

TERMS AND CONDITIONS OF YOUR ACCOUNT

(02/2013)

Agreement – This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules that control your account(s) with us. Please read this carefully. If you sign the signature card or open or continue to have your account with us, you agree to these rules. You will receive a separate schedule of rates, qualifying balances, and fees if they are not included in this document. If you have any questions, please call us at (978) 458-7999 or write to us at 30 Middlesex Street, Lowell, MA 01852.

This agreement is subject to applicable federal laws and the laws of the state of Massachusetts (except to the extent that this agreement can and does vary such rules or laws). The body of state and federal law that governs our relationship with you, however, is too large and complex to be reproduced here. The purpose of this document is to:

- (1) summarize some laws that apply to common transactions;
- (2) establish rules to cover transactions or events which the law does not regulate;
- (3) establish rules for certain transaction or events which the law regulates but permits variation by agreement; and
- (4) give you disclosure of some of our policies to which you may be entitled or in which you may be interested.

If any provision of this document is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect. We may permit some variations from our standard agreement, but we must agree to any variations from our standard agreement, but we must agree to any variation in writing either on the signature card for your account or in some other document.

As used in this document the words "we", "our", "bank" and "us" mean the financial institution and the words "you" and "your" mean the account holder(s) and anyone else with the authority to deposit, withdraw, or exercise control over the funds in the account. The headings in this document are for convenience or reference only and will not govern the interpretation of the provisions. Unless it would be inconsistent to do so, words and phrases used in this document should be construed so the singular includes the plural and the plural includes the singular.

Liability – You agree, for yourself (and the person or entity you represent if you sign as a representative of another) to the terms of this account and the Schedule of Fees. You authorize us to deduct these charges directly from the account balance as accrued. You will pay any additional reasonable charges for services you request that are not covered by this agreement.

Each of you also agrees to be jointly and severally (individually) liable for any account shortage resulting from charges or overdrafts, whether caused by you or another with access to this account. This liability is due immediately, and can be deducted directly from the account balance whenever sufficient

funds are available. You have no right to defer payment of this liability, and you are liable regardless of whether you signed the item or benefited from the charge or overdraft. This includes liability for our costs to collect the deficit including, to the extent permitted by law, our reasonable attorneys' fees.

You are responsible to take reasonable care and safeguards with the access devices for your account. Checks, debit cards, ATM cards, online banking passwords, and other such access devices are to be safeguarded against unauthorized access. Leaving these items in public areas, unprotected, in public view, or in areas that a reasonable person would think is unsafe may decrease or invalidate a claim against unauthorized access to your account, except where protected under law. Upon an unauthorized access claim, you acknowledge the bank will conduct an investigation into the loss. The bank will determine the facts around the case and any negligence on your part in determining approval or denial of your claim or partial thereof, in accordance with Federal and State law. You agree to be bound with the results of the investigation.

Deposits – We will give only provisional credit until collection is final for any items, other than cash, we accept for deposit (including items drawn "on us). Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on final collection in U.S. dollars. We are not responsible for transactions by mail or outside depository until we actually record them. We will treat and record all transactions received after our "daily cutoff time" on a business day we are open, or received on a day we are not open for business, as if initiated on the next following business day that we are open.

Withdrawals – Unless clearly indicated otherwise on the account records, any of you, acting alone, who signs in the space designated for signatures on the signature card may withdraw or transfer all or any part of the account balance at any time. Each of you (until we receive written notice to the contrary) authorizes each other person signing the signature card to indorse any item payable to you or your order for deposit to this account or any other transaction with us. We may charge your account for a check even though payment was made before the date of the check, unless we have received written notice of the postdating in time to have a reasonable opportunity to act. We may refuse any withdrawal or transfer request which you attempt on forms not approved by us, by any method we do not specifically permit, which is greater in number than the frequency permitted, or which is for an amount greater or less than any withdrawal limitations. Even if we honor a nonconforming request, we may treat continued abuse of the state limitations (if any) as your act of closing the account. We will use the date the transaction is completed by us (as opposed to the date you initiate it) to apply the frequency limitations. The fact that we may honor withdrawal requests that overdraw the available account balance does not obligate us to do so later. See the funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy disclosure for information about when you can withdraw funds you deposit. For those accounts for which our funds availability policy does not apply, you can ask us when you make a deposit when those funds will be available for withdrawal.

We may require not less than seven (7) days' notice in writing before each withdrawal from an interest-bearing account other than a time deposit (certificate of deposit), or from any other savings account as defined by federal Regulation D. Withdrawals from a time account prior to maturity or prior to any notice period may be restricted and may be subject to penalty. See your Certificate of Deposit Account Disclosure for any penalty that may apply to your account.

Chapter 167D Accounts – Except as indicated below, we do not intend to impose a fee, charge or other assessment against your savings or checking account if you qualify for the minor or senior citizen fee exemption under Chapter 167D of Massachusetts General Laws. You should notify us if you or any accountholder qualifies so that we may administer your account accordingly. Notwithstanding this exemption, we may assess you a reasonable charge when payment has been refused because of insufficient funds on any check drawn on such account.

Ownership of Account and Beneficiary Designation – These rules apply to this account depending on the form of ownership and beneficiary designation, if any, specified on the account records. We make no representations as to the appropriateness or effect of the ownership and beneficiary designations, except as they determine to whom we pay the account funds.

- *Individual Account* – is an account in the name of one person
- *Joint Account* – with Survivorship (and not as Tenants in Common) – is an account in the name of two or more persons. Each of you intend that when you die the balance in the account (subject to any previous pledge to which we have agreed) will belong to the survivor(s). If two or more of you survive, you will own the balance in the account as joint tenants with survivorship and not as tenants in common.
- *Revocable Trust Account* – One or two of you (called trustees) may create such an account in trust for another. Payments may be made to the trustee, or if there are two trustees, to either or both of the trustees of the survivor. Upon the death of the trustee or the death of both trustees, payment may be made to the person for whom the trust was made, or that person's legal representative.

Stop Payments – You must give any stop payment order in the manner required by law and we must receive it in time to give us a reasonable opportunity to act on it. To be effective, your stop payment order must precisely identify the number, date and amount of the item, and the payee. You may stop payment on any item drawn on your account whether you sign the item or not, if you have an equal or greater right to withdraw from this account than the person who signed the item. Only the person who initiated the stop payment order may make a release of the stop payment request. Additional limitations on our obligation to stop payment are provided by law (e.g. we paid the item in cash or we certified the item).

Telephone Transfers – A telephone transfer of funds from this account to another account with us, if otherwise arranged for or permitted, may be made by the same persons and under the same conditions generally applicable to withdrawals made in writing. Unless a different limitation is disclosed in writing, we

restrict the number of transfers from a savings account to another account or to third parties. Federal Regulation D limits savings type accounts to no more than six (6) telephone, pre-authorized or computer initiated transfers per month.

Amendments and Termination – We may change any term of this agreement. Rules governing changes in interest rates are provided separately. For other changes, we will give you reasonable notice in writing or by any other method permitted by law. We may also close this account at any time upon reasonable notice to you and tender of the account balance personally or by mail. Notice from us to any one of you is notice to all of you.

Statements – You must examine your statement of account with "reasonable promptness." If you discover (or reasonably should have discovered) any unauthorized signatures or alterations, you must promptly notify us of the relevant facts. As between you and us, if you fail to either of these duties, you have to either share the loss with us, or bear the loss entirely yourself (depending on whether we used ordinary care and, if not, whether we substantially contributed to the loss). The loss could be not only with respect to items on the statement but other items with unauthorized signatures or alterations by the same wrongdoer.

You agree that the time you have to examine your statement and report to us will depend on the circumstances, but will not, in any circumstance exceed a total of 30 days from when the statement is first sent or made available to you.

You further agree that if you fail to report any unauthorized signatures alterations, forgeries, or any other errors in your account within 60 days of when we first send or make the statement available, you cannot assert a claim against us on any items in that statement, and as between you and us the loss will be entirely yours. This 60-day limitation in this paragraph is in addition to that contained in the first paragraph of this section.

Account Transfer – this account may not be transferred or assigned without our prior written consent.

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

Temporary Account Agreement – If this option is selected, this is a temporary account agreement. Each person who signs in the space designated for signatures on the signature card (except as indicated to the contrary) may transact business on this account. However, we may at some time in the future restrict or prohibit further use of this account if you fail to comply with the requirements we have imposed within a reasonable time.

Setoff – We may (without prior notice and when permitted by law) set off the funds in this account against any due and payable debt you owe us now or in the future, by any of you having the right of withdrawal, to the extent of such persons' or legal entity's right to withdraw. If the debt arises from a note, "any due and payable debt" includes the total amount of which

we are entitled to demand payment under the terms of the note at the time we set off, including any balance the due date for which we properly accelerate under the note.

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

Authorized signer (Individual Accounts Only) – A single individual is the owner. The authorized signer is merely designated to conduct transactions on the owner's behalf. We undertake no obligation to monitor transactions to determine that they are on the owner's behalf.

Restrictive Legends – We are not required to honor any restrictive legend on checks you write.

Payment Order of Items – the law permits us to pay items (such as checks or drafts) drawn on your account in any order. To assist you in handling your account with us, we are providing you with the following information regarding how we process the items that you write. When processing items drawn on your account, our policy is to pay checks in check number order. Electronic transactions such as POS Debits and ACH payments are processed in date and time order. The order in which items are paid is important if there is not enough money in your account to pay all of the items that are presented. There is no policy that is favorable in every instance. If the smallest items are paid first, you may have fewer NSF or overdraft fees, but the largest, and perhaps more important items (such as rent or mortgage payments) might not be paid. If an item is presented without sufficient funds in your account to pay it, we may, at our discretion, pay the item (creating an overdraft) or return the item (NSF). The amounts of the overdraft and NSF fees are disclosed in the Bank's Schedule of Fees. Overdraft/ NSF fees are limited to 5 per day and not charged for transactions of \$10 or less. The Bank offers an Overdraft Courtesy Program, please see the "OPPS" policy in these disclosures. We encourage you to make careful records and practice good account management. This will help you to avoid writing checks or drafts without sufficient funds and incurring the resulting fees.

Credit Verification – You agree that we may verify credit and employment history by any necessary means, including preparation of a credit report by a credit-reporting agency.

ACH and Wire Transfers – this agreement is subject to Article 4A of the Uniform Commercial Code – Fund Transfers as adopted in the state in which you have your account with us. If you originate a fund transfer for which Fedwire is used, and you identify by name and number a beneficiary financial institution, an intermediary financial institution or beneficiary, we and every receiving or beneficiary financial institution may rely on the identifying number to make payment. We may rely on the number even if it identifies a financial institution, person or account other than the one named. You agree to be bound by automated clearinghouse association rules. These rules prove, among other things, that payments made to you, originated by

you, are provisional until final settlement is made through a Federal Reserve Bank or payment is otherwise made as provided in Article 4A-403(a) of the Uniform Commercial Code. If we do not receive such payment, we are entitled to a refund from you in the amount credited to your account and the party originating such payment will not be considered to have paid the amount so credited. If we receive a credit to an account you have with us by wire or ACH, we are not required to give you any notice of the payment order or credit.

Business Accounts – Earning in the form of interest, dividends, or credits will be paid only on collected funds, unless otherwise provided by law or our policy. We may require the governing body of the legal entity opening the account to give us a separate authorization telling us who is authorized to act on its behalf. We will honor the authorization until we actually receive written notice of a change from the governing body of the legal entity.

Business Accounts UIGEA

The UIGEA, signed into law in 2006, prohibits any person engaged in the business of betting or wagering (as defined in the Act) from knowingly accepting payments in connection with the participation of another person in unlawful Internet gambling. The Dept of Treasury and the Federal Reserve Board have issued a joint final rule, Regulation GG, to implement this Act. As a customer of Washington Savings Bank, these restricted transactions are prohibited from being processed through your account or banking relationship with us. If you do engage in an Internet gambling business and open a new account with us, we will ask that you provide evidence of your legal capacity to do so.

Notice of Expiration of the Temporary Full FDIC Insurance Coverage for Noninterest-Bearing Transaction Accounts FDIC UPDATE

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

For more information about FDIC insurance coverage of noninterest-bearing transaction accounts, visit <http://www.fdic.gov/deposit/deposits/unlimited/expiration.html>



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FUNDS AVAILABILITY POLICY DISCLOSURE

YOUR ABILITY TO WITHDRAW FUNDS AT WASHINGTON SAVINGS BANK. Our policy is to make funds from deposits of cash, direct deposit, wire transfers, "on us" checks (checks drawn on the same bank) and the 1st \$750.00 of a payroll check available to you on the day of the deposit. Funds from your deposit of checks will be available on the second business day after the day of deposit. At that time funds may be withdrawn in cash or to pay checks that have been written. The first \$200 of a deposit of checks will be made available the first business day after the day of deposit. Certain check deposits are made available the next business day such as cashier's, certified, and teller's checks, government checks (including U.S. Treasury checks, U.S. Postal money orders, state and local government checks and checks drawn on Federal Reserve or Federal Home Loan Banks).

For determining the availability of your deposits, every day is a business day, except Saturday, Sunday and federal holidays. If you make a lobby deposit before 8:00PM on a business day that we are open, we will consider that day to be the day of your deposit. If you make a deposit at an ATM, we will consider that the deposit was made on the next business day we are open. If you make a mobile deposit before 8:00PM on a business day that we are open, we will consider the next business day to be the day of your deposit. However, if you make a mobile deposit after 8:00PM or on a day we are not open, we will consider that the deposit was made on the 2nd business day we are open.

Longer delays may apply. Funds you deposit by check may be delayed for a longer period under the following circumstances:

- It is believed a check deposited will not be paid;
- Deposited check total more than \$5,000 on any one business day;
- A check returned unpaid is re-deposited;
- An account has been repeatedly overdrawn during a rolling six month period;
- There is an emergency, such as a failure of communications or computer equipment.

The Bank will notify customers in writing if a delay in availability of funds occurs, and the customer will be notified of when the funds will be available. They will generally be available no later than the fifth business day after the day of your deposit.

HOLDS ON OTHER FUNDS. If we cash a check for you that is drawn on another financial institution, we may withhold the availability of a corresponding amount of funds that are already in your account. Those funds will be available at the time funds from the check we cashed would have been available if you had deposited it. For example, if we cash a \$200 check for you, \$200 of funds already in your account will not be available until the first business day after the day we cashed the check. If we accept for deposit a check that is drawn on another financial

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

SPECIAL RULES FOR NEW ACCOUNTS. If you are a new customer, the following special rules will apply during the first 30 days your account is open. Funds from electronic direct deposits into your account will be available on the day we receive the deposit. Funds from deposits of cash, wire transfers, and the first \$5,000 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal government checks, and checks drawn on the Commonwealth of Massachusetts 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 made payable to you. The excess over \$5,000 will be available on the fifth 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 \$5,000 will not be available until the second business day after the day of your deposit. Funds from deposits of checks drawn on Washington Savings Bank will be available on the first business day after the day of your deposit. Funds from all other check deposits will be available no later than the fifth business day after the day of your deposit.

ADDITIONAL PROVISIONS. This funds availability policy will not affect Washington Savings Bank's right, under existing Rules and Regulations, to charge back your account, or otherwise obtain a refund from you, for any item that is not finally paid for any reason. Unless prohibited by law, we may, at any time, apply, or set off, your account or accounts or any of your other deposits with us against any overdraft or other amount due to us. After making a setoff, we will give you such notice as is required by law. You may direct questions regarding the availability of your deposit to your local branch office manager or to our Operations Center in Lowell at (978) 458-7999.



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washingtonsavings.com

18/65 DISCLOSURE

Mass State 18/65 Law. Customers 18 years of age or younger or 65 years of age or older will be entitled to one savings account and one checking account free of specified service charges. You should notify us if you or your spouse qualifies so that we may administer your account accordingly. Notwithstanding this exemption, we may assess you a reasonable charge when payment has been refused because of insufficient funds on any check drawn on such account.

Washington Savings Bank's Overdraft Privilege Program and Service (OPPS!) Policy 04/30/2010

(A discretionary overdraft service)

It is the policy of Washington Savings Bank ("the Bank, we, us, or our") to comply with applicable laws and regulations, and to conduct business in accordance with applicable safety and soundness standards.

A non-sufficient funds/ overdraft (negative) balance may result from: A) The payment of checks, electronic funds transfers, or other withdrawal requests; B) Payments authorized by you; C) The return, unpaid, of items deposited by you; D) The imposition of applicable service charges; or E) The deposit of items which according to the Bank's Funds Availability Policy, are treated as not yet "available" or finally paid.

We are not obligated to pay any item presented for payment if your account does not contain sufficient collected funds. Rather than automatically returning, unpaid, any non-sufficient funds items you may have, if your eligible account has been open for at least thirty (30) days and thereafter you maintain your account in good standing, which includes at least: (A) Continuing to make deposits consistent with your best practices, and depositing at least \$500 or more in your account within each thirty (30) day period, (B) You are not in default on any loan obligation to the Bank, (C) You bring your account to a positive balance (not overdrawn) at least once every thirty (30) days, and (D) Your account is not the subject of any legal or administrative order or levy, we will consider, without obligation on our part, approving your reasonable overdrafts. This discretionary service* will generally be limited to a \$500 overdraft (negative) balance for eligible checking accounts. Of course, any and all fees and charges, including without limitation our non-sufficient funds/ overdraft fee of \$25 (as set forth in our fee schedule) will be included in this limit.

Types of Transactions that can Overdraft Your Account

We do authorize and pay overdrafts for the following types of transactions: 1. Checks and other transactions made using your checking account number 2. Automatic Bill Payments

We do not authorize and pay overdrafts for the following types of transactions, effective unless you return an "opt in" form. 1. ATM Transactions 2. Everyday debit card transactions (Effective July 1, 2010 for accounts opened on or after that date, effective August 15, 2010 for accounts opened before July 1, 2010).

Transactions may not be processed in the order that they occur or appear in your statement. This is particularly true of Debit Card transactions (if you have opted in) that create a negative available balance on an account, but may not clear the account until days later. You must elect to have this feature on your account by completing an opt in form.

You may elect to not have this feature on your account, but this does not mean you will not incur NSF or Overdraft fees. Simply that those items will not be paid and returned to your payees. The Bank's normal \$25 NSF / Overdraft fee applies to all such items, whether they are paid by the bank or not. If you opt in to include this service on your ATM or debit card, the Bank's normal \$25 overdraft/ NSF applies to all such items, the bank does not charge for small overdrafts of \$10 or less. If you do not opt in for the service to be included on your ATM or Debit Card, you will not be charged an overdraft fee if a transaction is attempted that exceeds your available balance. The transaction will simply be declined.

We may refuse to pay an overdraft for you at any time, even though your account is in good standing and even though we may have previously paid overdrafts for you. There is also a maximum of 5 daily overdraft fees. You will be notified by mail of any non-sufficient items paid or returned greater than \$10.00 Non-sufficient/ Overdrafts funds less than \$10.00 that we pay or return will not receive an overdraft fee; however, we have no obligation to notify you before we pay or return any item. The amount of any overdrafts plus our Non-Sufficient Funds and / or Overdraft (NSF/ OD) Charge(s) that you owe us shall be payable upon demand. If there is an overdraft paid by us on an account with more than one (1) owner on the signature card, each owner, or agent if applicable, drawing/presenting the item creating the overdraft, shall be jointly and severally liable for such overdrafts plus our Non-Sufficient Funds and/ or Overdraft (NSF/OD) Charge(s).

Currently, there are alternative programs available for customers that incur non-sufficient funds/ overdraft fees on their checking account, such as an Overdraft Line of Credit, which requires an application and approval, and or the Overdraft Sweep, which is connected to a savings account.

LIMITATIONS: Available only to eligible checking accounts. All Savings Type accounts, All Money Market Accounts, and All Public Fund / Charitable Organization Accounts are not eligible. We may limit the number of accounts eligible for the Overdraft Privilege Program and *Service (OPPS) to one account per household.

*The Overdraft Privilege Program and Service (OPPS) does not constitute an actual or implied agreement between you and the Bank. Nor does it constitute an actual or implied obligation of the bank. This service represents a purely discretionary courtesy or privilege that the bank may provide to you from time to time and which may be withdrawn or withheld by us at any time without prior notice, reason or cause. If you have any questions, please contact us at 1-978-458-7999.

What you need to Know about Overdrafts and Overdraft Fees

An overdraft occurs when you do not have enough money in your account to cover a transaction, but we pay it anyway. We can cover your overdrafts in two different ways:

1. We have standard overdraft practices that come with your account.
2. We also offer overdraft protection plans, such as a link to a savings account or line of credit, which may be less expensive than our standard overdraft practices. To learn more, please ask us.

This notice explains our standard overdraft practices.

➤ **What are the standard overdraft practices that come with my account?**

We do authorize and pay overdrafts for the following types of transactions:

- Checks and other transactions made using your checking account number
- Automatic Bill Payments

We do not authorize and pay overdrafts for the following types of transactions unless you ask us to (see below)

- ATM Transactions
- Everyday debit card transactions

We pay overdrafts at our discretion, which means we do not guarantee that we will always authorize and pay any type of transaction.

If we do not authorize and pay an overdraft, your transaction will be declined.

➤ **What fees will I be charged if Washington Savings Bank pays my overdraft?**

Under our standard overdraft practices:

- We will charge you a fee up to **\$25** each time we pay an overdraft over \$10.00
- We do not charge a fee for paying an overdraft of \$10 or less
- There is a limit on the total fees we can charge you for overdrawing your account. We will charge only for the first five items that overdraw your account on any one day.

➤ **What if I want Washington Savings Bank to authorize and pay overdrafts on my ATM and every day debit card transactions?**

If you also want us to authorize and pay overdrafts on ATM and everyday debit card transactions, call 978-458-7999 visit washingtonsavings.com, or complete the form below and present it at a branch or mail it to: 30 Middlesex Street, Lowell, MA 01852

_____ I do not want Washington Savings Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

_____ I want Washington Savings Bank to authorize and pay overdrafts on my ATM and everyday debit card transactions.

Printed Name: _____

Date: _____

Account Numbers: _____ or All checking accounts _____