

# Account Agreement and Disclosures

Effective November 1, 2016

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# WELCOME TO CITY NATIONAL BANK!

This Account Agreement and Disclosures document contains terms and conditions for the agreements that govern the deposit products and many of the banking services we make available to you as well as your use of these products and services and our facilities. This document, the fee schedule for the product or service you are using and any related agreement, disclosures or description we may provide you for a particular product or service make up our legal disclosure to you and are the agreement between you and us. They are designed to be used together and they explain much about our products and services and your rights and responsibilities when you use our products and services. We encourage you to read them carefully. If you do not understand anything we have written, please ask us for an explanation. When you sign your account agreement and any related agreements with us or when you first receive services from us, you agree to the terms and conditions stated in these agreements and disclosures and you agree to pay our associated fees and charges. You are legally bound by these agreements and so are we. Please keep this document, the fee schedule, any related agreements or descriptions and any changes we may send you in the future for your reference. If you need another copy of this document, a fee schedule or a related agreement or description or change or wish further information about our products and services, please contact your Relationship Manager, a Client Representative or a member of our branch staff. You may also call us at the telephone number listed on your statement or visit us at our website, *cnb.com*.

**PLEASE NOTE, THIS DOCUMENT CONTAINS THE TERMS OF OUR DISPUTE RESOLUTION PROGRAM AND YOU MAY NOT HAVE THE RIGHT TO A JURY OR COURT TRIAL TO RESOLVE A DISPUTE. THE TERMS OF THE PROGRAM ARE ON PAGE 44. PLEASE READ THEM CAREFULLY.**

Please remember that you must review promptly the banking statements or notices we provide or otherwise make available to you. **If you fail to review your statement and report promptly unauthorized transactions or errors, you may suffer a loss.** If you use a bookkeeper or other person to review your statements, you should still review your statements yourself or have a person, other than the person who prepares your checks, review your statements. Our experience has shown that clients who review their statements promptly and use reasonable business safeguards are best able to discover and report errors or unauthorized transactions to us promptly.

Throughout this document, when we refer to "CNB" or "the Bank" or "we" or "us" or "our" we mean City National Bank or City National Securities, Inc. and each of our vendors providing one or more of our services to you on our behalf unless the context clearly indicates otherwise. When we refer

to an "affiliate" we include our own managed affiliates and Royal Bank of Canada ("RBC") and the subsidiaries it controls. CNB is an indirect subsidiary of RBC. When we refer to our "client" or "you" or "your" we mean each person or entity having an ownership interest in the account established with us or using a service we provide and, unless otherwise indicated, any person authorized to sign on any account established by you with us.

We are proud of the banking services we offer and trust they will be of value to you. We encourage you to compare our services and our prices with those of other financial institutions.

All of us at City National Bank thank you for your business and look forward to serving all your financial needs.

NOTE: The terms, conditions and agreements in this document amend and restate the terms, conditions and agreements governing your account relationship with us which may have been stated in any prior Account Agreement and Disclosures document or other agreement provided to you. Our current personal and business account fee schedules supplement this document. When the text refers to a charge or fee, please look in the appropriate fee schedule. The fee schedules and this document are subject to change by us at any time. We will give you notice of such changes as required by law.

## INTRODUCTION

City National Bank and City National Securities, Inc. make available a variety of checking, savings and time deposit accounts, retirement plan arrangements, trust and non-insured investment products, cash management and other banking services. We provide safe deposit box service at selected locations. We also provide custom banking services for clients with special banking requirements.

This document discusses deposit accounts and related services and the facilities we use to provide them to you. It also provides information relating to safe deposit boxes and City National Securities, Inc. accounts.

Our Relationship Managers and Client Representatives are available to assist you to select accounts and services that best suit your needs. You are responsible to know and understand the terms and conditions stated in this document for the operation of the accounts and services you use and to inform persons acting on your behalf of these terms and conditions. By using our accounts and services you and the persons acting on your behalf agree to these terms and conditions. We may refuse to establish an account relationship or to provide our services at our discretion and we may terminate established account relationships or services at our discretion as well. We usually provide notice before we terminate a relationship or service.

We may rely on the information you provide to us in connection with an account and we may presume that it is

correct and may continue to rely upon it until you notify us of a change.

## IMPORTANT INFORMATION ABOUT PROCEDURES FOR 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 for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

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\**Account* means a formal banking relationship established to provide or engage in services, dealings, or other financial transactions including a deposit account, a transaction or asset account, a credit account, or other extension of credit. *Account* also includes a relationship established to provide a safe deposit box or other safekeeping services, or cash management, custodian and trust services.

## ACCOUNT OWNERSHIP

### **BUSINESS ACCOUNTS**

Our accounts and services are available to corporations, professional corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, sole ownership businesses (sole proprietorships), unincorporated associations of persons, public agencies and foreign business entities. We also offer attorney-client trust accounts and we accept public funds and bankruptcy accounts as permitted by law. We may require documentation satisfactory to us before any account relationship is established and from time to time thereafter. This may include, but is not limited to, documentation identifying beneficial owners of the business and individuals who will be conducting business with us on behalf of a business or entity, evidence of the legal status of the business or entity, evidence that the business or entity is in good legal standing and current financial statements.

### **PERSONAL ACCOUNTS**

Our personal accounts and services are available to individuals. Accounts established by individuals primarily for personal, family or household purposes are considered "consumer" accounts. You may open your account in your name alone as owner (an individual account) or you may share ownership of your account with one or more persons. You are solely responsible for determining the ownership of your account and for providing us information regarding that

ownership. The type of account you select and the decisions you make about ownership have tax and estate planning consequences and may determine how the funds in the account pass on your death. If you have questions about the type of ownership your account should have, please discuss the questions with your attorney or tax advisor. If you need estate planning services, our professional staff in City National Wealth Management may also be available to assist you. We offer the following types of account ownership for individuals.

Please note that your Last Will and Testament ("Last Will") may not control the disposition of funds held in some of these accounts.

### ***Individual***

The owner of the account is one individual. When the owner dies, ownership of funds in the account passes as part of the owner's estate to the owner's successor in interest under the owner's Last Will or by intestacy unless you have indicated a beneficiary by a "pay on death" instruction where permitted by law (see below).

### ***Joint Tenancy (with Right of Survivorship)***

The owners of the account are two or more individuals. All owners of the account have equal and undivided ownership in the whole account during their respective lifetimes. When an owner dies, the funds in the account belong to the surviving owner or owners automatically. Unless you and we specifically agree that your account is held in another capacity, each account held in joint tenancy is presumed to be held in joint tenancy with right of survivorship. A "pay on death" instruction may be added to this account where permitted by law (see below).

### ***Bank Account Trust (Totten Trust)***

When an account is opened with ownership showing one party (the "trustee") "...in trust for..." another party (the "beneficiary") and there is no written trust agreement, in the absence of other facts, the trustee (who may be more than one person) is the owner of the account and the beneficiary (who also may be more than one person and which may be an organization) has no interest in the account until the trustee, or all the trustees, dies. We will pay the funds in the account to the trustee during his or her lifetime or to the surviving trustee(s) if there is more than one trustee. When the last trustee dies, the balance in the account is paid to the surviving named beneficiary or, if there is more than one surviving beneficiary, to the beneficiaries in equal shares, unless we are otherwise instructed by the trustee in writing prior to the death of the trustee or last surviving trustee. The trustee must keep us informed about each beneficiary's location. However, we are not responsible to notify beneficiaries of the existence of the account or death of the trustee and we may not do so.

### ***Community Property (Available Where Allowed by Law)***

The owners of the account are married or are registered domestic partners under the law and each owner has an



interest in the account. When one spouse or partner dies, ownership does not automatically pass to the surviving spouse or partner because the deceased spouse or partner can pass his or her interest by Last Will to someone else. To open a community property account you must clearly indicate on the account agreement that the account is held as "Community Property."

### ***Fiduciary (Trusts, Estates, Guardianships, etc.)***

Executors, administrators, conservators, personal representatives, guardians or trustees under written trust agreements, court orders or other documents may open accounts as fiduciaries. We may require and you shall provide evidence of the authority of such person or persons to act, such as a copy of the court order appointing the fiduciary, or a copy of the trust instrument, or portions of the trust instrument or appropriate trustee certification. This documentation will verify that the person or persons opening the account is or are the designated fiduciary, his or her powers, the provisions for succession and any unusual provisions.

### ***Pay-on-Death Instruction (Available Where Allowed by Law)***

Clients who maintain individual, joint tenancy or sole proprietorship accounts may designate a "pay-on-death" beneficiary or beneficiaries on a form provided by us. An individual or sole proprietorship account with such a beneficiary is owned by the individual or sole proprietor and upon the owner's death we will deliver the funds in the account to the beneficiary or beneficiaries. A joint tenancy account with such beneficiary or beneficiaries is owned by the joint tenants. Upon the death of one joint tenant, the surviving joint tenant or tenants own the account. Upon the death of the last surviving joint tenant, we will deliver the funds to the then designated surviving beneficiary or beneficiaries. Any joint tenant or surviving joint tenant may change a beneficiary at any time. If there is more than one beneficiary, we will pay the funds in the account to the beneficiaries in equal shares, unless we are otherwise instructed by the owner in writing prior to the owner's death or the death of the last surviving owner. Each owner must keep us informed about each beneficiary's location. However, we are not responsible to notify a beneficiary of the existence of the account or the death of the owner and we may not do so. A beneficiary may be an organization.

### ***Tenancy-in-Common***

All owners of the account have ownership in the account but the percentage of each owner's interest may vary. When an owner dies, that owner's interest in the account passes as part of the owner's estate to the owner's successor in interest under the owner's Last Will or by intestacy. The surviving owners are not entitled to the deceased owner's share by reason of the account ownership. To open a tenancy-in-common account you must clearly indicate on the account agreement that the account is held as "Tenants-in-Common."

### ***Transfers to Minors***

A person may open an account under the provisions of law which allow for transfers or gifts to minors. The person opening the account is the custodian but the account is owned by the minor. If the custodian resigns, is removed or dies, upon satisfactory proof, we will deliver the funds to a successor custodian or to the minor in accordance with law. Please note: Unless otherwise allowed by law, there may be only one custodian and only one minor for each account. Also, where allowed by law you may delay the time for transfer of the account to the minor by special provision when the account is established. Consult us for details.

## SPECIAL PRODUCTS AND FEATURES

### ***Discount Brokerage Services\****

Discount brokerage services are available through City National Securities, Inc., a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation ("SIPC"). See your Relationship Manager or a Client Representative at your branch for further information. A separate agreement may be required.

### ***Investment Sweep Account\****

You may appoint us to be your agent for the purpose of buying, selling and holding shares of the mutual funds made available by us and designated by you. You may designate a target balance to be maintained in your checking account with us and funds in excess of that target balance will be used to purchase the mutual fund shares. If your account balance falls below the target balance, we will redeem your available mutual fund shares and credit your account. A fee may be charged for this service. For further information regarding available "sweep" products, see your Relationship Manager or a Client Representative at your branch. A separate agreement may be required.

### ***Trust and Investment Services\****

You may obtain a full range of fiduciary services including estate planning and management, probate and trust administration by separate agreement. See your Relationship Manager or a Client Representative at your branch for further information.

**\*IMPORTANT NOTE: Funds maintained in mutual funds and other investment products available through City National Securities, Inc. are NOT insured by the Federal Deposit Insurance Corporation ("FDIC") or any other government entity; they are NOT deposits or other obligations of, nor are they guaranteed by, City National Bank; and they are subject to investment risks, including possible loss of the principal invested.**

### ***Treasury Management Products and Other Business Services***

By separate agreement, you may obtain Information Reporting, Account Reconciliation, Automated Clearing

House, Tax Payment, Controlled Disbursement, Lockbox, Courier, and a range of other business services for which a fee may be charged. For further information, see your Relationship Manager or a Client Representative at your branch.

### ***City National Online and Mobile Banking Service***

You may access and use our services through our website, *cnb.com*. Our Online Banking Services include account data access, funds transfers, bill payment, and the ability to request additional accounts. Our Mobile Banking Services include account data access, transfers between eligible CNB accounts and bill payments to existing payees. A fee may be charged for these services. For further information, see your Relationship Manager or a Client Representative at your branch. A separate agreement may be required.

PLEASE NOTE THE INTERNET FRAUD NOTICE TO ACCOUNT HOLDERS AND AGREEMENTS RESPECTING INTERNET FRAUD AND SECURITY BEGINNING ON PAGE 51.

### ***International Banking Products and Services***

You may obtain a range of international banking products and services by separate agreement. These include letters of credit, trade finance and foreign exchange, trading services, and foreign currency deposit accounts. A fee may be charged for these services. For further information, see your Relationship Manager or a Client Representative at your branch.

## GENERAL CLIENT DUTIES AND RESPONSIBILITIES

### ***Statement Review***

You are an important part of the check payment process as well as the process by which other transactions are conducted on your behalf by us. If you are a consumer, meaning a natural person, and your account is established primarily for personal, family or household purposes, you must review each statement and any notice we make available to you promptly but at most within 30 calendar days from the time we make the statement available and notify us immediately if the statement reflects a forged or unauthorized item or transaction. If you do not receive your bank statement when you should, contact us at once.

### ***For New York Accounts***

A shorter period for review applies to accounts maintained by consumers at a New York branch of City National Bank. As a New York branch consumer client, you must review your statement promptly when your statement is made available and notify us within 14 days if the statement reflects a forged or unauthorized item or transaction as stated above.

### ***For All Business Accounts***

A shorter period for review applies if you are a business or other client who is not a consumer. You must review each statement we make available to you within 14 calendar days

from the time we make it available and notify us if the statement reflects a forged or unauthorized item or transaction as stated above.

### ***Notifying Us of Unauthorized Transactions and Errors***

If you discover an error, forgery, alteration or other unauthorized activity involving your account, you must notify us immediately by telephone, and promptly notify your branch of account in writing of the relevant facts, including a description of the transaction or error and the identity of any suspected perpetrator.

You are in the best position to discover and report any errors or unauthorized transactions involving your account. If you fail to notify us within the times set forth above (14 days for businesses and New York consumers and 30 days for other consumers) of an unauthorized signature, alteration, forgery, counterfeit check or other unauthorized transaction involving any of your accounts, we will not be responsible for subsequent unauthorized transactions by the same wrongdoer.

Without regard to care or lack of care of either you or us, if you do not discover and report an error or an unauthorized signature, alteration, forgery, counterfeit check, or other unauthorized debit to your account ***within 60 days*** after the date of your statement or the date the information about the item or transaction is made available to you, whichever is earlier, you are precluded from asserting the error or unauthorized transaction against us.

If you claim a credit or refund because of an error or unauthorized transaction, you agree to provide us with a declaration containing whatever reasonable information we require regarding your account, the transaction, and the circumstances surrounding the claimed loss. We must receive your declaration within 10 days of our request. If applicable, you also agree to make a report to the police and to provide us with a copy of the report, upon request. We will have a reasonable period of time to investigate the circumstances surrounding any claimed loss. During our investigation, we will have no obligation to provisionally credit your account, unless otherwise required by law (e.g., in connection with certain consumer electronic fund transfer services).

Our maximum liability will never exceed the amount of actual damages proven by you. Our liability will be reduced: (a) by the amount of the loss that is caused by your own negligence or lack of care; and (b) by any loss recovery that you obtain from third parties. We will not be liable for any loss that is caused in part by your negligence if we acted with ordinary care. We will not be liable for incidental, special or consequential damages, including loss of profits and/or opportunity, or for attorneys' fees incurred by you, even if we were aware of the possibility of such damages.

You agree to pursue all rights you may have under any insurance policy covering any loss and to provide us with information regarding coverage. Our liability will be reduced

by the amount of any insurance proceeds you receive or are entitled to receive for the loss. If we reimburse you for a loss and the loss is covered by insurance, you agree to assign us your rights under the insurance policy to the extent of our reimbursement, in accordance with this provision. You waive all rights of subrogation against us with respect to any insurance policy or bond.

### ***In General***

You agree that the review times stated above are reasonable for purposes of examining your statement and notifying us of any unauthorized signature, alteration or other error or irregularity on the statement or any item accompanying the statement. If you fail to promptly review the statements and notices we make available to you and report irregularities to us as stated above, we will not be accountable or liable to you and you will bear any associated loss.

### ***Consumer Electronic Fund Transfer***

A 60-calendar-day notice period applies to consumer electronic fund transfers; see our *Consumer Electronic Fund Transfer Agreement and Disclosure*. To request a copy or for more information, see your Relationship Manager or a Client Representative at your branch.

### ***Business Electronic Fund Transfer***

Business electronic fund transfers do NOT share the same protections as Consumer Electronic Fund Transfers: see the *Business Electronic Fund Transfer Agreement and Disclosure*. To request a copy or for more information, see your Relationship Manager or Client Representative at your branch.

### ***Check Stock Protection***

You shall safeguard your blank check stock and notify us promptly if a check you write or a blank check of yours is lost or stolen. If a blank check is lost or stolen or any unauthorized transaction is conducted on your account and we ask you to close your account and open a new account, you shall do so. If you do not close your account as we request we may not, thereafter, be liable to you for any unauthorized transactions on your account.

### ***Fund Transfers, Online Banking and Mobile Banking Precautions***

Failure to protect your electronic equipment, including but not limited to your computer, tablet, phone and your Security Items which include but may not be limited to user names, personal identification numbers, passwords, codes, marks, signs, tokens, public keys or other means of identification, may allow an unauthorized person access to your accounts and/or your account information and enable that unauthorized person to conduct transactions on your account. You shall install, maintain and regularly update antivirus and antispyware identification and removal software. Additionally, if you are a business you shall maintain commercially reasonable internal controls, including but not limited to, segregation of initiation and approval functions with respect to electronic transaction transmissions. Failure to

follow these procedures may result in loss to you for which we are not responsible.

### ***Statement Reconciliation***

You shall employ generally accepted accounting principles to safeguard the preparation and reconciliation of items drawn on your account. If you entrust the preparation and reconciliation of items drawn on your account to anyone other than yourself or, if you are a business, to the same person who prepares your checks, you agree you will have monthly audits of your accounts by a third party.

Please review the important "Fraud Notice to Account Holders" on page 49 for further information regarding how you can prevent fraud and unauthorized transactions on your account and avoid unnecessary fees and charges. Your failure to take reasonable steps to safeguard your account may result in loss to you.

## TERMS FOR TRANSACTION ACCOUNTS

### ***How We Process and Pay Checks***

We may process and pay checks, other items written against your account and other transactions by any method and in any order we consider reasonable. Please see "Order of Posting" on page 37. In most instances we process checks mechanically, relying upon magnetic ink character recognition (MICR) devices to "read" the figures printed at the bottom of your checks. Checks which are electronically and sent to us electronically without image are paid based on the amount transmitted to us. This means a check you write may not be physically examined by us to determine if it is properly signed, drawn, indorsed or dated. We may physically examine physical checks or check images and other items when an item is over an amount determined by us. The amount determined by us may change as often as daily. We may also examine and review items based on parameters established by us to detect fraud. Our payment practices conform to reasonable banking standards and you acknowledge that, in doing so, we are not negligent. You agree to report any forged, unauthorized or altered item accompanying a statement or other irregularity you find on a statement to us at once.

If we do physically examine a check or other item, we reserve the right to return that item unpaid without liability to you if we cannot determine to our satisfaction that the item was authorized by you. If we question an item presented for payment we may attempt to contact you, but we are not obligated to do so and if we are unable to contact you to confirm our authority to pay the item, we may return the item unpaid without liability to you. We do not charge a fee for returning an item we question.

### ***Checks Lost in Transit***

When you cash or deposit a check or other item with us, we act as your agent to collect the item. The risk of loss of an item in the process of collection is on you. We may reverse any credit given and any interest earned or accrued for the

amount of a deposited item that is lost in transit, and we may recover from any account you maintain with us the funds given to you for a cashed item which is lost in transit. You will do everything reasonably within your ability to promptly assist us to find, identify or replace a lost item, including but not limited to, maintaining a record of the maker of items delivered to us for deposit and collection. We shall not be liable to you if an item is lost in the process of collection provided we exercised ordinary care in handling the item. In no event shall we be liable to you if you cannot identify the maker of the lost item.

### ***Cashed or Deposited Items Returned Unpaid***

If a check or other item cashed by us for you or deposited into your account is returned to us unpaid at any time for any reason, at our discretion we may attempt to re-clear the item for payment and place a hold on any funds in your account up to the amount of the item until final payment is determined or we may return the item to you, subtract the amount of that returned item from any account of yours maintained with us, including any investment account maintained with a subsidiary of ours, together with any interest credited or received by you from that amount and we may cancel and not pay any accrued interest on that amount. If we are unable to recover the full amount of the item and our charges from your account, we may retain the item until payment is made. If we receive notice that an item you cashed or deposited is being returned, we may place a hold on the funds in any account of yours in order to recover the amount of the item when we receive the item back or are otherwise charged for the item. We are not required to give you notice if we re-clear a returned item in an attempt to receive payment. We are not required to determine if an item is returned to us on time under any applicable law or regulation. A fee may be charged for each returned item.

### ***"Payable At" or "Payable Through" Checks***

If an item designates us as the place at which ("payable at") or through which ("payable through") the item is payable, we may pay it as a check drawn on any transaction account of yours without presentation or notice to you unless we otherwise agree with you in writing. If you do not have a transaction account with us or there are not sufficient funds or available credit in any transaction account of yours to pay the item, we may return it unpaid. We may but we are not obligated to pay an item against more than one transaction account of yours with us if no single account has sufficient funds to pay the item.

### ***Stop Payment Orders on Checks You Write***

You or any Authorized Signer on your account may order us to place a stop payment on a check or other item drawn against your account. The order may be given either in person at one of our branches, by calling the number listed on your account statement, by writing to us at the address listed on your account statement, by using our Online Banking service, or as we otherwise allow. To stop payment on a consumer electronic payment, such as a preauthorized automated

clearing house ("ACH") debit, online payment, or consumer international wire transfer, refer to our *Consumer Electronic Fund Transfer Agreement and Disclosure* for stop payment procedures.

We require the following information to stop payment on an item (also required for postdated check orders; see page 13):

1. The account number
2. The check number
3. The check date
4. The exact amount of the check (both dollars and cents)
5. The name of the person or entity to whom the check is payable

All of the information must be correct in order for us to stop payment on the item. If any of the information is not correct, we are not responsible or liable to you or to anyone else if we do not stop payment on the item and we pay it when it is presented to us for payment.

Stop payment orders may be confirmed by us to you in writing. You must review any confirmation and advise us immediately if any information on the confirmation is incorrect.

To be effective, a stop payment order must be received in time for us to process and act upon the order. The item ordered stopped must not have already been paid, cashed, certified or otherwise guaranteed by us or deposited with us so that we cannot immediately recover the deposited amount from the account into which it was deposited.

If an item on which you order payment stopped is converted to an electronic transaction (such as an electronified check) and you do not tell us of the conversion and the transaction is charged to your account through the automated clearing house, we may be unable to stop payment on the transaction and we shall incur no liability to you for paying the transaction.

If we pay an item over a valid stop payment order, we may be responsible to you for the amount of your loss up to the face amount of the item but no more. You must establish the amount of your loss because of the payment. In no event will we be responsible for special or consequential damages, including, without limitation, loss of profit or opportunity or for attorneys' fees incurred by you. If we pay you for your loss, you agree to assign us your rights against the payee or any other holder of the item up to the amount we pay you and you agree to cooperate with us in any investigation we conduct and in any recovery action we undertake.

If we stop payment and return your item unpaid, you understand that the person holding your item may still be able to enforce payment against you. If we or an affiliate or subsidiary of ours is a holder or transferor of your item and we determine that we or our affiliate or subsidiary is a "holder in due course" of the item or has given value for the item, we may charge the item against your account or offset the amount of the item against any other account of yours.



A stop payment order is valid for six (6) months only and must be renewed by you at six (6) month intervals thereafter to remain effective. We also offer stop payment orders that are valid for longer periods. You should not expect that a stop payment order will be automatically renewed by us. If a stop payment order is not renewed and the item is presented for payment after the order expires, the item may be paid and charged to your account. At the time you place your stop payment order you may request that the stop payment order remain valid for a longer period than six (6) months. See your Relationship Manager or a Client Representative at your branch for details.

If you are concerned that a check you ordered stopped may still be presented after the stop payment order term expires, you should renew your stop payment order. Although we may return an item unpaid because the date on the item is six (6) months old or more, you should not expect us to notice the date and return the item and we are not required to do so. It is not our practice to notify you prior to the expiration of a stop payment order and we are not required to do so.

We may charge a fee to accept a stop payment order, to maintain an open-term stop payment order and to accept a stop payment order renewal.

### ***Stopping Payment on a Check We Issue***

A check we issue, such as a cashier's check, teller's check, or a check that we certify or otherwise guarantee that we will pay, is our primary obligation. You do not have the right to order us to refuse to pay the item. If the item is lost, stolen or destroyed and you have the right to claim the amount of the item, where permitted by law you may make claim for the amount by giving us a Declaration of Loss or similar form (see your Relationship Manager or Client Representative for details). If we accept a Declaration of Loss we may delay paying you the amount of the item for the period permitted by law following the date of issue of the original item. If the item is presented to us for payment during this period, we may pay the item to a person entitled to enforce it without further liability to you. If we pay you the amount of the item and a later claim by a person having the rights of a holder in due course under the law is made on the item, you are obligated to make payment to that person or reimburse us if we pay that person. If the item is not lost, stolen or destroyed or, as a claimant, you desire payment before 90 days or you otherwise desire us not to pay an item, we may, in our sole discretion, agree to refuse to pay the item although we are not required to do so. If we agree to refuse to pay such an item when presented, we must be indemnified to our satisfaction against claims which may be made against us on the item including claims for expenses and consequential damages. A fee may be charged for accepting a Declaration of Loss or for agreeing to refuse payment on any such item.

### ***Postdated Checks***

If you write and deliver a postdated check (that is, you deliver a check dated later than the day you write and deliver it),

unless you or any Authorized Signer notifies us of that fact and instructs us not to pay the check before its date and you do so in time for us to act upon the notice, we may cash or pay the check against your account upon presentment even if presentment is before the date on the check. Your notice and instruction not to pay a postdated check must be in the form we require (please see required information under "Stop Payment Orders on Checks You Write" on page 11). If your notice and instruction is accepted by us and a postdated check is presented to us before the date written on it, we may return the check unpaid with a notice "payment stopped." Your notice and instruction is valid up to the date on the item but no longer than six (6) months from the date we accept the instruction unless the instruction is renewed. If we pay a postdated check before the date written on it and after accepting your notice and instruction not to do so, we may be liable to you up to the face amount of the check but no more. You must establish the amount of your loss because of the payment up to the amount of the check. We shall not be liable to you if the check was negotiated to a holder entitled to enforce payment from you before presentment to us or if the item is converted to an electronic transaction and you do not tell us of the conversion. If an item is converted to an electronic transaction and you do not tell us and the transaction is charged to your account through the automated clearing house, we may be unable to block the payment and we shall incur no liability to you for paying the transaction. In no event will we be responsible for special or consequential damages, including, without limitation, loss of profit or opportunity or for attorneys' fees incurred by you. If we pay you for your loss, you agree to assign us your rights against the payee or any other holder of the item up to the amount we pay you and you agree to cooperate with us in any investigation we conduct and in any recovery action we undertake.

Please note: A postdated check is a "good" check and is negotiable, and whoever holds it may have rights to enforce payment from you even if we return the check unpaid.

There is a fee to place an instruction not to pay a postdated check and for any renewal of the instruction.

### ***Stale Dated and Overdue Checks***

A check that is payable on demand and is outstanding and unpaid for more than ninety 90 days (30 days in New York) after the date written on it is overdue. To enforce payment of a check as a holder in due course, you or we must take a check without notice that it is overdue. A check that is outstanding and unpaid for six (6) months or more after the date written on it is a stale-dated check and we may refuse to pay it if presented. However, you should not expect us to notice the date and we are not required to do so. We may cash or pay a stale-dated check against your account or we may return the stale-dated check unpaid. We need not notify you before a stale-dated check is paid or is returned.

If we return a stale-dated check, a fee may be charged.

### ***Checks Presented Bearing Notations***

If you write a check or other item with one or more restrictive notations such as "Void After 180 Days" or "Paid In Full" or "Void Over \$1,000" or the like, you should not expect us to notice the notation when the item is presented to us for payment and we are not required to act on the notation unless we have agreed to do so in writing. Absent our written agreement otherwise, we may cash or pay an item bearing such a notation against your account and we shall not be liable to you or anyone else for not noticing or acting upon the restriction or advising you of the restriction before cashing or otherwise paying the item. If you negotiate an item to us bearing such a notation, you acknowledge that the notation applies only to you and the maker and you will indemnify and hold us harmless from any claim or loss alleged by anyone arising from the notation. See your Relationship Manager or a Client Representative at your branch to discuss special processing of any such item you may write. A fee may be charged for special processing of any such item.

### ***Checks Presented Against Insufficient Funds***

If a check or other item drawn on your account is presented to us for payment and you do not have enough funds or available credit from your overdraft protection plan (available by application on approved credit) or funds available through your Personal Savings Overdraft Service, we may choose to pay the item or return the item unpaid. If we pay the item, an overdraft occurs. You must pay back any overdraft at once. If we pay an item and create an overdraft, we are not obligated to pay any other item which may create or increase an overdraft. We may stop paying items that create an overdraft at any time without notice to you and you should not expect that we will create an overdraft unless we have previously advised you otherwise in writing. Please see "Overdraft Liability" on page 38.

Although it is not a breach of the account agreement, repeatedly drawing checks or other items against insufficient funds may cause us to close your account. A fee may be charged for each item returned for insufficient funds and for each item paid against insufficient funds.

### ***Checks Presented Against Uncollected Funds***

If a check or other item drawn on your account is presented to us for payment before there are sufficient collected funds available in your account to pay the item and you do not have enough available credit from your overdraft protection plan with us (available by application on approved credit) or funds available through your Personal Savings Overdraft, we may choose to pay the item or return the item unpaid. Funds on deposit are considered collected when we have received final payment. If we pay the item against uncollected funds, we are not obligated to pay any other item against uncollected funds. We may stop paying items against uncollected funds at any time without notice to you and you should not expect us to pay an item against uncollected funds unless we have previously advised you otherwise in writing. Please review the

sections entitled "Holds for Uncollected Funds/Delayed Funds Availability" on page 40 and "Overdraft Liability" on page 38.

Although it is not a breach of the account agreement, repeatedly drawing checks or other items against uncollected funds may cause us to close your account. A fee may be charged for paying or returning an item drawn against uncollected funds.

### ***Checks Presented for Payment Before the Covering Deposit is Credited***

If a check or other item drawn on your account is presented to us for payment on the same Business Day the covering deposit is made with us, an intra-day overdraft may occur on your account during the day because the covering deposit is not posted to your account until the end of the Business Day. The intra-day overdraft occurs when (a) a check drawn on your account is presented to us for payment by another bank and the balance credited to your account at the opening of business on the day the check is presented, including your available credit from your overdraft protection plan with us (available by application on approved credit) or funds available through your Personal Savings Overdraft Service, is less than the amount of the check, and (b) you make a covering deposit over the counter or through our automated teller machine, night depository, electronic deposits or any other means before the cut-off time, and (c) the covering deposit is credited to your account the same day the check is presented, and (d) no hold is placed for uncollected funds and, (e) the check is paid rather than returned. The intra-day overdraft occurs because the covering deposit will not be credited to your account until after the close of business on that Business Day no matter what time you make your deposit, provided the deposit is made before our cut-off time. Deposits made by lockbox arrangement, deposit courier and armored carrier are subject to the terms and conditions in the *Treasury Management Services Disclosure and Agreement*.

Repeated intra-day overdrafts, although not a breach of the account agreement, may cause us to close your account. A fee may be charged for an intra-day overdraft.

### ***Checks Presented by Electronic Means (Electronified Check)***

If a check or other item is presented by electronic or other means, your account may be debited on the day of such presentment or it may be debited at an earlier time based on notification received by us that an item drawn on your account has been deposited for collection in another financial institution. You agree that a determination of your account balance for purposes of making a decision to dishonor an item for insufficiency of available funds may be made by us at any time between the receipt of such presentment or notice and the time of return of the item, and no more than one such determination need be made. A fee may be charged when a check presented by electronic means is dishonored.

### ***Copies of Checks Presented for Payment***

If a photocopy of a check or other item that appears to be drawn on your account is presented to us for payment in place of the original, we may pay the photocopy without your prior consent if the photocopy is accompanied by a representation that the original item is lost or destroyed and by an indemnification from a financial institution. We shall incur no liability to you or anyone else in the event the original item is later presented to and paid by us. You may have rights against other parties. A substitute check created under "Check 21" is deemed an original check and is not covered by this provision.

### ***Checks Presented for Cash Payment***

If the person to whom you have written a check or other item drawn on your account presents the check or item to us for immediate payment in cash, by cashier's check or otherwise, we may require the person to provide us with identification satisfactory to us and we may charge the person presenting the check a fee for this payment service. If the person does not provide satisfactory identification or agree to pay the fee and we refuse to immediately pay the check or item as presented, our refusal is not a dishonor of the check or item. We are not required to cash a check made payable to, or indorsed by, persons whom we cannot identify to our satisfaction.

### ***Checks Returned or Claims for Forged or Unauthorized Signature or Indorsement or Alteration***

If a check or other item cashed or deposited by you is returned to us with an affidavit or declaration stating that the item bears a forged or unauthorized signature or indorsement or is a counterfeit or is altered in any way and we are requested to return funds or we are advised that such an item exists and may be returned or a credible claim may be made against us, we may hold, return or deliver the funds claimed and subtract the amount of the item from any account of yours (including any investment account of yours maintained with a subsidiary of ours), together with any interest credited or received by you from the amount and any associated fees, without prior notice to you and without questioning the truth of the affidavit or determining if the item and affidavit are returned to us timely or within any applicable period limiting legal action. A fee may be charged for each item returned to us.

### ***Check Stock and Deposit Slips***

You may order your checks and deposit slips through us. You may use an outside vendor. If you order through us we may receive compensation from our check vendor. If you use an outside vendor, your checks and deposit slips must conform to our specifications. You are responsible for printing or other errors on checks and deposit slips provided to you by your outside vendor. You are responsible to examine checks and deposit slips provided to you for printing or other errors and, if provided by us, to notify us at once of any such error. You agree not to use erroneous items. If any such error results in cost or loss to us, you are liable to us for the cost or

loss. We may return checks unpaid when drawn on your account using check stock provided to you by your outside vendor which cannot be processed in a normal manner by our equipment at the time of presentment and we may charge a fee for each returned check. We may refuse or delay processing any deposit using a deposit slip provided to you by your outside vendor which cannot be processed by our equipment in a normal manner and we will incur no liability to you for our refusal or delay. If errors on your checks or deposit slips provided to you by your outside vendor are not corrected promptly, we may impose additional charges after notice to you. If your check stock provided by an outside vendor does not conform to the standards mandated by the Federal Reserve Board of Governors and an error or delay occurs because the check stock does not conform, we are not liable to you for any such error or delay and you are responsible and liable to us for any loss, cost, liability or expense we may incur.

## TERMS FOR INTEREST-BEARING ACCOUNTS

### ***Notice for Withdrawal***

Except for certain interest-bearing demand deposit accounts that are, by their terms, payable on demand, we reserve the right to require not less than seven (7) days' prior written notice before a withdrawal is made from any interest-bearing account (including a negotiable order of withdrawal, a "NOW" account) and to require that the funds from any deposit made to any such interest-bearing account remain on deposit not less than seven (7) days. It is unlikely that we will assert these rights.

### ***Early Withdrawal of Time Deposits***

We may permit withdrawal of funds held in a time deposit before maturity but we are not required to do so. If we permit withdrawal of such funds, we may assess an early withdrawal penalty which will be equal to or more than the minimum early withdrawal penalty required by law, if any. We may permit one early withdrawal without a penalty following the death or court-declared incapacity of an account owner, or as otherwise permitted by law. See our fee schedule or your deposit receipt for an explanation of our early withdrawal penalty.

### ***Excessive Activity***

Some interest-bearing accounts have activity restrictions required by federal regulation. We reserve the right to convert any interest-bearing account to a non-interest-bearing account or to close the account if these restrictions are exceeded. We use the date a transaction is processed by us to determine excess activity. A fee may be charged for excess activity.

For all savings accounts and money market accounts, the activity restrictions required by federal regulation are no more than six (6) transfers or withdrawals, or a combination of such transfers and withdrawals, per calendar month or

statement cycle period, to another account of yours with us or to a third party by preauthorized or automatic transfer, or telephonic agreement, order or instruction. A "preauthorized transfer" includes an arrangement you make with us to pay a third party from your account but does not include transfers to repay loans made by us to you (including associated expenses), or withdrawals or transfers from your account made by you by automated teller machine or in person or which are authorized by you by mail, messenger or telephone request, provided the funds are mailed to you by check.

## ELECTRONIC FUND TRANSFER SERVICES

Electronic fund transfer services are available to consumers and to businesses. By opening a deposit account with us each person designated in the account agreement as an "Authorized Signer" or otherwise designated as a person authorized to initiate an electronic fund transfer is authorized to initiate electronic fund transfers from the deposit account. We are entitled to rely upon electronic fund transfer instructions received from any such person by any means when confirmed in accordance with the security procedure to which you and we agree. Instruction may be given to transfer funds between accounts maintained with us by any one Authorized Signer or any authorized person without regard to the ownership of the account to which the funds are transferred and without regard to the number of signers required to withdraw funds from the account.

Electronic Fund Transfer services are subject to the *Consumer Electronic Fund Transfer Agreement and Disclosure* or *Business Electronic Fund Transfer Agreement and Disclosure*. To request a copy or for more information, see your Relationship Manager or a Client Representative at your branch.

PLEASE NOTE THE INTERNET FRAUD NOTICE TO ACCOUNT HOLDERS AND AGREEMENTS RESPECTING INTERNET FRAUD AND SECURITY BEGINNING ON PAGE 51.

## GENERAL ACCOUNT INFORMATION AND TERMS

### ***Account Analysis***

Account Analysis is a service which offsets eligible Treasury Management and depository fees and charges by an "earnings credit allowance" determined by the Bank based upon the value to the Bank of your eligible deposit account balances. At the end of each monthly account analysis cycle, the Bank applies an annualized "earnings credit rate" to the eligible deposit balances to calculate the monthly earnings credit allowance. The earnings credit rate is determined by the Bank from factors applicable to it and the rate may vary as often as monthly. The earnings credit allowance so determined is then applied to the eligible Treasury Management and depository fees and charges assessable against your analyzed deposit account(s) during the month to cover or reduce the assessable fees and charges. Standard settlement is monthly. Any fees and charges not covered by the earning credit

allowance are assessed against your account(s). Any unused earnings credit allowance is not available for withdrawal and may not be available to carry forward. You may request the Account Analysis service for your deposit account(s) and the Bank may review your accounts to determine, at the Bank's discretion, if the Account Analysis service is appropriate for you.

### ***Account Ownership Change***

You will promptly notify us of any change of ownership of any business maintaining an account with us on which you are an Authorized Signer. We may require a new account agreement for the business and documentation supporting the change of ownership before any Authorized Signer on the account is changed. You will cooperate with us to document any change in ownership. We may restrict access to the account until documentation satisfactory to us is received and shall incur no liability for any such restriction.

### ***Account Statements and Check Images***

We mail a monthly account statement for your checking and savings account(s) showing your transactions and other activity unless you agree otherwise. We do not provide statements for time deposits. If there is more than one account owner, a statement sent to one owner shall be deemed sent to all. You may request a special statement from us at any time. A fee may be charged for a special statement. Statements are usually mailed to you at the address you provide. Upon request, statements may be held for pickup by you at the branch you designate and a fee may be charged for this service. Statements are deemed delivered when mailed or made available for pickup. If a statement is held for pickup and you do not pick it up by the time set by us, we may, at our option, mail the statement to you at any address in our records or we may destroy the statement at a time set by us. If a statement is mailed to you and is returned to us as undeliverable, we may destroy the statement at a time set by us. We have no obligation to continue to mail statements to you if a statement is returned to us as undeliverable. You shall review your statement for errors and the accuracy of all transactions at once. Please review "General Client Duties and Responsibilities" on page 7 See also "Inactivity and Unclaimed Accounts" on page 32.

In most cases we retain an image of each check paid against your account and identified on your statement. If we receive your original check we retain it for a time determined by us, after which we may destroy the check and retain only the imaged copy. You may request an image of any check or a larger image of any check identified on your statement by calling the telephone number printed on your statement. A fee may be charged for multiple check image requests. If we return an image of your checks to you with your statement, you may request that your checks not be returned to you by image and we will store an electronic image of each check paid against your account for you. A fee may be charged for these services. If your account is maintained in a state that requires we offer an account that provides your original checks be returned to you without additional charge and you



would like to receive them, check with your Relationship Manager or a Client Representative at your branch for the available account.

### ***Account Verification***

We may verify your prior banking relationships and other information about you when you establish a new account with us and periodically thereafter using consumer reporting agencies and other sources as we shall determine, and we may report the status of your account to such sources as permitted by law. We may decline to open an account or we may close an open account based on any information received that we consider adverse. We will provide you the name and address of the sources from which we obtained information as required by law and upon request unless we are otherwise prohibited from doing so. If your account is declined based on adverse information received from our source, you may request that the source provide you a free copy of the information the source supplied to us. If your request to our source is in writing, you should include your name, address, and taxpayer identification number and it should be signed by you. The term "you" includes any "Authorized Signer." You expressly authorize us to obtain address information from any government agency and in so doing you waive your rights under applicable law.

### ***Address Changes***

You may change the address to which we mail your statement and notices or other communications from us concerning your account at any time. You must allow 30 days for an address change to become effective. The address will only be changed for the account or accounts you specify and will not affect any other relationship you have with us unless you specify that you want the address changed for those relationships as well. We may destroy communications that we send and which are returned to us as undeliverable.

### ***Agents Acting Under Power of Attorney***

As an individual or an entity authorized to do so, you may appoint an agent to sign on your account by using a power of attorney form that we can provide you. You may authorize your agent to sign and indorse checks or other items and perform other acts in your name and on your behalf. You are responsible for and are bound by the acts of your agent.

If you appoint an agent using a power of attorney form other than our form, we must review the form to determine if we will honor it and recognize the authority of your agent. A fee may be charged for this review. Please bring the power of attorney form to your branch, discuss your needs with your Relationship Manager or Client Representative and introduce your agent to us.

If we agree to honor a power of attorney and recognize your agent, you agree that we may continue to do so until you notify us otherwise in writing or until we are presented with proof that the power of attorney has been terminated by death, court order or other legal means, such as revocation.

### ***Amendments and Changes***

The terms and conditions set out in this document and our other agreements with you may be changed by us at any time. Change may include adding new terms or conditions and deleting existing terms or conditions. We may substitute similar products or services for products or services you are using or discontinue products or services you are using by giving prior notice to you. Prior notice of change will be given to you by a notice of amendment to these terms and conditions unless the change must be implemented immediately by reason of law or by reason of our good faith determination that the change is immediately necessary for the safety or security of our relationship with you, in which event we shall thereafter promptly advise you of any such change as an amendment. For a multi-party account, notice of amendment to one owner of the account is notice to all owners. Notice of amendment will be in writing. Unless otherwise required by law or our agreement with you, notice of amendment may be provided by posting notice of an amendment in our branches for a reasonable period of time, enclosing the notice with the periodic statement for your account, mailing notice to you at the address given in our records, posting the notice on our website, *cnb.com*, or otherwise making it available to you. These terms and conditions may not be amended by oral agreement. By continuing to maintain your account or to use any of our services following any amendment, you agree to the amendment.

We are not obligated to notify you of any change in a product or service we provide you if we determine in good faith that the change is beneficial to you, such as a reduction or waiver of a fee or the addition of a service.

### ***Assignment of Account Ownership Interest***

You may not assign, transfer or grant a security interest in any account you maintain with us without our consent. We are not required to accept, act upon or acknowledge any document which purports to assign your account or any interest in it, including a notice of a security interest. We will not be responsible or liable to you or any third party for not acting upon the terms or conditions of any such assignment unless we acknowledge the assignment in writing or enter into a control agreement under applicable provisions of law. We may charge a fee for this service. You shall notify any party to whom you purport to assign an interest in your account of this provision prior to executing any document attempting to assign such interest. If we acknowledge an assignment or enter into a control agreement respecting your account and fail to comply with its terms or conditions and our failure, and no other significant factor, results in a loss which cannot otherwise be recovered, we may be liable to you or to the third party up to the amount of the loss. IN NO EVENT WILL WE BE LIABLE FOR SPECIAL, CONSEQUENTIAL, INCIDENTAL, PUNITIVE OR EXEMPLARY DAMAGES.

### ***Authorized Signers***

You may designate the persons authorized to withdraw funds from your account and to give other instruction to us with respect to your account at the time your account is established. You may do so on the account documentation provided to you by us by designating Authorized Signers in the place provided. If you want more than one person to jointly sign or approve checks, drafts or other transactions on your account, you may indicate the number of required Authorized Signers on the account documents. If no number is indicated, any one of the Authorized Signers may act alone. Authorized Signers may initiate withdrawals by electronic means and establish new accounts in your name.

Please note: Certain transactions such as wire transfers and product services such as Online Banking may be authorized or conducted by a single signer notwithstanding multiple signature requirements on the accounts.

We are not required to allow you to require more than one Authorized Signer on any item or order for withdrawal drawn on your account. If we allow you to require multiple Authorized Signers for a withdrawal order, you agree to review each statement we make available to you for the account at once upon receipt and to report any item missing an authorized signature to us immediately. If you do not report a missing signature to us within 30 days (14 days for businesses and for all accounts established in New York) from the receipt of the first statement containing an item with a missing signature, each item signed by one Authorized Signer thereafter shall be deemed approved by you for payment. Failure to promptly review your statement and report a missing signature or other irregularity may result in a loss to you. An additional fee may be charged for an account which requires multiple Authorized Signers.

You shall notify us promptly of any change of Authorized Signers. You agree that presentation of new account documentation is not, by itself, notice of such change. You agree that we may continue to pay items and other transactions presented for payment signed by a person who is no longer authorized to sign on your account unless you specifically advise us not to pay such items, in which event we may require you to issue a stop payment order for each such item or we may require you to close your account and transfer the balance to a new account.

### ***Bank and Client Account Relationship***

The account relationship between you and us is based on the contract created when you sign our account documentation and open an account with us. For a deposit account, the account relationship is that of a debtor (us) and a creditor (you). We are indebted to you to repay the money you deposit with us in accordance with the deposit terms. No fiduciary or other special relationship is formed between you and us unless we specifically agree to such a special relationship in writing.

## ***Business Accounts***

We consider your account to be a business account if you tell us it is at the time you establish the account with us or at any later time. We may consider your account to be a business account (a) if your deposits consistently are composed of more than 10 checks, or (b) when more than \$100 in coin or \$2,000 in currency are deposited, or (c) checks or withdrawals are written for change-wanted orders, or (d) deposits are made through a night depository vault or delivered by armored carrier or courier service. If we consider your account to be a business account, we reserve the right to charge your account the fees and charges applicable to businesses. We will notify you of any change in your account status.

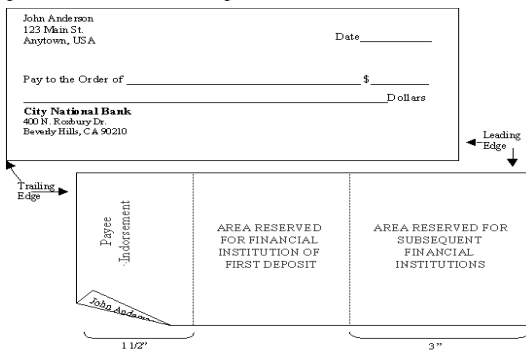
## ***Business Days***

Our "Business Days" are Monday through Friday, excluding bank holidays we observe. Saturdays, Sundays and holidays we observe are not "Business Days" even if we are open.

Deposits and payments made on a Saturday, Sunday or holiday we observe or on a Business Day after our established cut-off time are treated as if received the following Business Day.

## ***Check Indorsement Requirements***

By federal regulation, the "Depository Bank Indorsement Area" on the back of a check is reserved for bank indorsements and must be kept clear and unobstructed. The Depository Bank Indorsement Area (the "reserved area") is that portion of the reverse side of a check between 1½ inches from the "trailing edge" and 3 inches from the "leading edge" of the back of the check. The "trailing edge" of the check is the left side of the check and the "leading edge" is the right side of the check looking at it from the front. The indorsement of the payee or depositor should be placed on the back of the check along the "trailing edge" but must not be placed in the reserved space described.



If you do mark or obscure the reserved area or you cash or deposit a check on which the area is marked or obscured, a delay may occur if the item must be returned. Examples of marks that may obscure the reserved area are indorsement stamp imprints, carbon bands and preprinted information. You are responsible and liable for any processing delay or loss resulting from marks that obscure the reserved area on

items cashed or deposited by you. YOU AGREE TO HOLD US HARMLESS FROM ANY LOSS, LIABILITY OR DAMAGE WE MAY SUFFER OR INCUR ARISING FROM OR IN ANY WAY RELATED TO MARKS THAT OBSCURE THE RESERVED AREA ON ITEMS CASHED OR DEPOSITED BY YOU.

Deposited checks with marks in the reserved area may require special processing. You are responsible to notify us of any check you are depositing that has marks in the reserved area.

At our discretion, we may indorse and collect items deposited to your account without your indorsement or we may require your personal indorsement prior to accepting an item for deposit. If you present an item for deposit or encashment that purports to bear the indorsement of more than one named payee or a payee that is not known to us, we may refuse to accept the item for deposit or encashment and require all indorsing persons to be present and to identify themselves to our satisfaction or require that the indorsements be guaranteed by another financial institution acceptable to us.

### ***Circumstances Beyond Our Reasonable Control***

We shall not be responsible or liable to you for any failure or delay when delivering our products or services to you if the failure or delay is attributable to circumstances beyond our reasonable control, which shall include but not be limited to natural catastrophe, acts of government authority, war, revolution, civil unrest or other disorder, labor disputes, fire, flood, earthquake, software defect and electrical, computer or telecommunications failure, provided that we shall have acted reasonably under the circumstances.

### ***Collection of Checks and Other Items***

We may accept checks and other items for collection only. If an item is accepted on a collection basis, we may charge a fee for the collection whether or not the item is paid. If an item we take for collection is drawn on a bank that requires a fee in advance, you will be charged the fee. We may not credit your account for any item taken for collection until we receive funds. Items drawn on banks located outside the United States may not be paid as quickly as items drawn on banks located in the United States.

### ***Communication with You***

We may contact you for fraud prevention or account servicing purposes. We may contact you by mail, courier, phone (whether mobile or landline), fax, email, text message, or through our online banking service. You allow us to use text messaging, artificial or pre-recorded voice messages, and automatic telephone dialing systems to contact the telephone number you provide.

### ***Compliance with Law***

You shall not use any account you maintain with us or any service we provide to you to violate any state or federal law or regulation. We may exercise our right to close your account

and terminate our relationship if we reasonably believe that you are violating or may have violated this provision.

You shall not use any CNB account or service for unlawful Internet gambling. Federal regulation requires us to identify, block or otherwise prevent or prohibit unlawful internet gambling. We may not process any such activity we identify and your account may be closed.

### ***Conduct of Business Activity***

We conduct our business in a professional manner and expect our staff to be courteous to and respectful of all our clients. We do not discriminate against any client on any basis prohibited by law including, but not limited to, race, gender, religious preference, national origin or sexual orientation. We expect our clients to conduct their business affairs with us in a professional manner and to be courteous to and respectful of our staff. We reserve the right to close your accounts and terminate all of your relationships with us if we determine that your conduct or the conduct of anyone acting on your behalf toward any of our staff is discourteous, disrespectful, harassing or discriminatory.

### ***Confidentiality***

We regard the relationship between you and us to be confidential. We will not release information concerning your account or the services we provide to you to others without your consent except as otherwise stated in our *Privacy Notice* and as we are required or permitted to do so by law. See our *Privacy Notice* for greater detail. By opening and maintaining an account with us you agree that we may share information about you with our subsidiaries and affiliates as permitted by law. We employ non-affiliated vendors who provide services to us for the purpose of maintaining your accounts and other relationships with us. In the course of their employment the vendors may have access to information about you necessary to provide their service. We obligate these vendors to maintain the confidentiality of the information and to use the information only for the purpose intended to maintain the service provided to you. You agree that we may use vendors to provide our banking services to you.

You specifically waive any privacy protection rights provided under the law of any foreign country or jurisdiction. Your privacy protection rights arise under the laws of the United States of America and applicable state law.

### ***Contract Language***

English is the controlling language of the relationship between you and us. While we may translate our forms, disclosures and advertisements into another language for your convenience, unless we otherwise agree in writing or we are specifically otherwise required by law, in the event of a conflict between our English language materials and our material in another language, the English language version shall control.

### ***"Cut-Off" Times***

We may establish certain times during each Business Day after which a transaction presented to us will be considered presented on our next Business Day (the "cut-off" time). Cut-off times may vary by transaction or by banking location. For our current cut-off times see your Relationship Manager or a Client Representative at your branch.

### ***Death or Incapacity of Account Owners or Signers***

You agree to notify us at once in writing of the death or incapacity of an account owner or any person authorized to sign on your account or of any designated beneficiary of your account. You agree to inform each person authorized to sign on your account of the obligation to notify us of any such death or incapacity. Upon the death or incapacity of an account owner, the surviving owner or owners and any other signer shall not withdraw funds from the account except as permitted by law.

### ***Demand Drafts***

If you provide your account number to a third party to enable that party to prepare a demand draft (an item which does not bear your signature but which purports to be drawn with your authorization, also called a "remotely created item") drawn against your account, you authorize us to pay such draft when presented to us even though it does not bear your signature and may exceed the amount you authorized. We are not obligated to honor demand drafts and may refuse to do so at any time without notice to you, even if we have honored similar items previously.

You may not deposit demand drafts to an account with us without our prior express written consent. If you deposit one or more demand drafts with us, you agree that we may restrict your account for an amount we reasonably believe may be needed to repay the amount of any demand draft returned unpaid for any reason or returned to us with a claim that the demand draft was unauthorized. At our discretion we may place the amount of the restricted funds in a separate reserve account on our books which will not earn interest unless we otherwise agree. You grant us a security interest in any restricted funds. Our right to charge your account for any returned demand draft is not limited to the balance of any restricted funds. We may retain the restricted funds in a reserve account for such period of time as we shall determine, even if your account is closed, and our rights respecting the restricted funds shall survive termination of your account relationship with us. We may discontinue accepting demand drafts at any time without cause or prior notice.

### ***Deposit Total Adjustments***

If your deposit ticket differs from the amount of your actual deposit, whether your deposit was made in person, electronically, through an automated teller machine or night depository, by courier, or by any other means, we may adjust the amount of your deposit to match the actual amount of funds we receive, and a fee may be charged. The deposit

adjustment will be reflected as a separate entry on your monthly statement.

### ***Deposit Insurance Coverage***

City National Bank protects the deposit accounts of its clients with the maximum applicable FDIC insurance coverage as determined from time to time by the FDIC. Contact your Relationship Manager or your Client Representative at your branch for current coverage.

We are an FDIC insured depository institution. Qualified deposits maintained with us are insured by the FDIC, which is a corporation organized by the government to insure deposits. Premiums for this insurance are generally paid by us but we reserve the right to assess the insurance premiums to accounts in a manner determined by us. FDIC insurance protection covers all deposits of one depositor up to the maximum amount determined by the FDIC, currently \$250,000. Coverage may be increased through alternate ownership categories. Retirement accounts may be insured separately. Certain retirement accounts, such as Individual Retirement Accounts (IRAs); section 457 deferred compensation plan accounts; "self-directed" Keogh plan accounts (HR 10 accounts); and, "self-directed" defined contribution plan accounts [primarily 401(k) plan accounts] are currently insured to \$250,000. You may obtain further information about the FDIC and the insurance of your accounts by requesting the FDIC publication regarding your insured deposit available from your Relationship Manager or a Client Representative at your branch. You may also contact the FDIC directly by writing to the FDIC Attn: Deposit Insurance Section, at 550 17th Street, N.W., Washington D.C., 20429-9990, or by calling (877) 275-3342, or through the FDIC website at [www.fdic.gov/deposit/deposits](http://www.fdic.gov/deposit/deposits).

### ***Deposits to Accounts***

We may accept deposits to your account from any source and we need not question the authority of the person making the deposit. We may refuse all or any part of a deposit. We may accept items in a deposit for collection only. We are not responsible for a deposit until it has been received by our authorized employee at an authorized banking location and we have verified it. You agree to maintain a record of each item deposited.

We may refuse to accept a deposit to an account and we may limit the amount of any deposit to an account. We may return all or any part of a deposit presented to us for credit to your account to you at any address of yours indicated in our records. We may refuse to accept for deposit checks made payable to, or indorsed by, persons whom we cannot identify to our satisfaction.

If you deposit funds you hold for the benefit of a third party in any account maintained by you with us on which our fees and charges are offset by means of an earnings credit allowance on funds in the account (Account Analysis), you represent that your use of the earnings credit allowance or



any interest credited to the account will not violate any law, regulation, or agreement with the third party.

If you do not designate the account into which a deposit is to be credited or if we receive a payment from you that is not accompanied by instruction indicating how or where it is to be credited, we may apply the deposit or payment to any deposit account or loan you maintain with us.

### ***Direct Deposit Plan Refund Claim***

If a refund claim is or may be received from the originator of any deposit to your account credited pursuant to a direct deposit plan and we determine that we may have liability for any or all of the amount of the claim or the originator is otherwise entitled to the amount of the claim from you, except as otherwise required by law we may charge any account of yours with us for the amount of the claim and refund the amount to the originator without notice.

### ***Disputes Between Parties to an Account***

If we receive conflicting claims to funds in an account and cannot, in good faith, determine the rights of the claimants to the funds, we may, at our option, restrict the account and deny access to all until the rights of the claimants are determined to our satisfaction, close the account and send the funds to the owners of the account as stated in our records to the statement mailing address, or interplead all or any portion of the funds to an appropriate court after deducting our expenses for the interpleader.

### ***Duty to Cooperate***

You shall cooperate reasonably with us if we must investigate any alleged loss or unauthorized transaction on your account or any item missing from your deposit and you shall complete such sworn statements or other declaration concerning the loss or unauthorized transaction as we shall request. If we request that you do so, you will file a crime report with the appropriate law enforcement agency. You shall pursue all rights you may have under any insurance coverage you maintain and provide us with all reasonable information about your coverage including, but not limited to, your insurance carrier, policy number, policy limits, and applicable deductibles. Your failure to cooperate with our reasonable requests shall relieve us from liability to you for any loss you allege you may have incurred except as otherwise required by law.

### ***Elder or Dependent Adult Financial Abuse***

If we reasonably and in good faith believe a transaction you or another person acting on your behalf requests may be a result of elder or dependent adult financial abuse as defined under the law of the state where you reside or otherwise, ***or we believe you are the victim of such abuse***, we may report our suspicion to the appropriate local or state agency or law enforcement authority without liability to you. We may conduct or refuse to conduct the transaction at our discretion with no liability to you.

## ***Employee Benefit Plan Funds "Pass-Through" Deposit Insurance Coverage***

We are authorized to accept employee benefit plan deposits.

Certain requirements must be met to gain the benefit of per-participant ("pass-through") FDIC deposit insurance coverage when you open an account comprising of employee benefit plan funds.

The FDIC regulations provide, in part, that "...any deposits of an employee benefit plan or of a deferred compensation plan described in section 457 of the Internal Revenue Code of 1986 (26 USC 457) in an insured depository institution shall be insured on a 'pass-through' basis in the amount of up to the SMDIA [the Standard Maximum Deposit Insurance Amount which is currently \$250,000] for the non-contingent interest of each plan participant, provided that the FDIC's record keeping requirements, as outlined in §330.5, are satisfied" (see:12 CFR 330.14). For the purposes of this section, each eligible plan will be referred to simply as an "employee benefit plan."

To satisfy the record keeping requirement referred to above, our records must specifically disclose that the depositor (each employee benefit plan or its trustee) holds the funds deposited in a fiduciary capacity. Further, the details of the fiduciary relationship between the plan and its participants, and the participant's beneficial interest in the deposits, must be determinable from the records of the plan or the records of some person or entity that has agreed to maintain records for the plan. The records must be maintained in good faith and in the regular course of business.

If you indicate that the funds in the account are held by you in a fiduciary capacity for an employee benefit plan when you open your account with us, and our records reflect that fact, and if you maintain the records of your employee benefit plan in good faith and in the regular course of your business so that the beneficial interest of each participant is ascertainable from your records, then it is our determination that the funds deposited in your account with us should be eligible for "pass-through" insurance coverage.

Consult your own legal counsel to determine if your employee benefit plan account is properly established and your records of the employee benefit plan are properly maintained.

Our City National Wealth Management can act as a fiduciary for employee benefit plans, pursuant to a written trust or custodial agreement. The fact that a deposit account is established with us for an employee benefit plan does not, by itself, make us a fiduciary for the plan. We are not responsible to see that the records of an employee benefit plan account are maintained properly unless we agree to do so in writing and we are not liable to you or anyone else if such records are not properly maintained in the absence of our agreement to do so.

Please note that the FDIC is not bound in its insurance determinations by information provided by an insured institution to its clients.

### ***Facsimile Signatures***

We may rely and act upon a facsimile signature exemplar (often called a "signature stamp" or "automatic laser check signature") affixed by anyone on an item drawn against or deposited to your account when that facsimile signature exemplar resembles the actual signature of an Authorized Signer on your account whom you have advised us will sign by facsimile signature exemplar or who, as a matter of practice, signs by use of a facsimile signature exemplar, or the affixed facsimile signature exemplar resembles and purports to be the facsimile signature exemplar of such person whose facsimile signature exemplar is provided to us by you or your authorized agent. If you or your agent has provided a facsimile signature exemplar to any of our subsidiaries, you authorize our subsidiary to provide the facsimile signature exemplar to us and we may rely upon it to conduct transactions on your behalf. You are responsible for the wrongful use of a facsimile signature exemplar. You agree to review each statement we make available to you for the account at once, upon receipt, and to report any item bearing an unauthorized facsimile signature exemplar to us immediately. If you do not report an unauthorized facsimile signature exemplar to us within 30 days (14 days for businesses and for all accounts established in New York) from the receipt of the first statement containing an item with an unauthorized facsimile signature exemplar, each item containing an unauthorized facsimile signature exemplar thereafter shall be deemed approved by you for payment. Failure to promptly review your statement and report an unauthorized facsimile signature exemplar or other irregularity may result in a loss to you.

### ***Fees and Charges***

We may charge our fees and charges and any fees or charges assessed by others for transactions requested or initiated by you to any account you maintain with us. You are provided a schedule of our fees and charges when your account is opened and when a fee or charge is changed. Fees and charges assessed will appear on your statement and we are not required to give you a separate notice each time a fee or charge is assessed. You may obtain our current fee schedule for your account from your Relationship Manager or a Client Representative at your branch.

### ***Foreign Currency Items***

We may refuse to accept for deposit or collection items or wire transfers payable in a currency other than United States dollars. If we accept such an item or transfer, unless we otherwise agree, you have all the risk associated with currency value fluctuation (exchange rate risk). In addition, a fee may be charged for this service. Items drawn on banks outside the United States may not be paid as quickly as similar items drawn on banks located in the United States and may be returned unpaid at a later time than similar items drawn on

banks located in the United States. You have the risk of a delayed or late return even if we made the funds available to you. You agree that we may use our current buying or selling rates respectively when processing a foreign currency item or wire transfer and may recover from your account any loss or fee incurred by us when processing such an item or transfer for you.

### ***Governing Law***

Accounts, relationships and services established, maintained or provided at or through a CNB location are governed by law of the state of the CNB location (without reference to the conflict of law rules of that state) and federal law, except when otherwise agreed in writing. Any state law referred to in this document is the law of the state of the CNB location where the account, relationship or service is established, maintained or provided except when otherwise stated. In addition, accounts and transactions may be governed by the Regulations and Operating Circulars of the Federal Reserve Bank, The Clearing House rules, the rules and regulations of the National Clearing House Association and general commercial bank practices applicable to accounts of your type or to the services provided by us. To the extent this document contains variations from applicable law or regulation as allowed by law, the terms and conditions of this document will govern.

### ***Inactivity and Unclaimed Accounts***

We may consider an account with no deposit or withdrawal activity for a period of time determined by us to require special monitoring for inactivity. We may hold and not mail the statements on the account and automated teller machine and point-of-sale access may also be discontinued. Normal service charges will continue to apply.

If any account requires special handling for inactivity and is unclaimed by you for the period required for escheat under applicable unclaimed property state law, we shall deliver the balance of the account to the state as required by its law or, when applicable, as required by agreement between the states. A fee may be charged for mailing a notice of escheat. Upon escheat, the account is closed, no interest accrues thereafter, and we have no further responsibility or liability to you for the funds. You must file a claim with the state receiving the funds to recover funds and we shall not be required to recover the funds for you.

### ***Income Tax Reporting and Withholding***

We are required by law to request that you provide us with your correct taxpayer identification number ("TIN") when we open an account for you. For most individual taxpayers, your TIN is your Social Security Number. For most businesses the TIN is the Employer Identification Number. We must receive your TIN even if you do not have to file a tax return. You must certify to us under penalty of perjury that the TIN you provide us is the correct TIN for your account. Exempt persons must certify their exempt status to avoid backup withholding by completing the appropriate Internal Revenue

Service ("IRS") form. Nonresident aliens and foreign entities not subject to information reporting must certify their exempt status as required by law to avoid backup withholding. You may be subject to civil and criminal penalties if you fail to provide us with a correct TIN or falsify withholding status information.

We are required by law to report interest, dividend and other payments we make to you to the IRS along with your TIN. We are required by law to withhold a substantial portion of your taxable interest, dividend and certain other payments (as determined by the IRS from time to time) if you fail to supply us with your TIN. This is referred to as "backup withholding." We are also required to withhold if the IRS instructs us to do so or notifies you that you are subject to backup withholding. You shall promptly notify us if you receive such notice from the IRS.

We may refuse to open and we may close any account for which you do not provide a certified TIN even if you are exempt from backup withholding and information reporting.

***Instructions by Facsimile Transmission or Electronic Mail Transmission (Email) and Instructions Received at Telephone Answering Machines***

We are not required to act upon instructions received by facsimile transmission, electronic mail or on a telephone answering machine and shall not be liable or responsible to you for our failure to act on any such instruction unless we otherwise specifically agree in writing. In the event we do act on any such instruction received from you or from an authorized person acting on your behalf, you shall be bound by the instruction. An instruction received by facsimile transmission shall not be deemed received until the instruction is actually received and reviewed by our employee or agent responsible to carry out the instruction. An instruction received by electronic mail shall not be deemed received until the instruction is actually opened and reviewed by the addressee. An instruction received at a telephone answering machine shall not be deemed received until the instruction is actually reviewed by our employee or agent responsible to carry out the instruction.

PLEASE REMEMBER, transmissions by telephone (including facsimile transmissions) and electronic mail may not be secure and may be intercepted or viewed by third persons. Do not use these transmission media to communicate with us unless you are confident that your transmission will not be intercepted or you are willing to assume the risk of such interception. Ensure your Computer System, your other electronic devices and your Security Items are free from harmful or malicious software and secure.

***International Wire Transfers***

U.S. Dollar wire transfers to a foreign beneficiary's account may be converted to the foreign currency of the account by us or by any intermediary bank, including the bank of account, unless the foreign beneficiary's account is also a U.S. Dollar account and payment is required in U.S. Dollars.

When you initiate an international wire transfer in U.S. Dollars through us, at our option, we may convert, or arrange with any intermediary bank to convert, your U.S. Dollar wire transfer to the foreign currency of the beneficiary's account at a preferred buying rate determined by us or the intermediary bank processing your wire transfer order.

We may retain or share in any foreign currency exchange proceeds we or the converting intermediary bank receives. In the event your wire is converted and the beneficiary requires the payment be received in U.S. Dollars, the wire will be re-converted and settled in U.S. Dollars. Any loss or gain in the foreign exchange re-conversion to U.S. Dollars will be for our account or the account of the intermediary bank and at no re-conversion cost to you.

For information specific to international wire transfers from a consumer account, please refer to our *Consumer Electronic Fund Transfer Agreement and Disclosure*.

### ***Large Currency Transaction Reports***

We are required by law to report to the IRS large domestic transactions in currency or coin and large foreign transactions that involve the movement of currency or coin or other monetary instruments into or out of the United States. We may report these transactions without notice to our clients. Please refer to "Suspicious Activity" below.

### ***Legal Process***

We may comply with any notice of garnishment, attachment, tax levy, injunction, restraining order, subpoena for records or other legal process that we reasonably believe is valid and applies to your account or our relationship with you. We will attempt to notify you of the receipt of legal process unless otherwise prohibited by law. You are responsible to assert any third party rights to the funds in any account maintained by you with us and we have no obligation to ascertain or assert the rights of such third parties. We may charge a fee for handling such legal process. We may charge our fee and any associated costs at once against any account you maintain with us, including the account that is the subject of the legal process. If we are able to recover the amount of our fee and costs from the party who initiated the legal process or otherwise, we shall refund this charge to you. If we are unable to recover the amount of our fee and costs from the party initiating the legal process, we shall have no obligation to refund this charge to you.

We may accept and act upon any legal process delivered or served by mail, electronic mail transmission (email) or facsimile transmission or at a location of ours other than the branch or location at which the account, property or records are held.

### ***Limitation on Actions***

Any action or proceeding based on an account error, discrepancy or unauthorized transaction, including a forged, unauthorized or missing signature on an item, or an alteration of an item, shall be brought or commenced within one (1)

year after the date of the first account statement on which the error, discrepancy or unauthorized transaction appears.

Unless a shorter period applies by law, any action or proceeding to recover money or other property deposited with us, including money deposited with us in a Certificate of Deposit or other instrument, shall be commenced within four (4) years of the last deposit or withdrawal or, in the case of a Certificate of Deposit or other instrument, within four years following the first maturity of the certificate or instrument without a further deposit or withdrawal. The crediting of interest to an account is not a deposit for the purposes of extending the time within which an action or proceeding to recover the money or property may be brought.

#### ***Limitation on Cash Withdrawal***

At our discretion, we may limit the amount of any large cash withdrawal from your account at any time unless you have notified us in advance of your intention to make the cash withdrawal. We may refuse or limit cash withdrawals from any branch that is not your branch of account. We may require that you arrange to receive the cash to be withdrawn at our central cash vault or other location designated by us by armored transport acceptable to us at your risk and expense. You are solely responsible for the security of the cash withdrawn and in your possession.

#### ***Limitation on Liability***

Without regard to care or lack of care of either you or us, if you do not discover and report an error or an unauthorized signature, alteration, forgery, counterfeit check, or other unauthorized debit to your account ***within 60 days*** after the date of your statement or the date the information about the item or transaction is made available to you, whichever is earlier, you are precluded from asserting the error or unauthorized transaction against us.

IN NO EVENT SHALL WE BE LIABLE TO YOU FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGE OF ANY KIND AS A RESULT OF OUR BREACH OF ANY OBLIGATION OR TERM ARISING UNDER OUR AGREEMENT WITH YOU EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

#### ***Limitation on Liability for Online Banking, Mobile Banking and Other Electronic Services and Disclaimer***

Except as otherwise expressly may be provided in our agreement, you understand and agree that your use of an online banking, mobile banking, or other electronic service is at your sole risk and that the service and any information, computer equipment and computer software made available to you for use in connection with the service are provided on an "as is," "where is" and "where available" basis and are subject to change at any time upon such notice as is otherwise required by law or regulation. You acknowledge that we make no warranty that a service will be uninterrupted, timely, secure or error free unless otherwise expressly stated in our agreement. To the fullest extent permitted by law, we disclaim

all representations, warranties and conditions of any kind (express, implied, statutory or otherwise, including, but not limited to, the warranties of merchantability, fitness or suitability for a particular purpose, title and non-infringement of proprietary rights) as to a service and all information, computer equipment and computer software included in or accessible from a service. No license to you is implied in these disclaimers.

Failure to protect Security Items may allow an unauthorized person access to your accounts and/or your information relating to them, and enable that unauthorized person to conduct transactions on your accounts. To the maximum extent permitted by applicable law, you agree to assume full and complete liability arising from unauthorized use of Security Items.

Your failure to install, maintain and/or regularly update antivirus, antimalware and antispyware identification and removal software and other such security measures as they become commercially available shall relieve us from responsibility for any losses to you attributable to such failure, except as may otherwise be required by law.

As a business client, you are required to and shall maintain commercially reasonable internal controls, including, but not limited to, segregation of certain duties, such as accounts payable and accounts receivable and initiation and confirmation of transactions, to help prevent the misuse of your accounts. We shall not be liable to you for any losses arising by reason of your failure to maintain the security of your Computer System and, for business customers, your internal controls.

We have established security procedures to be followed in connection with online, mobile and other electronic services using the Internet ("Security Procedures") for the purpose of verifying that a payment order or other instruction is from you. You understand and agree that the Security Procedures are chosen by you and are intended to determine whether (1) access to the online, mobile or other electronic service is by authorized persons, and (2) any instructions or other transmissions received by CNB through the Internet ("Instructions") are authorized, but that the Security Procedures are not (unless otherwise specified in writing) intended to detect any errors in the content or transmission of such Instructions. You shall promptly notify us of any suspected breach of security of the online, mobile or other electronic services (whether or not involving Bank employees) of which you have knowledge. We will distribute passwords, verification codes or other Security Items, which are a part of and included in the Security Procedures, directly to you. You agree to be bound irrevocably by any Instructions received by us through the online, mobile or other electronic service and accepted and authenticated by us in compliance with the Security Procedures, whether or not the Instruction was authorized. When you use an online, mobile or other electronic service, you acknowledge that you



have been advised of the various Security Procedures employed by us, that you understand and agree to them, and that the Instructions issued to us will employ the Security Procedures. You agree that the Security Procedure and Security Items used by you are a commercially reasonable method of providing security against unauthorized payment orders. We reserve the right to change the Security Procedures upon reasonable written notice to you, provided that we may change the Security Procedures immediately without prior notice if we determine that such action is necessary to address a security risk, in which case we shall notify you of the change as soon as is practicable after the change. Any change to the Security Procedures undertaken or proposed by us shall not reduce or impair the level of security provided for the online, mobile or other electronic services.

### ***Loss Recovery***

In the event you incur a loss arising from any transaction by or through us, any recovery you receive shall apply to and first be credited to the amount for which we would otherwise be liable to you. Our liability for any loss you allege shall be further reduced by the amount of all insurance proceeds you receive or are entitled to receive. In the event we pay you for your loss, at our request you agree to assign to us your rights under any applicable insurance policy.

### ***Notice of Severability and Headings***

The terms and conditions set forth in this document each stand alone and the fact that one or more of them may be determined to be unenforceable or invalid with respect to one or more accounts or relationships you have with us shall not affect the enforceability and validity of the remainder. Headings in this document are for convenience only and are not binding.

### ***Order of Posting***

At the end of each Business Day, we process and post all transactions that we received that day. Each type of transaction is assigned its own category that determines the sequence in which the transaction will be processed and posted. We post all deposits and credits to your account before we deduct any payments, fees or other debits. Unless otherwise specified below, we post all payments, fees or other debits within an individual category in ascending dollar amount order and then proceed to process and post all such debits in the next category in the same manner.

We generally process and post common debit transactions in the following order: 1) Transfers to another CNB account, including online banking transfers; 2) Overdraft fees, returned item fees, and automatic payments to a CNB loan; 3) Fees for requested services, such as stop payment orders; 4) Wire transfers and any related fees; 5) Preauthorized or scheduled debits to a third party, such as ACH payments and online bill payments; 6) Checks and in-person withdrawals are combined and processed as one category and, within the category, in-person withdrawals and checks without serial numbers are posted in ascending dollar amount order,

followed by checks with serial numbers, which are posted in serial number order; 7) ATM and debit card transactions and any related fees; and 8) Monthly account maintenance and activity fees.

Please know that the law allows us to process your account transactions by any method and in any order that we consider reasonable. We may change the method or order at any time without notice to you.

### ***Our Regulators***

If you have problems with or concerns about our products or services which we cannot resolve, you may wish to contact our federal regulatory agencies for assistance. Your branch staff can provide you with the name and address of our regulatory agencies.

### ***Overdraft Liability***

You are liable to us to repay any overdraft on your account. You may be charged interest on the daily amount of any overdraft on your account, a fee for each Business Day the account remains overdrawn, or a combination of a fee and interest. If there is more than one person authorized to sign on your account, you, as owner of the account, or, when there is more than one owner, each owner of the account, jointly and severally, is liable to us for any overdraft on the account and any associated interest or fees whether you signed the item that created the overdraft or not and whether you benefited from the proceeds of the item creating the overdraft or not. BY OPENING AN ACCOUNT WITH US YOU WAIVE ANY PROVISION OF STATE LAW TO THE CONTRARY. Any overdraft must be repaid at once. The fact that we allow one or more overdrafts on an account shall not obligate us to allow another overdraft or to increase an existing overdraft and we shall not be liable for not allowing or increasing overdrafts without notice to you even though we may have previously done so. Please see "Checks Presented Against Insufficient Funds" on page 15.

### ***Photography***

Some of our facilities are monitored by security cameras. By entering our facilities you agree that your image may be recorded by a camera and may be shared with law enforcement agencies in the event of a breach of our security or otherwise as permitted by law. We will not use your image for any other purpose without your consent.

### ***Records Retention***

We are required by law to keep certain of our records of transactions conducted by clients for a stated period of time. We are not liable to you for failing to do so or if the records are illegible or otherwise unavailable unless we have otherwise agreed.

### ***Right of Setoff***

If you owe us money and do not pay us as you agreed, we may apply any funds you have on deposit with us to satisfy or reduce the debt you owe us to the extent permitted by law. We may apply all funds in a joint tenancy account to satisfy or

reduce a debt owed to us by one of the joint tenants. We may restrict all funds in a tenancy in common account to determine the interests of the tenants in the account and apply the interest of a tenant to satisfy or reduce a debt owed to us by that tenant. If the funds we apply to satisfy or reduce a debt owed to us are in a time deposit and are principal, we may also assess our applicable early withdrawal fee. We may also restrict access to any safe deposit box you maintain with us until the money you owe us is paid.

### ***Right to Close Account***

You may close your account at any time, unless the account is an interest-bearing account with a stated maturity or the account requires a notice period for withdrawal and we do not waive these requirements; the account is pledged to us or to another; or the account may not be closed for other reasons. If there is more than one signer on your account, any signer may order the account closed but signing requirements must be met for withdrawals. If you close your account in the first 90 days after opening, a fee may be charged except where prohibited by law.

We may consider your account closed and close it if the balance in the account is at zero or is overdrawn for a period of time determined by us unless the account with a zero balance is maintained with us under the provisions of a zero balance account agreement. If your account is closed with an overdraft, we may report you and the amount of the overdraft to an appropriate consumer reporting agency. We may also pursue collection efforts to recover the amount of the overdraft and associated fees.

We may terminate our account relationship with you and close your account at any time upon reasonable notice to you unless we otherwise agreed in writing to maintain the account for a stated period. For good cause, we may close your account at once.

When your account is closed, all services related to your account end as well. If we close your account and there is a balance remaining in the account, we may mail our check for the amount of the balance payable to the account owner(s) to you at the address to which we mail your statement and we may return deposits, checks and other items that we receive after your account is closed without liability to you. Matters related to your account continue to be governed by the terms and conditions of this agreement even after your account is closed.

### ***Right to Close Account for Cause***

If we close your account for cause, such as improper or unsatisfactory activity in the account, we may report that fact to third parties as permitted by law. We may close your account for cause at once. An account closed for cause cancels all services associated with the account.

### ***Sub-Accounts***

In order to accommodate our internal accounting and regulatory reporting, we may establish sub-accounts within

certain accounts maintained by you with us. This will not affect your account number, balance requirements, transaction limits, monthly statement, your use of your account or the way you earn interest and will not be reflected on your statement.

### ***Suspicious Activity***

We are required by law to report to the government any transaction conducted by any individual or business or other organization that we suspect is illegal. We report suspected illegal activity without notice to our clients.

### ***Telephone Monitoring and Recording***

Supervisory personnel may randomly monitor client service telephone conversations to ensure that you receive courteous and efficient service. When you or someone calling on your behalf calls us, you agree that the call may be monitored without further notice.

Certain telephone calls, such as telephone calls for securities sales and trading, payment authorization or wire transfers, and calls to the legal processing unit may be recorded. The caller may hear a beep tone when a call is being recorded or, if there is no beep tone, the caller may be asked, in advance, for consent to record the telephone conversation or told the call is being recorded. By continuing the telephone call after hearing the beep tone or being otherwise notified, the caller agrees to our right to record the telephone conversation. We may retain any telephone recording for such time as we shall determine but we shall have no liability to you if we do not retain the recording.

### ***Usury Saving Clause***

It is never our intention to violate any law or regulation that limits the amount we may lawfully charge for any of our services. To the extent that any fee or charge we assess is determined to be in violation of applicable law or regulation, the fee or charge shall be deemed reduced or eliminated to be in compliance and the amount charged in excess of that permitted, if any, will be refunded to you by credit to your account or reduction of future fees.

### ***Waiver or Delay***

We may waive or delay enforcement of any term, condition or right we may have stated in this document and our other agreements with you on a one-time basis even though we have not done so before and may not do so again and without prejudice to any other term or condition or right we may have under these agreements.

## HOLDS FOR UNCOLLECTED FUNDS/DELAYED FUNDS AVAILABILITY

### ***When Deposits are Available for Withdrawal***

Our policy is to make funds from your deposits of cash and checks available to you on the first Business Day after the day we receive your deposit. Electronic direct deposits will be available on the day we receive the deposit. Once they are

available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

In determining the availability of your deposits, every day is a Business Day, except Saturday, Sunday, and federal holidays. If a deposit is made at a branch on a Business Day before the office closes or before the cut-off time established for the branch, whichever is earlier, it will be considered made on the day of deposit. A deposit received by mail will be considered made on the Business Day of receipt at an authorized location for mail deposits before our established cut-off time. Deposits to the night depository will be considered made when removed and available for processing by us. Deposits made at one of our automated teller machines will be considered made on the Business Day of deposit if made before our established cut-off time. Deposits made by lockbox arrangement, deposit courier and armored carrier are subject to the terms and conditions in the *Treasury Management Services Disclosure and Agreement*. Deposits received after an established cut-off time are considered received on our next Business Day and availability is determined from that day. We are not responsible or liable to you if a transaction is not charged to your account because a hold placed on a prior transaction has not expired.

Please remember that even after we have made funds available to you and you have withdrawn the funds, you are still responsible for checks or other items deposited that are returned to us unpaid and for any other problems involving your deposit.

### ***Longer Delays May Apply***

In some cases, we 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 of your deposits will be available on the first Business Day after the Business Day on which funds are deposited.

If we are not going to make all of the funds from your deposit available on the first Business Day, we will notify you either at the time you make your deposit, or, if your deposit is not made directly to one of our employees, or if we decide to take this action after you have left our premises, we will mail you the notice by the Business Day after we receive your deposit. We will also tell you when the funds will be available.

If you intend to use the funds from a deposit immediately, you should ask us when the funds will be available.

### ***Holds Under Special Circumstances***

Funds you deposit by check may be delayed for a longer period under the following circumstances:

1. We believe a check you deposit will not be paid.
2. You deposit checks totaling more than \$5,000 on any one Business Day. (Deposits made on non-Business Days, e.g., Saturday and Sunday, will be added together with the deposits on the next Business Day.)

3. You redeposit a check that has been returned unpaid.
4. You have overdrawn your account (or combination of accounts) repeatedly in the last six (6) months.
5. There is an emergency, such as a failure of communications or computer equipment.

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we 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 client, the following special rules may apply during the first 30 days your account is open.

Funds from electronic direct deposits to your account will be available on the Business Day we receive the deposit. Funds from deposits of cash, wire transfers and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's and federal, 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 of \$5,000 will be available on the ninth Business Day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,000 will not be available until the second Business Day after the day of your deposit.

Funds from all other check deposits may be available to you, depending on the circumstances, as early as the Business Day after the day of your deposit or as many Business Days after the day of your deposit as we determine is necessary for us to reasonably be assured that the check is paid and will not be returned, but no longer than the time permitted by law.

### ***New Accounts Opened Online***

When you authorize us to fund a new account opened online at *cnb.com* using an ACH transfer, an ACH debit entry for the amount authorized will be originated by us to the account at the bank you designate. CNB will make funds received from the ACH debit entry for credit to your new account available for your use on the fifth Business Day after the day we receive the funds. You may contact us or check your account online to determine if the initial deposit is available. CNB reserves the right to delay availability longer upon notification.

### ***Holds on Other Funds***

If we cash a check for you that is drawn on another bank, we may hold a corresponding amount of funds that are already in any account you maintain with us. If we accept a check drawn on another bank for deposit into your account and make the funds in the account available to you, we may hold a corresponding amount of funds that you have on deposit in another account with us. These holds will be released at the time funds from the checks would normally be available to you.

### ***Exceptions to Funds Availability Rules***

These rules do not apply to deposits of foreign items (items drawn on or payable through or at an office of depository institutions not located in the United States) or non-cash items (e.g., documentary transit items and credit cards sales drafts deposited by credit card merchants).

## SUBSTITUTE CHECK POLICY

### ***Substitute Checks***

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 a 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. Some or all of the checks that you receive back from us may be substitute checks.

### ***Consumers' Rights Regarding Substitute Checks***

In certain cases, federal law allows you to request a refund for losses you suffer if a substitute check is erroneously posted to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). 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 is limited to the amount of your loss or the amount of the substitute check, whichever is less. You may be 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 check, you may be able to recover additional amounts under the law.

If you make a claim, you may receive up to the lesser of the amount of your refund or \$2,500 within 10 Business Days after we receive your claim and the remainder of your refund (plus interest if your account earns interest) no later than 45 calendar days after we receive 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.

### ***Claim for Refund***

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 us by calling our toll-free number at **(800) 773-7100** or write to us at 1801 West Olympic Boulevard, Suite 300, Los Angeles, CA 90006, Attn.: Deposit Services. You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the substitute check in question or the account statement 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 include:

1. A description of why you have suffered a loss (for example, you think the amount withdrawn was incorrect).
2. An estimate of the amount of your loss.
3. An explanation of why the substitute check you received is insufficient to confirm that you suffered a loss.
4. A copy of the substitute check or the following information to help us identify the substitute check: the account number, the check number, the name of the person to whom you wrote the check and the amount of the check.

## DISPUTE RESOLUTION - FOR ACCOUNTS AND SERVICES

Maintaining a good relationship with you is very important to us. If you have a problem, misunderstanding or concern about your account, an account-related service we provide you, any matter that involves your deposit relationship with us, or your safe deposit box, you should contact us immediately. We often find your telephone call, email or visit to your branch gives us the opportunity to resolve the matter quickly. However, if you and we are not able to resolve differences informally, and to the extent allowed by law, you agree that by opening or maintaining a deposit account or safe deposit box, by entering into any agreement with us which incorporates the terms and conditions of this Account Agreement and Disclosures, or by accepting a deposit-related service from us, that, at our request or at your request, any and all disputes between you and us, regardless of when they arose, will be resolved using the following procedures.

### **DISPUTE DEFINITION**

A "dispute" is any disagreement between you and us that you and we are not able to resolve informally. It includes any claim or controversy of any kind that arises out of or is related to this Account Agreement and Disclosures, a deposit account or safe deposit box, or any deposit-related service provided by us. "Dispute" includes claims based on broken promises or contracts, torts (injury caused by negligent or intentional conduct), breach of duty or any other wrongful action. It includes statutory, common law and equitable claims.

### **SMALL CLAIMS**

If the dispute involves a claim which can be filed in small claims court, it shall be resolved through small claims court and not through alternative dispute resolution.

### ***Alternative Dispute Resolution in California***

If your account is maintained at a branch in California and a dispute involving \$50,000 or more (including all claims of all parties) arises between us with respect to the deposit account or safe deposit box, this Agreement, its enforcement or our



deposit account services, either of us may require that it be resolved by judicial reference in accordance with California Code of Civil Procedure, Sections 638, et seq. The referee shall be a retired judge, agreed upon by the parties or appointed by the court. The costs of the reference procedure, including the fee for the court reporter, shall be paid equally by all parties as the costs are incurred. The referee shall hear all pre-trial and post-trial matters, including requests for equitable relief, prepare an award with written findings of fact and conclusions of law, and apportion costs as appropriate. Judgment upon the award shall be entered in the court in which such proceeding was commenced and all parties shall have full rights of appeal.

***Alternative Dispute Resolution in States other than California***

If your account is not maintained in California, YOU AND WE EACH WAIVE OUR RESPECTIVE RIGHTS TO A TRIAL BEFORE A JURY IN CONNECTION WITH DISPUTES RELATED TO THIS AGREEMENT, YOUR SAFE DEPOSIT BOX, YOUR DEPOSIT ACCOUNT OR DEPOSIT ACCOUNT SERVICES TO THE FULLEST EXTENT PERMITTED BY LAW. This waiver shall not apply if, at the time an action is brought, your account is maintained in a state where a jury trial waiver is not permitted by law. In that circumstance, if the combined claims of all parties are not limited to \$50,000 or less, you and we agree that all decisions of fact and law in any action brought in connection with this Agreement, your safe deposit box, deposit account or deposit account services shall be decided, at the request of you or us, by binding arbitration, administered by the American Arbitration Association, in accordance with Title 9 of the United States Code (Federal Arbitration Act) and the Arbitration Rules of the American Arbitration Association. You and we agree that the arbitrator(s) may conduct some or all of the arbitration by telephone if the arbitrator(s) find that doing so is appropriate given the location of the parties and the amount in question.

**NEITHER YOU NOR WE SHALL BE ENTITLED TO JOIN OR CONSOLIDATE DISPUTES BY OR AGAINST OTHERS IN ANY ARBITRATION, OR TO INCLUDE IN ANY ARBITRATION ANY DISPUTE AS A REPRESENTATIVE OR MEMBER OF A CLASS, OR TO ACT IN ANY ARBITRATION IN THE INTEREST OF THE GENERAL PUBLIC OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.**

A single arbitrator will be chosen for any dispute that involves a total claim of less than \$250,000. In that case, the arbitrator will only have the authority to award up to \$250,000, including all damages and costs of every kind. A submission to a single arbitrator will be deemed a waiver of any right to recover more than that amount. A dispute involving total claims exceeding \$250,000 will be decided, upon the request of you or us, by a majority vote of a panel

of three arbitrators. An arbitrator must be an attorney with 15 or more years of practice or a retired judge.

## **PRESERVATION OF REMEDIES**

No provision of this agreement will limit the right of any party before, during or after any proceeding hereunder: (1) to exercise any right or remedy as a secured party against any collateral pursuant to the terms of a security agreement, pledge agreement or applicable law; (2) to exercise self-help remedies such as setoff; (3) to obtain provisional or ancillary remedies such as injunctive relief or the appointment of a receiver from a court having jurisdiction; or (4) to comply with any legal process involving your accounts or other property. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies, or exercise of self-help or a right or remedy of a secured party, will not constitute a waiver of the right of any party, including the plaintiff, to submit any dispute to judicial reference or arbitration.

## **MISCELLANEOUS**

The trier of fact shall give effect to statutes of limitation, waiver and estoppel and other affirmative defenses in resolving any dispute. Any party that shall fail to submit to alternative dispute resolution following a proper demand to do so shall bear all costs and expenses, including reasonable attorneys' fees incurred to compel alternative dispute resolution.

## **AVOIDING FEES AND CHARGES**

Many clients are charged fees and interest which they could easily avoid by keeping accurate and timely records of their account balance. Remember to record withdrawals from automated teller machines, point-of-sale transactions using your CNB Check Card and automated payments from your account. To assist you to reconcile your bank statement you may obtain a reconciliation worksheet at [cnb.com/reconcile](http://cnb.com/reconcile) and at your branch upon request. You may also verify the available balance in your account and the checks and other transactions paid against your account since your last statement from the convenience of your own home by using our Telephone Banking, Mobile Banking or Online Banking Service. You may also verify your available and your total accessible balance at any of our automated teller machines.

Your available balance is your account balance at the opening of the Business Day, plus or minus your account activity during the day, and minus any holds on deposited funds. Your accessible balance, also called total accessible balance, is your available balance, plus the amount available in your Personal Savings Overdraft Service, Personal Overdraft Line of Credit, Personal Overdraft Sweep Service, or Business Overdraft Line of Credit.

Do not write and deliver checks drawn against insufficient funds. The collection process is very fast and you should not rely on a covering deposit being posted to your account

before a check you wrote against insufficient funds is presented for payment. We may assess a fee for any such check and the merchant or other person to whom you wrote an insufficient funds check which is returned unpaid may also be entitled to additional fees or penalties.

Pay your bills promptly to avoid late charges. If you have a credit card, pay the balance owing within the time allowed to avoid interest charges.

Take the time to read and understand our fee schedules to determine if there are any fees you are paying unnecessarily.

## GLOSSARY OF TERMS AND ACRONYMS

ACH - Automated Clearing House

ATM - Automated Teller Machine

Business Days - Each day Monday through Friday, excluding bank holidays we observe. Saturdays and Sundays and holidays we observe are not Business Days even if we are open.

CNB - City National Bank

Collected Funds - Funds actually received by us and held in your account as the balance available for withdrawal

Computer System - Collectively computer hardware, computer software, computer network and/or systems, and/or any other hardware and/or software and your firewall.

EFT - Electronic Fund Transfer

Electronified Check - A check that has gone through a process where the check is used as a source of information for the check number, account number, and the bank identification number. The information is then used to make a one-time electronic payment from your account (an electronic fund transfer). The check itself is not the method of payment.

FDIC - Federal Deposit Insurance Corporation

IRA - Individual Retirement Account

IRS - Internal Revenue Service

Losses - any losses, damages, liabilities, costs and expenses (including attorneys' fees)

MICR - Magnetic Ink Character Recognition

NOW - Negotiable Order of Withdrawal

PIN - Personal Identification Number

Security Item (collectively "Security Items") – Each of your username, personal identification numbers, tokens, passwords, codes, marks, signs, public keys or other means of identification used in connection with your access to our products and services over the Internet.

TIN - Taxpayer Identification Number

## NOTICE TO AUTOMATED TELLER MACHINE USERS

Our automated teller machines ("ATMs"), like the ATMs of other financial institutions, are provided for your convenience. However, there are risks when using ATMs and we caution you to take care for your own safety whenever you use any ATM, especially at night. The following suggestions may be helpful to you.

1. Plan ahead to minimize your time at an ATM. Prepare as much of your transaction in advance as you can at your home or office by filling out your deposit slip and endorsing the checks "for deposit only" to your account.
2. When you approach an ATM location, look around and be alert to your surroundings, especially in areas unfamiliar to you. If you observe any suspicious person or unusual activity near the location at any time, do not use it and go somewhere else. At night, if the ATM location is not well lighted, do not use it and go somewhere else.
3. Consider going to an ATM location with someone you know and trust. Do not accept assistance from anyone you do not know and trust when using an ATM.
4. We or any agent of ours will never request you to divulge your PIN in an oral or written manner.
5. Prevent others from seeing you enter your PIN when using an ATM. Consider using your body to shield the view of the keypad.
6. If you notice anything suspicious or any other problem arises after you begin your transaction, cancel the transaction, recover the card you are using from the ATM and leave.
7. When your transaction is complete, recover your card, your receipt and any cash you have requested from the ATM and promptly leave the area. Do not display money taken from the ATM. Put the money away and wait until you are in a safe place to verify it. Mark each transaction in your account record but do so away from the machine in a safe place. Save your receipt and do not leave a receipt at the ATM location because it contains important account information. Compare your records with the account statement you receive.
8. When using any drive-up ATM facility, lock your car doors and roll up all the windows except the window you are using. If you keep your engine running, be sure your car is in "park" or "neutral" and the brake is set.
9. Do not let anyone else use your card. Do not disclose your PIN to anyone else, even if the person is offering assistance. Do not write your PIN on your card. If you lose your card or it is stolen or your PIN is lost or stolen, report the loss to us at once.

PLEASE NOTE: The activity at our ATMs may be recorded by surveillance cameras.

In the event of an emergency, contact your local police or 911.

Please report any complaint you may have concerning the safety or security of any of our ATMs or any emergency to our ATM security division at (213) 427-5454 or (800) 773-7100.

In New York, complaints about the security of our ATMs may also be reported to the New York Department of Financial Services at (800) 342-3736. Use the nearest available telephone to call the police if emergency assistance is needed.

Unfortunately, we cannot guarantee your safety when using our ATMs. In general, if you see anything that worries you in the vicinity of an ATM, please do not use it. Report suspicious activity near an ATM to the police. If the ATM is one of ours, report the suspicious activity to us as well. Also, please tell us if you have any problem with one of our machines, for example if the lighting is not working properly or there is damage to the machine, so that we can correct the problem promptly and continue to provide you the best banking services possible.

## FRAUD NOTICE TO ACCOUNT HOLDERS

### ***Avoiding Fraud***

Check fraud and unauthorized transactions attempting to take funds from bank accounts is, unfortunately, widespread and rising. Identity theft is also on the rise and so is Internet fraud. We have in place procedures and practices designed to detect check fraud and other unauthorized transactions directed against the accounts of our clients and to check identity, but these procedures and practices are not foolproof. You, the account holder, are in the best position to prevent fraudulent transactions directed at your account and to detect them if they occur. If you fail to do so or if you fail to do so in a timely manner, you may suffer a loss which we are not obligated to pay back to you. You should not expect us to pay you for losses you suffer when we are not legally obligated to do so.

You should comply with your obligations as stated in this document. You may also find the following guidelines helpful to prevent or deter crime:

1. Do not provide your account number to anyone you do not know or whom you do not want to conduct transactions on your account.
2. Do not provide account information or your personal identification number ("PIN") to anyone who calls you on the telephone or contacts you by means of the Internet unless you are positive you know the person and you want the person to be able to conduct a transaction on your account.
3. Review your bank statements upon receipt. If you do not receive a bank statement when you should, contact

us at once. If there is anything in your statement that does not look right, contact us at once.

4. If you order checks and do not receive them promptly, contact us at once.
5. Write your checks in ink and fill in all lines carefully and completely. Do not leave room on the numeral line to insert a number between the dollar sign and the first Arabic numeral or on any written line to insert a word. Use a check protector to imprint the amount of your check if you have one.
6. Sign your checks clearly. Illegible signatures are more easily forged.
7. Do not give anyone a blank check that you have signed.
8. Do not preprint your driver's license number or Social Security or taxpayer identification number on your checks.
9. Use tamper-resistant check stock.
10. Do not allow anyone to sign your name on your checks and never share your PIN with anyone.
11. Store your check stock, check images and statements securely and notify us at once if a check or statement is missing. The information on checks, check images and statements can be used to access your account.
12. Carefully shred or otherwise destroy cancelled checks, check images, bank statements, deposit slips and receipts, including ATM receipts, before discarding them.
13. Collect mail from your mailbox promptly. If you have a mailbox that does not securely lock, consider replacing the box with one that does.
14. Notify us if your identification is missing, lost or stolen.

Internal fraud can also be a serious problem for businesses or individuals who trust others with their banking. In addition to the steps listed above, you should adhere to the following guidelines:

1. Separate bank account responsibilities. Do not allow the same person who reconciles your bank statement to also issue checks on your account.
2. Watch for out-of-sequence checks and checks made payable to cash or to a bank. Watch for checks not used to pay your debts such as a check payable to a credit card company or utility that doesn't pay your bill. These are some classic red flags for embezzlement.
3. Never leave documents with account information such as statements, cancelled checks, check images and unused checks in the open or in an easily accessible area. Store these documents under lock and key. Conduct periodic surprise audits of check control duties and physical check stock.
4. Conduct a regular review of your transaction activity for unexpected fluctuations.
5. If you write high volume, low dollar checks you may want to consider maintaining a separate account with minimal balances. Most businesses will maintain a constant average. A large fluctuation might indicate

embezzlement. Consider maintaining separate accounts and segregating employees for accounts payable and accounts receivable.

6. Notify the Bank immediately when an employee who was authorized to transact business with the Bank leaves your employ.
7. Conduct thorough background checks on employees who have financial responsibilities or access to financial documents.

## INTERNET FRAUD NOTICE TO ACCOUNT HOLDERS AND AGREEMENTS RESPECTING INTERNET FRAUD AND SECURITY

### ***Avoiding Internet Fraud***

Internet fraud and unauthorized attempts to take funds from bank accounts is, unfortunately, widespread and rising. We have in place procedures and practices designed to detect fraud and other unauthorized transactions directed against the accounts of our clients, but these procedures and practices are not foolproof. You, the account holder, are in the best position to prevent fraudulent transactions directed at your account and to detect them if they occur. If you fail to do so or if you fail to do so in a timely manner except as otherwise required by law, you may suffer a loss which we are not obligated to pay back to you and you should not expect us to do so.

Deposit products and many of the banking services we make available to you require you to communicate with us via electronic mail, over the Internet and/or by other electronic means. Such communications can be intercepted or accessed by unauthorized third parties. You agree to utilize prudent and reasonable computer hardware and software security measures and Security Items and to follow other Security Procedures and certain minimum security practices and procedures which you, as a reasonable user should have in place or as we may advise ("Security Practices and Procedures") in order to reduce the risk of unauthorized access to and use of your accounts via such services by third parties. YOU ACKNOWLEDGE AND AGREE THAT YOUR FAILURE TO UTILIZE SUCH COMPUTER HARDWARE AND SOFTWARE SECURITY MEASURES AND SECURITY ITEMS OR TO FOLLOW SUCH SECURITY PRACTICES AND PROCEDURES SHALL RELIEVE US OF ANY LIABILITY TO YOU FOR UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF YOUR ACCOUNTS OR UNAUTHORIZED TRANSACTIONS INITIATED ON YOUR ACCOUNTS THROUGH A SERVICE EXCEPT AS OTHERWISE REQUIRED BY LAW. IN NO EVENT SHALL OUR LIABILITY EXCEED THAT OTHERWISE PROVIDED FOR BY LAW OR REGULATION.

In order to maintain secure communications and reduce fraud, you agree to protect the security of your username, personal identification numbers, tokens, passwords, codes, marks, signs, public keys or other means of identification (each, a "Security Item" and collectively, "Security Items") to access or use your accounts via online, mobile or other electronic service. Among other things, you agree to maintain and regularly update the security of your Computer System through which you access an online, mobile or other electronic service, including, without limitation, by installing, maintaining and regularly updating antivirus, antimalware and antispyware identification and removal software. You shall take all commercially reasonable precautions to prevent the introduction of any disabling procedures (including, but not limited to, a software lock, malicious logic, worm, trojan horse, bug or time bomb) into your software or our software that might disrupt our equipment or software, or the equipment or software of other users of this service. We reserve the right to block your access to a service in order to maintain or restore security to the service, the *cnb.com* website (or any other CNB-related Internet websites) or any other CNB system if we believe in our sole and absolute discretion that any of your Security Items has been or may be obtained or is being used or may be used by any unauthorized person.

You agree that complying with the Security Practices and Procedures which we may advise you to follow shall not relieve you of your obligation and responsibility to exercise independent judgment about security and additional steps or procedures needed to prevent Internet fraud, unauthorized access to and/or use of your accounts via an online or mobile service. Accordingly, you agree to take all additional commercially reasonable security measures in using such services as a reasonable person would use under the then current circumstances. You further agree to take all commercially reasonable security measures necessary to prevent disruption to the operations of CNB's computer systems and our online, mobile or other electric services. Nothing in this section shall limit your obligations under law or regulation.

To use an Internet service, you must have your own Internet Service Provider ("ISP") or other means of accessing the Internet, the necessary computer equipment, and a compatible browser supporting 128-bit encryption. We do not endorse or provide an ISP or other means of accessing the Internet. If you obtain an ISP or other means of accessing the Internet, you may incur charges from your ISP or other Internet access provider. We are not responsible for the actions or inactions of your ISP or other Internet access provider. Software, ISP or other Internet access provider requirements may change from time to time and may affect your ability to access a Service. We are not responsible for any error, failure or malfunction of your computer or software, or for any computer virus or related problem that may occur with your use of an Internet service. We are not responsible for any security breach, compromise, intrusion,



misuse and/or failure of or involving your firewall, computer hardware, computer software, computer network and/or systems, and/or any other hardware and/or software (collectively, your "Computer System") through which you access an Internet service, including, without limitation, any virus, worm, trojan horse, malware, spyware, or other similar harmful or malicious software, program or application on your Computer System. We are also not liable where claims arise out of any Security breach, compromise intrusion, misuse or failure of your Computer System for (a) any unauthorized access to your accounts via a Service, (b) any unauthorized transactions that may occur on your accounts and/or (c) any losses, damages, liabilities, costs and expenses (including attorneys' fees) (collectively, "Losses") to you.

In your use of online, mobile or electronic service, you are responsible for maintaining the confidentiality and security of your Security Items that we may require you to use and the security instructions we may require you to follow in connection with the Security Practices and Procedures, and you are responsible for the use of such Security Items.

Except for Losses we have explicitly agreed to assume in writing, and except to the extent prohibited by applicable law, you agree you are responsible for and you shall defend, indemnify and hold CNB harmless from and against any and all Losses arising out of or relating to your use of our products and services by online, mobile or other electronic means.

## INTERNET FRAUD PROTECTION PRACTICES

In addition to other Security Practices and Procedures that we may advise you about or provide you from time to time, here are some of the steps you should take to protect yourself from Internet (online) fraud:

1. Install an anti-virus program that will help fight viruses and malicious software on your computers, tablets, mobile phones and other devices. Use firewalls to secure and protect your home and/or office network.
2. Be conscientious about installing critical updates for your computer's operating system. Better yet, set it up for automatic updates. The bad guys don't stand still and you shouldn't either.
3. Keep your mobile devices with you or lock them away when they're not needed. Password-protect them to protect against unauthorized use. And, when it comes to apps, be careful before you click. Only download from legitimate online stores.
4. Is your computer set up to "auto-load" removable media (e.g., USB drives, SD cards)? If so, disable this feature. Play it safe by scanning these items before you open them.
5. When it comes to your passwords, be extra diligent. Passwords should be complex, frequently changed, and

unshared. And be sure to password-protect your router and other wireless connections.

6. Never open email attachments or click on links from unknown or suspicious sources, including social media sites.
7. Don't be manipulated. Disregard in-person, phone, text message, email or web requests that ask you to share your personal or account information unless you are sure the request and requestor are legitimate.
8. Be careful on social media. Avoid posting too much personal information. At the very least, utilize privacy controls to limit who can see what.
9. Be disciplined in the management of your financial accounts. Check them daily even if you have not initiated transactions and report suspicious activity to the bank right away.
10. ACH transaction and wire transfer security is especially critical - Use security tokens only when releasing an ACH or wire transaction, never at login. CNB will never initiate a communication to request entry of security tokens. If you enter a token to complete a transaction and you get an error message, you are logged off the system or you do not get a confirmation contact us IMMEDIATELY. There is increased likelihood your computer has been hacked.
11. Internet security is a family affair. Make sure all Internet users in your home are educated about online safety and know what needs to be done.
12. Read and understand your obligations as stated in our "Internet Fraud Notice to Account Holders and Agreements Respecting Internet Fraud and Security."

### ***For Business Owners***

If you are a business owner, here are a few additional steps you should take:

1. Provide cyber-security training and share fraud protection and other important information with all company users.
2. Monitor security threats and periodically assess network and security risks. Develop a cyber-incident response plan and test it regularly.
3. Maintain "cyber insurance" appropriate to your financial risks.
4. Take full advantage of bank-related security products and alerts (e.g., Positive Pay and ACH blocks and filters).
5. Encrypt sensitive data, whether transmitting or simply storing it.
6. Review transaction information throughout the day and let the bank know right away if something does not look right.
7. Confirm that your System Administrator effectively communicates to all company users the warnings, security messages and other information we may send to you.

***And Finally***

Once more, thank you for banking with us and if you have any questions, please contact your Relationship Manager or your Client Representative at your branch.



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