



## Business Banking Services Agreement

Welcome to Salem Five Cents Savings Bank. Salem Five is a mutually owned savings bank, chartered in the Commonwealth of Massachusetts in 1855. We offer a full range of deposit products to meet your financial needs.

This Business Banking Services Agreement (“Agreement”) explains the terms and conditions of our business deposit banking services, as well as the regulations that govern them. This Agreement applies to all organizations, businesses, and municipalities maintaining Salem Five business checking accounts, savings accounts, money market accounts, and certificates of deposit. This Agreement does not govern accounts for consumer purposes. Please read this Agreement carefully and retain it for your records. If you have any questions, we will be happy to answer them for you.

In this Agreement, the words “you” and “your” refer to the business, organization, or municipality that maintains a deposit account with Salem Five. The words “the Bank,” “we,” “our,” and “us” refer to Salem Five Cents Savings Bank.

Business accounts may be opened upon the Bank’s receipt of an appropriate business resolution or authorization by the governing body of the organization or municipality, as well

as other documentation as we may require. When you open an account, sign a signature card, or transact business, you agree to be bound by the terms and conditions set forth here.

In addition to the terms stated in this Agreement, your account is governed by the laws and regulations of the United States and the Commonwealth of Massachusetts, including the Uniform Commercial Code. In the event of any conflict between the Agreement’s provisions and applicable law or regulation, this Agreement shall be considered changed to the extent necessary to comply with such law or regulation.

### Deposit Protection

Your deposit accounts at Salem Five are insured by the Federal Deposit Insurance Corporation (“FDIC”). The basic insurance amount provided by the FDIC is \$250,000 per depositor for each ownership category.

### Taxpayer Information

When you open a deposit account, you are required to certify the Taxpayer Identification Number (“TIN”) you provide us. You must also certify that you are not subject to backup withholding of federal income taxes. If you fail to furnish us with a certified TIN, if the I.R.S. notifies us that the TIN you gave us is incorrect, or if the IRS notifies us that you failed to report all of your interest and dividends on your tax return, we may be required to close your account or withhold a percentage of your interest payments and convey them to the IRS. This is known as “backup withholding.”

### Account Opening

When you open an account, you will be asked for certain business identifying information and documentation. We may also ask for certain other information to verify the identity of signers

to the account. Deposit accounts will be considered open once the Bank has received and approved all required account opening documentation and the account has been funded. We reserve the right to require additional signature or other verification documentation from you during the account relationship.

### Credit Reference

You agree that the Bank may, from time to time, obtain credit and other reference information as it deems necessary, including information about you from a consumer reporting agency, credit bureau or a similar service provider.

### Deposits

All checks and items deposited or cashed are received and credited by the Bank subject to final collection. In receiving items for deposit or collection, the Bank acts solely as your agent and assumes no responsibility beyond the exercise of ordinary care. Items deposited to your business account are subject to the Bank’s Funds Availability Policy. If a deposited or cashed item is returned unpaid for any reason at any time, we have the right to charge the item back to your account or to require a refund from you, plus applicable fees, even if the dishonored item is returned after the drawee bank’s midnight deadline. You also authorize the Bank to redeposit such items at our discretion, and in such cases you waive the right to notice of dishonor. We may process a copy, electronic entry, or other evidence of a returned item.

*Foreign Collection Items:* We may refuse to accept a foreign item for deposit or collection. If accepted, checks drawn outside the continental U.S., whether payable in U.S. or foreign funds, will only be accepted for deposit on a collection basis, and, at our discretion, may be provisionally credited to your account or not

credited until we receive the proceeds in cleared funds from the paying bank. Any provisional credit will not affect our right of chargeback or set-off if the item is returned, even if it is returned months later. You bear all the risks associated with the collection process, and you acknowledge that your deposit of a foreign item will be subject to adjustment based on the applicable exchange rate and bank fees for collection of foreign items.

*Automated Deposits/Electronic "Wholesale Credit" Transactions Subject to Uniform Commercial Code Article 4A:*

We may accept on your behalf payments to your account which have been transmitted through one or more automated clearing houses and which are not subject to the Electronic Fund Transfer Act. Your rights and obligations with respect to such payments shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts. If we give you credit with respect to an ACH (automated clearing house) credit entry, it is provisional until we receive final settlement for such entry through a Federal Reserve Bank. If we do not receive final settlement, we are entitled to a refund of the amount credited to you, and the party making payment to you via such entry (i.e., the originator of the entry) shall not be deemed to have paid you in the amount of the entry. Interest in your account, if any, will be subject to adjustment in the event of any chargebacks. Under the operating rules of the National Automated Clearing House Association, which are applicable to ACH transactions involving your account, we are not required to give you next day notice of receipt of an ACH item and we will not do so. However, we will notify you of the receipt of ACH payments in the periodic statements we provide you.

*Deposit of Substitute Checks:* You agree that you will not deposit, without our prior written consent, "substitute checks" as defined by federal law or Image Replacement Documents that purport to be substitute checks and have not been previously endorsed by a bank. If you (or someone acting on your behalf) deposit such an item, you agree to reimburse us for losses, costs, and expenses we may incur associated with warranty or indemnity claims. If you provide us with an electronic representation of a substitute check for deposit into your account instead of an original check, you agree to reimburse us for any losses, costs, and expenses we incur because the substitute check resulting from the electronic representation does not meet applicable substitute check standards and/or causes duplicate payments.

*Remotely Created Checks:* If you deposit a remotely created check (that is, a check that was not signed by the person on whose account it is drawn), you warrant that the person on whose account the check is drawn authorized the issuance of the check in the amount stated on the check and to the payee stated on the check.

*Freezing Your Deposit Account:* When we suspect that an irregular, unauthorized or unlawful activity may be occurring in connection with your deposit account, we may place a hold on (or "freeze") the entire balance in your deposit account and any other deposit accounts that you may have with us while we investigate your deposit account and the activities that appear suspicious. Freezing your deposit account in this manner is not tied to the availability of items that you deposit to your deposit account. Rather, it is part of our effort to protect both you and us from losses related to suspected fraud involving your deposit account. As a result, we may impose such a freeze on

your deposit account(s) without regard for our Funds Availability Policy requirements. However, if we do freeze your deposit account we will provide you with any notice that may be required by applicable Law.

*Night Deposit, Bulk Deposit Services and Coin & Currency:* If we make available to you night deposit, bulk deposit or coin & currency deposit, you agree to place your night deposit, bulk deposit or coin & currency in a depository bag provided by us and to organize your deposit in a format according to our instructions. You authorize us to open the depository bag in your absence and credit the contents to your account. The contents of a depository bag shall not be treated as accepted by us for deposit until we have opened the bag and verified the contents. Our count as to the amount and character of each such deposit shall be final and conclusive. Credit to your account shall be subject to adjustment based on our final count. Items in the depository bag that are unacceptable for deposit will be held for thirty (30) calendar days or until claimed by you, whichever is sooner. If you do not claim the items within thirty (30) calendar days, the Bank may discard the items in any manner it deems appropriate without liability to you. You agree that you use any night depository box at your sole risk. We will not be liable for any loss of deposits before they are removed from the night depository box nor for any loss resulting from removal of the night depository box from use.

**Endorsements**

Endorsements on deposited items must conform to federal standards, which require the customer's endorsement to be placed in the first 1.5 inches from the trailing edge of the check. You will be liable for any losses resulting from non-conforming endorsements or from other

material on the back of the deposit item that makes any bank's endorsement illegible. Endorsements must be as drawn and must include your account number. Improper endorsements may result in a chargeback of the item or may delay the processing of the check, and consequently, the availability of the funds to you.

### **Authorized Signers**

All persons authorized to sign, accept, or endorse checks, notes, bills, drafts, or other instruments drawn on the account, to make withdrawals or transfers or to transact banking business of any nature must sign a permanent Bank signature card and appropriate business account authorization, as required by the Bank. Such authorization will remain in effect until the Bank is notified in writing by the receipt of an appropriate revised business account resolution and signature card, as required by the Bank, and has had a reasonable time to act upon it.

*Facsimile Signatures:* If you have authorized a facsimile signature, by the imprinting of a specimen of same on an account signature card and/or by appropriate business resolution, the Bank may honor all checks, drafts, or other orders drawn on your account(s) when the facsimile signature(s) have been affixed on such checks or orders, regardless of by whom or by what means the actual or purported facsimile signature(s) thereon may have been affixed thereto. You assume the risk for any unauthorized use of such facsimile signature. You agree to indemnify and hold us harmless from all claims, costs, losses and damages, including attorneys' fees, that result from our payment of a withdrawal bearing or purporting to bear a facsimile signature that we believe you authorized.

*Multiple Signatures:* We do not offer accounts on which two (2) or more signatures are required for a check or withdrawal. We do not assume a duty to enforce multiple signature requirements that you may decide or agree upon yourselves. If you indicate on your checks or signature card or other account documents that more than one signature is required for withdrawal, this indication is for your own internal procedures and is not binding on us. We may disregard any instructions to permit withdrawals only upon more than one signature with respect to checks, electronic fund transfers and other withdrawal requests. We may pay out funds from your account if the check, item, or other withdrawal or transfer instruction is signed or approved by any one of the persons authorized to sign on the account and we are not liable to you if we do this.

### **Checking Accounts**

*Sub-Accounting:* If you have a Salem Five checking account, your account may be structured on the books of the Bank into two sub-accounts, a transaction sub-account and a savings sub-account. The Bank may periodically transfer funds between these two sub-accounts. This process will not, however, affect your available balance, access to your funds, your interest earnings (if any), your periodic statement, or any other feature or term of your overall account.

*Check Verification:* You authorize us to disclose information about funds availability to individuals and firms who represent to us that they have received a check from you in a particular amount. In such a situation, we will tell the caller whether a check in that amount would clear at that time.

### **Withdrawals**

You may only make withdrawals with checks, drafts, or other withdrawal forms supplied or approved by the Bank. The Bank reserves the right to return unpaid any other form of order presented or any order incompletely or defectively drawn, and to impose a handling charge therefor. We may also refuse a request for a withdrawal if any document or identification required by law or the Bank in connection with the withdrawal has not been presented to us.

*Standard of Care:* Most checks and other debit items are processed automatically, without review of each check or item. You agree that we are acting within common and reasonable banking practices by such automated processing and that the use of automated systems in the processing of checks constitutes ordinary care. You also agree that the Bank does not fail to exercise ordinary care in paying an item solely because its procedures do not provide for sight-review, or provide for sight-review only for items above a threshold level, or on a sample basis, at the discretion of the Bank.

**Order of Payment Posting:** "Posting" is the process by which we record transactions received for credit to (e.g., deposit) or debit from (e.g., withdrawal) your account. When a transaction is "posted," the monetary value of that transaction is added to or subtracted from the balance of your account. Generally, your transactions will post as follows: *Scheduled transfers* (e.g., electronic transfers you scheduled in advance) will post in the morning; *Automated Clearing House* transactions, or "ACH" transactions (e.g., external transfers, direct deposit of Social Security benefits,

electronic check conversions, etc.), will post throughout the day, when ACH credits and ACH debits are received simultaneously, ACH credits will post before ACH debits; In-clearing items (e.g., checks not presented for payment at a Salem Five location) post at night during nightly processing, in serial number order, including online bill payments that are issued as checks; *In-person transactions* (e.g., deposits, withdrawals, internal transfers, checks cashed, wire transfers, etc.) and internal transfers initiated via online banking will post as they are processed; *ATM and PIN-based debit card* transactions are posted in the order in which you initiated the transaction (please note that *signature-based debit card* transactions are processed in the order they were conducted based on the date and time provided to us by the merchant); *Transaction-related fees* (e.g., NSF fees) post at the time the transaction triggering the fee posts to your account (e.g., an NSF fee resulting from an ATM transaction that overdraws your account will post simultaneously with the transaction causing the overdraft); *Interest paid* to your account posts next, followed by *service fees/charges* occurring at the time of statement cycle/period.

We may change our posting order at any time. We will provide you with notice of any such changes as required by applicable law. The order in which items are authorized, received, processed and posted affects your available balance and may affect the total amount of Overdraft Fees or NSF Fees you incur. Your monthly account statement does not necessarily

report debit and credit transactions in the order that they were processed or posted to your account.

*Faulty Check Stock:* Checks you write may be converted into electronic images (truncated) during the check collection and return process. If you elect to have your checks printed by a vendor that has not been approved by us, or you use check stock or features (e.g., security features) that cause critical data to disappear or be obscured upon truncation, or you make your check out in a way (e.g., using a lightly colored ink) that causes critical data to disappear upon truncation, you agree to bear the risk of loss. You also agree to bear the risk of loss if you use check stock that contains printing inaccuracies, faulty magnetic ink, faulty encoding, or duplicate serial numbers.

*Defective Substitute Checks:* Checks you write may be converted during processing to Image Replacement Documents or “substitute checks.” If the Bank is presented with an item that purports to be a substitute check, but does not qualify as such due to an image defect, the Bank may pay the item if, in its discretion and judgment, the item appears to be “properly payable.”

*Overdrafts:* We may, at our sole discretion, pay or refuse to pay any item or execute any transfer request that would result in an overdraft to your account. If we honor a draft, check, withdrawal order, electronic funds order, or transfer request that exceeds your available balance, you agree to pay the amount of the overdraft immediately and without demand, plus any applicable fee. However, the honoring of one or more of your overdrafts does not obligate the Bank to honor any future overdrafts, and you should not rely on the Bank to honor an overdraft.

*Available Balance:* We use the “available balance” method to determine whether your account is overdrawn, that is, whether there is enough money in your account to pay for a transaction. Importantly, your “available” balance may not be the same as your account’s “actual” balance. This means an overdraft or an NSF transaction could occur regardless of your account’s actual balance. Your account’s actual balance (sometimes called the ledger balance) only includes transactions that have settled up to that point in time, that is, transactions (deposits and payments) that have posted to your account. The actual balance does not include outstanding transactions (such as checks that have not yet cleared and electronic transactions that have been authorized but which are still pending). The balance on your periodic statement is the ledger balance for your account as of the statement date.

As the name implies, your available balance is calculated based on the money “available” in your account to make payments. In other words, the available balance takes transactions that have been authorized, but not yet settled, and subtracts them from the actual balance. In addition, when calculating your available balance, any “holds” placed on deposits that have not yet cleared are also subtracted from the actual balance. Among the transactions that may impact your available balance are preauthorized holds placed on accounts by merchants in connection with debit card point-of-sale (POS) transactions. When you use your debit card to make a purchase, you authorize the merchant to ask us to approve the transaction. When we approve the transaction, we must promise the merchant to pay for the purchase upon the merchant’s request. We call this “authorizing” the transaction. Our decision to

authorize or decline the transaction is based on your account's available balance at the time of the request, plus, at our sole discretion, any available overdraft coverage. There is often a delay between the date we authorize a debit card transaction and the date the merchant submits it to us for payment (settlement). We place a hold on your account for any authorized debit card transaction at the time we authorize it, and the hold remains on your account until we pay it. The amount of this temporary hold may be more or less than the actual amount of your purchase when the merchant submits it to us for payment. Preauthorized holds will reduce your available balance at the time of the transaction even though the transaction may not settle until the next day or sometimes a few days later. A preauthorized hold can result in overdraft or NSF Fees if additional items are presented for payment that exceed the reduced available balance resulting from the preauthorized hold. A delay of one to a few days can occur between the merchant's authorization and final settlement of a POS transaction. Your account's available balance can decrease due to other intervening transactions and/or fees. Therefore, the POS transaction could exceed your account's available balance at the time of final settlement even if the available balance was sufficient to cover the transaction at the time it was authorized and may be assessed an overdraft fee.

You agree that it is your responsibility to keep track of your available balance as you make transactions in order to avoid overdrafts and fees. Your monthly account statement does not report the holds affecting your account on any given day; as a result, the daily balances reported in your statement may not reflect your available balance(s) occurring on that day. If you have questions about your statement or overdrafts you have incurred, visit one of our

branches or call (800) -850-5000 or (978) 745-5555.

*Re-presented Items:* If an item drafted by you (such as a check) or a transaction you set up (such as a preauthorized transfer) is presented for payment in an amount that is more than the amount of money available in your account, and we decide not to pay the item or transaction, you agree that we can charge you an NSF fee or Uncollected Funds fee for returning the payment. Be aware that such an item or payment may be presented for payment multiple times and that we do not monitor or control the number of times a transaction is presented for payment. You agree that we may charge you an NSF fee or Uncollected Funds fee each time a payment is presented if the amount of money available in your account is not sufficient to cover the payment, regardless of the number of times the payment is presented.

*Restrictive Legends:* We shall not be liable for payment of any check contrary to a restrictive legend, inscription, message, or other limitation contained in or on the check unless we have specifically agreed in writing to the restrictions or limitations.

*Loss or Theft of Checks:* You agree to report the loss or theft of any blank drafts or checks to the Bank immediately.

*Transaction Limitations:* If you have a savings or money market account you are limited by us to an aggregate of six preauthorized, automatic, or telephone transfers per calendar month from your account to another of your Salem Five deposit accounts or to third parties. If you exceed these limits, the Bank may assess a service fee and convert your account to a

transaction account. Withdrawals from savings by POS debit card are not permitted.

Withdrawals from passbook accounts will be permitted only upon presentation of the passbook.

Under F.D.I.C. regulations, we reserve the right to require seven days advance written notice prior to any withdrawal or transfer from your interest-bearing account, other than a term deposit account.

### **Transfers**

*By Wire:* External wire transfer requests must be submitted in person or submitted via the Bank's password-protected cash management system, and shall be limited to individuals authorized to perform such transfers, as provided to us by corporate resolution or other similar written directive by the governing body of the organization.

No payment order is accepted until executed by the Bank. The Bank reserves the right to refuse to accept any payment order. We will not be liable for any errors resulting from incorrect or inaccurate information you provide when authorizing a wire transfer. If you give us a payment order which identifies the beneficiary (the person or business to whom you are wiring funds) by both name and an identifying account number, payment may be made by the beneficiary's bank on the basis of the identifying account number, even if the number identifies a person other than the named beneficiary. If you give us a payment order that identifies an intermediary or beneficiary financial institution by both name and identifying routing number, we and a receiving institution may rely on the number even if it identifies a different financial institution than the one you named.

Foreign wire transfers will be sent and received at the then prevailing foreign exchange rates. The Bank is not and will not be responsible for fluctuation in these rates.

*By Phone:* Telephone transfers shall be limited to persons so authorized by written agreement. Customers authorized to perform transfers by phone shall be provided with a confidential personal identification number (“PIN”) by the Bank and will only be able to initiate transfers between accounts by using the PIN. You agree not to disclose your PIN(s) to any other persons. If you do, we will consider such person an authorized user and we will not be liable for any resulting transfers.

All transfer authorizations and all PINs shall continue in effect until cancelled by written notice by you to the Bank or by the Bank to you in the manner prescribed in the Bank’s Funds Transfer Agreement.

*Cutoff Times:* Incoming wire transfers to your account will be credited on the day of receipt if received by 4:00 P.M. on a business day. Wire transfers received after 4:00 P.M. will be credited on the next business day. Requests for external wire transfers from your account will be accepted for transfer on that business day until 3:00 P.M.

If permitted, requests by telephone for transfers between your accounts or the cancellation of such orders made directly to an appropriate Bank employee may be accepted until 5:00 P.M. on a business day. However, if a telephone transfer request is received by a Bank employee after 5:00 P.M., it may not be executed until the following business day. Telephone transfers you

make through Salem Five AccessLine will be posted immediately.

### **Notice of Transfers**

If we accept a transfer to or from your account that has been initiated by wire, through an ACH, by automatic transfer, or by your telephone call to the Bank, we will not provide you with a notice of such transfer except as an entry on your monthly statement. If you are expecting such a transfer, you may call us to verify the transaction. You agree to notify the Bank immediately of any discrepancies regarding the advice or transfer.

### **Notices and Statements**

All notices and statements will be sent to the last address you provided as maintained in our records. Any notice sent to you at that address will be presumed to have been received by you and will be binding on you for all purposes. You agree to promptly notify the Bank in writing of any change in your address. If notices or statements are returned to us undelivered, we may destroy them and discontinue further correspondence with you until notified by you in writing of a valid mailing address.

If your account includes check writing capability, your original checks will not be returned to you. Instead, we will send you images of the front of all checks paid during the statement period. Copies of the front and back of cancelled checks will be retained as required by law and are available for your review for six years from the date of the statement on which the paid check appeared. A fee will be charged for copies of checks you request in excess of 25 per year. The original checks will be destroyed within a reasonable period of time.

### **Examining Your Statement**

You are in the best position to discover a forged, unauthorized or missing signature or endorsement, a material alteration, a missing or diverted deposit, or any other error or discrepancy relating to a check, deposit, or other credit or debit entry to your account. Therefore, you should review your account statements for accuracy as soon as you receive them. Statements, including check images, will be deemed to correctly reflect all transactions posted to the account during the statement period unless you notify the Bank of an error or unauthorized transaction item or debit within 30 days after the statement date. If you call to report an error or unauthorized transaction, we may require that you confirm your notification in writing. Any written notice you send to the Bank will not be effective until receipt.

### **Inactive and Abandoned Accounts**

We are legally required to send funds from all “abandoned” accounts to the state treasurer’s office. The applicable state law under which abandonment is determined (and the state to which abandoned funds are sent) is usually the state listed in the address you have specified for the account. Typically, an account is considered abandoned when there has been no customer-initiated activity for the period of years specified in the state law and no contact by the customer during that time. Since abandonment is determined based on customer-initiated activity, actions by the Bank (such as paying interest or sending notices) do not keep an account from being deemed abandoned. We will attempt to notify you in writing at least 60 days prior to turning over the account to the state. Such notification will include instructions on how you may prevent remittance of the funds to the state. After we turn abandoned funds over to the state, we have no further liability to you for the funds.

You may be able to reclaim the funds by filing an application with the appropriate state agency

Unless prohibited by applicable law, we may charge an abandoned property administrative fee to your account to cover our costs of sending notices, processing the account, and remitting the funds to the state. Even if the time period for abandonment has not passed, if we consider your account to be inactive, we may stop sending statements, charge your account inactivity fees, and otherwise suspend activity on your account until you contact the Bank to reactivate the account. (Refer to our Fee Schedule.)

### **Closing of Accounts**

*By the Bank:* The Bank reserves the right to close an account or to refuse to do business with any customer at any time. We may close it without notice to you if we reasonably believe it will prevent loss to us or if you have violated this Agreement. If we close your account, we may return deposits, checks, and other items that we receive after your account is closed, even if doing so overdraws your account, without being liable to you.

The Bank has the right to close an account that has a 0.00 balance for at least 60 days.

*By You:* You may close your account at any time. However, if you close an interest-bearing account prior to the crediting of interest, you will not receive the accrued interest.

The closing of your account by you or the Bank will not release you from any fees or other obligations incurred before the closing, those you incur in the process of closing out your account, or your liability on outstanding items.

### **Your Liability for Disclosure**

If you voluntarily give information about your account (such as our routing number and your account number) to a person seeking to sell you goods or services, and you do not physically deliver a check to that person, any debit to your account initiated by that person to whom you gave the information is deemed authorized.

### **Stopping Payment**

You may request a stop payment on a check or draft drawn on your checking or money market deposit account that has not already been paid or certified or on an automated clearing house (ACH) payment that has not yet been presented. A fee will apply for this service, as indicated on the *Business Banking Fee Schedule*. We must have a reasonable time to act on your stop payment request after we receive it.

Unless you notify us within 14 days of your request that the information on the stop order confirmation is incorrect, we will assume your confirmation and, unless you subsequently revoke the stop order in writing, we will continue to honor your request for 6 months from the date of your request, after which you may renew it by notice to us, for an additional fee.

Your stop payment order must be accurate and contain the exact amount, date, and number of the check (if applicable), and the name of the payee. The Bank will not be responsible if the information you give is incorrect or if you fail to give any other information required to identify the check or draft or other payment order with reasonable certainty and the stop payment cannot be completed.

If you have authorized the conversion of your check to an electronic transaction or if you have

authorized the assessment of a fee by the payee for the re-presentation of your check as an electronic transaction, you must tell us so at the time you request that payment be stopped on your check. (Your authorization for these electronic transactions may be implied by the merchant's or other payee's notice to you at the time you offer the check.)

If you order us to stop payment on an ACH transaction you have previously authorized, your stop order will be honored indefinitely.

To stop a payment you have previously authorized through Salem Five Online Banking or Salem Five Web Cash Manager, please refer to the instructions and agreements provided with those products.

### **Stale or Postdated Checks**

The Bank reserves the right, in its sole discretion, to pay or dishonor a check, other than a certified check, presented for payment more than 6 months after its date. You may not date a check with a date later than the day on which the check is written. If you do, you agree to notify the Bank in writing at least 3 business days prior to its presentment.

### **Legal Process**

We may accept and comply with any legal process that we believe to be valid and binding, without any liability by us to you, regardless of the method or place of service of such process. "Legal process" includes a writ of attachment, execution, garnishment, tax withholding order, levy, restraining order, subpoena, warrant, injunction, search warrant, or other similar order. We generally give you notice of our receipt of legal process involving your account, but we are not required to give you notice and will not do so if prohibited by law. We will hold

and turn over funds to the court or creditor as directed by the legal process. We do not pay interest on the funds during the period we hold them. If we use funds from a time deposit account (CD), we may impose an early withdrawal penalty.

### **Right of Set-Off**

The Bank reserves the right of set-off, which means that under most circumstances, we have the right to use funds in your deposit accounts to pay any debts or amount you owe us, whether or not they are then due, and even if withdrawal results in an interest penalty or dishonor of subsequent checks.

For accounts that are jointly held, or held in the name of a partnership, the Bank may exercise its rights against the entire balance to pay the individual debts of any owner of the account or any partner. Each joint owner or partner agrees that the Bank may use the funds in his or her individual accounts to satisfy obligations of the joint or partnership account. Any garnishment or levy against your account is subject to the Bank's right of set-off and any security interest the Bank may have. In addition to any right of set-off, you hereby grant to the Bank a security interest in your deposit accounts to secure all loans or other extensions of credit, now or in the future.

### **Expense Reimbursement**

If you fail to pay an amount owed to us, you will be liable to pay any expenses reasonably incurred by the Bank in the collection of said amount, including attorneys' fees.

You also agree to be liable to the Bank for any loss, costs, or expenses, including, without limitation, reasonable attorneys' fees, that the Bank incurs as a result of any dispute involving

your account or any actions taken by you or a third party with respect to the account, that causes the Bank, in good faith, to seek the advice of counsel, and you authorize the Bank to deduct any such loss, costs, or expenses from your account without prior notice to you. This obligation applies to disputes between you and the Bank involving your account and situations where the Bank becomes involved in disputes between you and an authorized signer, another joint owner, or a third party claiming an interest in the account.

This provision will survive the closing of your account.

### **Prohibition Against Illegal Use**

You may not use your account or any other financial service we provide for any illegal purpose, including, but not limited to, the origination, receipt, or processing of illegal Internet gambling transactions, and activities in violation of United States economic sanctions laws and regulations, including regulations issued by the Office of Foreign Assets Control ("OFAC"). You agree to indemnify and to hold us harmless from any and all actions arising out of your illegal use of your account or our services.

### **Amendment**

We reserve the right to modify or amend this Agreement at any time and we will notify you as required by law prior to any such changes that would adversely affect your account. If you continue to use your account or keep it open after the effective date of the change, you accept and agree to the change.

### **Fees and Charges**

Your account will be subject to service charges and fees as set forth in our Business Banking

Fee Schedule in effect from time to time. A then current fee schedule will be provided at account opening and a current schedule is available at any branch office or by phoning the Bank. Any fees may be deducted against funds already or later on deposit. Fees and service charges may change from time to time.

## **FUNDS AVAILABILITY POLICY**

Our general policy is to make funds from your deposits available to you on the first business day after the day we receive your deposit. At that time, you may withdraw the funds in cash and we will use the funds to pay checks that you have written. For determining the availability of your deposits at a branch, every day is a business day, except Saturdays, Sundays, and federal and Massachusetts holidays. If you make a deposit on a non-business day, we will consider that the deposit was made on the next business day.

ATM deposits have a daily settlement time of 3:30 P.M. ATM deposits made *before* settlement Monday through Friday are available on the next business day. Deposits made after settlement and deposits on a Saturday, Sunday or federal holiday are available on the second business day following the day of deposit. All times are Eastern Time.

### **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. If delayed, these funds will generally be available no later than the second business day after the day of deposit. However, the first \$225

of your deposits will be available on the first business day after the day of your deposit.

If we are not going to make all of the funds from your deposit available on the first business day, we will notify you at the time you make your deposit. We will also tell you when the funds will be available. If your deposit is not made directly to one of our tellers, or if we decide to take this action after you have left the 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 will need the funds from the deposit right away, you should ask us when the funds will be available.

In addition, funds you deposit by check may be delayed for a longer period under the following circumstances:

- . We believe a check you deposit will not be paid.
- . You deposit checks totaling more than \$5,525 on any one day.
- . You redeposit a check that has been returned unpaid.
- . You have overdrawn your account repeatedly in the last six months.
- . 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 will tell you when the funds will be available. They will generally be available no later than the fifth business day after the day of your deposit.

We may, from time to time, temporarily suspend the processing of an ACH deposit received from or through another country (“IAT”) for further investigation; this additional required handling

may delay settlement until the investigation is completed.

### **Holds on Other Funds**

If we cash a check for you that is drawn on another bank, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it.

If we accept for deposit a check that is drawn on another bank, we may make funds from the deposit available for withdrawal immediately by delaying your availability to withdraw a corresponding amount of funds that you have on deposit in another account with us. The funds in the other account would then not be available for withdrawal until the time periods that are described elsewhere in this disclosure for the type of check that you deposited.

### **Special Rules for New Accounts**

If you are a new customer, the following rules may apply during the first 30 days the account is open.

Funds from electronic direct deposits to your account will be available on the day we receive the deposit. The first \$5,525 from a deposit of U.S. Treasury checks and checks drawn on a Federal Reserve Bank or Federal Home Loan Bank will be available on the first business day after the day of deposit. The excess over \$5,525 will be available on the fifth business day after the day of your deposit. Funds from wire transfers into your account will be available on the first business day after the day we receive the transfer.

Funds from deposits of cash and the first \$5,525 of a day’s total deposits of cashier’s checks, certified checks, teller’s checks, money orders, traveler’s checks, and Massachusetts 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 check must be payable to you. The excess over \$5,525 will be available on the fifth business day after the day of your deposit. If you do not make the deposit in person to one of our tellers, the first \$5,525 will not be available until the second business day after the day of your deposit.

Funds from all other check deposits will be available on the fifth business day after the day of your deposit.

PLEASE NOTE: This Funds Availability Policy will not affect our right under this Agreement to charge back to your account, or otherwise obtain a refund from you, for any item that is not finally paid for any reason.

### **Transferability**

Your deposit account is nontransferable except on the books of the Bank. No account may be pledged or assigned to a third party except with the prior written consent of the Bank. We may refuse to acknowledge a pledge or assignment of an account or purported security interest in an account. If you transfer or assign your interest, your successors and assigns are bound by this Agreement.

### **Information Regarding Interest-Bearing Accounts**

The interest rates on all Salem Five interest-bearing business checking accounts, savings, and money market accounts are variable and subject to change without prior notice. The

interest rates on certificates of deposit (“CDs”) are fixed unless otherwise disclosed. The interest rate offered is generally subject to change weekly, but the Bank reserves the right to adjust it more frequently should market conditions require.

*Frequency of Compounding Interest:* Unless otherwise disclosed, interest is not compounded (simple interest) on CDs with maturities of less than one year. Interest is compounded monthly on other Salem Five interest-bearing deposit products. Interest is calculated based on the exact number of days in a month.

*Early Withdrawal Penalties:* Unless otherwise disclosed, you will be subject to a substantial penalty for early withdrawals from CDs. Consult a Bank representative for further details.

*Notice of Approaching Maturity Date:* For CDs with terms greater than 31 days, notification will be sent prior to the maturity date. You will have a grace period of 10 calendar days after maturity to renew the CD, withdraw the funds, or transfer the funds to another account without penalty. Interest will not be paid on the CD during the grace period unless it is renewed as of the maturity date.

If you do not instruct us in writing as to the handling your CD on or prior to the maturity date, we will renew the CD for either the same term as your original CD or the closest available term. The interest rate for the renewed CD will be the interest rate we then offer on CDs of similar terms and amounts on the maturity date, excluding all special rate CDs that are maybe then offered.

### **Electronic Communications**

If you are an Online Banking or Salem Five Web Cash Manager customer, you agree that we may communicate with you by electronic means. This means that we may send you electronic messages regarding your account or the services. These messages may include any disclosures required by applicable federal or state law or regulation. You should check your electronic messages on the services frequently in order to ensure that you have received any important information about your account or the services. You will be deemed to have received any information, including any required disclosure, as of the date we transmit such information.

### **Telephone Communications**

You authorize us (and our affiliates, agents and contractors) to contact you at any number you provide to us, from which you call us, or at which we believe we can reach you, and that we may contact you for any reason, including, regarding any request you make for a loan or other product, to service or collect on every account you currently have with us or may have with us in the future and regarding any other products or services we are providing to you or which we provide to you in the future. You authorize us to contact you in any manner, including by means of automated dialing devices, prerecorded messages, wireless push notifications, or text messages, even if you are charged for receiving the communication and even if you will receive the communication on a mobile or wireless device. You agree that such calls are not unsolicited and that we may monitor and/or record them.

### **Waiver and Severability**

The Bank reserves the right to waive the enforcement of any of the terms of this Agreement with you with respect to any

transaction or series of transactions. Any such waiver will not affect the right of the Bank to enforce any of its rights with respect to other customers, or to enforce any of its rights with respect to later transactions with you and will not modify the terms and conditions of this Agreement.

A determination that any part of this Agreement is invalid or unenforceable will not affect the remainder of this Agreement.

### **Limitation of Liability**

Reasonable care will be taken with respect to all transactions. The Bank will not be liable for any loss to you that results from an error in or failure to make a transfer when such error or failure is a result of circumstances beyond our reasonable control, including but not limited to: natural disaster; fire; equipment failure; loss of electric power, communications, or transport; or unforeseen emergency or other cause outside the Bank’s control. The Bank will not be liable for any loss or delay except such as shall be the result of the Bank’s negligence. Except as may be limited by applicable law, we are not liable for any incidental, exemplary, special, consequential, or punitive damages, including, but not limited to, lost profits.

### **Governing Law**

Your deposit accounts, the services we provide in connection with them, and all the agreements between you and us relating to those accounts and services will be governed by federal laws and by the laws of the state in which the account was opened. An account opened online or through any other electronic access we make available will be deemed to have been opened in the Commonwealth of Massachusetts. If there is any conflict between our agreements and applicable federal and state laws, the affected

agreements will be considered changed to the extent necessary to comply with those laws.

### Arbitration Provision

Salem Five Bank is committed to resolving disputes fairly. We are able to resolve most issues quickly if you contact our Customer Contact Center at 800-850-5000. In the unlikely event we are unable to resolve the matter in a manner that is satisfactory to you, you and Salem Five Bank agree to the following dispute resolution process:

READ THIS ARBITRATION PROVISION CAREFULLY. THIS ARBITRATION PROVISION WILL GOVERN ANY AND ALL CLAIMS AND DISPUTES ARISING IN CONNECTION WITH YOUR ACCOUNT AND WILL HAVE A SUBSTANTIAL IMPACT ON THE WAY WE OR YOU WILL RESOLVE ANY SUCH CLAIMS AND DISPUTES, NOW OR IN THE FUTURE, IF YOU DO NOT REJECT ARBITRATION IN ACCORDANCE WITH SUBSECTION A BELOW. IF YOU DO NOT REJECT THIS ARBITRATION PROVISION, EITHER WE OR YOU CAN REQUIRE INDIVIDUAL ARBITRATION OF ANY CLAIM SUBJECT TO ARBITRATION AND YOU WILL NOT HAVE THE RIGHT TO PURSUE SUCH CLAIM BY BRINGING OR PARTICIPATING IN ANY CLASS ACTION OR SIMILAR PROCEEDING, IN COURT OR IN ARBITRATION. CLAIMS SUBJECT TO ARBITRATION INCLUDE ANY CLAIM

BETWEEN YOU AND US REGARDING YOUR ACCOUNT, EXCEPT FOR CERTAIN "EXCLUDED CLAIMS" AS DEFINED BELOW IN SECTION c.

**a. Your Right to Reject Arbitration.** If you do not want this Arbitration Provision to apply to your Account, you may reject arbitration by mailing us a written rejection notice which gives your name(s) and Account number(s) and contains a statement that you (or all of you, if more than one) reject arbitration of disputes concerning your Account. The rejection notice must be signed by all account holders and must be sent by first class mail to: Salem Five Bank, Attn: Contact Center, 210 Essex Street, Salem, MA 01923. A rejection notice is only effective if it is signed by you (both or all of you, if more than one owner) and if we receive it within thirty (30) days after the day you open your Account or, if you are receiving this Arbitration Provision in conjunction with an amendment to your existing Account then we must receive it within thirty (30) days from the effective date of such amendment. If you have more than one Account, you must specify in your rejection notice all of the Account numbers to which you want the rejection notice to apply.

**b. Parties Subject to Arbitration.** Solely as used in this Arbitration Provision: (i) the terms "we," "us" and "our" include: (A) Salem Five Bank, its parents, subsidiaries and affiliates, their successors, if any, and the employees,

officers, directors and controlling persons of all such companies and banks (the "Bank Parties"); and (B) any other person or company who provides any services in connection with your account if you assert a Claim against such other person or company at the same time you assert a Claim against any Bank Party; and (ii) the terms "you" and "your" include: (A) each holder or owner of the Account, each person who signs a signature card for the account, and their respective heirs, successors, representatives and beneficiaries (including pay-on-death and similar beneficiaries); and (C) the term "Account" includes the Account established by this Business Banking Services Agreement and any updated or substitute Account for the same account holders, whether or not you execute a new or substitute signature card for the Account.

**c. Covered Claims.** (i) "Claim" means any claim, dispute or controversy between you and us, other than an Excluded Claim, that in any way arises from or relates to this Agreement, your Account, any ATM Card, Debit Card or similar card, any Substitute Check, any Account transaction or attempted transaction (including deposits, payments, transfers and withdrawals, whether by check, card, ACH or otherwise), any form of overdraft protection, overdraft line of credit or overdraft transfer agreement, insufficient funds and overdraft items, and the advertising, disclosures, practices and procedures related to the foregoing, if such claim, dispute or controversy cannot be resolved

without a lawsuit or arbitration proceeding. "Claim" includes disputes arising from actions or omissions prior to the date of the Agreement (and/or prior to the time this Arbitration Provision becomes part of the Agreement). "Claim" has the broadest reasonable meaning, and includes initial claims, counterclaims, cross-claims and third-party claims. It includes disputes based upon contract, tort, consumer rights, fraud and other intentional torts, constitution, statute, regulation, ordinance, common law and equity (including any claim for injunctive or declaratory relief). (ii) "Excluded Claim" means: (A) any dispute about the validity, enforceability, coverage or scope of this Arbitration Provision or any part thereof (including, without limitation, subsection g, captioned "Prohibition Against Certain Proceedings" (the "Class Action Waiver"), the final sentence in subsection m, captioned "Severability," and/or this sentence); (B) if this Arbitration Provision was not part of this Agreement at the time you opened your Account, any claim asserted by you or asserted on your behalf in any lawsuit that was ongoing at the time we sent you notice of the change in this Agreement adding this Arbitration Provision; and (C) any individual claim that you bring against us in small claims court so long as that Claim is not transferred, removed or appealed to a different court (in which event such claim becomes a "Claim" and we then have the right to demand arbitration). Any Excluded

Claim is for a court and not an arbitrator to decide.

**d. Electing Arbitration.** To the extent permitted by the Federal Arbitration Act (the "FAA") and any other applicable law, arbitration may be elected by either party with respect to any Claim, even if that party has already initiated a lawsuit with respect to a related or different Claim. Arbitration is elected by giving a written demand for arbitration to the other party, by filing a motion to compel arbitration in a Massachusetts court or by initiating an arbitration against the other party.

**e. Choosing the Administrator.** "Administrator" means the American Arbitration Association ("AAA"), [www.adr.org](http://www.adr.org) and 1-800-778-7879; JAMS, [www.jamsadr.com](http://www.jamsadr.com) and 1-800-352-5267; or any other company selected by mutual agreement of the parties. If both AAA and JAMS cannot or will not serve and the parties are unable to select an Administrator by mutual consent, the Administrator will be selected by a court. The arbitrator will be appointed by the Administrator in accordance with the rules of the Administrator. Notwithstanding any language in this Arbitration Provision to the contrary, no arbitration may be administered, without the consent of all parties to the arbitration, by any Administrator that has in place a policy that is inconsistent with the Class Action Waiver.

**f. Court and Jury Trials Prohibited; Other Limitations on Legal Rights.** FOR CLAIMS SUBJECT TO ARBITRATION, YOU WILL NOT HAVE THE RIGHT TO PURSUE THAT CLAIM IN COURT OR HAVE A JURY DECIDE THE CLAIM. ALSO, YOUR ABILITY TO OBTAIN INFORMATION FROM US MAY BE MORE LIMITED IN AN ARBITRATION THAN IN A LAWSUIT. OTHER RIGHTS THAT YOU WOULD HAVE IF YOU WENT TO COURT MAY ALSO NOT BE AVAILABLE IN ARBITRATION.

**g. Class Action and Class Arbitration Waiver.** NOTWITHSTANDING ANY OTHER LANGUAGE IN THIS ARBITRATION PROVISION TO THE CONTRARY, FOR CLAIMS SUBJECT TO ARBITRATION: (1) YOU MAY NOT PARTICIPATE IN A CLASS ACTION IN COURT OR IN A CLASSWIDE ARBITRATION, EITHER AS A PLAINTIFF, CLASS REPRESENTATIVE OR CLASS MEMBER; (2) YOU MAY NOT ACT AS A PRIVATE ATTORNEY GENERAL IN COURT OR IN ARBITRATION; (3) CLAIMS BROUGHT BY OR AGAINST YOU MAY NOT BE JOINED OR CONSOLIDATED WITH CLAIMS BROUGHT BY OR AGAINST ANY OTHER PERSON; AND (4) THE ARBITRATOR SHALL HAVE NO POWER OR AUTHORITY TO CONDUCT A CLASS-WIDE ARBITRATION, PRIVATE ATTORNEY GENERAL ARBITRATION OR MULTIPLE-PARTY ARBITRATION. This

Subsection (g) does not apply to any lawsuit or administrative proceeding filed against us by a state or federal government agency even when such agency is seeking relief on behalf of a class of individuals including you. This means that we will not have the right to compel arbitration of a claim brought by such an agency.

**h. Location and Costs of Arbitration.** Any in-person arbitration hearing must be at a venue situated in Essex County, in the Commonwealth of Massachusetts. The party initiating the arbitration (or appeal of the first arbitration award) shall pay the initial filing fee. If you file the arbitration and an award is rendered in your favor, we will reimburse you for your filing fee. All fees and costs will be allocated in accordance with the rules of the arbitration forum. However, we will advance or reimburse filing and other fees if the arbitrator rules that you cannot afford to pay them or finds other good cause for requiring us to do so; or if you ask us in writing and we determine in good faith there is a justifiable reason for doing so. Each party shall bear the expense of their respective attorneys, experts, and witnesses and other expenses, regardless of who prevails, but the arbitrator will have the authority to award reasonable attorneys and expert witness fees and costs to the extent permitted by this Agreement, the forum's rules, or applicable law.

**i. Governing Law.** You and we agree that our relationship arising from this Agreement is

governed by Federal and Massachusetts law. The arbitrator may award any remedy provided by the substantive law that would apply if the action were pending in court. At the timely request of either party, the arbitrator must provide a brief written explanation of the basis for the award.

**j. Right to Discovery.** In addition to the parties' rights to obtain discovery pursuant to the Administrator's rules, either party may submit a written request to the arbitrator to expand the scope of discovery normally allowable under such rules.

**k. Arbitration Result and Right of Appeal.** Judgment upon the arbitrator's award may be entered by any court having jurisdiction. The arbitrator's decision is final and binding, except for any right of appeal provided by the FAA. Notwithstanding the foregoing, if the amount of the Claim exceeds \$50,000 or involves a request for injunctive or declaratory relief that could foreseeably involve a cost or benefit to either party exceeding \$50,000, any party can, within 30 days after the entry of the award by the arbitrator, appeal the award to a three-arbitrator panel administered by the Administrator. The panel shall reconsider anew any aspect of the initial award requested by the appealing party. The decision of the panel shall be by majority vote. Reference in this Arbitration Provision to "the arbitrator" shall mean the panel if an appeal of the arbitrator's

decision has been taken. The costs of such an appeal will be borne in accordance with subsection (h) above.

**l. Rules of Interpretation.** This Arbitration Provision shall survive the closing of the Account, any legal proceeding and any bankruptcy to the extent consistent with applicable bankruptcy law. In the event of a conflict or inconsistency between this Arbitration Provision and either the Administrator's arbitration rules or the other provisions of this Agreement, this Arbitration Provision shall govern.

**m. Severability.** If any portion of this Arbitration Provision, other than the Class Action Waiver, is deemed invalid or unenforceable, the remaining portions shall nevertheless remain in force. If a determination is made that the Class Action Waiver is unenforceable, this Arbitration Provision shall be null and void, provided that the determination concerning the Class Action Waiver shall be subject to appeal.

**n. Notice and Cure.** Prior to asserting a Claim in litigation or arbitration, the party desiring to assert the Claim (the "Claimant") shall give the other party (the "Potential Defendant") written notice of the Claim (a "Claim Notice") and a reasonable opportunity to resolve the Claim. The resolution period shall be at least 30 days except for Claims requiring

some form of expedited injunctive relief in a shorter period. Any Claim Notice to you shall be sent in writing to the current address we have for you in our records. Any Claim Notice to us shall be sent by first class mail to: Salem Five Bank, Attn: Contact Center, 210 Essex Street, Salem, MA 01923 (or any updated address we subsequently provide). If there are multiple parties on your Account, any Claim Notice may be sent by or to any of you. Any Claim Notice you send must provide your name and Account number, as well as your address and a phone number where you can be reached during normal business hours. Any Claim Notice must explain the nature of the Claim and the relief that is demanded. A Claim Notice from us may be in the form of a collection letter or a notice demanding payment of a negative balance under the Account. You may only submit a Claim Notice on your own behalf and not on behalf of any other party. If a third party submits a Claim Notice on your behalf the third party must provide sufficient proof of his, her or its authority to act on your behalf. The Claimant must reasonably cooperate in providing any information about the Claim that the Potential Defendant reasonably requests. If a Claimant fails to comply with the requirements of this subsection, the Potential Defendant may seek an order requiring the Claimant to comply before the Claimant further pursues the Claim.

If: (i) you submit a Claim Notice on your own behalf in accordance with, and in compliance with, this section; (ii) you cooperate with us by promptly providing the information we reasonably request; (iii) we refuse to provide you with the relief you request; and (iv) the dispute proceeds to arbitration and an arbitrator subsequently determines that you were entitled to such relief (or greater relief), the arbitrator shall award you at least \$3,000 and will also require us to pay any other fees and costs to which you are legally entitled. We encourage you to address all Claims you have in a single Claim Notice and/or a single arbitration. This \$3,000 minimum award is a single award that applies to all Claims you have asserted or could have asserted in the arbitration, and multiple awards of \$3,000 are not contemplated by this subsection.