Mobile Check Deposit/Capture Service Terms and Conditions

a. **Mobile Check Deposit/Capture Service.** Qualstar's Check Deposit/Capture service allows you to make deposits to your accounts using compatible and supported mobile phones and/or other compatible and supported Mobile Devices. You must designate a Credit Union savings, checking or loan account as the settlement account to be used for the purposes of settling, in aggregate, the financial transactions requested in connection with a Deposit/Capture service. The Credit Union shall provide you with details of the specific transactions, reported similarly as other transactions may be done, that were a result of access to the service.

b. **Your Responsibility for Mobile Check Deposit/Capture Services.**

i. **Funds Availability.** Funds from items deposited through an electronic Deposit/Capture service will be available no later than the day the item clears, unless a hold is placed. There may be additional holds on deposited items as set forth in the Credit Union's Funds Availability disclosure, as amended from time to time, which is incorporated herein by reference. For purposes of determining the availability of funds, checks deposited by an electronic Deposit/Capture service are considered received by the Credit Union when the checks have cleared and funds are available to the Credit Union. You agree that the scanning and transmitting of checks does not constitute receipt by Credit Union. Acknowledgment of receipt or delivery does not constitute an acknowledgment by Credit Union that the transmission of a check or items does not contain errors or that funds will be available.

ii. **Deposit Acceptance.** You agree that Credit Union may at any time, in its sole discretion, refuse to accept deposits of Checks from you by an Deposit/Capture service. In the event that a Deposit/Capture service is interrupted or are otherwise unavailable, you may deposit checks in-person at a Credit Union branch or via night drop or mail or other contractually acceptable method.

iii. **Responsibility for Scanning.** You are solely responsible for scanning deposit items, accessing the service from the Credit Union and for maintaining your mobile device. You are responsible for the payment of all telecommunications expenses associated with the service. Credit Union shall not be responsible for providing or servicing any scanning equipment or mobile devise of yours.

iv. **Deposit Requirements.** You agree that you will only use a Deposit/Capture service to deposit checks drawn on financial institutions within the United States. You must deposit checks not falling within this requirement in person, using a night drop facility or by U.S. Mail. You agree that each check you submit for deposit through a Deposit/Capture service will meet image quality requirements that we may publish from time to time. The following restrictive endorsement is required on the back of each check submitted via electronic deposit: *For Mobile Deposit Only at Qualstar CU.*

v. **Check Retention & Destruction.** You understand and agree that all deposit items belong to you and not to Credit Union and that those items shall be handled in accordance with this Agreement. After receipt by Credit Union of any transmission by you of imaged items for deposit to your account, Credit Union will acknowledge by electronic means its receipt of such electronic transmission. Your electronic transmission is subject to proof and verification. You shall retain the original of all imaged items that have been deposited via Remote Deposit for reasonable period of time in order to verify settlement and credit or to balance periodic statements, but in no case beyond ninety (90) days from the date processed, and shall properly destroy and dispose of such original checks after such time. During the period that you maintain the original checks, you understand and agree that it must use a high degree of care to protect these original checks against security risks. These risks include, without limitation, (i) theft or reproduction of the original checks (including by employees) for purposes of presentment for deposit of these original checks (i.e., after the original checks have already been presented for deposit via the Mobile Check Deposit/Capture service) and (ii) unauthorized use of information derived from the original checks. When you destroy and dispose of, the original checks pursuant to the requirements of this Agreement, you understand and agree that it must use a high degree of care when selecting and implementing destruction and disposal procedures. Among other things, these procedures must be designed to ensure that the original checks are not accessed by unauthorized persons during the destruction and disposal process and, once destroyed, the original checks are no longer readable or capable of being reconstructed (e.g., through the use of competent shredding equipment.)

vi. **Financial Responsibility.** You are solely and exclusively responsible for any and all financial risks, including, without limitation, insufficient funds, associated with accessing the service. The Credit Union shall not be liable in any manner for such risk

unless Credit Union fails to follow the procedures described in materials for use of the service. You assume exclusive responsibility for the consequences of any instructions it may give to the Credit Union, for your failure to access the service properly in a manner prescribed by the Credit Union and for your failure to supply accurate input information.

vii. **Account Reconciliation.** You will verify and reconcile any out-of-balance condition, and promptly notify the Credit Union of any errors within the time periods established in the Help File (exclusive of weekends and applicable holidays) after receipt of the applicable detail report from the Credit Union. If notified within such period, the Credit Union shall correct and resubmit all erroneous files, reports, and other data at the Credit Union's then standard charges, or at no charge, if the erroneous report or other data directly resulted from the Credit Union's error.

c. **Conditions & Limitations of Mobile Check Deposit/Capture Service.**

i. **Deposit Prohibitions.** Altered/fraudulent checks will not be accepted. In addition, you shall not deposit, or attempt to deposit, or allow others, either directly or indirectly, to deposit, or attempt to deposit, by any means (i) any Substitute Check, the original of which has already been deposited, (ii) any image of a check that has already been deposited either as an original or as a substitute check, or (iii) any original check, the Substitute Check of which has already been deposited, or (iv) checks older than 6 months, or (v) post-dated checks, or (vi) third party checks. In the event that the you or any third party, transmits, or attempts to transmit, a deposit in violation of this subsection you agree to defend, indemnify, and hold Credit Union and its agents harmless from and against all liability, damage and loss arising out of any claims, suits, or demands brought by third parties with respect to any such item. You agree that the aggregate amount of any items which are deposited more than once will be debited from your account, and to the extent funds in your account are insufficient to cover such amount, any balance shall be debited by Credit Union from any other deposit accounts with Credit Union in its sole discretion. You further acknowledge that you (and not the Credit Union) are responsible for the processing and handling of any original items, which are imaged and deposited utilizing the service and you assume all liability to the drawer of any item imaged using the service or liability arising from the Credit Union's printing of any substitute check from those images.

ii. **Your Representations and Warranties.** You represent and warrant: (i). that you will comply with all federal and state laws, and rules and regulations applicable to Deposit/Capture transactions, including those of the National Automated Clearing House for ACH transactions;(ii) that all Checks scanned through image transport are made payable to you;(iii) that all signatures on each check are authentic and authorized; and (iv) that each check has not been altered. In the event you breach any of these representations or warranties, you agree to defend, indemnify and hold Credit Union and its agents harmless from and against all liability, damages and loss arising out of any claims, suits or demands brought by third parties with respect to any such breach. You further authorize the Credit Union to charge your account for the amount of any such demand, claim or suit that constitutes a breach of warranty claim under the provisions of the Uniform Commercial Code.

d. **Credit Union's Obligations.**

i. **Financial Data.** We will transmit all the financial data under its control required to utilize the service selected by you and to act on appropriate instructions received from you in connection with such service. We shall exercise due care in seeking both to preserve the confidentiality of the username, account number, password, test key, or other code or identifier and to prevent the use of the service by unauthorized persons (and in this connection it is understood and agreed that implementation by the Credit Union of its normal procedures for maintaining the confidentiality of information relating to you, and where practicable the obtaining by the Credit Union from any third parties engaged in the installation, maintenance and operation of the system of similar undertakings, shall constitute fulfillment of its obligation to exercise due care. We will retain any substitute checks we generate for seven (7) years.

ii. **Exception Items.** When we review and process your electronic file, we may reject any electronic image that we determine to be ineligible for the service ("Exception Item") including, without limitation, electronic images of items drawn on banks located outside the United States, items drawn on U.S. Banks in foreign currency, electronic images that are illegible (due to poor image quality or otherwise), electronic images of items previously processed, electronic images previously converted to substitute checks, and electronic images with unreadable MICR information. We will notify you of any Exception Items. You agree that if you wish to attempt to deposit any Exception Item to any account with Credit Union, you shall only do so by depositing the original item on which the Exception Item is based. You acknowledge and agree that even if Credit Union does not initially identify an electronic image as an Exception Item, the substitute check created by us may nevertheless be returned to us because the electronic image is deemed illegible by a paying bank.

iii. **Disclaimer of Warranties.** YOU ACKNOWLEDGE THAT THE SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. THE CREDIT UNION IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS IN OR TO ANY INFORMATION RESULTING FROM

YOUR USE OF THE SERVICE. THE CREDIT UNION MAKES NO AND EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE SERVICE INCLUDING THE WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CREDIT UNION DISCLAIMS ANY WARRANTIES REGARDING THE OPERATION, PERFORMANCE OR FUNCTIONALITY OF THE SERVICE (INCLUDING, WITHOUT LIMITATION, THAT THE SERVICE WILL OPERATE WITHOUT INTERRUPTION OR BE ERROR FREE). YOU FURTHER ACKNOWLEDGE THAT THERE ARE CERTAIN SECURITY, CORRUPTION, TRANSMISSION ERROR AND ACCESS AVAILABILITY RISKS ASSOCIATED WITH USING OPEN NETWORKS SUCH AS THE INTERNET AND/OR TELECOMMUNICATION LINES OR CIRCUITS. YOU ASSUME ALL RISKS RELATING TO THE FOREGOING.