

# 1ST SECURITY BANK

## Wire Transfer Agreement

This 1st Security Bank of Washington Wire Transfer Agreement ("Agreement") provides the terms and conditions governing wire transfer services offered by 1st Security Bank of Washington. As used in this Agreement, the words "Bank," "we," "us" and "our" refer to 1st Security Bank of Washington. The words "you" and "your" refer to each person or entity that uses the Bank's wire transfer services. Each time you request or receive a wire transfer, whether by Internet, using our Online Banking services, by telephone, in-person or by any other means, you agree to abide by the terms and conditions of this Agreement (as amended from time to time), and all other terms, conditions, agreements, security procedures, fee schedules and disclosures applicable specifically to wire transfer services. In all other respects, the terms and conditions of the Deposit Account Agreement apply to this Agreement. If there is a conflict among these Agreements, this Agreement will control with respect to wire transfers.

### 1. Definitions

- a. **Statutory Definitions.** Unless otherwise defined in this Agreement, words or phrases will have the meaning ascribed to them in the Uniform Commercial Code Article 4A: Funds Transfers (UCC 4A).
- b. **Agreed Definitions.** The following words or terms have the meanings set forth below:
  - i. "Agreement" means this 1st Security Bank of Washington Wire Transfer Agreement, as amended from time to time.
  - ii. "Authorized Account" means your account or accounts maintained with us which we may debit for any payment order executed under this Agreement. An Authorized Account is any account so designated on any implementation instructions you provide to us. In the absence of a specific designation, any account maintained by you with us is an Authorized Account.
  - iii. "Authorized Representative" means any person designed by you and appearing on our records as your agent for requesting, modifying, and verifying wire transfers, giving instructions or supplying information to us with respect to wire transfers, and authorized to execute, modify, amend, or terminate this Agreement on your behalf.
  - iv. "Available Funds" means funds on deposit in an Authorized Account and available for withdrawal under our applicable funds availability schedule.
  - v. "Business Day" means Monday through Friday, excluding Saturday, Sunday, and Federal holidays.
  - vi. "Device" means any PIN, token, test key or other security device we issue to you in connection with a Security Procedure.
  - vii. "Execute" has the meaning assigned in UCC 4A. When we are also the beneficiary's bank, the term "execute" includes our acceptance of your payment order for purposes both of this Agreement and of the application of UCC 4A to the transactions covered by this Agreement.

- viii. "Security Procedure" means those procedures described below, designated separately either on an addendum to this Agreement or otherwise, and/or implemented by us for the purpose of verifying the authenticity of funds transfer communications sent to us in your name or for the detection of errors contained in any such communication.

## 2. Wire Transfer Services

- a. **Execution of Payment Orders.** A payment order is considered accepted by us when it is executed. We may process payment orders in any order we choose. We may execute each payment order received by us in your name as sender, provided that you have sufficient Available Funds on deposit in an Authorized Account and provided that the payment order meets the following conditions:
  - i. We receive it in the medium and at the place(s) we have specified;
  - ii. It is authorized by you or verified by us in compliance with a Security Procedure for verifying the authenticity of funds transfer instructions sent to us in your name.
  - iii. No instruction or other restriction limiting our acceptance of a payment order will be effective unless we accept and agree to it in writing. However, we may elect to act consistently with an instruction or other restriction that we believe in good-faith was made by you.
- b. **Rejection of Payment Orders.** We may in our discretion reject a payment order for a variety of reasons, including but not limited to insufficient or inconsistent data, lack of a valid PIN, questionable authority, suspected fraud or illegal activity, noncompliance with Security Procedures, insufficient Available Funds, or set-off claims by us or third party claims against your funds. If we reject or fail to execute a payment order of yours, we will promptly notify you of the rejection orally, electronically, in writing or using any other method we choose.
- c. **Identifying Number.**
  - i. If in a payment order completed by acceptance by the beneficiary's bank, the payment order identifies the beneficiary by both a name and an identifying number or bank account number, and the name and number identify different persons, execution of the payment order, payment to the beneficiary, or cancellation of the payment order may be made solely on the basis of the number. Your obligation to pay us the amount of the wire transfer is not excused in such circumstances. With respect to incoming wire transfers, we may return a wire transfer to the sending financial institution if the payment order does not indicate an account number recognizable to us, if the name and account number accompanying the payment order are inconsistent, or for any other reason. We will not be liable to you for any such return.
  - ii. If your payment order identifies any bank by both a name and an identifying number and the number identifies a person different from the bank identified by name, any bank may rely solely on the identifying number.
- d. **Deadlines for Receipt of Payment Orders.** We maintain deadlines for accepting payment orders. Our current deadlines are 2 p.m., Pacific Standard Time ("PST"), for domestic wires, and 1 p.m. PST for foreign wires. We may change our deadlines from time to time in our discretion. We may treat any payment order we receive after the appropriate deadline on a Business Day as if it were received on-time, or we may treat it

as if it were received at the opening of the next Business Day. You acknowledge that the likelihood of funds being received by the beneficiary's bank on the same Business Day you make a payment order is increased (*but not guaranteed*) if we receive your payment order by the deadline.

- e. Cancellation of Payment Orders.** You have no right to reverse, adjust or revoke any payment order after we receive it. However, if we have not already executed the payment order, we will use reasonable efforts to act on a request to reverse, adjust or revoke it. If we have already transmitted the payment order, we will, at your request, ask the receiving financial institution to return funds previously transferred. However, you understand and agree that the receiving financial institution may or may not comply with any such request. We will have no liability if your request to reverse, adjust or revoke a payment order is not effected.
- f. Debits and Overdrafts.** We may debit any Authorized Account of yours for any payment order we execute under this Agreement, even if the debit creates or increases an overdraft in your Authorized Account. However, unless otherwise agreed, we have no obligation to allow you to incur any overdrafts, even if we have done so in the past. We may charge interest and fees in accordance with our policy on overdrafts as in effect from time to time on any overdrafts that we, in our sole discretion, may allow. You agree to reimburse us on demand in immediately available funds for any overdraft, including interest, and reasonable attorney's fees we incur in collection.
- g. Fedwire and Applicable Rules.**

  - i. Payment orders (or cancellations of payment orders) may be processed through the funds transfer system of the Federal Reserve banks ("Fedwire") or any other funds transfer system we choose. The rights and obligations of you and us with respect to any payment order, any part of which is carried out through the use of Fedwire, will be governed by any applicable laws, the regulations of the Board of Governors of the Federal Reserve system, and the operating circulars of the Federal Reserve banks.
  - ii. Each payment order (or cancellation of a payment order) carried out through a funds transfer system will be governed by all applicable funds transfer system rules, whether or not the Bank is a member of the system.
  - iii. You acknowledge that our right to reverse, adjust, stop payment, or delay posting of an executed payment order is subject to the laws, regulations, circulars, and rules described in Sections g.1 and g.ii above.
- h. Incoming Funds Transfers.** We have no obligation to accept incoming funds transfers for your benefit. All credits to your account(s) for a funds transfer are provisional until we receive final payment for the amount of the transfer. If we do not receive final payment, you agree to refund to us the amount of the transfer. We will notify you of funds transfer payments to an account of yours before midnight on the business day after the funds are received. We may provide such notice by first class mail, electronic mail or other reasonable means. If you request telephone advice, and we agree to comply with your request, we may contact any person designated on your Business Online Banking Enrollment Application or your signature card that appears in our records as an Authorized Representative. We will not be required to make more than one attempt to reach your place of business by telephone. If we are able to reach your place of business but not the contact person, we may leave a message containing the information to be conveyed. You give us your consent to leave such a message. If you request fax or email advice, and we agree to comply with such request, you agree to exercise care in

maintaining your own security in the receipt by fax or email advice of wire transfers. You acknowledge that you alone assume full responsibility for maintenance of your internal security procedures to keep its information confidential. You agree that we will not be required to provide any other notice to you.

**i. Security Procedures.**

- i. Compliance with procedures. You and we agree to follow any Security Procedures we may establish from time to time, including, without limitation, the specific Security Procedures described below. You acknowledge that you have examined our Security Procedures and agree that the Security Procedures provide adequate protection to prevent unauthorized transactions from being made. You also agree that these Security Procedures are commercially reasonable. You agree to be bound by and settle for any and all payment orders and other transactions issued in your name in accordance and in compliance with these Security Procedures. We reserve the right to amend these Security Procedures from time to time with or without notice to you.
- ii. PINs and Devices. We may assign a code or personal identification number ("PIN") to you or your Authorized Representatives for use in connection with payment orders. We may also allow you to select your own PIN. We may change the PIN from time to time. If you have a PIN, we will not act upon any payment order without the use of the correct PIN. We may send such PIN to you via U.S. mail or other method to which you and we have agreed. Additionally, we may from time to time offer you the option of obtaining one or more additional or alternative Devices to enhance the level of security associated with payment orders. We may also restrict access to wire transfer services via Online Banking or otherwise on your acceptance and use of a Device. **You understand that any person having access to your Device will be able to access your accounts and transfer money to other persons, and that you will be responsible for all such activity.**
- iii. Devices are commercially reasonable. You agree that a Device is a commercially reasonable security procedure. You agree to keep all Devices in a secure location. You also agree to establish and maintain all commercially reasonable precautions to ensure the security of your Device so that no one else learns or has access to your Device except for Authorized Representatives. You agree to instruct each Authorized Representative about these security procedures.
- iv. Liability for use of a Device. You agree that we are entitled to act upon any payment order we receive under or through your Device. You are liable for all transactions made or authorized with the use of your Device (except as your liability may be limited by law). We have no responsibility for establishing the identity of any person who uses your Device. You agree that if you give your Device to anyone or fail to safeguard its secrecy, you do so at your own risk. Notwithstanding any other provision in this Agreement, you acknowledge and agree that any person in possession of a Device issued to you will be deemed to be your agent and an Authorized Representative, whether or not that person is in-fact authorized to possess or use that Device, and irrespective of how that person obtained possession of the Device.
- v. Other precautions. You agree that you will not (i) give out your Device other than as provided in this Agreement; (ii) leave your PC unattended while you are using OnLine Banking; (iii) leave your account information within range of others; or (iv)

send privileged account information (including, without limitation, account numbers, PINs, Passwords, etc.) in any public or general e-mail system.

- vi. **Compromises in security.** You agree to notify us immediately if the security procedures, including any Devices, become known to or accessed by any unauthorized person or are otherwise compromised. We expressly disclaim any responsibility to discover, audit or report to you any possible breach of security. You are responsible for any claim, liability, loss or damage resulting from our actions in accordance with instructions to us from unauthorized persons when accompanied by a Device we have assigned to you.

### 3. **Fees, Interest and Costs**

- a. **Fees.** Fees applicable to wire transfer services, including, without limitation, fees for the issuance and replacement of Devices, are subject to change at our discretion. We reserve the right to charge any Authorized Account for the amount of such fees. Your Internet service provider may charge you additional fees.
- b. **Interest Rate.** Whenever interest is payable by us to you under UCC 4A, you agree that the rate of such interest will be paid at the lesser of (i) 5% per annum, or (ii) the rate specified in UCC 4A. You and we may, from time to time, agree to an alternative rate.
- c. **Costs.** Unless otherwise specifically agreed in writing, you agree to bear all of your own costs and expenses, including, without limitation, costs for equipment, software, training, personnel and Internet services, in connection with the use of any wire transfer services we offer.

4. **Recording of Communications.** You and we agree that all telephone conversations or data transmissions between you and we (or our or your respective agents) made in connection with this Agreement may be recorded and retained by either party by use of any reasonable means. You agree to obtain any required consent from each of your Authorized Representatives. If our records about a payment order are different than your records, our records, including any tape recordings, will govern.

### 5. **Limitation of Liability**

- a. **Responsibility for the Detection of Errors.** We are not responsible for detecting any errors contained in any payment order you send to us. You are solely responsible for detecting errors. All funds transfers will be reflected on your periodic bank statement. In some cases we will also notify you in writing, electronically, or by a report produced by one of our information reporting services. You should review each statement or other such notice for any discrepancies in connection with funds transfers.
- b. **Notice of Errors.** If you think a funds transfer is wrong or need more information about a transfer, you must notify us in writing upon discovery of the error. We will not be liable for the amount of the funds transfer order unless we receive your written notice within ninety (90) days following your receipt of our notification to you that the payment order was executed. We will not be liable for interest on such payment order unless we receive your notice within fifteen (15) days following your receipt of our notification.
- c. **Liability for Unauthorized Payment Orders.** You understand and agree that you will not have the benefit of any consumer law, such as the Electronic Fund Transfer Act and Regulation E implementing that Act, which limits liability with respect to unauthorized electronic funds transfers. This means that you are solely responsible for all wire

transfers relating to your Account made using any Device we have assigned to you, whether or not such transaction(s) were authorized by you or your Authorized Representative, as long as we processed the transaction in good faith and in conformity with the Security Procedures. If you have enrolled in, or use Online Banking, you specifically accept and agree to undertake any additional risk and greater liability associated with the use of Online Banking in connection with your Account.

- d. Compensable Damages.** We will be liable to you only for your actual damages and only to the extent that such damages are recoverable under UCC 4A. We will not be liable under any circumstance for consequential or special damages, whether or not such damages relate to services covered by UCC 4A, even if we have been advised of the possibility of such damages. We will not be responsible for your acts or omissions, or those of any Federal Reserve Bank or other financial institution, any transmissions or communications facility, or any other person, and no such person will be deemed our agent.
- e. Standard of Care.** With respect to our performance of services under this Agreement that are not covered by UCC 4A, we will be governed by a standard of ordinary care. We will be deemed to have exercised ordinary care if our action or failure to act has been in conformity with our prescribed procedures, and such procedures do not vary unreasonably from general banking uses and practices not disapproved by any provision of the Uniform Commercial Code.

## 6. Customer Indemnity

- a.** You agree to indemnify, defend and hold us harmless from and against any and all claims, allegations, demands, expenses (including reasonable attorneys fees), losses and damages of third parties of any nature whatsoever arising out of, or relating to, directly or indirectly, any of the following, without limitation: (i) any funds transfer initiated pursuant to this Agreement; (ii) any allegation that a payment order contravenes or compromises the rights, title, or interest of any third party, or contravenes any law, rule, regulation, ordinance, court order, or other mandate or prohibition with the force or effect of law; (iii) any failure by you, your Authorized Representatives, your employees, or your agents to keep any Security Procedures and Devices confidential and secure; (iv) any attempt by us to reverse, adjust or revoke a payment order at your request; or (v) any transmission by fax or email of advice of incoming wires.

## 7. Choice of Law

- a. Consumer Transactions.** You and we agree that if a payment order is a portion of a funds transfer in which other portions are subject to the Electronic Funds Transfer Act of 1978 (as in effect from time to time), all actions and disputes between you and us concerning that payment order will be determined pursuant to UCC 4A, as varied by this Agreement.
- b. Governing Law.** This Agreement will be governed by the internal laws (excluding the law of conflicts) of the State of Washington and applicable federal law.

## 8. No Extension of Credit

- a.** Nothing in this Agreement nor any course of dealing between you and us constitutes a commitment or obligation of us to lend money to you or obligates us to extend any credit to you, to make a loan to you, or otherwise to advance funds to you to pay for any payment order contrary to our published availability schedules.

9. **Authority, Agency and Other Agreements**

- a. **Evidence of Authorization.** You agree to provide us at our request evidence satisfactory to us of your authority to execute and perform your obligations under this Agreement and such other documents as we may reasonably require. We are entitled to rely upon any such evidence and upon any amendments to such evidence executed by an Authorized Representative.
- b. **Agents.** Any addition, removal, or change in the authority of an Authorized Representative will not be binding upon us until we have received actual written notice of the addition, removal or change and until we have had reasonable time to act on such notice. We may from time to time in our discretion accept oral notice to us terminating the authority of any Authorized Representative; provided, however, that you agree to immediately follow any such oral notice with written notice to us confirming such termination. If we ask, you agree to provide us with a current list of your Authorized Representatives. Notwithstanding, and as provided above in Section 2.i.iv, any person in possession of a Device issued to you will be deemed to be your agent and an Authorized Representative.

10. **General Terms**

- a. **Taxes.** You are responsible for all tariffs, duties, or taxes (excluding U.S. federal, state, and local taxation on our income) imposed by any government or governmental agency in connection with any payment order executed pursuant to this Agreement.
- b. **Other Agreements; Amendments.** The terms and conditions of this Agreement are in addition to, and do not modify or otherwise affect, the terms and conditions of any agreement or arrangement between you and us. We may amend this Agreement at any time by giving you written notice or by sending a copy of the amended Agreement to your current address as listed in our records.
- c. **Assignment.** Neither party may assign or transfer any of its rights or obligations under this Agreement, except that, after reasonable notice to you, we may transfer our rights and obligations under this Agreement to any of our subsidiaries or affiliates.
- d. **Termination.** You may cancel this Agreement at any time upon written notice to us. Termination will not affect the rights and liabilities of the parties with respect to transactions occurring during the term of this Agreement.
- e. **Notices.** Except as otherwise provided in this Agreement notice will be deemed effective when delivered to you at the address appearing in our records and to us at:
  - i. Mail: 1st Security Bank of Washington  
6920 220<sup>th</sup> Street SW, Suite 202  
Mountlake Terrace, WA 98043
  - ii. Except as otherwise provided in this Agreement, all notices required or permitted to be given under this Agreement may be given by any commercially reasonable means. If a notice is not received because of the failure or disconnection of the addressed communication system, notice is effective at the time of transmission or dispatch. You and we may each change the address for service of written notice upon it by a notice in writing to the other.

- f. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between you and us relating to wire transfers and supersedes all prior agreements and understandings relating to wire transfers.
- g. **Headings.** Headings to sections of this Agreement are included for ease of reference and will not be deemed to create rights, remedies, claims, or defenses arising under the Agreement.
- h. **Severability.** If any court or tribunal of competent jurisdiction determines that any provision of the Agreement is illegal, invalid, or unenforceable, the parties intend that the court enforce such provision to the maximum extent allowed by law. The remainder of this Agreement will not be affected by such determination.
- i. **Beneficiaries.** This Agreement is for your and our benefit only and is not intended to and will not be construed as granting any rights to or otherwise benefiting any other person. We will not be liable for any losses or claims of persons who are not a party to this Agreement.
- j. **Attorneys fees.** If either party brings an action arising out of or in connection with this Agreement, the substantially prevailing party in such action will be entitled to such reasonable attorney's fees and costs of suit as the court or arbitrator may award.
- k. **Arbitration.** All disputes between you and us with respect to this Agreement will be resolved by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Arbitration proceedings will take place in Mountlake Terrace, Washington. The arbitrator(s) will base their decision on applicable law and judicial precedent, except that, notwithstanding any provision of applicable law or judicial precedent to the contrary, the arbitrator(s) will not have any authority to award punitive damages. The decision of the majority of the arbitrators so chosen (or, in the event we agree to submit the dispute to a single arbitrator, the decision of that arbitrator), rendered in a written opinion, will be final and conclusive upon both you and us, and judgment on such decision may be entered in any court having jurisdiction.
- l. **Force Majeure.** Except as otherwise provided by UCC 4A, we will not be liable for our inability to perform our obligations under this Agreement when such inability arises out of causes beyond our control, including, without limitation, any act of God, accident, equipment failure, system failure, labor dispute, or the failure of any third party to provide any electronic or telecommunication service used in connection with the execution or cancellation of payment orders.

By signing below, the Company named agrees to the Wire Transfer Agreement as stated above. This signature acknowledges the receipt of any applicable agreements related to Wire Transfer services requested and agrees to all of the Terms and Conditions set forth above and in the aforementioned agreements.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Date

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Name

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Signature

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Name

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Signature

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Name

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