

# Agreement for Deposit

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## BUSINESS ACCOUNTS

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Effective May 2022 | Member FDIC |  Equal Housing Lender  
[1stsource.com](https://www.1stsource.com)

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## **Welcome to 1st Source Bank**

Thank you for choosing to bank with us.

This *Agreement for Deposit – Business Accounts* outlines the terms of your business deposit accounts with 1st Source Bank, including checking accounts, savings accounts, money market accounts, and certificates of deposit. We recommend that you read this information and keep it with your other account documents.

Please contact us if you have questions. In person, over the phone, online or by email – we're pleased to help.

Find a convenient banking center: [1stsource.com/locations](https://1stsource.com/locations)

1st Source Customer Service Center: 800-513-2360

Live Online Chat: [1stsource.com](https://1stsource.com)

Email us: [1stsource@1stsource.com](mailto:1stsource@1stsource.com)

Please don't include confidential or sensitive information such as account numbers, passwords, PINs, or personal information in your email.

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## DEPOSIT ACCOUNT AGREEMENT

This Deposit Account Agreement (“Agreement”) is the contract that governs your business deposit account.

This document is the basic agreement between you and 1st Source Bank. By signing a signature card or submitting a business account application, or by using any of our business deposit account services, you and anyone else identified as an owner of, or signer on, the account agree to the terms in this Agreement. If you have a product that is not a deposit account, such as a prepaid card or credit card, this Agreement does not apply to that product. Also, other products or services, such as online banking, may have additional agreements. A more specific agreement takes precedence over this one if there is a conflict in their terms.

This Agreement also refers to and includes other disclosures we may provide to you, including (1) product information, (2) rate information, (3) banking services and fees, and (4) other disclosures, agreements, and amendments that we may provide to you online. A copy of the Bank’s *Fee Schedule for Business Accounts* is available online at [1stsource.com/disclosures](http://1stsource.com/disclosures). All may contain information on fees that apply to your accounts. Products or services as well as associated fees, charges, interest rates and balance requirements may differ among different geographic locations. Not all products or services, including check cashing, are offered at all locations. Please retain this Agreement. Feel free to ask any questions you may have by calling the 1st Source Customer Service Center at 800-513-2360, visiting any one of our banking centers or directing your questions in writing to: 1st Source Bank, Branch Administration, P.O. Box 1602, South Bend, IN 46634.

You may also email us at [1stsource@1stsource.com](mailto:1stsource@1stsource.com). Please don’t include confidential or sensitive information such as account numbers, passwords, PINs, or personal information in your email.

### I. DEFINITIONS

In this Agreement, terms such as “we,” “us,” “our” and “the Bank” refer to 1st Source Bank, its parent company and its subsidiaries. “You” and “your” refer to the depositor or, where applicable, co-depositors. The following terms are also used in this Agreement.

**Account:** Any deposit account, such as a checking or savings account, you have with us that is covered by this Agreement.

**ACH (Automated Clearing House):** ACH, which is also referred to as automatic payments, are funds transferred to or from your account through an automated clearing house network. Common examples include paying vendors and receiving payments from clients and customers.

**APY:** Annual percentage yield.

**ATM (Automated Teller Machine):** An electronic device that performs many banking services, which can include withdrawals, deposits, transfers between accounts, and balance inquiries.

**Available balance:** The current balance less any holds placed on deposits and pending transactions (such as pending debit card purchases) the Bank has authorized, but that have not yet posted to your account. (The Bank may hold some portion of a deposit which may not be immediately available to you [see our Funds Availability Policy in Section V(B)].)

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**Business day:** For electronic funds transfer and funds availability purposes, our business days are Monday through Friday except for federal public holidays. For all other purposes in this Agreement, our business days include Monday through Friday on days that we are open. We may close for federal or state public holidays, either on the date of the holiday or near the date of the holiday, or for other reasons.

**Business organization:** A corporation, unincorporated association, limited liability company, partnership, or any other business, government or non-profit organization.

**CD:** Certificate of Deposit.

**Check:** A written order to pay a specific amount of money drawn on, payable through, payable at or processed by a bank or other depository institution. If a check is sent or returned as an electronic image or as a substitute check, it is still considered a check.

**Chargeback Item Fee:** The fee charged to your account each time a check or other item that we either cashed for you or accepted for deposit to your account is returned to us unpaid.

**Collected balance:** The balance for the account, less the portion of funds deposited for which we have not received credit based on our funds availability schedule. All interest-bearing deposit accounts accrue interest daily on the collected balance in the account.

**Current balance:** Your balance at the end of the prior business day. It includes the full amount of all deposits to your account, less payment transactions that actually posted to your account. Any holds for purchase transactions, holds on deposits (see Funds Availability Schedule), or other checks, payments and fees that have not yet posted will not appear in your current balance.

**Daily Balance Method:** We may use the Daily Balance Method to calculate interest on your account. This method applies a daily periodic rate to the collected balance in the account each day.

**Daily Overdraft Fee:** The fee charged to your account for each day the account remains overdrawn starting on the seventh (7th) consecutive business day of the overdraft.

**Debit card transaction:** Any purchase or bill payment using your debit card. A debit card transaction may be either an everyday (not recurring) purchase transaction or a recurring payment, such as a monthly bill.

**Depositor:** Any person who signs the Bank's deposit account signature card. This includes each and every owner of the account and anyone else with authority to exercise control over the funds in the account.

**Direct deposit:** An automatic electronic deposit made through the ACH network to your account by another party.

**Hold on your account:** Any amount of money that is in your current balance, but that cannot be withdrawn because of delayed funds availability, a court order or other reason. A hold may be placed for more than your balance.

**Item:** Any instrument for the payment, transfer, or withdrawal of funds from an account, even though it may not be negotiable. Examples include checks, electronic transactions such as ACH and ATM withdrawals, wire transfers, drafts, automatic transfers, and online banking transfers.

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References to an item include, without limitation, situations where a check or electronic transaction is re-presented or re-submitted (as well as situations where a check is converted into an electronic transaction and submitted for payment). This means that one authorized check, electronic transaction or other item could result in multiple fees if such item is presented or submitted for payment multiple times.

**Legal claim:** a dispute in any way arising out of, affecting, or relating to this Agreement, your account, or the related products and services the Bank has provided, will provide, or has offered to provide to you, and/or any aspect of your deposit relationship with the Bank.

**Minimum Daily Balance:** The lowest current balance in the account at the end of a business day.

**Non-sufficient funds (NSF):** The amount by which any item(s) posted on your account on a business day exceeds the current balance and is not paid by the Bank.

**Non-Sufficient Funds Fee (NSF Fee):** The fee for a returned item that is charged when the current balance in an account is insufficient to cover a given transaction.

**Overdraft:** The amount by which any item(s) posted on your account on a business day exceeds the current balance and is paid by the Bank.

**Overdraft Item Fee:** The fee charged for any overdraft item that causes your account to be overdrawn as provided in the *Fee Schedule for Business Accounts*.

**Overdrawn:** When your account has a negative current balance.

**PIN:** A four-digit personal identification number that you select for your debit or ATM card. Some merchants and all ATMs require a PIN when you use a debit card.

**Savings accounts and money market accounts:** Accounts that are not payable on a specified date or at the expiration of a specified time.

## II. ACCOUNT OPENING AND IDENTIFICATION

### A. Our Responsibility to Obtain Personal and Other Identifying Information

Federal laws require us to obtain, verify, and record information that identifies each business that opens an account. We require the following information or documents as a condition to your opening a business account: your business name, taxpayer identification number and business address; the name, residential address, date of birth and Social Security number of each signer, so we can verify the signer's identity; and documents to verify the business's existence. If we are not able to verify your identity, we will not open your account, or we may close your account if it was already opened.

Our policies may require additional information about you or any person associated with you or with the account when or after you open the account to assure that we comply with "Know Your Customer" requirements. We may restrict or close your account if we are unable to obtain information in order to satisfy our "Know Your Customer" requirements. By opening an account with us, you confirm that neither you nor any beneficial owner, as defined in 31 CFR 1010.230(d), of any account is covered by any sanctions programs administered or enforced by the U.S. Department of the Treasury's Office of Foreign Asset Control.

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Each depositor on the account represents that they are authorized to execute all documents and complete all requirements, have provided all information or documents necessary to demonstrate that authority, and will provide any documents or information or complete any requirements as we may require from time to time related to the account ownership and authority. We may refuse any documentation that appears to be incomplete, improperly executed, or does not meet our reasonable requirements.

We may also use a credit reporting agency to verify your identity and review your account history with other financial institutions. We will inform you in writing if we decline to open your account based on information from this third-party service.

### **B. Tax Identification Number Certification**

U.S. Treasury Regulations require us to obtain a completed and signed Form W-8 or W-9. This is to certify the Tax Identification Number(s) (TIN) of the owner(s) of the account. Until we receive the completed and signed form we may, at our discretion, either not pay interest or pay interest and comply with the backup withholding requirements of the Internal Revenue Service (IRS).

### **C. Business-Purpose Accounts**

Business deposit accounts covered by this Agreement cannot be used for personal, family, or household purposes. We reserve the right to close your account if you use it to process non-business transactions.

If our records list a business organization as the owner of an account, the account is payable to the business organization and not to any individual director, shareholder, member or partner. We may rely on the accuracy and completeness of all resolutions, signature cards and other documents you deliver to us in connection with the account. If they state that a person is authorized to act on your account, that person is called a signer. A signer is authorized to endorse checks payable to the business organization. A signer is also authorized to sign checks drawn against your account. We are authorized to pay checks without asking how the checks were issued or how the proceeds will be used even if the check is payable to the person who signed the check. A signer is authorized to instruct us to do anything involving that account, including to close that account.

If the account owner is a sole proprietorship, that means that one person conducts the business as his or her own property, instead of through a business organization. A sole proprietor may also designate signers by appropriate documents.

If you change your form of ownership or authorized signers, you must notify us when the change occurs.

Our general policy disallows cashing checks payable to a business without first depositing them or from depositing items made out to a business with less cash received.

If you open an attorney trust account, including an IOLTA or similar account, you authorize us to notify the appropriate state agency if the account is overdrawn, checks are dishonored or of other information about the account if required by applicable state law or regulation.

### **D. Power of attorney**

Any power of attorney must be on a form acceptable to the Bank. We may rely on a copy of an original power of attorney. We are not required to investigate the facts relating to any power

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of attorney provided to us on your behalf, including whether your signature on the power of attorney is authentic or whether the attorney-in-fact continues to have authority. We may follow or refuse to follow the attorney-in-fact's instructions at any time, including if we suspect fraud or abuse on your account, and we will not have any liability for following any instructions from your attorney-in-fact unless state law provides otherwise.

## **III. USING YOUR CHECKING OR SAVINGS ACCOUNT**

### **A. Adding Money to Your Account**

#### **1. Direct Deposits; Notice of Electronic Deposits**

When we receive an electronic deposit to your account, the only notice you may receive from us is on your next statement. You may visit [1stsource.com](http://1stsource.com) to learn more about our online and mobile offerings that would allow you to review your account history or set up text alerts, or call us to confirm that we have received a deposit.

If the bank that sent an electronic deposit to your account tells us it was a mistake, or was intended for another customer or account, we may deduct the amount from your balance without investigating.

#### **2. Endorsements**

An endorsement is a signature, stamp or other mark made on a check to transfer the check to another person. If a check you deposited doesn't have your endorsement, we may endorse it for you or treat the check as if we had endorsed it. Either way, the effect will be as if you had endorsed the check. Also, any deposited check that appears to contain your stamped or facsimile endorsement will be treated as if you had actually endorsed it. We are not bound by any conditional or restrictive endorsements on a check you cash or deposit, or by any endorsement "without recourse."

#### **3. Endorsement Requirements**

To help ensure that checks you deposit or cash will be processed timely, your endorsement (and any other endorsement supplied by a co-payee) must be in the one (1)-inch endorsement area on the back of the check. The endorsement area is usually marked by lines or may be in a different shade from the rest of the back of the check. Payee or customer information must not be on any other part of the back of the check.

You agree to adhere to our endorsement standards. If you don't endorse your check properly, you will be responsible for any liabilities, losses, and/or expenses.

#### *Our Right to Refuse Deposits*

We may refuse a deposit, or part of a deposit, at any time. We also may refuse a deposit after initially accepting it. We can reverse any amount we have added to your balance for a deposited check and send the check on a collection basis even after we have taken physical possession of the check. We will not be liable to you for refusing a deposit, even if it causes us to decline any transactions you have already made. If we refuse a deposit, we may take a check on a "collection basis," which means we will not add funds to your balance until we have actually been paid for the check.

#### **4. Our Right to Charge Back Deposited or Cashed Items**

If you deposit or cash a check or other item and (1) the paying bank returns it to us unpaid;

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(2) the paying bank or the issuer of a check demands that we repay them because the check was altered, forged or unauthorized, is missing a signature or endorsement, or has a forged endorsement; or (3) the sending bank or the originator of an item demands that we return the item because it was unauthorized, sent to the wrong account number or procured by fraud, we may pay the return or demand, and subtract the funds from your balance in other accounts for which you are an owner, or charge part of the item to each of your other accounts, even if you have already withdrawn the funds. If we have reason to believe that any of the events in the previous sentence has occurred or may occur or that the check or other item should not have been paid or may not be paid for any other reason, we may place a hold on the funds or move them to a non-customer account until we determine who is entitled to them. If a deposited or cashed item is returned, we will charge you a Chargeback Item Fee and/or an NSF Fee or Overdraft Item Fee. Refer to the *Fee Schedule for Business Accounts* or contact your banker for specific fee information.

### **5. Deposit Records and Receipts**

We may rely on the account number on any deposit slip or similar record we receive, even if that account number is associated with a name that's different from the name you've provided. It's not our responsibility to detect any inconsistency between the account number you provide and the name.

If you make a deposit, we may provide a receipt, but the amount on your deposit receipt is based entirely on the deposit slip you complete. We may confirm the funds you deposit and after review may adjust your account for any errors, including any errors on your deposit slip.

If we give you a receipt for a certificate of deposit that you decide not to open or we give you a receipt for a deposit that you then cancel, the receipt is void, and you may not claim those funds.

### **6. Night Depository and Large Cash Deposits**

Any of our employees may open and count any deposit that a branch banker didn't count in front of you, including night depository deposits and large cash deposits, and you agree not to dispute that employee's determination of the amount you deposited.

If you use our night depository, you are responsible for any disappearance, theft or loss of any envelope, bag or money before we issue a written receipt for the deposit.

### **7. Our Responsibility for Collecting Deposits**

If you deposit or cash a check, or we send one for collection, we act only on your behalf. Our only responsibility is to exercise commercially reasonable care. We will not be liable for the lack of care of any bank or third party we use to collect checks, or for checks lost during shipping. We may send checks to any bank or to the entity on which the check was written in our customary manner. We may have agreements with other banks regarding times and methods for collecting or returning items.

If a check is lost, you agree to use reasonable efforts to help us locate or replace it.

Although we attempt to identify and prevent fraudulent transactions, we have no duty to you to determine whether any check you deposit or cash is forged, counterfeit, altered, improperly endorsed or otherwise improper.

### **8. Depositing Remotely Created Checks**

A remotely created check is created by the payee and not signed by the account owner. It states that the account owner authorized the check. If you deposit a remotely created check, you guarantee it was authorized by the account owner for payment in the amount it shows.

### **B. Overdrafts, Overdraft Protection and Overdraft Privilege**

An overdraft results when there is not enough current balance in your account at the time a transaction is presented to us for payment. The Bank offers Overdraft Protection and Overdraft Privilege services to help you avoid fees for overdrafts.

**Overdraft Protection** is an automatic transfer from a (a) Business Overdraft Line of Credit or (b) Carefree Line of Credit and requires an application with approved credit to determine the amount of protection available to you. For each account, you may have either a Business Overdraft Line of Credit or a Carefree Line of Credit.

**Overdraft Privilege** is automatically provided for all checking accounts of our business clients after the account has been open for three (3) months, a deposit has been made in the preceding forty-five (45) days and the account has not been overdrawn the last six (6) consecutive calendar days. For such eligible accounts, Overdraft Privilege pays overdraft checks, bill pay transactions, ACH transactions, as well as debit card payments, and ATM withdrawals with your Business Resource Plus debit card. You may opt out of part or all of our Overdraft Privilege service at any time.

Overdraft Privilege is a service the Bank provides to our clients and does not obligate the Bank to pay any item. We reserve the right to pay or not pay at our discretion, and we may terminate this Overdraft Privilege at any time.

You may participate in Overdraft Protection and/or Overdraft Privilege. Should an overdraft occur, and you have signed up for Overdraft Protection, the Bank will attempt to authorize and pay the item by advancing funds to your checking account from your approved Business Overdraft Line of Credit or Carefree Line of Credit. Only one advance will occur per business day at the close of each business day. If the Bank advances funds from a line of credit linked to your account, you will not be charged an advancing fee; however, you will pay interest on each draw in accordance with your line of credit agreement.

If you have not signed up for Overdraft Protection or funds are not available on any applicable lines of credit when a transaction is presented to the Bank for payment, then the Bank may either return the transaction or the Bank may, at our discretion, elect to pay the transaction using Overdraft Privilege unless you have opted out.

If the Bank pays an overdraft check, bill pay, ACH payment or debit card payment transaction or ATM withdrawal, then you will be charged an Overdraft Item Fee. If the Bank declines to pay an overdraft check, bill pay or ACH payment, then the transaction will be returned and you will be charged a returned item fee, or what we refer to as a Non-Sufficient Funds Fee (NSF Fee). To avoid Overdraft Item Fees for debit card payment transactions and ATM withdrawals, you may opt out of Overdraft Privilege for these types of payments. However, doing so may cause the Bank to decline debit card payment authorizations if there is not sufficient available balance at the time

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of the authorization request. You will not be charged any fees if the Bank declines to authorize a debit card payment transaction or ATM withdrawal. Overdraft Item Fee and Non-Sufficient Funds Fee (NSF Fee) are described in our *Fee Schedule for Business Accounts*, periodically updated and incorporated into this Agreement.

When an account is overdrawn (negative) for at least six (6) consecutive business days, then starting on the seventh (7th) consecutive business day a Daily Overdraft Fee is assessed on the account as provided in the *Fee Schedule for Business Accounts*.

**Note: An item returned to the payee for insufficient funds may be re-presented multiple times for payment by the payee. Each presentment of the item by the payee to the Bank for payment is treated as a separate transaction. Therefore, you may incur multiple fees for a payment transaction you initiate.**

The following is important information regarding your account balances, how transactions are authorized and posted to your account, and when an Overdraft Item Fee or Non-Sufficient Funds Fee (NSF Fee) will be charged. You should read these disclosures carefully. If you have questions, contact us through one of the communication channels described above.

The Bank uses available balance to decide whether to authorize debit card purchases, ATM withdrawals and banking center transactions. The Bank uses current balance at the time transactions are presented for payment to determine whether the account is overdrawn. Based on this determination, the Bank will make decisions to pay or return items and charge appropriate fees. The following examples illustrate what occurs when your account is qualified for Overdraft Privilege, and the amount of the overdraft is within the overdraft limits applicable to your account:

**Example #1:** Assume your current balance and available balance are both \$100. A check that you wrote for \$150 is posted to your account. Because you only have a \$100 current balance, your account is overdrawn by \$50. The Bank may pay the \$150 check, and if it does, then you will be charged an Overdraft Item Fee.

**Example #2:** Assume your current balance and available balance are both \$100, and you use your debit card at a restaurant for \$60. If we authorized this payment, then your available balance will be reduced by \$60 and is now \$40. Your current balance is still \$100. Before the restaurant charge is sent to the Bank for posting, a check that you wrote for \$50 is posted to your account reducing your current balance to \$50. When the \$60 restaurant charge is later submitted, it will be paid even though you do not have enough money in your current balance because of the intervening check. You will be charged an Overdraft Item Fee for the restaurant transaction, even though your available balance and current balance were sufficient to cover it at the time it was authorized.

**Example #3:** Again, assume your current balance and available balance are both \$100, and you use your debit card at a restaurant for \$150. Because you are qualified for Overdraft Privilege, the Bank may authorize the card payment transaction even though you do not have sufficient available balance or current balance in your account. After authorizing the card payment transaction, your available balance will be reduced to negative (-) \$50, but your current balance is still \$100. Assuming no additional activity has posted to the account, when the debit card payment transaction posts and your current balance becomes negative (-) \$50, the account will be considered overdrawn. An Overdraft Item Fee will be assessed.

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It is very important to understand you may still overdraw your account even though the available balance and current balance appear to show sufficient funds to cover a transaction you want to make. Your account balances may not reflect all of your outstanding checks, debit card and ACH payment transactions or other payment transactions you have previously initiated. **You, as the initiator of checks or payments, are in the best position to know how much money you have in your account to spend.**

In addition, your available balance may not reflect all your debit card transactions. For example, a merchant may present a transaction for payment the same business day or up to thirty (30) days from the initial transaction. When the merchant delays presentment, it is possible to incur an overdraft fee. The available balance will not reflect this transaction once the hold has been released until the transaction has been presented to the Bank and paid from your account.

**How Transactions Are Posted to Your Account.** There are two types of transactions in your account: credits (deposits) of money into your account, and debits (payments) out of your account. It is important to understand how credits and debits are applied to your account to avoid Overdraft Item Fees and Non-Sufficient Funds Fees (NSF Fees).

This section is a general description of how certain types of transactions are posted to your account. These practices may change, and the Bank reserves the right to pay items in any order the Bank chooses, as permitted by law.

1. Deposits and credits
2. Non-Sufficient Funds Fee (NSF Fee), Overdraft Item Fee, and Charge Back Item Fees from the prior day
3. Non-returnable items (including but not limited to, ATM, electronic payments, wire transfers, debit card transactions and ATM surcharges)
4. 1st Source Bank over-the-counter checks withdrawn at a 1st Source Bank banking center
5. 1st Source Bank business checks cleared over-the-counter at a 1st Source Bank banking center or through a 1st Source Bank ATM
6. 1st Source Bank business checks received through the Federal Reserve Bank check clearing service (i.e., deposited or cashed at other banks)
7. ACH debits
8. Other fees, transfers and charges

The Bank may receive multiple deposit and withdrawal transactions on your account in many different forms throughout each business day. This means you may be charged multiple Non-Sufficient Funds Fees (NSF Fees) and Overdraft Item Fees each day, up to the limit described in the Bank's *Fee Schedule for Business Accounts*.

**The best way to know how much money you have and avoid paying fees for overdrafts is to record and track all of your transactions closely.**

**IF YOU DO NOT UNDERSTAND THIS AGREEMENT OR HAVE ANY QUESTIONS, CONTACT THE BANK.**

For your overdrafts paid, you promise to immediately pay the Bank all sums, including fees and charges for the service provided to you or any other person you permit to use your checking account who causes an overdraft.



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The Bank may terminate or suspend Overdraft Privilege at any time without prior notice. In no event shall any termination relieve you of your obligation to repay the Bank such sums already paid, including but not limited to, Overdraft Item Fees and Non-Sufficient Funds Fees (NSF Fees).

To opt out of the Bank's Overdraft Privilege service, you can visit any one of our banking centers, call us at 1-574-235-2000 or 1-800-513-2360, or complete and sign a Business Debit & ATM Card Overdraft Choice Form and mail it to Debit Card Overdraft Choice c/o Deposit Services, 1st Source Bank, P.O. Box 1602, South Bend, IN 46634.

## **C. Other Rules Regarding Your Use of Funds**

### **1. When You Can Withdraw Funds You've Deposited**

Generally, for checking and savings accounts, you may withdraw funds the next business day after the business day you deposit them. In some cases you may not. Please see the Funds Availability Policy (Section V[B]) for details.

If funds from a deposit become available and you can withdraw them, that does not mean the check or other item you've deposited is authorized, is good, has cleared, or has been paid by the paying bank. It's possible that the check will be returned months after we've made the funds available to you and you've withdrawn them. No one, including our employees, can guarantee to you that a check will not be returned.

### **2. Withdrawals and Transfers from Your Account**

We may subtract from your available balance the amount of any check or other item that we receive throughout the day that you or any person you authorize created or approved. We may require you or any person you authorize to provide us with identification, documentation or information that's acceptable to us before allowing the transaction. If check writing is not an available feature of your account, we will not issue you checks, and you are not permitted to write checks drawn on your account. We will not pay checks if you attempt to do so.

### **3. Transactions in a Foreign Currency**

Any transaction we conduct for you in a foreign currency, such as sending or receiving a wire transfer to or from another country, depositing a foreign check, will use an exchange rate. 1st Source Bank acts as an agent for the exchange of foreign currency. The foreign exchange rates we use are determined by us in our sole discretion. The exchange rate we use will include a spread and may include commissions or other costs that we, our affiliates, or our vendors may charge in providing foreign currency exchange to you. The exchange rate may vary among customers depending on your relationship, products with us, or the type of transaction being conducted, the dollar amount, type of currency, and the date and time of the exchange, and whether the transaction is a debit or credit to your account. You should expect that these rates will be less favorable than rates quoted online or in publications.

We are not required to accept for deposit checks that are drawn on a non-U.S. bank or payable in a foreign currency. We may accept those checks on a collection basis without your specific instruction to do so. We can reverse any amount we've added to your balance and send the check on a collection basis even after we've taken physical possession of the check. Our Funds Availability Policy does not apply to any foreign check, whether we accept it for deposit or on a collection basis. The actual amount you receive for checks payable in a foreign currency will be

determined at the exchange rate for such items that's in effect when we're paid for the check. If a check is returned later for any reason, we will subtract the amount of the check and any charges from other banks from your balance. We will use the applicable exchange rate in effect at the time of the return, which may be different from the exchange rate originally used for the deposit.

### **4. Large Cash Withdrawals**

We may place reasonable restrictions on when and how you make any large cash withdrawal. We may also require that you sign a document releasing us from any liability if you are robbed or assaulted. We may refuse the withdrawal request if you do not agree with these conditions. The Bank Secrecy Act, a federal law, requires all financial institutions to report large currency transactions to the IRS. The Bank will prepare a Currency Transaction Report (CTR) at the time the transaction occurs and forward it to the IRS. In order to complete the report, we are required to obtain certain information about the individual presenting the transaction as well as the individual for whom the transaction is being conducted.

### **5. Cash Handling Services**

We will provide cash handling services and cash vault services subject to separate terms and conditions. We will charge business customers for cash handling and cash vault services as provided in the *Fee Schedule for Business Accounts*.

### **6. Stop Payments on a Check**

If you request us to stop payment on a check, we may charge either a Stop Payment Fee or an online/automated phone stop payment fee depending on how you request your stop payment. However, the stop payment will not be effective if we do not have a reasonable amount of time to act upon your request or if we have already certified, paid or otherwise become responsible for the check. For example, we can't stop payment on a check we've already cashed or a deposited check where the funds have already been withdrawn.

Any person authorized to write checks against your account can stop payment even though that person may not have written the check.

To stop payment on a preauthorized electronic fund transfer, you must notify us at least three (3) business days before the scheduled transfer date. We may require written confirmation of an oral stop payment order. If you do not provide written confirmation within fourteen (14) days, your oral stop payment order may cease to be binding.

You may request a stop payment by calling us, in person, or through 1stsource.com. We use automated systems to identify items, so we need specific information to process the request. In order for us to identify the item, you must give us the account number on which the check is drawn, the exact check number and the exact amount of the check.

If you are not able to provide all of this required information, we will use commercially reasonable efforts to stop payment, but we are not liable if we do not effect the stop payment or if you provide inconsistent information.

We may refuse a payment to a payee with a similar name that we believe to be the same payee; however, we are not liable if we don't refuse the payment. We may send you a written confirmation of your stop payment. We may rely on the information in the confirmation unless

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you notify us immediately of any errors. When the stop payment order expires, we may pay the item and have no duty to notify you.

A stop payment order for a check will be in effect for six (6) months. However, if you inform us orally to stop payment, we may, at our discretion, remove the stop payment order after fourteen (14) days if we have not received a signed stop payment order. You may renew your order in writing every six (6) months. We may pay any of your checks after your stop payment order has expired.

We may allow you to place a stop payment on a treasurer's check if you provide us a sworn statement and indemnity in a form acceptable to us that the check is lost, stolen or mutilated/destroyed. A stop payment on these checks may not be placed until the tenth (10th) business day after the check's issue date. Even if we agree to attempt to stop payment on a treasurer's check, if the check is presented for payment, we may pay it, and you will be liable to us for that item, unless otherwise required by applicable law.

### **7. Account Numbers on Funds Transfers**

If you instruct us to send a funds transfer, such as a wire or ACH transfer, we and every other bank involved in the transfer may rely on any bank number or account number you provide. If the funds transfer instruction gives both a bank number or account number and a name, and the name identifies a different person from the bank or account owner identified by number, we and other banks that handle the funds transfer may still rely exclusively on the number. We have no duty to detect any inconsistency between the bank number or account number and the name.

### **8. Our Right to Require Advance Notice of Withdrawals**

For all savings accounts, we reserve the right to require seven (7) days' prior written notice of withdrawal.

### **9. Special Instructions, Incomplete, Future-Dated, Conditional or Stale-Dated Checks**

If you write a check that's incomplete, future-dated or tries to limit the time or method of payment with a condition, such as "Void after 180 days" or "Valid only for \$1,000 or less," we have no duty to discover, observe or comply with these conditions and may pay such checks. If we pay a conditional check, the conditions do not apply to us. We are not liable for payment of any check contrary to special instructions, a restrictive legend, or other limitation contained in or on the item unless we have specifically agreed, in writing, to the instructions, restrictions, or limitations.

We may choose to pay or not to pay a stale-dated check (dated more than six [6] months before it is presented), regardless of how old it is. If we pay it, you will be responsible for the check.

### **10. Checks and Other Documents You Use**

We are not responsible for losses or delays that result from improper printing on checks or other account documents that you obtain through someone other than us. We may refuse to accept for deposit or to pay checks that we cannot process or photograph using our customary equipment.

### **11. Multiple Signatures**

We are not required to comply with any multiple-signature requirement, either on personal or business accounts, even if your signature card specifies that multiple signatures are required, or you have otherwise instructed us to do so. A multiple-signature requirement is for your internal

control purposes only. If your account requires two (2) or more signatures on any item drawn on the account or limits the maximum amount for which any person can sign an item, then you acknowledge that any such requirements are solely for your own internal control purposes. You agree that the Bank will not be liable for paying any item lacking the required number of signatures or in an amount exceeding the maximum limit assigned to the signer.

### **12. Facsimile or Mechanical Signatures**

We may pay a check bearing any form of facsimile or computer-generated signature (collectively "facsimile signature"). If you use a facsimile signature or provide a signature card authorizing any such signature, you will be solely responsible for any check bearing a similar signature, regardless of your negligence or whether the signature was the same one you previously used.

You agree that you have the sole responsibility for maintaining the security of any method or device by which your signature or authorization is affixed to a check and that you bear the entire risk for the unauthorized use thereof. The Bank may honor any check or other signed instruction that bears or appears to bear your facsimile signature regardless of by whom or by what means the actual or purported facsimile signature thereon may have been affixed to it. The Bank may refuse any item bearing a facsimile signature if you have not provided us a facsimile signature for checks and other items. You agree to review promptly your account information for unauthorized use of facsimile signatures.

### **13. Review of Checks and Signatures**

Check payment is highly automated, and we pay thousands of checks every day. Although we inspect some checks, you agree that reasonable commercial standards don't require us to do so. If we return a check because we believe it doesn't match your signature on file with us, we're not liable to you even if you authorized the check.

If the numeric amount on a check doesn't match the amount written out in words, we may select either one when paying it. We have no duty to prevent a check from being presented more than once.

As a result of automated account processing, we will pay all postdated checks presented for payment against your account, subject to the stop payment procedure in Section III. It is entirely at the option of the Bank to pay or dishonor any check more than six (6) months old. This may be done without prior notice to you. You agree to hold us harmless for paying any stale-dated or postdated check and agree to reimburse us for any loss we might suffer because of such payment made in good faith.

In a similar fashion, we are also prevented from looking at the signatures on every check. However, in order to exercise reasonable care in the processing of checks, the Bank has established a dollar value of a check above which we will examine signatures. You acknowledge that the establishment of a cutoff level will not by itself constitute a failure to exercise ordinary care and that the establishment of a cutoff level is a commercially reasonable practice. In addition, the Bank reserves the right to change the cutoff level in its sole discretion.

### **14. Notice That a Check Has Been Deposited or Cashed**

If we are notified that a check drawn on your account has been deposited or cashed at another bank, we may place a hold on your account for the check amount, which may cause other

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items to overdraw the account. If the amount of the check identified in the notice exceeds your balance at the time we receive the notice, we may notify the other bank of that fact.

## **IV. USE OF SUBSTITUTE CHECKS**

### **A. What Is a Substitute Check?**

To make check processing faster, federal law permits banks to replace original checks with "substitute checks." These checks are similar in size to original checks, with a reduced image of the front and back of the original check. The front of a substitute check states: "This is a legal copy of your check. You can use it the same way you would use the original check." You may use a substitute check as proof of payment just like the original check.

A substitute check is the equivalent of the original paper check with all of the rights and obligations of the original check it replaces. Some or all of the checks that you receive back from us may be substitute checks.

### **B. Depositing Substitute Checks**

You may receive a substitute check, such as when a check you deposited is returned unpaid. If you deposit a substitute check, you will be responsible for any liabilities, losses, and/or expenses if the Bank suffers a loss.

## **V. CHECK HANDLING AND FUNDS AVAILABILITY POLICY**

### **A. Check Handling**

#### **1. Collection of Checks Policy**

You appoint the Bank as your agent for the collection of checks, drafts, and other orders for the payment of money, including orders for payment in clearinghouse funds and wire transfers that the customer deposits with us. We will make the proceeds of these items available to the customer in accordance with our availability policy currently in effect.

All credits for non-cash items received for deposit are provisional subject to final settlement. The Bank or any of its correspondents, as your agent, may accept the draft or credit of any bank or other payor in lieu of cash. The Bank will exercise ordinary care in the handling of items of deposit and withdrawal per the standards and procedures established for the transaction involved.

#### **2. Deposited Check Returns**

The Bank may charge a Chargeback Item Fee for any item deposited to your account that is returned unpaid. We may do this even if you have made withdrawals against those deposited checks.

We may, at our discretion, send checks for collection one or more times when they have been deposited to your account and returned unpaid. We have no liability for resubmitting these checks without notice to you.

### **B. Funds Availability Policy**

#### **1. Your Ability to Withdraw Funds**

The Bank's policy is to make funds from your cash and check deposits available to you on the first business day after we receive your deposit. Electronic direct deposit funds will be available on

the day we receive the deposit. Once the funds are available, you can withdraw the funds in cash, and we will use the funds to pay items and authorize transactions.

The Bank's Funds Availability Policy does not apply to deposits of items payable in a medium other than United States funds or to deposits of checks drawn on a bank office located outside the United States. The availability of funds from these types of deposits may be delayed.

#### **2. Determining the Availability of a Deposit**

For determining the availability of your deposits, every day is a business day, except Saturday, Sunday, and federal holidays. If you make a deposit before the cutoff time on a business day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after the posted closing time or on a non-business day, we will consider that the deposit was made on the next business day we are open.

If you make a deposit in a 1st Source Bank ATM *AFTER* 6:00 p.m. or on a business day we are not open, we will consider that the deposit was made on the next business day we are open.

If you make a deposit in a Bank night depository *AFTER* 4:00 p.m. or the cutoff time otherwise posted, or on a business day we are not open, we may consider that the deposit was made on the next business day we are open.

Please remember that even after we have made funds available to you and you have withdrawn them, you are still responsible for problems with the deposit, such as checks that were deposited and returned unpaid.

Funds from the following deposits are available on the first business day after the day we receive your deposit, including but not limited to:

- Cash
- Wire transfer
- U.S. Treasury checks that are payable to you
- Checks that are drawn on us
- The following items, if you make the deposit with a banker at a banking center:
  - a. Federal, state and local government checks that are payable to you;
  - b. Cashier's, certified, teller's and traveler's checks that are payable to you;
  - c. Federal Reserve Bank checks, Federal Home Loan Bank checks, and postal money orders that are payable to you.

#### **3. Longer Delays May Apply**

In some cases, we will not make all the funds you deposit by check available to you on the first business day after the day of your deposit. Depending on the type of check that you deposit, funds may not be available until the second business day after the day of your deposit. However, the first \$225 of your deposit will be available on the first business day.

If we are not going to make all of the funds from your deposit available on the first business day after the day of your deposit, 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 employees, or if we decide it is necessary to take this action after you have left the premises, we will mail you the notice by the business day after we received your deposit, or on the business day we learn of the reason requiring the delay.

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

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

- We believe a check you deposit will not be paid
- You deposited checks totaling more than \$5,525 on any one (1) day
- You redeposit a check that has been returned unpaid
- You have overdrawn your account repeatedly in the last six (6) months
- There is an emergency (such as failure of communications or computer equipment)

We will notify you if we delay your ability to withdraw funds for any of these reasons, and we will tell you when the funds will be available. They will generally be available no later than the seventh business day after the business day of your deposit.

#### **4. 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 on the day they would have been available if you had deposited the check.

#### **5. Special Rules for New Accounts**

If you are a new customer, the following special rules may apply during the first thirty (30) days your account is open:

- Funds from electronic direct deposits to your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's and federal, state, and local government checks will be available on the first business day after the day of your deposit if the deposit meets certain conditions, for example, the checks must be payable to you. The excess over \$5,525 will be available on the ninth business day after the day of your deposit. If your deposit of these checks (other than a U.S. Treasury check) is not made in person to one of our employees, the first \$5,525 will not be available until the second business day after the day of your deposit.
- Funds from all other check deposits less than \$5,525 will be available on the fifth business day after the day of your deposit.

### **VI. SAFEGUARDING YOUR INFORMATION**

#### **A. Protecting Your Checks**

You accept sole responsibility for safeguarding your checks. You must protect your checks and other account documents and information from theft and unauthorized use. You must write your checks in a way that prevents someone else from completing, altering or adding to them without your authorization. If you become aware that any checks or other documents and information, such as statements, have been lost or stolen, you must notify us immediately. If you fail to do any of these things, such as leaving your checks where they can easily be stolen, we are not responsible for any losses that may result.

#### **B. Notice of Errors, Forgeries and Unauthorized Signatures**

You must notify us in writing within fourteen (14) days after we mail a statement or otherwise

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make a statement available (for example, electronically provided statements) if:

- a check that you did not authorize or that is altered is listed on the statement;
- your account statement contains any errors; or
- you did not receive your scheduled statement.

This fourteen (14)-day notice requirement does not limit our rights to attempt to collect on unauthorized or altered checks from other banks.

You must notify us in writing of any unauthorized, improper or missing endorsements within six (6) months after the account statement is mailed or made available.

You must provide us with all information we need to investigate the alleged error or item. You must also file any police reports and provide any supporting affidavits and testimony we reasonably request.

If you do not comply with the requirements above, we are not required to reimburse you for any claimed loss, and you cannot bring any claim against us in any way related to the check or errors. In addition, if you fail to notify us of any unauthorized check within fourteen (14) days after we mail, or otherwise make available, a statement that lists an unauthorized check, we are not required to reimburse you for unauthorized checks initiated by the same wrongdoer(s) that we pay after that time.

### **VII. OTHER LEGAL TERMS**

#### **A. Rules Governing Your Account**

This Agreement is governed by federal law and, when not superseded by federal law, by the laws of the State of Indiana, without regard to conflict of law principles. In addition, we are subject to certain federal and state regulations and local clearinghouse rules governing the subject matter of the Agreement. You understand that we must comply with these laws, regulations, and rules. You agree that if there is any inconsistency between the terms of this Agreement and any applicable law, regulation, or rule, the terms of this Agreement will control to the extent any such law, regulation, or rule may be modified by agreement.

If any provision of this Agreement is determined to limit the Bank's liability in a way prohibited by applicable law, the provision will nevertheless be enforced to the fullest extent permitted under that law.

We will not be liable for anything we do when following your instructions. In addition, we will not be liable if we do not follow your instructions if we reasonably believe that your instructions would expose us to potential loss or civil or criminal liability, or conflict with customary banking practices.

**WE WILL NOT BE LIABLE FOR INDIRECT, SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES REGARDLESS OF THE FORM OF ACTION AND EVEN IF WE HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IF WE FAIL TO STOP PAYMENT ON AN ITEM, OR PAY AN ITEM BEARING AN UNAUTHORIZED SIGNATURE, FORGED SIGNATURE, OR FORGED ENDORSEMENT OR ALTERATION, OUR LIABILITY, IF ANY, WILL BE LIMITED TO THE FACE AMOUNT OF THE ITEM.**

#### **B. Restricting Your Account; Blocking or Delaying Transactions**

There are many reasons we may decline or prevent transactions to or from your account, but

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we generally do it to protect you or us, or to comply with legal requirements. We may decline or prevent any or all transactions to or from your account. We may refuse, freeze, reverse or delay any specific withdrawal, payment or transfer of funds to or from your account, or we may remove funds from your account to hold them pending investigation, including in one or more of the following circumstances:

- i. Your account is involved in any legal or administrative proceeding;
- ii. We receive conflicting information or instructions regarding account ownership, control or activity;
- iii. We suspect that you may be the victim of a fraud, scam or financial exploitation, even though you have authorized the transactions;
- iv. We suspect that any transaction may involve illegal activity or may be fraudulent;
- v. We are complying in our sole judgment with any federal, state or local law, rule or regulation, including federal asset control and sanction rules and anti-money laundering rules, or with our policies adopted to assure that we comply with those laws, rules or regulations; or
- vi. We reasonably believe that doing so is necessary to avoid a loss or reduce risk to us.

We also may limit cash deposits to, or withdrawals from, your account (or all of your accounts collectively) in a single transaction or total withdrawals or deposits during any period of time, or who may make deposits, in order to reduce risk and/or enhance our efforts to comply with applicable laws, rules and regulations.

We will have no liability for any action we take under this section.

### **C. Changes to the Agreement**

We may change the terms of this Agreement, including fees and features of your account, at any time. If any change would adversely affect you, we will notify you in advance, unless the change is necessary to comply with a legal or regulatory requirement.

For certificates of deposit, changes that would adversely affect you will be effective on the next maturity date.

We may direct you to a banking center or [1stsource.com/disclosures](https://1stsource.com/disclosures) for the content of any changes or the revised agreement unless the law requires a different method. By maintaining your account after the effective date of any change, you agree to the revised agreement.

### **D. Illegal Activities and Tax Reporting**

We strictly prohibit the use of any account to conduct transactions (including, without limitation, the acceptance or receipt of credit or other receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful Internet gambling. The term “unlawful Internet gambling,” as used in this Agreement, has the meaning set forth in the Federal Reserve’s Regulation GG, 12 C.F.R. Section 233.2(bb). You agree not to conduct any transactions through the account that directly or indirectly involve or are related to unlawful Internet gambling, including, without limitation, the acceptance or receipt of any funds or deposits in connection therewith. We may refuse any gambling transaction, whether lawful or not.

You also agree not to use your account for any other illegal activity.

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You agree that you are responsible for your tax obligations. You represent to us that any funds in, or to be deposited in, your accounts are not funded from any criminal activity (including, but not limited to, tax crimes). Funds in, and any income derived from, your accounts will be disclosed to the relevant tax authorities, if required by law. You represent to us that all information that has been provided to us is complete and accurate, including any information pertaining to your principal place of business and any other relevant information to determine legal and tax status. You agree to notify us and/or provide us with any changes related to your tax affairs as we may request in order to comply with our legal and regulatory obligations.

### **E. Death or Incompetence of Sole Signer**

After we receive notice of death or incompetence of the sole signer on a business organization’s account, we may freeze the balance, refuse to accept transactions, and reverse or return deposits. We are also not required to release the business organization’s funds until we receive any documents we reasonably request to verify the death or incompetence of the signer and to establish a new person’s authority to act on behalf of the business organization in transacting on or closing the business organization’s account.

### **F. Adverse Claims**

If there are conflicting instructions or there is any dispute regarding your account, we may take any action, including refusing to disburse any funds in the account to any person until all persons claiming an interest consent in writing to a resolution of the dispute, or a court of proper jurisdiction authorizes or directs the payment, or the person with a conflicting interest withdraws that claim in writing. We may also place funds with a court (this is called an interpleader action) for resolution. If any person notifies us of a dispute, we do not have to decide if the dispute has merit before we take further action. We may take these actions without any liability and without advance notice unless the law says otherwise.

### **G. Authorization to Share Information**

You authorize us to share information about you and your account with our affiliates and third parties unless the law prohibits us from doing so.

We will disclose information about your account or electronic fund transfers that you make under, but not limited to, the following circumstances and when permitted by applicable law: (a) where it is necessary to complete any electronic fund transfer or other transactions; (b) to verify the existence and status of your account for other creditors or credit bureaus; (c) to report our experience regarding your account to financial institutions and credit reporting agencies; (d) to comply with a request from a government agency, a court order or other legal process; (e) to enforce our rights; (f) as necessary to be used in our normal course of business subject to your right to opt out for marketing purposes; and (g) if you give written permission.

### **H. Disputing Information Reported to a Consumer or Business Reporting Agency**

If you believe that we have reported inaccurate or incomplete information about your account to a consumer or business reporting agency, you have the right to file a dispute with that reporting agency. You may also submit a dispute directly to us by writing to the address in the How to Contact Us section. Provide your name, address and phone number, the account number, the specific information you are disputing, an explanation of why it is inaccurate or incomplete, and any supporting documentation.

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## I. Legal Process and Requests for Information

If we receive any legal process relating to you or your account, you authorize us to comply with it. "Legal process" means any document that appears to have the force of law that requires us to hold or pay out funds from your account, including a garnishment, attachment, execution, levy or similar order. We do not have to determine whether the legal process was validly issued or enforceable. If a hold is in effect, we will continue to charge any applicable fees even though the account cannot be closed. We also may remove any overdraft protection services applicable to your account if a hold is placed, but you may ask us to relink your accounts after the hold is removed. As permitted by law, we will deduct from your balance a Levy Processing Fee and/or Garnishment Processing Fee and costs and expenses we incur in complying with the legal process. Refer to the *Fee Schedule for Business Accounts* for fee details.

If any action, including administrative proceedings, garnishment, tax levies, restraining orders or another action is brought against you or your account, you will be liable to us for any loss, cost or expense (including attorneys' fees) resulting from our compliance with any legal process.

If we receive any subpoena, court order or request for information or documents from a government entity or arbitration panel relating to your account, we are authorized to comply with it.

## J. Dormant Accounts

Checking accounts are reclassified from active to dormant status when there has been no customer-generated activity on an account for one (1) year. Savings accounts are reclassified from active to dormant status when there has been no customer-generated activity on an account for three (3) years.

Electronic statements are terminated if a deposit account is classified as dormant. For accounts for which paper statements are provided, the paper statements will be terminated six (6) months after the account is classified as dormant. All accounts classified as dormant will be charged a Dormant Account Fee. Refer to the *Fee Schedule for Business Accounts* for fee details.

## K. Abandoned/Unclaimed Property

State laws require that we turn over your dormant checking, money market, savings accounts and time deposits to the applicable state if you have not done any of the following:

- i. made a deposit or withdrawal within the time period specified by applicable state law;
- ii. corresponded in writing with us concerning the dormant status of your account within the time period specified by applicable state law.

After your funds are remitted to the applicable state, we will have no further liability to you for such funds. To recover your funds, you must file a claim with the applicable state agency.

## L. English Language – Other Language Preferences

The terms of this Agreement and the products and services we provide are governed by the English language. As a courtesy, we may make some of our forms, disclosures and documents, including this Agreement, available in languages other than English. However, many important bank documents, and some products and services related to this account, are provided only in English. If there is any difference in meaning between the English and non-English version of any of our documents, the English version applies and is available upon request.

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## M. Fees and Service Charges

The Bank may collect fees and charges on your account in accordance with our *Fee Schedule for Business Accounts* and other terms of the Agreement. We may use the Minimum Daily Balance to determine service charges on your account during a statement cycle. We may change these fees at any time without notice unless otherwise required by law.

You agree to pay service fees, maintenance charges and penalties in accordance with the *Fee Schedule for Business Accounts* and any other applicable fee schedules established by the Bank from time to time and which are available at [1stsource.com/disclosures](https://1stsource.com/disclosures).

The Bank may charge your account or may deduct from the proceeds of electronic funds transfers that it receives for your account its customary fees for electronic funds transfers. All service fees, maintenance charges and penalties charged to your account will be automatically deducted without prior notice to you. Fees and charges may be deducted from your account during a statement period other than the one in which they were incurred. You will not hold us accountable for refusing to pay checks because of non-sufficient funds as a result of these fees and charges.

The Bank may incur costs in connection with court or administrative orders, subpoenas, summonses, tax levies, or other legal process relating to you or your account and you agree to pay us for such costs, which may include our charges for research and the copying of documents and reasonable attorneys' fees.

In addition to checking, money market, savings, and certificate of deposit accounts, we may offer other services – such as treasurer's checks and savings bond redemption. Separate fees and agreements may apply to each of these services. We may list some of these fees in our *Fee Schedule for Business Accounts*. You can get current information about all of these services and fees by contacting the 1st Source Customer Service Center at 800-513-2360, visiting any one of our banking centers, or requesting this information in writing to: 1st Source Bank, Branch Administration, P.O. Box 1602, South Bend, IN 46634.

## N. Right of Waiver

The Bank reserves the right to waive the enforcement of any of the terms of this Agreement with respect to any transaction or series of transactions. Any such waiver will not affect our right to enforce any of the terms with respect to other customers or to enforce any terms with respect to later transactions involving the same depositor. If we fail to exercise any right, that does not mean that we waive that right or any other right, and we may still enforce all of our rights in the future.

## O. Right to Close Account

Either you or we may close your account (other than a certificate of deposit) at any time for any reason or no reason without prior notice. We may automatically close your account if the balance is \$0 or negative.

We are not required to close your account at your request if you have pending transactions, the account is overdrawn or your account is subject to legal process (such as attachment, execution, levy or similar order). In those cases, we will restrict your account against all future withdrawals other than under legal process until pending transactions are paid or returned, the balance is no longer negative, and any legal restriction has been released. Closing your account does not release you from your obligation to pay fees owed or liability for any checks in process. After

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we restrict your account in preparation for closing, we will not pay any additional interest on the account.

After your account is closed, we have no obligation to accept deposits or pay any outstanding checks, but we may reopen your account if we receive a deposit. We will have no liability for refusing to honor any check drawn on a closed account.

Either you or we may close your certificate of deposit account on any maturity date without cause.

#### **P. Effect of Closing an Interest-Bearing Account**

All interest that has accrued, but not yet been credited to an account, will be added to the principal balance at the time of closing. If we have not been informed of your intent to close your account (i.e., you merely withdraw the principal balance) the accrued interest will be added to your account on the statement cycle date.

#### **Q. Transferring Account Ownership, Assignment of Agreement**

You may not assign, transfer or grant a security interest in your account to anyone other than us without our written consent. No assignment will be valid or binding on us, and we will not be considered to have knowledge of it, until we consent and note the assignment in our records. However, by noting the assignment, we do not have any responsibility to assure that the assignment is valid. Any permitted assignment of your account is subject to our setoff rights.

If ownership is proposed to be transferred, we may require that the account be closed and a new account opened in the name of the transferee.

#### **R. Change of Address or Other Information**

You agree to notify us promptly of any changes of physical, postal or electronic address, telephone number or other relevant information for the Bank's records. Notification may also be made in-person at any 1st Source Banking Center.

#### **S. Notices and Other Mail**

Any notices, statements, or other correspondence that we send you regarding any of your accounts may be sent by ordinary mail or other means to the last address you have given us pursuant to the Change of Address or Other Information section above and will be effective upon sending to such address. Notices or correspondence regarding any of your accounts that you send to the Bank must be in writing and sent to 1st Source Bank, Branch Administration, P.O. Box 1602, South Bend, IN 46634. Such notices or correspondence shall be effective when we actually receive them and have had a reasonable time to act upon them. If there is more than one depositor on any of your accounts, we may send correspondence to any one of you.

#### **T. Online/Mobile Banking**

We may allow you to access your checking, money market, or savings account online and make deposits and withdrawals through our online or mobile banking services. These optional services are governed by this Agreement as well as any separate agreement made available at the time you sign up for those services. Additional fees may apply for these services.

#### **U. Telephone and Electronic Communication**

We may record and/or monitor any of our telephone conversations with you. If we do record, we

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do not have to keep the recordings unless the law says we must. We may use your voice to verify your identity.

When you give us your mobile number, we have your permission to contact you at that number about all of your 1st Source Bank accounts. Your consent allows us to use text messaging, artificial or prerecorded voice messages and automatic dialing technology for informational and account service calls, but not for telemarketing or sales calls. It may include contact from companies working on our behalf to service your accounts. Message and data rates may apply. You may contact us anytime to change these preferences. If you give us your email address, you agree that we may send servicing messages (such as fraud alerts and hold alerts) related to your accounts to that address.

We may send communications electronically, such as by email or text message, rather than through U.S. mail or other means unless applicable law requires otherwise. All electronic communications are subject to the Bank's *Agreement to Receive Electronic Communications*.

#### **V. Account Statements**

We will provide periodic account statements and other information pertaining to activity in your account. We will rely on the physical, postal or electronic address in our records for you. You are responsible for notifying us of any change of physical, postal or electronic address, telephone number or other relevant information for the Bank's records. You agree to promptly review your account information and any accompanying items and notify the Bank of any dispute or discrepancy, including unauthorized transfers, electronic funds transfers, withdrawals or other transactions, transactions involving substitute checks, unauthorized or forged signatures or endorsements, alterations or other irregularities.

In case of errors or questions about an electronic funds transfer, refer to the Electronic Funds Transfer Notice of Disclosure. You must report any other dispute or discrepancy in writing to 1st Source Bank, Branch Administration, P.O. Box 1602, South Bend, IN 46634 within fourteen (14) days of the date of the earliest account statement describing such irregularities unless law or regulation allows additional time. If the dispute or discrepancy involves a substitute check, your claim must include an estimate of the amount of your loss, an explanation of why the substitute check you received is insufficient to confirm that you suffered a loss, and a copy of the substitute check and/or sufficient information to help us identify the substitute check.

Unless law or regulation allows additional time, if you fail to report any such dispute or discrepancy within the fourteen (14) day period, we will assume that you have accepted the stated balance as being correct and you will be precluded from seeking redress against the Bank for all transactions or matters covered by the account information. The Bank is relieved of any potential liability for multiple unauthorized signatures or alterations by the same wrongdoer if you do not notify the Bank within the fourteen (14) day period of such irregularities. Furthermore, the Bank will not be liable for any item forged or altered so cleverly that the fraud could not be detected by a reasonable financial institution. From time to time, the Bank may make available to you products and services designed to detect or prevent fraud on your accounts, and the Bank strongly encourages you to take advantage of these products and services.

#### **NOTE – YOU ARE IN THE BEST POSITION TO DETECT AN UNAUTHORIZED SIGNATURE OR**

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**TRANSACTION, OR A MATERIAL ALTERATION. IF YOU USE A THIRD PARTY TO MANAGE YOUR ACCOUNTS, IT IS YOUR RESPONSIBILITY TO VERIFY YOUR ACCOUNT STATEMENTS.**

**W. Right of Setoff and Security Interest**

You grant us a security interest in your accounts to secure all amounts which you may owe to the Bank now or in the future. The security interest granted by this Agreement is consensual and is in addition to the Bank's right of setoff. We may charge any of your accounts for any obligations, liabilities, debts, costs and expenses (including attorneys' fees), fees or other amounts you owe us. We may exercise our right of setoff at any time and for any reason as allowed by law. If there is more than one owner of an account, this includes the debts and liabilities of any owner. We will not be liable for the dishonor of any check when the dishonor occurs because we set off a debt against this account. We may exercise the right of setoff without prior notice to you and even if it results in a penalty for early withdrawal from a certificate of deposit account.

**X. Government Levy (Unpaid Taxes)**

The IRS or state taxing authorities can issue a "Notice of Levy" attaching money on deposit in any deposit account as of the date the levy is received. In the event that we receive a levy on one of your accounts, we will mail a copy of the levy, in addition to our instruction letter, to the address that we have on file for your account.

**Y. Legal Attachment**

An order from a court or other government authority could require us to hold or deliver funds in your account or any other property we are keeping for you. If we must comply with such an order, we will subtract a fee from your account.

If we must comply with a subpoena or other legal process that forces us to provide information about your account, or about some other financial relationship you have with us, the party that had the subpoena issued normally will be assessed the charge for compliance.

**Z. Federal Deposit Insurance**

The Bank is a member of the Federal Deposit Insurance Corporation (FDIC), which provides deposit insurance to depositors in limited amounts. The FDIC is an independent agency of the United States government that protects the funds depositors place in banks and savings associations. FDIC insurance is backed by the full faith and credit of the United States government. FDIC insurance covers all deposit accounts with 1st Source Bank, including:

- Checking accounts
- Savings accounts
- Money market deposit accounts
- Certificates of deposit

FDIC insurance does not cover other financial products and services we may offer, such as stocks, bonds, mutual funds, life insurance policies, annuities or securities. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. More information about FDIC deposit insurance is available at [www.fdic.gov](http://www.fdic.gov) and at any 1st Source Banking Center.

**AA. Acceptable Form of Checks**

The Bank has a variety of check styles on approved forms available to you. We may refuse to

pay any check drawn on your account unless it is presented to us on a form we have provided or approved.

**BB. Check Imaging**

We may provide the item number, amount and date of payment on your account statement for items paid against your account and may provide images of checks paid against your account in lieu of returning the original items to you. We may retain or destroy the original items. If destroyed, we will maintain images for the period required by law.

**CC. Preauthorized Drafts**

If you voluntarily give information regarding your account to a third party selling you goods or services, that act authorizes the recipient to initiate debits to your account even though a particular transaction may not have been authorized.

**VIII. CERTIFICATES OF DEPOSIT**

**A. Transaction Limitations**

You may NOT make additional deposits to a certificate of deposit until maturity. If a withdrawal reduces the balance below the minimum deposit requirement, it may be necessary to redeem the entire CD.

**B. Early Withdrawals**

You agree to keep your funds on deposit for the stated term of the account. At our discretion, we may allow you to withdraw all or part of your funds at times other than your grace period. When we permit you to make an early withdrawal, we may charge you an early withdrawal penalty.

See the *Fee Schedule for Business Accounts* for details. We may waive the penalty in limited circumstances. Interest compounded and credited during the term of a CD may be withdrawn without penalty prior to the maturity of the CD. If we are required to pay an amount from your time deposit (e.g., a levy or court order), we may charge you an early withdrawal penalty based on the amount withdrawn from the account.

**C. Grace Period**

We offer a grace period upon maturity of your CD. During the grace period, a CD may be redeemed without penalty, or it may be renewed retroactive to its maturity date. Interest is not earned during the grace period if the CD is redeemed.

- CDs with an original term of 31 days or less have a three (3) calendar day grace period
- CDs with an original term greater than 31 days have a ten (10) calendar day grace period

**D. Automatic Renewal**

Your CD will automatically renew at maturity for a time period equal to the original term unless we notify you otherwise in writing except in the case of a single maturity CD. The interest rate and APY for each renewal term will be the standard interest rate and APY currently offered on the maturity date unless we notify you otherwise in writing.

**E. Single Maturity CD**

A CD issued as single maturity will not automatically renew and will not earn interest after the maturity date.



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## **IX. RESOLUTION OF DISPUTES; ARBITRATION AND WAIVER OF CLASS ACTION**

### **A. Arbitration and Waiver of Class Action**

You and the Bank agree that we will attempt to informally settle any and all legal claims. If a legal claim cannot be resolved informally, then you agree that any and all legal claims that are threatened, made, filed or initiated (even if the legal claims arise out of, affect or relate to conduct that occurred prior to the date you opened your account), shall, at the election of either you or us, be resolved by binding arbitration administered by the American Arbitration Association ("AAA") in accordance with its rules applicable to the legal claim at issue ("Rules"), whether such legal claims are in contract, tort, statute, or otherwise. The Rules can be obtained on the AAA website free of charge at [www.adr.org](http://www.adr.org), or a copy of the Rules can be obtained at any bank branch upon request. Either you or we may elect to resolve a particular legal claim through arbitration, even if one of us has already initiated litigation in court related to the legal claim, by: (a) making written demand for arbitration upon the other party, (b) initiating arbitration against the other party, or (c) filing a motion to compel arbitration in court. **AS A RESULT, IF EITHER YOU OR WE ELECT TO RESOLVE A PARTICULAR LEGAL CLAIM THROUGH ARBITRATION, YOU WILL GIVE UP YOUR RIGHT TO GO TO COURT TO ASSERT OR DEFEND YOUR RIGHTS (EXCEPT FOR LEGAL CLAIMS BROUGHT INDIVIDUALLY WITHIN SMALL CLAIMS COURT JURISDICTION, SO LONG AS THE CLAIM REMAINS IN SMALL CLAIMS COURT).** This arbitration agreement shall be interpreted and enforced in accordance with the Federal Arbitration Act set forth in Title 9 of the U.S. Code to the fullest extent possible, notwithstanding any state law to the contrary, regardless of the origin or nature of the legal claims at issue.

### **B. Selection of Arbitrator**

The legal claims shall be resolved by a single arbitrator. The arbitrator shall be selected in accordance with the Rules, and he/she must have experience in the types of financial transactions at issue in the legal claims. In the event of a conflict between the Rules and this arbitration provision, this arbitration provision shall supersede the conflicting Rules only to the extent of the inconsistency. If AAA is unavailable to resolve the legal claims, and if you and we do not agree on a substitute forum, then you can select the arbitration forum for the resolution of the legal claims.

### **C. Arbitration Proceedings**

Any legal claims and defenses that can be asserted in court can be asserted in the arbitration. The arbitrator shall be entitled to award the same remedies that a court can award, including injunctive relief. The arbitrator shall follow the law and shall not be entitled to make errors of law. Discovery shall be available for non-privileged information to the fullest extent permitted under the Rules. The arbitrator's award can be entered as a judgment in court. Except as provided in applicable statutes, the arbitrator's award is not subject to review by the court and it cannot be appealed; provided, however, that either party may appeal to any court with jurisdiction as provided in this Agreement to the extent the arbitrator makes an error of law. The Bank shall pay for any filing, administration, and arbitrator fees imposed on you by the AAA (or the applicable arbitration forum). However, you will be responsible for your own attorneys' fees. The arbitrator shall be entitled to award attorneys' fees and costs if provided for under any agreement between you and the Bank or applicable law. Nothing contained in this arbitration provision shall prevent

either you or the Bank from applying to any court of competent jurisdiction for emergency provisional relief, such as a temporary restraining order, a temporary protective order, an attachment or any other pre-judgment remedies.

Any determination as to whether this arbitration provision is valid or enforceable in part or in its entirety will be made solely by the arbitrator, including without limitation any issues relating to whether a legal claim is subject to arbitration; provided, however, the enforceability of the Class Action Waiver set forth below shall be determined by a court with proper jurisdiction.

### **D. Class Action Waiver**

**ANY ARBITRATION OF A LEGAL CLAIM SHALL BE ON AN INDIVIDUAL BASIS. YOU UNDERSTAND AND AGREE THAT YOU ARE WAIVING THE RIGHT TO PARTICIPATE AS A CLASS REPRESENTATIVE OR CLASS MEMBER IN A CLASS ACTION LAWSUIT.**

### **E. Severability**

In the event the Class Action Waiver in this arbitration provision is found to be unenforceable for any reason, the remainder of this provision shall also be unenforceable. If any part of this arbitration provision, other than the Class Action Waiver, is found to be unenforceable, then the remaining parts shall remain fully enforceable.

### **F. Limitation on Time to Bring Legal Claim**

You must file any legal claim against us within two (2) years after the cause of action accrues or else it shall be barred unless federal or state law or an applicable agreement provides for a shorter time. This limit is in addition to limits on notice as a condition to making a legal claim. If applicable law does not permit contractual shortening of the time during which a legal claim must be filed to a period as short as two (2) years, you and we agree to the shortest permitted time under applicable law.

### **G. Location of Legal and Arbitration Proceedings**

Arbitration hearings shall be conducted within fifty (50) miles of the location of your account. If a legal claim is not subject to arbitration for any reason, then the legal claim shall be decided in any court of competent jurisdiction in the location of your account, and you hereby irrevocably consent and submit to jurisdiction in any such court.

The location of your account is determined as follows:

- i. If you applied for the account in person at one of our banking centers, then the account is located in the state where you applied.
- ii. If you applied in person for a business account with one of our representatives somewhere other than at one of our banking centers (your place of business, for example), your account is located in the state where the representative's business office is located.
- iii. If you applied for the account by mail, digitally, or through other remote means, and your address as recorded in our records was in a state where we had a banking center at the time, then the account is located in that state, which for joint accounts will be based on the address of the owner whose name was listed first.
- iv. In all other cases your account is considered located in Indiana law.

Nothing herein shall affect the Bank's right before, during or after commencing proceedings for enforcement of its rights hereunder to exercise self-help remedies, such as setoff under

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applicable law, including Bank's right to bring an action in any court of competent jurisdiction for the purpose of enforcing any self-help remedies.

You hereby consent to service of process by first-class mail or messenger directed to you at the last business address you have provided to the Bank. Nothing herein affects or limits the rights of Bank to serve legal process in any other manner permitted by law.

**H. Waiver of Jury Trial**

If a legal claim is not subject to arbitration for any reason, due to the complexity, high cost and time involved in litigation before a jury, you and the Bank each knowingly, voluntarily, irrevocably, without coercion, waive any and all rights to trial by jury of any disputes between them and further waive any right to consolidate, by counterclaim or otherwise, any action or proceeding concerning any dispute between them with any other action or proceeding in which there is a trial by jury or in which a jury trial cannot be or has not been waived.



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