arbitrator selected by the parties shall be appointed from the National Roster for Commercial Financial Disputes as provided in the Rules of the American Arbitration Association unless otherwise mutually agreed to by the parties. Mediators shall be appointed, with consent by the parties, from the National Panel of Mediators, when practicable, but otherwise by agreement of the parties. If the parties cannot agree on the selection of a mediator or arbitrator, each party shall select a representative and the representatives so selected shall select the mediator or the arbitrator. If the parties so selected shall not agree, either party may petition the superior court sitting in Anchorage, Alaska to appoint an arbitrator.

We will reimburse you for the initial arbitration filing fee if paid by you up to the amount of \$500 upon receipt of proof of payment. Additionally, if there is a hearing, we will pay any fees of the arbitrator and arbitration administrator for the first two days of that hearing. The payment of any such hearing fees by us will be made directly to the arbitration administrator selected pursuant to this Arbitration Agreement. All other fees will be allocated in keeping with the rules of the arbitration administrator and applicable law. Each party to this Agreement will bear the expense of its own counsel, experts, witnesses and preparation and presentation of its case; provided, however, that the arbitrator may include an award of recovery of all or a portion of the prevailing party's attorney's fees and costs (including the arbitrator's fees) in the arbitration award.

Any arbitrator award shall be in the form of a reasoned opinion signed by the arbitrator and shall generally state the reasons and the factual and legal basis upon which the award is based and shall include findings of fact and conclusions of law.

The arbitrator is not empowered and shall not have the authority to award damages (such as punitive, exemplary, or statutory damages) in addition to

compensatory damages, and each of us hereby irrevocably waives any right to recover such damages with respect to any dispute under this Agreement resolved by arbitration. The arbitrator shall not have the power to order specific performance of any obligation or duty of any party to this Agreement or to issue injunctions in connection therewith or otherwise.

The parties and any mediator and arbitrator shall treat all aspects of the mediation and arbitration proceedings including, without limitation, discovery, testimony and other evidence, briefs and award, as strictly confidential; provided, however, that any award or order entered by the arbitrator hereunder may be entered as a judgment or order in court.

Nothing in the preceding paragraphs, or otherwise, nor the exercise of any right to negotiation, mediation or arbitration, nor the commencement or pendency of any proceeding, shall limit the right of any party to this Agreement:

- To seek judicial equitable relief or pursue provisional rights or remedies under applicable statutory and/or case law including, but not limited to, injunctive relief and the appointment of a receiver; or
- To exercise any self-help rights or any other rights or remedies available to it by contract or applicable statutory or case law (including but not limited to the filing of an involuntary petition in bankruptcy, the right of set off, attachment, recoupment, foreclosure, or repossession) with respect to an extension of credit, the protection and preservation of collateral, the liquidation and realization of collateral, the protection, continuation and preservation of lien rights and priorities, the collection of indebtedness, and the processing and payment or return of checks or other Items, whether such occurs before, during or after the pendency of any negotiation, mediation, or arbitration proceeding.

The institution and maintenance of an action for judicial relief or pursuit of provisional or

ancillary rights or remedies or exercise of self-help remedies, all as provided herein, and the pursuit of any such rights or remedies, shall not constitute a waiver of the right or obligation of any party, including the party seeking judicial relief or remedies, to submit a dispute to negotiation, mediation and arbitration, including disputes that may arise from the exercise of such rights.

As an exception to this Arbitration Agreement, you retain the right to pursue in a small claims court any claim that is within that court's jurisdiction and proceed on an individual basis. If a party elects to arbitrate a claim, the arbitration will be conducted as an individual action.

Neither you nor we agree to any arbitration on a class or representative basis, and the arbitrator will have no authority to proceed on such basis. This means that even if a class action lawsuit or other representative action, such as that in the form of a private attorney general action, is filed, any claim between us related to the issues raised in such lawsuits will be subject to an individual arbitration claim if either you or we so elect.

The laws of the State of Alaska, including the Alaska Revised Uniform Arbitration Act, and applicable Federal law govern this Agreement. Issues regarding arbitrability, validity, the class action waiver and enforceability of this dispute resolution shall be resolved by the court. In the event the class action waiver is

determined to be unenforceable, this dispute resolution provision shall no longer be of any force or effect. Venue for any mediation or arbitration proceeding shall be where the branch of the bank in which the Account giving rise to the dispute is located or where both parties may otherwise mutually agree. This arbitration agreement shall survive amendment, termination or expiration of this Agreement.

Office of Foreign Assets Control

The Office of Foreign Assets Control (OFAC) may prevent us from sending a check or other Item, ACH transaction or wire transfer to or receiving a check or other Item, ACH transaction or wire transfer from certain parties that are referred to as "Blocked Parties". It is your obligation to make sure you do not initiate or receive checks or other Items, ACH transactions or wire transfers to or from Blocked Parties. You acknowledge that if we receive any Item from you for credit to a Blocked Party, we are obligated to deduct the amount of the Item from your Account, and credit the amount to a bank-controlled Account and report the event to the OFAC. If we process the Item, your creditor's financial institution may freeze the Item and report it to OFAC. In either event, the Blocked Party may not be considered paid and you will not have access to the funds. You agree to indemnify, defend and hold us harmless from any loss we may suffer or expenses we may incur as a result of processing such an Item whether or not suit is initiated.

If you have an Account with us and are identified as a Blocked Party, funds on deposit in your Account will be moved to a bank controlled Account and notice will be given to the OFAC. You will not have access to your funds while they are in the bank controlled Account until we are notified by the OFAC to release them.

Unlawful Internet Gambling Enforcement Act (UIGEA)

In accordance with the requirements of UIGEA and Regulation GG, this notification is to inform you that the following transactions are prohibited from being processed through your Account or relationship with us: any transaction in which you accept credit, funds, instruments or other proceeds from another person in connection with unlawful Internet Gambling.

Survival of Rights and Obligations

All of our respective rights and obligations under this Agreement will survive closure of your Account or termination of this Agreement.

———— PREVENT MISUSE OF YOUR ACCOUNT ————

Fraud is one of the most serious problems an Account Owner can face. It is important that you be aware of ways to help protect your assets. The bank recommends that for all Account types you:

All Accounts

- Remember to reconcile your statements as soon as you receive them or have access to them using Northrim Personal or Business On-Line.
- You should report any problem discovered when receiving Account activity to the bank immediately.

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- Watch for checks issued out of sequence or for cash when reviewing your Account activity. This type of activity may be a red flag for embezzlement.
 - All checks, deposit slips, facsimile signature devices, Account statements and related Items under lock and key.
 - You should ask your check vendor about their product's security features.
 - Try to use tamper resistant checks if possible.
 - Destroy checks you do not intend to use.
 - Notify the bank whenever Account Owners or signers change so that we might update our records and reduce risk.
 - Never sign a blank check.
 - Never include your Account number, banking passwords, or Tax ID, in e-mail.
 - Do not provide the above information over the phone or on-line unless you are sure you are speaking with a Northrim Bank employee or dealing with our internet service provider.
 - Shred confidential mail, receipts and other personal documents when you are finished with them to prevent others from obtaining private information.
 - Establish and properly maintain firewalls for your internet connection with the bank.

Business or Entity Accounts:

- Separate bank Account responsibilities. For instance, the individual responsible for reconciling your bank statements should be different from the individual that issues checks.
- Have the owner or a third person track the arrival of your Account statements and related correspondence, reporting late or missing • statements both to you and to the bank.
- Have a third person periodically review the reconciliation of your Accounts to deter embezzlers.
- Track transaction activity so that you might determine normal cash flow.
- Look for spikes in activity may be a red flag for embezzlement.

You should consider securing insurance that covers employee fraud and embezzlement. If you secure this coverage the bank will require that you file claims of loss with your insurance carrier before making a claim against the bank. The bank's liability to you, if any, will be reduced by any amount covered by your insurance.



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