

## Terms and Conditions of Your Account

**AGREEMENT** – This document, along with any other documents we give you pertaining to your account(s), is a contract that establishes rules which control your account(s) with us.

This agreement is subject to applicable federal laws and the laws of the state of Colorado (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 transactions or events which the law regulates but permits variation by agreement; and
- (4) Give you disclosures 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 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”, 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. “Party” means a person who, by the terms of an account, has a present right, subject to request, to payment from the account other than as a beneficiary or agent.

**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 charges. 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 which 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.

**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”). We are not responsible for transactions by 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 on a joint account, 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 on a joint account to endorse any other transaction with us. 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 stated 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. We may require not less than 7 days’ notice in writing before each withdrawal from an interest-bearing account other than a time deposit. 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 notice of penalty for early withdrawal.

**ACH AND WIRE TRANSFERS** – This agreement is subject to Article 4A of the Uniform Commercial Code 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 a 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 clearing house association rules. These rules provide, among other things, that payments made to you, or 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.

**OWNERSHIP OF ACCOUNT AND BENEFICIARY DESIGNATION** – These definitions 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. **Single-Party Accounts** – Such an account is owned by one party. **Multiple-Party Account** – Parties own account in proportion to net contributions unless there is clear and convincing evidence of a different intent. **RIGHTS AT DEATH** – **Single-Party Account** – At the death of a party, ownership passes as part of the party's estate. **Multiple-Party Account With Right of Survivorship** – At death of party, ownership passes to surviving parties. If two or more parties survive and one is the surviving spouse of the deceased party, the amount to which the deceased party, immediately before death, was beneficially entitled by law belongs to the surviving spouse. If two or more parties survive and none is the spouse of the decedent, the amount to which the deceased party, immediately before death, was beneficially entitled by law belongs to the surviving parties in equal shares. **Multiple-Party Account Without Right of Survivorship** – At death of party, deceased party's ownership passes as part of deceased party's estate. **Single-Party Account With Pay-on-Death Designation** – At death of the party, ownership passes to the designated pay-on-death beneficiaries and is not part of the party's estate. **Multiple-Party Account With Right of Survivorship and Pay-on-Death Designation** – At death of last surviving party, ownership passes to the designated pay-on-death beneficiaries and is not part of the last surviving party's estate. Not all ownership types described above are offered on online accounts.

Colorado Federal Savings Bank currently offers:

- **Single-Party Account**
- **Single-Party Account With Pay-on-Death Designation**
- **Multiple-Party Account With Right of Survivorship**
- **Multiple-Party Account With Right of Survivorship and Pay-on-Death Designation.**

**Important Information and Disclosures for Right of Survivorship and/or Pay-on-Death Designation** - For each new Eligible Account, you may designate pay-on-death beneficiaries at account opening. For existing account holders, please contact us to inquire methods of adding, modifying or revoking beneficiaries to your account(s). A separate request to designate beneficiaries is required for each eligible account. Only natural persons are eligible to be designated as beneficiaries.

At the death of the Single-Party Account holder or, in the case of a Multiple-Party Account, the death of the last surviving account holder, funds covered by Pay-on-Death Designations will be distributed to the beneficiaries, in equal percentages. For Multiple-Party Accounts With Right of Survivorship, at the death of one account holder, the surviving account holder will continue to exercise controls over the account, and funds will not be disbursed to beneficiaries. Also, for a Multiple-Party Account With Right of Survivorship, the surviving account holder has the right to add, modify, or revoke beneficiary designations following the death of the other account holder. In all cases of account holder(s)' death, your designated beneficiaries will need to initiate contact with us directly to claim funds. We have no fiduciary or trustee obligations to you or your beneficiaries.

Subject to applicable laws, Pay-on-Death Designations will generally take precedence over any estate planning vehicles such as a will or a trust. You acknowledge that we have not advised you on the suitability of the types of accounts in the context of tax or estate planning. Please seek a tax and/or estate planning advisor about your specific situation. You further acknowledge that providing a Pay-on-Death beneficiary designation does not constitute a trust and that we are not a trustee. Furthermore, we have no fiduciary obligations to you. We shall incur no liability for any payment made in good faith under your Pay-On-Death Designation. You, on behalf of yourself, your estate and your successors-in-interest, including those receiving payment as beneficiaries, agree to indemnify and hold harmless Colorado Federal Savings Bank, its affiliates and directors, officers, employees and agents from and against all claims, actions, costs and liabilities, including attorneys' fees, arising out of or relating to:

- your failure to notify us of a change in primary residence that may cause the Pay-on-Death Designation not be applicable at the time of any account holder's death;
- your failure to ensure the accuracy of beneficiary's information designated by you or the co-holder of your account;
- any conflicting designations of the funds in your Eligible Account(s) by will, trust or any other instrument;
- any written change of designated beneficiaries that you have made that is not received by us during your lifetime; and;
- any other claims or disputes not due to our fault or negligence.

Any Pay-on-Death Designation(s) is effective immediately upon execution of new account application where you provide a Pay-On-Death Designation(s) or receipt by us of your subsequent modifications of your Pay-on-Death Designation(s).

The nine community property states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. Alaska has an elective community property system. If you ever lived in a community property state while you were married, your spouse at that time may have certain rights to your account. We won't assume responsibility for determining whether your account is subject to community property. These nine states operate under some form of a community property ownership system. State laws vary, but community property generally holds that assets acquired by either spouse during the marriage (other than through gift or inheritance), while domiciled in a community property state, are the community property of both spouses, with each spouse entitled to half of the assets. The deceased spouse's share may pass according to the terms of his or her will and wouldn't be covered by the Pay-on-Death Designation. Consider consulting an estate-planning attorney for guidance on community property rights.

In the event that one or more of the noted payable on death beneficiaries pass prior to the account holder, the subject payable on death beneficiaries allocation will be distributed in equal shares to the remaining beneficiaries. The bank will allow up to 5 POD's to be added to an account at one time, in equal shares. If the noted POD is a minor at the time of disbursement, funds transfers may be delayed to ensure that appropriate state law is followed in accordance to uniform gift to minors statutes.

#### **Power of Attorney, Incompetence, or Death**

The moment we are notified of a death or incompetence, we may place a hold on your account and refuse to accept deposits or withdrawals until a beneficiary, successor or an "attorney in fact" contacts us. You may give another person (called an "attorney in fact") authority to withdrawal fund from your account by giving a power of attorney due to the death of account holder(s) or incompetence declared by a court. To add an attorney in fact to your account, you or your attorney in fact must contact us directly. We may refuse to add an attorney in fact to your account if the power of attorney document does not meet our requirements. Once a power of attorney is accepted, we will close the account(s) and in cases of declared incompetence, disburse funds with a check payable to the named account holder(s) and deliver it to the attorney in fact. If we are notified of the death of the named account holder(s), we will close the account and disburse funds in accordance to any applicable Pay-On-Death Designation in the manner stated in this agreement or disburse funds to an executor in the name of your estate.

**BUSINESS ACCOUNTS** – Earnings 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.

**STOP PAYMENTS** – You must make 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 before our stop-payment cutoff time. 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. A release of the stop-payment request may be made only by the person who initiated the stop-payment order.

Our stop-payment cutoff time is one hour after the opening of the next banking day after the banking day on which we receive the item. 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).

**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, by mail or electronic delivery. 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 do either of these duties, you will 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 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 is without regard to whether we used ordinary care. The 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 liability.

**TEMPORARY ACCOUNT AGREEMENT** – If this option is selected, we may 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.

**FACSIMILE SIGNATURES** – You authorize us, at any time, to charge you for all checks, drafts, or other orders, for the payment of money, that are drawn on us regardless of by whom or by what means the facsimile signature(s) may have been affixed so long as they resemble the facsimile signature specimen filed with us, and contain the required number of signatures for this purpose.

**RESTRICTIVE LEGENDS** – We are not required to honor any restrictive legend on checks you write unless we have agreed in writing to the restriction. Examples of restrictive legends are "must be presented within 90 days" or "not valid for more than \$1,000.00".

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