



Mobile Deposit User Agreement and Disclosure

This Skagit Mobile Deposit User Agreement and Disclosure ("Agreement") describes your rights and obligations as a user of the Mobile Deposit Services ("Services"). It also describes the rights and obligations of Skagit Bank ("Bank"). Please read this Agreement carefully. By requesting and using the Services, you agree to comply with the terms and conditions of this Agreement.

Definitions

Skagit Mobile Deposit (the "Service") refers to a service provided to Customers that uses a mobile device to electronically transmit a digital image of a paper check for deposit.

Application refers to the delivery channel for various services, information, and other functions that can be added to an electronic device (a cell phone, iPad, or Smart Phone with camera).

Business Day refers to the Bank's normal business days of Monday through Friday, except holidays.

Check refers to the original negotiable instrument transferring payment of funds from one individual or party to another individual or party.

Customer is an individual signer on a Skagit Bank Customer account.

Item is any paper check that has been converted to an image.

Mobile Device is an electronic device that includes a cell phone, iPad, or Smart Phone with camera that allows an Application to be added.

Image Replacement Document/Substitute Check (a digital image) is a paper check (Check) converted to a digital image that states it is a legal copy of your check and it can be used in the same way as an original check. A substitute check may be used as proof of payment just like the original check.

Postdated check refers to a check dated after today or the date of the attempted deposit.

Stale dated check refers to a check that was issued and dated over six months prior to the date of deposit.

Verification refers to the process that includes, but is not limited to, reviewing a date, payee, signature, payor name and address, payee endorsement, the MICR line, image quality and other factors.

Words "we", "us", "our" and "Bank" refer to Skagit Bank.

Words "you", "your" and "yours" refer to the Customer or anyone who applies for or uses the Service.

Description of Application

The mobile remote deposit capture service is designed to allow you to make deposits to your checking, savings, or money market savings accounts using compatible and supported mobile phones and/or other compatible and supported wireless devices by capturing an image of a check and delivering the image and associated deposit information to the Bank via our Mobile Banking application provided to you through our Online Banking Services.

Eligibility Requirements

You must be a customer of Skagit Bank for at least 30 days to enroll in Mobile Deposit Services.

Acceptance of these Terms

Your use of the services constitutes your acceptance of this Agreement. This Agreement is subject to change from time to time. You may be prompted to accept or reject any material change to this Agreement the next time you use the Services after the Bank has made the change. Your acceptance



of the revised terms and conditions along with the continued use of the Services will indicate your consent to be bound by the revised Agreement. Further, Bank reserves the right, in its sole discretion, to change, modify, add, or remove portions from the Services.

We reserve the right to modify the scope of the Services at any time. We reserve the right to refuse to take any transaction you request through the Services. You agree and understand that the Services may not be accessible or may have limited utility over some networks, such as while roaming.

Limitations of Services

When using the Services, you may experience technical or other difficulties. We cannot assume responsibility for any technical or other difficulties or any resulting damages that you may incur. Some of the Services have qualification requirements, and we reserve the right to change the qualifications at any time without prior notice. We reserve the right to change, suspend or discontinue the Services, in whole or in part, immediately and at any time without prior notice to you.

Hardware and Software

In order to use the Services, you must obtain and maintain, at your expense, compatible hardware and software. Bank is not responsible for any third party software you may need to use the Services. Any such software is accepted by you as is and is subject to the terms and conditions of the software agreement you enter into directly with the third party software provider at time of download and installation.

Fees

A fee may be charged for the Services as disclosed in the Skagit Bank Fee Schedule. You are responsible for paying the fees for the use of the Services. Bank may change the fees for use of the Services at any time pursuant to the section titled "Acceptance of these Terms" above. You authorize Bank to deduct any such fees from any Bank account in your name.

Compliance and Indemnification

You agree to use the products and Services for lawful purposes and in compliance with all applicable laws, rules and regulations. You warrant that you will only transmit acceptable items for deposit and will handle the original items in accordance with applicable laws, rules and regulations.

Any image of a check that you transmit using the Services must accurately and legibly provide all the information on the front and back of the check necessary to process the check, including any required endorsements.

You are responsible for any loss or overdraft plus any applicable fees to your Account due to an item being returned. In the event any item that you transmit for remote deposit that is credited to your account is dishonored, you authorize us to debit the amount of such item from your account. You understand and agree that the Services may at times be temporarily unavailable due to the system maintenance or technical difficulties including those of the Internet. In the event that the Services are unavailable, you acknowledge that you can deposit an original check at Bank Offices or through Bank ATM or by mailing the original check to Bank at our current address. It is your sole responsibility to verify that items deposited using the Services and Application have been received and accepted for deposit.

Processing of transactions may be limited based on our normal hours of operation, or those of third party financial Services organizations involved in a transaction.

You make the following warranties and representations with respect to each image of an original check you transmit when utilizing the Services:

- Each image of a check transmitted to us is a true and accurate rendition of the front and back of the original check, without any alteration, and the drawer of the check has no defense against payment of the check.
- The amount, the payee, signature(s), and endorsement(s) on the original check are legible, genuine, and accurate.



- You will not deposit or otherwise endorse to a third party the original item (the original check) and no person will receive a transfer, presentment, or return of, or otherwise be charged for, the item (either the original item, or a paper or electronic representation of the original item) such that the person will be asked to make payment based on an item it has already paid.
- Other than the digital image of an original check that you remotely deposit through the Services, there are no other duplicate images of the original check.
- You have instituted procedures to ensure that each original check was authorized by the drawer in the amount stated on the original check and to the payee stated on the original check.
- You are authorized to enforce each item transmitted or are authorized to obtain payment of each item on behalf of a person entitled to enforce such transmitted item.
- The information you provided remains true and correct and, in the event any such information changes, you will immediately notify us of the change.
- You have not knowingly failed to communicate any material information to us.
- You have possession of each original check deposited using the Services and no one will submit, or has submitted, the original check for payment.
- Files and images transmitted to us will contain no viruses or any other disabling features that may have an adverse impact on our network, data, or related systems.
- In the event that you believe there has been an error with respect to any original check or image thereof transmitted for deposit, you will immediately contact us regarding such error or breach as set forth below.

Items Eligible For Deposit

You agree to only image and deposit original checks, as defined in Regulation CC and Check Clearing for the 21st Century Act, which are properly payable to the owner of the account and contain the drawer's signature.

Ineligible Items

- Money Orders
- Traveler's Checks
- Savings Bonds
- Checks drawn on a financial institution located outside the United States, including, but not limited to Canada.
- Checks not payable in United States currency
- Checks previously converted to an image replacement document or substitute check, as defined by Regulation CC.
- Checks that are remotely created checks, as defined by Regulation CC.
- Checks payable jointly, unless deposited into an Account in the name of all payees.
- Checks payable to any person other than the Account Holder of the Account into which the check will be deposited.
- Checks that are "stale dated" or "postdated".
- Checks containing an alteration on the front of the check, which you know or suspect fraudulent, or are otherwise not authorized by the Account Holder.
- Checks with qualified or conditional endorsements (for example: "Payable to Skagit Bank without recourse").
- Checks that have previously been submitted or deposited through the Service or through a remote deposit capture service offered at any other financial institution.
- Checks previously submitted for deposit and returned.

Endorsements and Procedures

You agree to restrictively endorse any item transmitted through the Services as "For Skagit Bank mobile deposit only" above your endorsement, or as otherwise instructed by Bank. You agree to follow any and all other procedures and instructions for use of the Services as Bank may establish from time to time.

Deposit Review & Acceptance



- All deposited items received by the Bank are reviewed and must pass a verification process prior to acceptance for deposit and may be rejected by us at our sole discretion. If an item is rejected for deposit by a mobile device, the original check may be submitted to the bank for deposit.
- The Bank reserves the right to refuse to process the original check and may instead require you to have the maker reissue the check.
- The Bank further reserves the right to chargeback to your account at any time any check image we subsequently determine was not an eligible check or properly payable
- You agree that the Bank is not liable for any loss, costs, or fees you may incur as a result of our chargeback of an ineligible check.

Availability of Funds

In general, if an image of an eligible check you transmit through the Services is received and accepted before 5:00 p.m. Pacific Time on a business day, we consider that day to be the day of your deposit. Otherwise, we will consider that the deposit was made on the next business day

Deposit Limits

We may establish limits on the dollar amount and/or number of Check Images that you can deposit through the Service, from time to time. If you attempt to use the Service to initiate a deposit in excess of these limits, we may reject your deposit. Limits vary based on tenure, non-sufficient funds (NSF), and average monthly deposit balance. We reserve the right to modify limits from time to time.

Errors in Transmission

By using the Services you accept the risk that an item may be intercepted or misdirected during transmission. Bank bears no liability to you or others for any such intercepted or misdirected items or information disclosed through such errors.

Image Quality

The image of an item transmitted to Bank using the Services must be legible, as determined in the sole discretion of Bank. Without limiting the foregoing, the image quality of the items must comply with the requirements established from time to time by Bank, ANSI, the Board of Governors of the Federal Reserve Board, or any other regulatory agency, clearinghouse or association.

Presentment

The manner in which the items are cleared, presented for payment, and collected shall be in Bank's sole discretion subject to the Agreement governing your account.

User Warranties and Indemnification

You warrant to Bank that:

- You will only transmit eligible items.
- You will not transmit duplicate items.
- You will not re-deposit or re-present the original item.
- All information you provide to Bank is accurate and true.
- You will comply with this Agreement and all applicable rules, laws and regulations.
- You are not aware of any factor which may impair the collectability of the item.
- You agree to indemnify and hold harmless Bank from any loss for breach of this warranty provision.

Cooperation with Investigations

You agree to cooperate with us in the investigation of unusual transactions, poor quality transmissions, and resolution of customer claims, including providing, upon request and without further cost, any originals or copies of items deposited through the Services in your possession and your records relating to such items and transmissions.

Termination

We may terminate this Agreement at any time and for any reason. This Agreement shall remain in full force and effect unless and until it is terminated by us. Without limiting the foregoing, this Agreement



may be terminated if you breach any term of this Agreement, if you use the Services for any unauthorized or illegal purposes or you use the Services in a manner inconsistent with the terms of your Deposit Account Agreement and Disclosure.

Enforceability

We may waive enforcement of any provision of this Agreement. No waiver of a breach of this Agreement shall constitute a waiver of any prior or subsequent breach of the Agreement. Any such waiver shall not affect our rights with respect to any other transaction or to modify the terms of this Agreement. In the event that any provision of this Agreement shall be deemed to be invalid, illegal, or unenforceable to any extent, the remainder of the Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

Ownership and License

You agree that Bank retains all ownership and proprietary rights in the Services, associated content, technology, and website(s). Your use of the Services is subject to and conditioned upon your complete compliance with this Agreement. Without limiting the effect of the foregoing, any breach of this Agreement immediately terminates your right to use the Services. Without limiting the restriction of the foregoing, you may not use the Services (i) in any anti-competitive manner, (ii) for any purpose which would be contrary to Bank's business interest, or (iii) to Bank's actual or potential economic disadvantage in any aspect. You may not copy, reproduce, distribute or create derivative works from the content and agree not to reverse engineer or reverse compile any of the technology used to provide the Services.

Legal Compliance and Export Restrictions

You represent and warrant that: (1) you are not located in a country that is subject to a U.S. Government embargo, or that has been designated by the U.S. Government as a "terrorist supporting" country; and (2) you are not listed on any U.S. Government list of prohibited or restricted parties. You also acknowledge that the Services and Application may be subject to other U.S. and foreign laws and regulations governing the export of software by physical or electronic means. You agree to comply with all applicable US and foreign laws that apply to us as well as end-user, end-use, and destination restrictions imposed by U.S. and foreign governments.

Limitations of Liability

You agree that we will not be liable for any direct, indirect, incidental, special, consequential or exemplary damages, including, but not limited to damages for loss of profits, goodwill, use, data or other losses resulting from the use or the inability to use the Services incurred by you or any third party arising from or related to the use of, inability to use, or the termination of the use of this Services, regardless of the form of action or claim (whether contract, tort, strict liability or otherwise), even if Bank has been informed of the possibility thereof.

Warranty Disclaimer

We cannot foresee or anticipate all technical or other difficulties related to the application or Services. These difficulties may result in loss of data, personalization settings or other application interruptions. We assume no responsibility for any disclosure of account information to non-parties, the timeliness, deletion, miss-delivery or failure to store any user data, communications or personalization settings in connection with your use of the application.

We assume no responsibility for the operation, security, functionality or availability of any computing device or network which you utilize to access the application or use Services. You agree to exercise caution when utilizing the application on your computing device and to use good judgment and discretion when obtaining or transmitting information.

The Services and application provided hereunder is provided "as is," with all warranties disclaimed, including, all express or implied warranties, implied warranties of merchantability, fitness for a particular purpose, and any similar warranty whether said warranty arises under provisions of any law of the United States or any state thereof. There are no representations or warranties that the software is free of rightful claims of any third party for infringement of proprietary rights. The entire risk associated with the use of the Services and licensed application shall be borne solely by you.

There is no warranty that the Services and application will meet your requirements, that access to the



Services will be uninterrupted, timely, secure, error free, or that any defects in the Services and application will be corrected. You acknowledge that any data or information downloaded or otherwise obtained or acquired through the use of the Services and application are at your sole risk and discretion and we will not be liable or responsible for any damage to you or your property. You acknowledge that it is your responsibility to follow proper backup procedures to protect against loss or error resulting from use of the Services and licensed application.

No advice or information, whether oral or written, obtained by you from us shall create any warranty not expressly stated in this agreement.

Some jurisdictions do not permit the disclaimer of certain implied warranties, so certain of the foregoing disclaimers may not apply to you.