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Mobile Deposit Service Agreement

These terms and conditions apply to the Mobile Deposit Service ("MDS") offered by HFS Federal Credit Union ("the Credit Union") as part of its Online Services. You must abide by these terms and conditions. Your use of the MDS operates as your affirmative consent that you have read and understood this agreement, and agree to this agreement and its terms and conditions. If you do not agree to these terms and conditions, do not use the MDS and contact the Credit Union to cancel your participation in the MDS. We reserve the right to change the terms and conditions for the MDS at any time and we may amend, modify, add to, or delete from this agreement from time to time. Your continued use of the MDS will indicate your acceptance of the revised agreement.

You must be enrolled in the Online Services in order to use the MDS. The MDS is deemed to be a specialized type of Online Services.

These terms and conditions supplement all other rules and disclosures applicable to your Account and all services that you access including but not limited to the Online Banking Agreement ("OBA"). In the event of any irreconcilable inconsistency, the provisions of the more specific document will control. If there is an irreconcilable conflict between what a Credit Union employee says and written disclosures, the written disclosures will prevail.

1. MOBILE DEPOSIT SERVICE. The MDS allows you to deposit original checks payable to you to your Credit Union share, share draft, special shares and money manager accounts through the Credit Union's mobile banking application. The Credit Union does not charge you for making deposits through the MDS; however, fees and charges may apply to dishonored deposits, and fees and charges from your phone service provider apply.

2. SOFTWARE AND HARDWARE REQUIREMENTS. In addition to the software and hardware requirements to access the Online Services (as identified in the OBA), you must have a supported mobile device with a camera and a compatible wireless plan to use the MDS.

3. ELIGIBLE CHECKS. The original paper check is referred to as the "Original Check." The image of the check that you transmit to the Credit Union electronically for deposit is referred to in this agreement as the "Check Image." "Check" means the Original Check and the Check Image. You warrant and represent that each Check deposited through the MDS meets all of the following conditions:

- a. The Check is payable to you (third party checks or checks payable to "cash" are not eligible);
- b. The Check amount does not exceed \$5,000.00;
- c. The Check is drawn in U.S. Dollars, on a U.S. financial institution;
- d. The Check is valid, does not have any alterations or corrections, and is in good condition;
- e. All information on the Check is consistent (e.g., the numerical amount matches the written amount);

- f. The full Magnetic Ink Character Recognition ("MICR") line is printed on the Check;
- g. The Check is not a foreign country check or a temporary check;
- h. The Check is dated within six months prior to deposit;
- i. The Check is not a certified check, cashier's check, teller's check, money order, postal order, savings bond, traveler's check, U.S. Treasury check, government warrant, image replacement document (IRD) or demand draft;
- j. The Check does not require a special endorsement or warrant (e.g., insurance and escrow checks are not eligible);
- k. The Original Check is a paper check that was not remotely created;
- l. The Original Check has the original signature of the person authorizing it;
- m. The Original Check is in your physical possession;
- n. You created the Check Image from the Original Check;
- o. The Check Image is image-readable by the Credit Union's standard software and equipment;
- p. Neither the Original Check nor any form of the Check has been (nor will be) submitted for deposit or collection anywhere other than to deposit the Check to your Credit Union account; and
- q. Neither the Original Check nor any form of the Check has been returned or rejected for any reason.

If you have any questions about whether or not a Check meets these requirements, contact any Credit Union branch office. Please refer to the OBA on how to contact the Credit Union. A Check that does not meet these requirements may in certain cases be accepted for deposit or collection at a Credit Union branch.

The Credit Union reserves the right to modify the types of checks accepted for the MDS without prior notice.

4. ENDORSEMENT. Prior to making an image of the Original Check, clearly endorse the back of the Original Check with "for mobile deposit only at HFS Federal Credit Union" and the account number to which the Check will be deposited. If this information is not included, the Credit Union can reject the transaction and your deposit will be delayed. This requirement has been put in place to prevent fraud.

5. IMAGE QUALITY. The Check Image transmitted using the MDS must be legible. The image quality must comply with the requirements established from time to time by American National Standards Institute, the Board of Governors of the Federal Reserve Board, and any applicable regulatory agency, clearinghouse or association.

6. CONFIRMATION OF RECEIPT OF IMAGE. After the Credit Union has received the Check Image through the MDS, you will be presented with a confirmation that the Credit Union has received the Check Image and that your deposit is pending. Log on to the Online Services to confirm that the Check Image has been posted to the correct account for the proper amount. Confirmation of receipt of the Check Image and posting to your account does not mean that the image file was error free or complete, nor that funds are available for withdrawal, nor that the Credit Union has received payment from the issuer of the Check. All deposits are subject to verification and may be adjusted upon review. The Credit Union reserves the

right to reject any Check Image without any liability to you or anyone else. The Credit Union is not responsible for any image that is altered, damaged or dropped during transmission.

7. SAFEKEEPING AND SUBSEQUENT DESTRUCTION OF ORIGINAL CHECK. After you have submitted the Check Image for mobile deposit, keep the Original Check in a safe place so that it is not improperly deposited elsewhere. The Credit Union suggests that you add to the front of the Original Check, "deposited to HFS FCU" and the date of the deposit for easier tracking. We suggest you retain the Original Check for at least sixty (60) days after it was posted to your account, since the Credit Union can request that the Original Check be provided for review during that time period. If the Credit Union makes such a request, you must provide the Credit Union with the Original Check within one (1) business day if requested. If you fail to provide the Original Check when requested, the Credit Union may reverse your deposit of the associated Check Image. After destruction of the Original Check, the image will be the sole evidence of the Original Check.

8. MAXIMUM DEPOSIT LIMITS THROUGH MOBILE DEPOSIT SERVICE. You agree that the maximum amount that you will deposit through the MDS will not exceed a daily limit of \$5,000.00 per business day (measured from 8:00 p.m. Eastern Standard Time to 8:00 p.m. Eastern Standard Time of the following business day). The daily limit is an aggregate amount that applies to all accounts for which you are an authorized signatory. Amounts in excess of \$5,000.00 may be deposited at any Credit Union branch using the Original Check. If you attempt to initiate a deposit in excess of these limits, we may reject your deposit. If we permit you to make a deposit in excess of these limits, such deposit shall still be subject to the terms of this agreement, and we will not be obligated to allow such a deposit at other times.

9. DATE OF DEPOSIT AND FUNDS AVAILABILITY FOR THE MDS. In most cases, a Check deposited through the MDS on a business day prior to 5:00 p.m. Hawaii Standard Time will be processed on the same business day and deposited to your account that day. Checks deposited after 5:00 p.m. Hawaii Standard Time will be processed on the next business day. The Credit Union may change the cut-off time at its discretion.

Funds availability for mobile deposits is governed by special rules. In most cases, the funds will be made available to you on the next business day following the business day of mobile deposit. Credit is provisional. You remain responsible for any funds credited to your account if the Check is returned unpaid for any reason at any time, irrespective of when the funds are made available to you. The Credit Union reserves the right to reject or delay processing of any Check deposited through the MDS. Similarly, the Credit Union may delay the availability of funds deposited through the MDS.

To avoid delay, you may go to any Credit Union branch to deposit the Original Check instead of using the MDS. You may contact any Credit Union branch office for information regarding deposits and availability.

10. PROCESSING OF CHECKS USING THE MDS. The Credit Union is required to inspect or verify the Check Image to determine its accuracy, legibility, quality, MICR information, or any other matter. The Credit Union may contact the drawer of the Check to verify its validity, but the Credit Union has no duty to do so.

The Credit Union may determine the method used to process, clear, present for payment, and collect the Check, and may select clearing agents, in the Credit Union's sole discretion. You agree to be bound by any clearinghouse agreements, operating circulars, image exchange agreements and other agreements to which the Credit Union is a party.

11. NONPAYMENT OF CHECKS; RETURN ITEMS. The Credit Union may charge the amount of the Check against your account if payment is not received, if payment is reversed, or if the Check is dishonored or returned at any time, and has all rights of setoff and to security interests applicable to your account.

The Credit Union will send you an Image Replacement Document ("IRD") of the Check as the charged-back item or may attempt to re-present the Check. Applicable Returned Item Fees will apply.

To redeposit a dishonored mobile-deposited Check, please take the IRD of the Check to a Credit Union branch office. Applicable fees may be assessed each time a Check is dishonored. See HFS FCU's Schedule of Fees and Charges, which is available online at www.hfsfcu.org.

12. CANCELLATION OF A MOBILE DEPOSIT. You shall have no right to cancel any mobile-deposited Check after its receipt by the Credit Union. However, the Credit Union may be able to act on your request to cancel the deposit but shall have no liability if such cancellation is not implemented or completed. You agree to indemnify, defend and hold the Credit Union harmless for any expenses, losses, or damages incurred in connection with your request.

13. WARRANTIES; INDEMNIFICATION; LIABILITY. In addition to the warranties and representations in section 3 above, you warrant and represent that:

- a. You are the holder of the Original Check and are entitled to enforce it;
- b. You have not and will not assign or transfer the Check to anyone other than the Credit Union;
- c. The images and information that you transmit accurately represents all of the information on the front and back of the original Check, including all endorsements;
- d. You have not taken any action that would obscure, alter or impair the capture or transmission of information on the front or back of the Check or that otherwise may prevent the capture or processing of such information;
- e. You make all warranties that would otherwise apply to the Check if it had been a paper item deposited to the Credit Union;
- f. You make all encoding, transfer, presentment and other warranties that the Credit Union or any correspondent bank are deemed by law to provide to others (e.g., as a reconverting bank) under any law, regulation, operating circular, clearinghouse rule, image exchange network rule, or agreement to which the Credit Union or the corresponding bank is a party;
- g. The Check satisfies all the requirements set forth in this agreement;
- h. You are using the MDS in good faith, in compliance with all applicable laws, without any malicious code or other potentially damaging capabilities;
- i. The Credit Union will not sustain a loss because you have used the MDS to deposit a Check;
- j. No file that you transmit contains any virus;
- k. You will not permit any third-party to use the MDS to deposit Checks to your account; and

You specifically agree that by using MDS, you give the Credit Union the same warranties and indemnities that the Credit Union, as a reconverting bank, would give under applicable law or regulation. You agree that all of the warranties deemed given by a depositor of a check to a bank under the Hawaii Uniform Commercial Code ("UCC") shall also apply to the Check Image, the same as if it were a paper check within the meaning of the UCC as adopted by the State of Hawaii. Accordingly, except to the extent that any warranties deemed given under the UCC are expressly superseded by the Check 21 Act or the Check 21 regulations under Regulation CC, you give the Credit Union all the same warranties you would have given

under the UCC for the deposit of an Original Check by transferring to the Credit Union: (a) the Check Image; (b) any Image Replacement Document or other item purporting to be a Substitute Check (as defined in Regulation CC); or (c) any electronic image that purports to represent an Original Check. The above warranties are deemed given to the Credit Union and any person to whom the Credit Union transfers, presents or returns any Check image, or any replacement therefor created by the Credit Union or any subsequent person.

14. YOUR INDEMNIFICATION TO THE CREDIT UNION; LIMITATIONS TO CREDIT UNION'S LIABILITY TO YOU. To the full extent permitted by law, you agree to indemnify, hold harmless and defend the Credit Union for any loss it suffers related to a Check that is submitted for deposit to any of your Credit Union accounts using the MDS, or for any breach of warranty, or any violation of the terms and conditions of the MDS.

The Credit Union will not be liable for any damages that arise, directly or indirectly, in whole or in part, from any of the following:

- a. Any error, failure or delay in the transmission or delivery of data, records or Checks;
- b. Any difficulty with the Check image, file, or other transmission; or
- c. Any nonpayment or return or return of any Check.

15. Compliance with Laws. You agree to comply with all laws, statutes, regulations and ordinances pertaining to your use of the MDS, as well as all laws relating to the transactions contemplated by this agreement. You also agree to be bound by any clearinghouse rules or agreements, operating circulars, image exchange agreements, and other documents to which we are a party that governs the MDS. You promise to indemnify and hold us harmless from any damages liabilities, costs, expenses (including attorneys' fees) or other harm arising out of any violation thereof. This indemnity shall survive termination of your account with us and this agreement.

16. In Case of Errors. Your mobile deposits made by the MDS will be included on the periodic statements we provide or make accessible to you for your account(s) with us. You agree to notify the Credit Union of any suspected errors no later than sixty (60) days after the applicable Credit Union account statement is sent. Unless you notify the Credit Union within sixty (60) days, such statement regarding all deposits made through the MDS shall be deemed correct, and you are prohibited from bringing a claim against the Credit Union for such alleged error. Call us at:

During Credit Union Hours from 8:30 am to 6:00 pm Hawaii Standard Time
(808) 930-1400 – Island of Hawaii
(800) 216-2666 (Toll Free) – Neighbor Islands & Continental U.S.A.

Or write to:
HFS Federal Credit Union
632 Kinoole St
Hilo, HI 96720-3894

17. APPLICABLE LAW. Regardless of where you live or work or where you access our Online Services, this agreement is subject to the federal laws of the United States of America and the laws of the State of Hawaii. If any of the terms of this agreement cannot be legally enforced, they will be considered changed to the extent necessary to comply with applicable law.

18. SEVERABILITY. If any provision of this agreement is determined to be void or invalid, such provision shall be deemed revised and enforced to the maximum extent permitted by law, and the remainder of this agreement shall remain in full force and effect.