



INTERNET BANKING AGREEMENT AND DISCLOSURE

Personal Online Banking

This Agreement and Disclosure sets forth your rights and the rights and responsibilities concerning the use of The Bank of Washington's ("The Bank") Personal Online Banking Product. In this agreement, the words "you" and "your" mean those customers of the The Bank who sign as applicants or any authorized user(s). The words "we", "us" and "our" mean The Bank. By using Internet Banking, you agree to all of the terms of this agreement.

INTERNET SECURITY: The Bank of Washington uses a secure environment for Internet Banking. Listed below are measures to protect your Internet-based banking transactions.

- **Secure Communications:** data is encrypted as it travels to and from your PC. Encryption is accomplished through a 128-bit encryption system. This is the highest form of encryption and is automatically activated to protect the transmission of information to and from unauthorized sources.
- The Bank provides continuous monitoring and auditing of all transactions originating to and from The Bank from the Internet. The Bank operates in compliance with all the rules and regulations regarding bank security as set fourth by the Federal Deposit Insurance Corporation.
- The Bank is committed to working with communications providers to produce the safest operating environments possible for our customers and will take advantage of evolving security enhancements.

INTERPRETATION OF AGREEMENT: The terms and conditions of this Agreement shall be construed and interpreted together with any Account Agreement or Credit Card Agreement you may have with The Bank. If any terms or conditions of this Agreement conflict with terms or conditions of your Account Agreement or Credit Card Agreement, the Account Agreement or Credit Card Agreement shall control, regardless of when the terms or conditions were adopted or implemented.

INTERNET BANKING FEATURES: You may access your account information by using a specific Internet User ID and password assigned to you. At the present time you may use the system to:

GENERAL INTERNET BANKING:

- Perform account inquiries on checking, money market, savings, certificate and loan accounts.
- Obtain statement transaction detail on your accounts.
- Transfer funds between your deposit and/or loan accounts.
- Initiate instructions for placing a stop payment on your checking account.
- Send e-mail messages to Bank personnel.

FEES AND CHARGES:

- Normal bank fees will be assessed for completed stop payments.
- We do not charge for general transaction details and balance information.

LIMITATIONS OF FREQUENCY AND AMOUNT: According to Federal Regulations, you may not make more than six (6) pre-authorized or automatic transfers from your money market or Savings accounts during a given monthly statement period. There are no limits on the number or dollar amount of transfers or payments you make from your checking account. Balances shown online are as of close of business for the prior business day. Balances may include deposits subject to verification by us. The balance may also differ from your records due to deposits in process, outstanding checks or other withdrawals, payments or charges. We have the right to cancel transactions if sufficient funds are not available in your account.

USER ID AND PASSWORD: The User ID and password issued to you is for security purposes. Your password is confidential and should not be disclosed to third parties. You are responsible for safekeeping your password. You may change your password at any time by clicking on "Change Options." For security purposes, the system will automatically prompt you to change your password if you have not changed it in the last 12 months. Your password must be between 8 and 12 characters with at least one upper case alpha, one lowercase alpha, and two numeric characters. Access ID's and passwords are case sensitive. You should carefully select a password that is hard to guess. (We suggest that you stay away from names, dates, and information that may be easily guessed.) *You agree not to disclose or otherwise make your password available to anyone else.*

In order to ensure the security of your records, we will end your online session if we have detected no activity for a specified period of time. This is to protect you in case you accidentally leave your computer unattended while you are logged on. When you return to your computer, simply re-enter your user id and password and continue your session.

NO SIGNATURE REQUIREMENT: When any payment or other on-line service generates items to be charged to your account, you agree that we may debit the designated account without requiring your signature on the item and without any notice to you.

NOTICE OF LIABILITY: Please tell us AT ONCE if you believe your password has been lost or stolen. We can be reached at (425) 921-2432 or you can write to us at 5901 196th St. SW, Lynnwood, WA 98036. In order to keep losses to a minimum, telephoning is the best method of notification. As a result of unauthorized use of your account, you could lose all the money in your account (plus your maximum overdraft line of credit). If you tell us within two (2) business days, you can lose no more than \$50.00 if someone used your password without your permission. If you do not tell us within two (2) business days after you learn of the loss, and we can prove that we could have stopped someone from using your password without your permission if you had told us, you could lose as much as \$500.00.

If our statement shows transactions that you did not make or authorize, please tell us at once. Please use the phone number or address stated previously. If you do not tell us within sixty (60) days after the statement was mailed to you, you may not be able to recover money lost after the sixty (60) days if we can prove that we could have stopped someone from taking the money if you had told us in time.

BUSINESS DAYS: Our business days are Monday through Friday. Holidays are not included.

CUTOFF TIMES: The following cutoff times pertain to specific Internet Banking Features. Transactions received after the cutoff time may be posted the following business day.

Funds Transfers: 5:00 p.m. PST

Stop Payments: 5:00 p.m. PST

DOCUMENTATION: Periodic Statement: You will get a monthly account statement from The Bank for your checking account(s) and quarterly statements for your savings account(s).

Confirmation or Receipt: A confirmation or receipt will be displayed at the time you make an internet transfer, initiate cash management transaction, or submit instructions for wire transfers, stop payments via the internet. This confirmation or receipt should be printed with the confirmation number and kept for your records. This receipt will not be valid without the confirmation number.

OUR LIABILITY FOR INCOMPLETE TRANSACTIONS: The Bank will honor Customer's transactions and instructions (including adjustments and cancellations) only when Customer has complied with these Terms and Conditions. Bank will be under no obligation to honor, either in whole or in part, any transaction or instruction that:

- Exceeds Customer's collected and available funds on deposit with Bank.
- Is not in accordance with any condition indicated by Customer and agreed to by Bank.
- Bank has reason to believe the transaction may not be authorized by Customer or its agents.
- Involves funds subject to a hold, dispute or legal process preventing their withdrawal.
- Would violate any provision of any present or future risk control program of the Federal Reserve or any current or future rule or regulation of any other federal or state regulatory authority.
- Is not in accordance with any other requirement stated in these Terms and Conditions or any Bank policy, procedure or practice; or
- For the protection of Bank or Customer, Bank has reasonable cause not to honor.
- Customer or anyone Customer allows access to the account, commits fraud or violates any law or regulation in connection with Online Banking.
- Any electronic terminal, telecommunication devices or part of the electronic funds transfer system is not working properly.
- If Customer did not provide us with complete and correct payment or transfer information.
- Customer knew that Online Banking system was not operating properly at the time the Customer initiated the transaction or payment.
- Circumstances beyond The Bank's control (including, but not limited to fire, flood or improper transmission or handling by a third party) that prevent, hinder or delay the transaction.

IN CASE OF ERRORS OR QUESTIONS: Customer agrees to regularly and promptly review and verify all reports, wire transfer instructions, adjustments, charges, entries and other transactions. Customer shall immediately or, in any event, within the greater of fourteen (14) calendar days or the shortest period of time allowed by Washington law, following the day The Bank first mails or otherwise makes available to Customer Bank's notification ("Review Period"), notify Bank of any error or discrepancy between Customer's records and any The Bank notice or statement, or any transaction or transfer Customer believes was not authorized by it.

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

We will inform you of the results of our investigation within ten (10) business days after we receive a request from you and will correct any error on the part of The Bank promptly. If we need more time, however, we have the right to take up to forty-five (45) days to investigate your complaint or question. If we decide to do this, we will re-credit your account within ten (10) business days for the amount in question, so that you have the use of the money during the time it takes us to complete our investigation. Said funds in question will be withdrawn from your account if the investigation finds that the error was not on the part of The Bank. If we ask you to put your complaint in writing and we do not receive it within ten (10) business days, we may not re-credit your account.

If we decide that there was no error, we will send you a written explanation of our findings within three (3) business days after we finish our investigation. You may ask for copies of the documents that we used in our investigation. If a notice or error involves an electronic funds transfer that was initiated in a location outside the United States, the applicable time period for action shall be twenty (20) business days in place of ten (10) business days, and ninety (90) calendar days in place of forty five (45) calendar days.

CONFIDENTIALITY: We will disclose information to third parties about your account or transactions you make under the following circumstances:

- To complete transactions as necessary.
- To verify the existence and condition of your account upon the request of a third party, such as a credit bureau or merchant; or
- To comply with government agency or court orders; or
- If you give us your written permission.

***The Bank of Washington is committed to protecting customer privacy. Our customer privacy policy is available on our web site or upon request. We do not sell our customer lists or share information about you with third parties for marketing purposes.*

VIRUS PROTECTION and FIREWALL: The Bank is not responsible for any electronic virus or viruses that you may encounter. We strongly encourage our customers to protect their computers with a Firewall and routinely scan their PC and diskettes using a reliable virus product to detect and remove any viruses. Undetected or unprotected computers and/or viruses may corrupt and destroy your programs, files and even your hardware. Additionally, you may

unintentionally transmit the virus to other computers.

NOTICES: All notices from us will be effective when we have emailed them or delivered them to your last known address on our records. Notices from you will be effective when received by us at the telephone number or the address specified in this agreement. We reserve the right to change the terms and conditions upon which this service is offered. We will mail notice to you at least thirty (30) days before the effective date of any change, as required by law. Use of this service is subject to existing regulations governing your account and any future changes to those regulations.

DAMAGES AND WARRANTIES: In addition to the terms previously disclosed, The Bank is not responsible for any losses, errors, injuries, expenses, claims, attorney's fees, interest or other damages, whether direct, indirect, special, punitive, incidental or consequential, (collectively, "Losses") caused by Online Banking or the use of the Online Services or in any way arising out of the installation, use or maintenance of your personal computer hardware or software, including any software provided by The Bank or one of its suppliers. In addition, The Bank disclaims any responsibility for any electronic virus Customer may encounter after installation of such software or use of Online Banking Services. Without limiting the foregoing, neither The Bank nor its suppliers shall be liable for any: (i) failure to perform or any Losses arising out of an event or condition beyond their control, including but not limited to communications breakdown or interruption, acts of God or labor disputes; or (ii) the loss, confidentiality or security of any data while in transit via the Online Services, communication lines, postal system or ACH network. The Bank and its suppliers provide Online Banking Services from their own sites and they make no representation or warranty that any information, material or functions included in Online Banking Service are appropriate for use by you in your jurisdiction. If you choose to use Online Banking Services, you do so on your own initiative and are solely responsible for compliance with applicable local laws and regulations. Neither The Bank nor its suppliers warrant the adequacy, accuracy or completeness of any information provided as a part of Online Banking Services or contained in any of their sites linked to or from The Bank's web site. THE BANK MAKES NO REPRESENTATIONS OR WARRANTIES REGARDING THE ACCURACY, FUNCTIONALITY OR PERFORMANCE OF ONLINE BANKING SERVICES OR ANY SOFTWARE THAT MAY BE USED IN CONNECTION WITH SAME. THE BANK DISCLAIMS ANY EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR ERROR-FREE OPERATION.

ENFORCEMENT: In the event either party brings a legal action to enforce this agreement or collects amounts owing as a result of any account transaction, the prevailing party shall be entitled to reasonable attorney's fees and costs, including fees on any appeal, subject to any limits under applicable law. The venue for legal action shall be Snohomish County, Washington.

TERMINATION: You agree that we may terminate this agreement if:

- You or any authorized user of your password breaches this or any other agreement with us.
- We have reason to believe that there has been an unauthorized use of your account or password.

- We notify you or any other party to your account that we have cancelled or will cancel this Agreement.
- You or any other party to your account can terminate this Agreement by notifying us in writing.

Termination of service will be effective the first business day following receipt of your written notice. Email in this instance DOES NOT constitute a written request. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

I AGREE