

## **YOUR DEPOSIT ACCOUNT TERMS AND CONDITIONS**

**AGREEMENT** - These terms govern the operation of this account unless varied or supplemented in writing. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so that the singular includes the plural and the plural includes the singular. As used in this form, the words "we," "our," or "us" mean the financial institution and the words "you" or "your" mean the account holder(s). This account may not be transferred or assigned without our written consent. Much of our relationship with our deposit customers is regulated by state and federal law, especially the law relating to negotiable instruments, the law regulating the methods of transferring property upon death and the rights of surviving spouses and dependents, the law pertaining to estate and other succession taxes, the law regarding electronic funds transfer, and the law regarding the availability of deposited funds. This body of law is too large and complex to be reproduced here. The purpose of this form is to:

- (1) summarize the rules applicable to the more common transactions;
- (2) establish rules to govern transactions or circumstances which the law does not regulate; and
- (3) establish rules for certain events or transactions, which the law already regulates but permits variation by agreement.

We may permit some variations from this standard agreement, but any such variations must be agreed to in writing either on our signature card for the account or in some other written form not including the back of the periodic statement.

**AMENDMENTS AND TERMINATION** - From time to time we may amend any term of this agreement upon giving you reasonable notice in our building. We may also close this account at any time upon reasonable notice to you and tender the account balance personally or by mail. We retain the right to close your account immediately for reasons of fraud. This includes any activity in or through the account that is considered illegal. Notice from us to any one of you is notice to all of you.

**LIABILITY** - Each of you agrees, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the schedule of charges that may be imposed. You authorize us to deduct these charges as accrued directly from the account balance. You also agree to pay additional reasonable charges we may impose for services you request which are not contemplated by this agreement. Each of you also agrees to be jointly and severally liable for any account deficit resulting from charges or overdrafts, whether caused by you or another authorized to withdraw from this account, and the costs we incur to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees. You agree to assume all liability for checks you create on behalf of the payor (remotely created checks) if said checks are returned as unauthorized.

**OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION** - These rules apply to this account depending on the form of ownership and beneficiary designation, if any specified on the account records. Individual Account - is owned by one person. Joint Account - With Survivorship (And Not As Tenants In Common) - is owned by two or more persons. Each of you intends that upon your death the balance in the account (subject to any previous pledge to which you have consented) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common. Corporate, Partnership, and other Organizational Accounts - We will usually require a separate authorization form designating the person permitted and conditions required for withdrawal from any account in the name of a legal entity such as a partnership, corporation, or other organization. We will honor such authorization according to its terms until it is amended or terminated in writing by the governing body of such organization. It is agreed that we can investigate your creditworthiness, credit history, and financial responsibility through any credit bureau or by any other reasonable means for consideration for the account(s) opened and during the account relationship if the matter warrants it.

**AUTHORIZED SIGNERS (Individual Accounts only)** - An authorized signer is someone to whom you give all rights you have now or in the future to make withdrawals and deposits. Merely by designating an authorized signer you do not intend to give any ownership rights in the account.

**FACSIMILE SIGNATURES:** You authorize us, at any time, to charge you for all checks, drafts, or other orders for the payment of money that are drawn on us regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen that we have on file, and contain the required number of signatures for this purpose. We retain the right to deny payment of any and all item(s) that a facsimile signature is affixed, even if that signature matches those on record if we do not have a sample of that facsimile signature in our records.

**TEMPORARY ACCOUNT** - Only person(s) who sign a signature card that identifies the account, (except as indicated to the contrary on the account records) may transact business on the account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

**DEPOSITS** - Each authorized signer (until we receive written notice to the contrary) authorizes any person to endorse any item payable to you or your order for deposit to this account or any other transaction with us. Any items, other than cash, accepted for deposit (including items drawn "on us") will be given provisional credit only until collection is final (and actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars). Subject to any other limitations, interest will be paid only on collected funds, unless otherwise provided by law. We are not responsible for the transactions initiated by mail or outside depository until we actually record them. All transactions received after our "daily cut-off time" on a business day we are open, or received on a day in which we are not open for business, will be treated and recorded as if initiated on the next following business day that we are open.

**DIRECT DEPOSITS** - If in connection with a direct deposit plan, we deposit any amount in this account which should have been returned to the Federal Government for any reason, you authorize us to deduct the amount of our liability to the Federal Government from this account or from any other account you have with us, without prior notice and at any time, except as prohibited by law. We may also use any other legal remedy to recover the amount of our liability.

**WITHDRAWALS** - Unless otherwise clearly indicated on the account records, any authorized signers, may withdraw or transfer all or any part of the account balance at any time on forms approved by us. In the event we decide to pay an item, which overdraws the account, you agree that immediate payment is due upon notice of non-sufficient funds, unless otherwise agreed upon by both you and us. We may charge against your account an item, even though payment was made before the date of the check, unless you have given us a stop payment order on that item. The fact that we may honor a withdrawal request, which overdraws the finally collected account balance, does not obligate us to do so unless required by law. Withdrawals will first be made from collected funds, and we may, unless prohibited by law or our written policy, refuse any withdrawal request against uncollected funds, even if our general practice is to the contrary. We reserve the right to refuse any withdrawal or transfer request that is attempted by any method not specifically permitted which is for an amount less than any minimum withdrawal requirement, or which exceeds any frequency limitation. Even if we honor a nonconforming request, repeated abuse of the stated limitations (if any) may eventually force us to close this account. We will use the date a transaction is completed by us (as opposed to the day you initiate it) to apply the frequency limitations. On interest-bearing accounts other than time deposits, we reserve the right to require at least seven days' written notice before any withdrawal or transfer. Withdrawals from a time deposit prior to maturity or prior to the expiration of any notice period may be restricted and may be subject to penalty. See your notice of penalties for early withdrawal.

**UNAUTHORIZED WITHDRAWALS** - If you do not notify us of an unauthorized signature or alteration within a reasonable time (not to exceed 7 days) after we send or make available to you your statement or item(s): (1) you cannot assert the unauthorized signature or alteration against us, even if we are unable to show a loss due to your failure, and (2) you cannot assert any unauthorized signatures or alterations by the same wrongdoer on items paid by us after the reasonable time mentioned above elapses, but before we receive your notice. You must report any other problem (e.g., erroneous statement or passbook entry, missing signature, unauthorized signer, etc.) within the 7-day period or lose your right to assert the problem against us. The timeframe is extended to one year, for remotely created checks only. A withdrawal will not be considered unauthorized if you voluntarily gave out your account number. You must notify the company that received your information, in order to dispute any debit(s) to your account.

**ACH & WIRE TRANSFERS** - This agreement is subject to Article 4A of the Uniform Commercial Code (UCC) in the state of Michigan and the Electronic Funds Transfer Act (EFTA). If you originate a fund transfer for which the Federal Reserve wire service is used and you identify by name and number a beneficiary financial institution, an intermediary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by Automated Clearing House (ACH) Association rules. These rules provide, among other things, that payments made to you, or originated by you, are provisional until final settlement is made through a Federal Reserve Bank, or payment is otherwise made as provided in the UCC and the EFTA. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to any account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit. Debit cards and other electronic devices offered by us to access your account or funds are property of the bank and may be revoked at any time warranted to protect the bank from loss.

**STOP-PAYMENTS** - A stop-payment order must be given in the manner required by law, must be received in time to give us a reasonable opportunity to act on it, and must precisely identify the exact method the item will be presented (check, ACH, etc) Actual items must contain a check number, date written, and amount of the item for the stop-payment to be put into effect. We will honor a stop-payment request by the person who authorized the particular item, and by any other person on the account even though such other person did not authorize the item as long as the other person is a joint owner on the account. Only the person who initiated the stop-payment may make a release of the stop-payment request. Check stop-payment orders, are valid for 6 months from the date of request; unless we receive within 14 days of initial order, a response from the written confirmation we will mail you. We reserve the right to take up to 48 business hours to place a stop-payment once received, in the event the stop-payment was mailed, faxed or e-mailed. Consumer accounts with an ACH stop payment request can be authorized for one time stop payment (30 days or first presentment) or revocation which stops all future ACH payments.

**RESTRICTIVE LEGENDS:** - We are not required to honor any restrictive legend on checks you write unless we have agreed to the restriction in a writing signed by an officer of the bank. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000.00".

**SET-OFF** - You each agree that we may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt owed to us now or in the future by any of you having the right of withdrawal to the extent of such person's or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the

note. This right of set-off does not apply to this account if: (a) it is an Individual Retirement Account or other tax-deferred retirement account, or (b) the debt is created by a consumer credit transaction under a credit card plan, or (c) the debtor's right of withdrawal arises only in a representative capacity. We will not be liable for the dishonor of any item when the dishonor occurs because we set off a debt against this account. You agree to hold us harmless from any claim arising as a result of our exercise of our right of set-off.

**SCREEN SCRAPING** - If you enter into an account consolidation agreement with any one other than us, we require a copy of this agreement for our records.

**DISPUTES** - You agree to have a licensed arbitrator involved in any legal disputes with this agreement.

**UNLAWFUL INTERNET GAMBLING ENFORCEMENT ACT (UIGEA) of 2006**

The UIGEA signed into law in 2006, prohibits any person engaged in the business of betting or wagering (as defined in the Act) from knowingly accepting payments in connection with the participation of another person in unlawful internet gambling. The Dept. of Treasury and the Federal Reserve Board have issued a joint final rule, Regulation GG, to implement this Act.

As Defined in Regulation GG, unlawful Internet gambling means to "place, receive or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the internet where such bet or wager is unlawful under any applicable Federal or State law in the State or Tribal lands in which the bet or wager is initiated, received or otherwise made."

As a customer of The State Bank, these restricted transactions are prohibited from being processed through your account. You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 through Section 5367.