

**FIRST NORTHERN BANK**  
**ADDITIONAL DEPOSIT ACCOUNT**  
**TERMS AND CONDITIONS**

**ITEMS, DEFINED** – In these terms and conditions, the term “item” refers, as the case may be, to each check or draft, whether the draft is a paper draft or an electronic order to pay money presented to the bank for payment from or deposit to your account. Electronic drafts include drafts processed through an Automated Clearing House, as well as electronic payment orders you initiate at an automated teller machine or point of sale terminal.

**DEPOSITS** – If you do not properly endorse an item you have deposited or the Bank has cashed for you or if anyone authorized to withdraw funds from your account deposits or cashes an item payable to you, the Bank is authorized to endorse the item for you or collect the item without your endorsement.

The Bank will exercise ordinary care when it handles your deposit. The Bank will not be responsible for any loss of an item through no fault of the Bank or for the loss of an item by other banks collecting the item for the Bank on your behalf.

**WITHDRAWALS** – Regardless of what your signature card indicates, (1) if an automatic teller machine card is used by anyone who has an ownership interest in or signature authority over your account, or if anyone who has an ownership interest in or signature authority over your account authorizes a third party to draw a draft on or to initiate an electronic fund transfer from your account, the Bank is authorized to honor the transaction even if more than one signature is normally required to authorize a withdrawal from your account, and (2) *even if your signature card indicates that two or more signatures are required on items to be paid by the Bank, the Bank will not review your items to assure that the stated number of signatures are affixed to the items; rather, your items will be honored and charged against your account if they are signed by at least one person authorized by you to sign your items, and the multiple signature requirement will be deemed to be for your internal use only, not binding on the Bank.* Therefore, (a) if you want to assure that no one else can withdraw money from your account, you must: (1) see to it that your signature card shows that your own signature is required for withdrawals, and (2) specifically instruct the Bank, in writing, not to permit electronic fund transfers or third party draft withdrawals from your account and (3) you must instruct the Bank, in writing, not to issue anyone else an automatic teller machine card for your account, and (b) if you want to assure that all items paid by the Bank bear the number of signatures your internal policy requires (whether or not the number of such required signatures appears on your signature card), you must review your items while they are in the payment process, through the Bank’s Online Banking program or under the Bank’s Positive Pay Program.

**INSUFFICIENT FUNDS** – If an item is presented for payment on your account, and there are not sufficient funds in your account, or sufficient funds over the amount of any “holds” on your account, or credit available on your Reserve Account, the Bank reserves the right to either pay the item or return it to the payee.

**NOTICES AND CHANGE OF ADDRESS** – Any notices to you relative to your account must be in writing and personally delivered or mailed to your last known address (*as shown on the Bank’s records*) via United States mail with first-class postage prepaid. Notices to you will be effective when delivered or mailed to you, whichever is earlier. You agree to promptly give written notice to the Bank of any change of address. Notices from you will be effective as such time as the Bank has had reasonable time to act upon the notice after it is received.

**LEGAL PROCESS** – the Bank will honor legal process served on the Bank, such as executions, attachments and other levies, subpoenas and other orders affecting your account(s), by paying the appropriate amount to levying officer, supplying the appropriate information or records or otherwise following the directions in the order. In this regard, the Bank reserves the right to require levies or other orders to be served at the branch assigned to administer your account(s) or, in its absolute discretion, the Bank may honor such legal process even if it is served at another Bank location. In addition, the Bank reserves the right to require that legal process be served in strict accordance with the laws that govern such service or, in its absolute discretion, even when the law might otherwise require that the legal process be personally served on the Bank, the Bank may agree to accept service of such legal process in a different manner, such as by mail, facsimile or email.

**INFORMATION ABOUT YOU AND YOUR ACCOUNT** – Please refer to our Privacy Policy (Tel-210) for information about our concern about your privacy and your privacy rights.

**INACTIVE ACCOUNTS** – California law requires that your account balance be turned over to the State if for three (3) years, you have not made a deposit or withdrawal, written to the Bank concerning your account, or otherwise indicated an interest account. This three (3) year period starts over again whenever you do any

of these things. The Bank will send you a notice at your last known address at least six (6) months before the time your account will be turned over to the state. As permitted by California law, this notice will not be sent if the address contained in the Bank’s records has been identified as inaccurate and this notice will not be sent for those accounts with a balance of \$50.00 or less. In accordance with California law, a charge may be made to your account to cover administrative costs. However, the amount charged will not exceed the amount permitted by law.

**RIGHT TO REFUSE DEPOSITS** – The Bank reserves the right to refuse any deposit you want to make if it does not conform to the Bank’s standards for deposits or if the Bank has a limitation on the size of any account balance for the type of account you have.

**DEATH OR INCAPACITY OF DEPOSITOR** – You understand that the Bank may pay items or permit withdrawals on your account after your incapacity or death unless the Bank knows or your incapacity or death, and, to the extent permitted by law, even after the Bank learns of your incapacity or death.

**NO BANK WAIVER** – Any waiver by the Bank of any provision applicable to your account must be in writing. Moreover, the Bank’s waiver in one instance will not mean that it has waived the right to enforce the same or a similar provision in any other instance.

**CHANGING AUTHORIZED SIGNERS** – If you wish to add authorized signers, you must execute a new Signature Card. If you wish to remove an authorized signer, the Bank may require you to close the account and open a new account. On Business Accounts, other documentation may be required.

**DISPUTES** – If the Bank is brought into the middle of a dispute among the accountholders over an account or a dispute between the accountholder(s) and others claiming to be owners of or persons entitled to control or withdraw funds from a deposit account, the Bank may choose any of the following courses of action:

- The Bank may ignore any instructions (such as an instruction by one accountholder not to honor items or other withdrawal orders by another accountholder) that conflict with the terms of the signature card for the account unless all accountholders sign the instructions.
- The Bank can require that all accountholders sign any item or other withdrawal order even though the signature card for the account does not require all those signatures to authorize a withdrawal.
- The Bank can close the account and issue a single cashier’s check for the account balance jointly payable to all accountholders, and may mail or deliver that check to any one of the accountholders.
- The Bank can deposit the account balance with the clerk of a court in connection with an interpleader action the Bank brings or in response to a court action naming the Bank as a party. The court would then decide who is entitled to the funds. If the Bank makes an interpleader deposit with the court, the court will be asked to award the Bank its costs, including attorney’s fees, for the lawsuit. The law provides that this award is payable out of the deposit.
- The Bank can take any other action it believes to be reasonable under the circumstances, even if the action is not listed here. These actions include, but are not limited to, any specific procedures that may be applicable under a law or regulation.

You agree not to hold the Bank responsible for, and to indemnify and defend the Bank against, damages that may result from any decisions the Bank makes in this regard as long as its decisions and actions (or inaction) are made and taken in good faith.

**LOST CHECKBOOK** – Please notify the Bank immediately if your checks are missing or if you believe the security of your account is otherwise compromised, so that the Bank can take steps to protect you. It is your obligation to so advise the Bank of any lost or missing checks or of other security issues you discover. Failure to do so could be considered negligence on your part and may cause you to lose your ability to recover the loss. If you lose your checkbook or the security of your account may otherwise be compromised, the Bank may require you to close your account and open a new account.

**DEPOSITED ITEMS RETURNED** – A fee will be charged for any deposited item returned. The item will be subtracted from your account as well as any interest earned on the item. The Bank will notify you when an item deposited is returned to us.

**AUTOMATIC TRANSFERS** – At your request, funds can be automatically transferred between your accounts at the Bank. If the transfer date falls on a non-business day, the transfer will occur on the business day before the scheduled transfer date.

**ACCOUNT OPENING VERIFICATION** – When opening an account, the Bank will verify your previous banking relationships with *ChexSystems, Inc.*, an account verification service, or directly with your previous bank. If the Bank is unable to open your account because of information on record with *ChexSystems, Inc.*, *ChexSystems* will review this information with you. However, the Fair Credit Reporting Act requires that you submit a written request before this information can be disclosed. **Send your request including your name, address for the last five years, Social Security number, California Driver's License number, and signature to:** Consumer Relations, ChexSystems, Inc., 12005 Ford Road, Suite 600, Dallas, TX 75234-7253. Disclosure information will be mailed to you. The report will include a phone number if you wish to telephone for further information.

**REPORTING TO CREDIT BUREAUS** – As required by law, you are hereby notified that a negative credit report reflecting on your credit may be submitted to a credit reporting agency if you fail to fulfill the terms of your obligations with regard to your deposit account(s) with the Bank or, in the Bank's judgment, you misuse your account. This may occur whether or not the Bank incurs a loss in connection with your account.

**REPORTING CLOSED ACCOUNTS** – If your account is closed by the Bank, your account may be reported to *ChexSystems, Inc.*, and to other credit bureaus.

**CHECK PURCHASES** – Checks should be purchased through our authorized representatives. The Bank reserves the right not to accept checks provided through someone else. The Bank may charge you for checks that require special handling. If you purchase the "Duplicate" style checks through someone else, be certain that your signature does not copy through to the duplicate.

**STOP PAYMENT ORDER** – Because portions of the Bank's payment system are automated, the Bank must know the exact amount of the item, to the nearest penny, the preprinted number of the item, the payee of the item, and the date of the item. If you are unsure of any of these factors, it is important that you specifically so advise the Bank in your stop payment order, so that the Bank can take special steps to protect against minor mistakes you might have made in describing the item.

You authorize the Bank to charge your account the Bank's usual stop payment order fee if you use this service. If the Bank is asked to take special steps because you are unable to completely and accurately describe the item, the Bank will advise you of the amount of additional charges for this special handling. If the Bank incurs expenses, such as court costs or attorneys fees, because it has honored this order, you will reimburse the Bank for all of those expenses upon demand. That amount may, at the Bank's option, be taken from any account maintained at the Bank by you, whether or not demand has previously been made.

A stop payment order relating to a check may not prevent the payment of an Automated Clearing House item created and presented to the Bank in lieu of the physical presentation of the check.

Stop payment orders expire after six (6) months or when your account is closed, whichever occurs first, and must be renewed if you still wish the Bank not to pay the item after that period or your account is reopened under the same or another account number.

**STALE-DATED CHECKS** – Regardless of the date you've written on a check, even if it is stale-dated (*more than six months old*), the Bank may pay it whenever the check is presented for payment. If you don't want us to pay any check, you must place a **Stop Payment Order**.

**USA PATRIOT ACT** – The USA Patriot Act of 2001 (Public Law 107-56) and federal regulations issued with respect thereto require all financial institutions to obtain, verify and record certain information that identifies individuals or business entities which open an account with such financial institution. Consequently, the Bank may from time-to-time request, and you shall provide your name, address, tax identification number and/or such other identification information as the Bank deems necessary for it to comply with this federal law.

#### **ADDITIONAL ELECTRONIC FUNDS TRANSFER PROVISIONS**

**NOTICE OF RECEIPT** – Under the operating rules of the National Automated Clearing House Association which are applicable to ACH transactions involving your account, the Bank is not required to give next day notice to you of receipt of an ACH item, and the Bank will not do so. However, the Bank will continue to notify you of the receipt of payments in the periodic statements the Bank provides you.

**CHOICE OF LAW** – The Bank may accept on your behalf payments to your account which have been transmitted through one or more Automated Clearing Houses ("ACH") and which are not subject to the Electronic Funds Transfer Act and your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the state of New York as provided by the operating rules of the National Automated Clearing House Association, which are applicable to ACH transactions involving your account.

#### **AGREEMENT REGARDING OVERPAYMENTS TO U.S. GOVERNMENT DIRECT DEPOSIT ACCOUNT**

– You (*Recipient*) may designate an account for direct deposit of recurring payments made to you by the United States government of one of its agencies (*Government*) under a Direct Deposit Standard Authorization Form or other approved authorization form (*Authorization*). Each of those who sign on the account with you (*Signers*) understand that it is the Bank's policy to accept designation for direct deposits only if each person who has the power to obtain or direct withdrawals from the designated deposit account agrees to the following and, to include the Bank to accept (*or to continue to accept*) direct deposits under the Authorization, Signers jointly and severally agree:

1. To immediately give the Bank written notification if the Recipient dies or becomes legally incapacitated, or if the Beneficiary, on whose behalf the Recipient receives direct deposits under the Authorization, dies;
2. Not to obtain or direct withdrawals or permit others to obtain or direct withdrawals from the designated account if the withdrawals would reduce the account balance below the aggregate amount of all direct deposits made under the Authorization after the Recipient has died or become legally incapacitated or the Beneficiary has died; and,
3. That if the Bank is required to reimburse the Government for direct deposits made after the Recipient has died or becomes legally incapacitated or after the Beneficiary has died, the Bank is authorized to charge the account for the full amount of the reimbursement. If the amount in the account is not sufficient to cover the refund due from the Bank to the Government, the Signers agree to pay the Bank and deficiency and authorize the Bank to charge all or a portion of the amount so owing to any deposit account then standing in the Signers' names or in the name of any of the Signers.

#### **REGULATORY REPORTING AND ACCOUNTING – SUBACCOUNTS**

– To enable the Bank to more efficiently managing its regulatory reserve obligations, the Bank may view your account as a master deposit account that will have two subaccounts, a transaction subaccount and a non-transaction subaccount. If the Bank does so, (i) interest (if any) will be paid on the collected balance in both subaccounts, at the applicable account type rate of interest; (ii) all items and other withdrawals will be processed against the transaction subaccount; (iii) the Bank will monitor the activity in both subaccounts and transfer funds between them as necessary to assure that you have complete access to your deposited funds without regard to the subaccount arrangement; (iv) the subaccounts and transfers between them will be recorded on the Bank's internal accounting records only; and (v) these transfers will not show on your statement, which will, instead, reflect the combined balance of both subaccounts. All other definitions and rules governing your accounts as disclosed in your Deposit Account Terms and Conditions disclosure remain in effect.

#### **ADDITIONAL ACCOUNT TYPES**

**UNIFORM TRANSFERS TO MINOR ACT ACCOUNTS** – These accounts are owned, maintained and controlled by a custodian for the benefit of a designated minor. When the minor attains the age of 18 years or, in some instances, a greater age, the custodian is required to relinquish the deposited funds to the minor.

**SOLE PROPRIETORSHIP ACCOUNTS** – These business accounts are owned by a single individual. Levies against individuals reach Sole Proprietorship Accounts owned by that individual.

**PARTNERSHIP AND JOINT VENTURE ACCOUNTS** – These accounts are the property of the partnership or joint venture. Any partner(s) or any other person(s) may be designated as a signatory for withdrawal purposes without affecting the ownership of the account. Levies against individual partners or joint venturers or non-partner signatories do not reach the account without a charging order or pursuant to Internal Revenue Service requirements, nor does the estate of a deceased partner or joint venturer have an interest in the account.

**CORPORATE OR LIMITED LIABILITY COMPANY ACCOUNTS** – These accounts are the property of the corporation or limited liability company ("LLC"). Any officer(s) of the corporation or any manager or member of the LLC (depending upon how it is managed), or other person(s) may be designated by resolution of the corporation's Board of Directors or the LLC's managers or members (depending upon how it is managed) as a signatory for withdrawal purposes without affecting the ownership of the account. Levies against an individual signatory do not reach the account even if there is only one shareholder, member and/or signatory, nor does the estate of a deceased shareholder or member have an interest in the account.

#### **CONVERSION OF BUSINESS AND COMMUNITY CHECKING ACCOUNTS TO A COMMERCIAL CHECKING PRODUCT**

– The Bank reserves the right to convert all types of Business and Community checking account products to our Commercial Checking product if the monthly transaction activity (items paid, items deposited and deposits processed) is more than 1,000

items or if the monthly currency and coin handling (that is, currency and coins deposited, withdrawn and/or exchanged) exceeds \$10,000. You will be notified by mail (standard or electronically if you have elected to receive notices in electronic format) 15 days before the account is converted

#### **ANALYSIS EARNINGS CREDIT CALCULATION FOR BUSINESS ACCOUNTS**

If your commercial account is eligible for earnings credits, the monthly service charges (the flat maintenance fee and per item fees) for a given statement period can be partially or fully offset by an earnings credit on your investable balance. The earnings credit for a monthly statement period is calculated by:

1. Determining the average net investible funds in your account for the period by subtracting from your average collected balance for the period the average amount the Bank must maintain on deposit at the Federal Reserve of San Francisco as a reserve against your collected balance; and
2. Multiplying your average net investible funds for the statement period by the daily equivalent of the Bank's Earnings Credit Rate (that is, during a given calendar month, the average auction yield on 91-day Treasury Bills for the previous calendar month), and multiplying that product by the number of days in the statement period.

If your earnings credit for a given statement period does not equal or exceed the service charges assessed during the period, your account will be charged the difference on the last day of your statement cycle. However, any earnings credit not used to offset your service charges for the statement period will neither be credited to your account, nor will it carry forward to a subsequent statement period.

#### **FUNDS AVAILABILITY**

Electronic direct deposits will be available on the day the Bank receives the deposit. Our policy is to make funds from most of your other deposits available to you on the first business day after the day the Bank receives your deposit. Once they are available, you can withdraw the funds in cash, and the Bank will use the funds to pay items that you have written.

For determining the availability of your deposits, every day is a business day, except Saturdays, Sundays and Federal holidays.

Deposits made in person at a branch office location during normal business hours on a business day before the Bank's established cutoff time are considered made that business day. If the deposit is made at any automated teller before the posted cutoff time on a business day that the Bank is open, the Bank will consider that day to be the day of your deposit. However, if you make a deposit after these times or on a day that the Bank is not open, the Bank will consider that the deposit was made on the next business day the Bank is open.

#### **LONGER DELAYS MAY APPLY**

- In some cases, the Bank will not make all of the funds that you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$200.00 of your deposit will be available on the first business day.
- If the Bank is not going to make all of the funds from your deposit available on the first business day, the Bank will notify you at the time you make your deposit. The Bank will also tell you when the funds will be available. If your deposit is not made directly to one of our employees, or if the Bank decides to take the action after you have left the premises, the Bank will mail you the notice by the day after the Bank receives your deposits.
- If you need the funds from a deposit right away, you should ask us when the funds will be available.
- In addition, funds you deposit by check may be delayed for a longer period than indicated under the following circumstances:
  - ✓ The Bank believes a check you deposit will not be paid.
  - ✓ You deposit checks totaling more than \$5,000.00 on any one day.
  - ✓ You redeposit a check that has been returned unpaid.
  - ✓ You have overdrawn your account on six or more banking days within the preceding six months, the account balance has been negative or would have been negative if checks or other charges to the account had been paid, or if, on two or more banking days within the preceding six months, the account balance has been negative or the account balance would have been negative by \$5,000.00 or more if checks or other charges to the account had been paid.

- ✓ There is an emergency, such as a failure of communication or computer equipment.

- The Bank will notify you if the Bank delays your ability to withdraw funds for any of these reasons and the Bank will tell you when the funds will be available. They will generally be available no later than the seventh business day after the day of your deposit.

**SPECIAL RULES FOR NEW ACCOUNTS** – If you are a new customer, the following special rules may apply during the first thirty (30) days your account is open:

Funds from electronic deposits will be available on the day the Bank receives the deposit. Funds from deposit for cash and the first \$5,000.00 of a day's total deposit of a cashier's, certified, teller's, traveler's and California state and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,000.00 may be available on the ninth (9<sup>th</sup>) business day after the day of your deposit. If you do not make the deposit in person to one of our employees, the first \$5,000.00 may not be available until the second (2<sup>nd</sup>) business day after the day of your deposit.

Funds from wire transfers into your account will be available on the first business day after the day the Bank receives the transfer.

Funds from all other check deposits may be available on the ninth (9<sup>th</sup>) business day after the day of your deposit unless your deposit is held for a longer period for a reason noted in the "Longer Delays May Apply" section.

#### **CHECK ENDORSEMENT STANDARDS**

Federal regulations require that check endorsements be written in a one and one-half inch area on the trailing edge of the item. Checks endorsed outside this specified area may require special handling. This could delay the availability of the funds you deposit, or you could be liable for unpaid checks that are returned late if the depository bank's endorsement information is obscured because your endorsement is placed in the area where that bank's endorsement will be placed. If you have questions about the rules for endorsing checks, please ask any Banking Services Representative.

#### **ORDER IN WHICH ITEMS ARE POSTED AND/OR PAID**

If at the beginning of a business day there are sufficient available funds in your account to cover all otherwise properly payable items presented for payment on that day, the order in which the items are presented or processed will not matter. However, if at the beginning of a business day there are not sufficient available funds in your account to cover all otherwise properly payable items presented for payment on that day, at our option, we may pay all such items or we may some or none of them, and whether or not we pay any of the items on that day, your account will be charged a fee (see our Schedule of Fees and Charges for details concerning the nonsufficient funds ("NSF") or overdraft fees), except that no such fee will be payable in connection with any request to withdraw funds or pay for a purchase initiated at an automated teller machine or point of sale terminal if we decline to authorize the transaction.

Subject to the application of our funds availability policy stated above, our decision whether to pay or authorize the payment of an item will be based upon the balance in your account according to our records at the time. In this regard, our records may not include recent transactions conducted at an automated teller machine or point of sale terminal, and, similarly, the balance available for transactions at network automated teller machine or point of sale terminal may not reflect recent transactions affecting your account.

**Order of Determining Whether to Pay.** While the following may not apply in all instances, it is our practice to decide whether to approve and process an item, or to decline to do so, in the following order:

1. Automated teller machine and point of sale transactions are handled at the time you request the transaction. Similarly, items presented to us for payment over the counter are handled at the time of presentment.
2. Most other items are processed at a time convenient to the bank, starting with automated clearing house transfers from your account, starting with the item that is smallest in amount, and ending with the largest item. These transactions include transfers relating to checks processed by a merchant or other party as an item that is settled through the automated clearing house system.
3. After we process the day's Automated Clearing House items, we process the items presented to us through the traditional check clearing process. These items include items presented as substitute checks or check images. These items are processed in the order in which you drew them, as reflected by the check number reflected on the item – we pay the item with the lowest check

number first, and end with the item with the highest number processed during the day.

4. Finally, we post bank fees, such as nonsufficient funds fees, stop payment order fees, returned item fees, etc. to your account.

**Order of Determining Whether Overdraft Fees Is Charged.** Notwithstanding the order in which we process items and make our decision to pay or dishonor the item, for purposes of determining whether a fee is payable because the item overdraws, or increases the overdraft balance in, your account, we will post items in the following order, which may affect the number of fees that will be charged to your account when there are insufficient funds in your account to cover all items presented for payment on a given business day:

1. Credits to your account, other than deposits, and deposits that become available for withdrawal according to the bank's funds availability policy.
2. Reversals of deposited items for which you have been given depository credit but which are returned to us.
3. Items paid at automated teller machines or point of sale terminals, from the smallest item to the largest.
4. Automated clearing house transfers from your account, starting with the smallest item and ending with the largest.

5. Preprinted checks that are cashed at one of our branches, in numerical check sequence order. That is, the check with the lowest preprinted check number is posted first, and the check with the highest preprinted number is posted last, regardless of the amounts of the checks and irrespective of the payee.
6. Checks that do not reflect a check number (these include counter checks and remotely created checks) and are presented to the Bank through the traditional check clearing process or electronically, as substitute checks or check images, starting with the smallest item and ending with the largest.
7. Bank fees, such as nonsufficient funds fees, stop payment order fees, returned item fees, etc. to your account.

#### **FEES PAYABLE IN CONNECTION WITH COLLECTION OF OVERDRAWN ACCOUNT BALANCE**

You will be obligated to reimburse the Bank for its out-of-pocket expenses (including attorney's fees) incurred in connection with collection of an overdraft account balance, or such amount as a court deems to be a reasonable fee to reimburse the Bank for the expenses (again, including attorney's fees) it incurs in collecting an overdraft account balance if the matter is not referred to a collection agency.