



FINANCE FACTORS

SAVINGS • CDS • MORTGAGES

Member FDIC NMLS #449916



DEPOSIT ACCOUNT AGREEMENT

Welcome to Finance Factors, Limited.

Thank you for opening a deposit account with us. We want you to know we appreciate your business and look forward to serving your present and future needs.

As part of opening your account, you have been provided with several account documents, including this Deposit Account Agreement, an addendum/disclosure containing additional information and terms that apply to each specific account, a fee schedule, a Privacy Notice and an Electronic Fund Transfer Agreement. These account documents are also described in the “Definitions” section below and are all part of your agreement with us.

By signing a signature card and depositing funds with us, you begin an account relationship with us. By doing so, you agree that you have received the account documents and to comply with all of the terms and conditions contained in the account documents including this Deposit Account Agreement.

In this Deposit Account Agreement, you will find important terms and conditions relating to your deposit account. Please read this Deposit Account Agreement and all account documents carefully and keep them for your reference.

DEFINITIONS. Certain words that are used often in this agreement will have the following meanings:

- (A) “we”, “our” and “us” refer to Finance Factors, Limited.
- (B) “you” and “your” refer to each and every signatory and owner with respect to an account, both collectively and individually.
- (C) “account” and “accounts” refer to your deposit account(s) with us, and includes all savings accounts and time certificate accounts.
- (D) “account documents” collectively refers to this Deposit Account Agreement, any addendum or addenda, disclosure(s), signature card(s), certificate(s), fee schedule(s), Electronic Fund Transfer Agreement, Privacy Notice and other notices, and any other

documents related to your account, and any amendments by us to any of the foregoing, that we have provided or may provide you with or that you have executed or may execute from time to time, in connection with any account.

- (E) “account transaction” refers to any transaction relating to an account including changes to the account, deposits, transfers, payments, or withdrawals, initiation or cessation of preauthorized deposits or withdrawals, endorsement of checks or other items for deposit, assignment, pledges or other hypothecation of the account or any portion of it, account suspension or termination, or investment or reinvestment of funds in the account.
- (F) “agreement” individually refers to this Deposit Account Agreement and collectively refers to all the account documents and any amendments by us to any of the foregoing, that we have provided or may provide you with or that you have executed or may execute from time to time, in connection with any account.
- (G) “business day” refers to any day on which our offices are open to the general public for business.
- (H) “certificate” refers to a Certificate of Deposit provided in connection with a time certificate account.
- (I) “deposit account” refers to any savings account or time certificate account.
- (J) “owner” and “owners” refer to the owner(s) of an account.
- (K) “person” and “persons” refer to natural persons/individuals (i.e., human beings) and legal entities (such as corporations, partnerships, trusts, limited liability companies, and limited liability partnerships).
- (L) “signatory” and “signatories” refer to the person(s) signing the signature card as authorized signers.
- (M) “signature card” refers to the signature card signed by a signatory or signatories in connection with an account.

TERMS AND CONDITIONS FOR ALL DEPOSIT ACCOUNTS

ACCOUNT DISCLOSURES. We are providing you the account documents which contain all the terms and conditions of your account and disclose the interest rate and annual percentage yield, the method and frequency of crediting and compounding interest to your account, the minimum balance requirements, all fees and charges applicable to your account, and other information pertinent to your account. The information and terms contained in the account documents may change from time to time with or without notice. If there are any changes that adversely affect you, we will provide you with written notice at least thirty (30) days before the change, except for changes in interest rate and annual percentage yield on the variable rate savings accounts covered under our agreement with you, a change for security reasons, or as otherwise permitted by law.

SINGLE OWNER ACCOUNT. This is an account owned by one (1) natural person or legal entity. If the owner of the account dies or ceases to exist, that owner's interest and funds in the account passes, subject to applicable law, to the owner's estate or successors.

JOINT OWNERS ACCOUNT. This is an account owned by two (2) or more natural persons. Legal entities, such as corporations, partnerships, trusts, limited liability companies and limited liability partnerships, cannot be owners to a joint owners account. In a joint owners account, each of the joint owners of the account has the right of survivorship, unless stated otherwise on the signature card. This means that if one of the owners dies, that deceased owner's ownership interest in the account and share of the funds in the account automatically go to the surviving owner(s), and if there is more than one (1) surviving owner, the surviving owners shall each receive an equal share of the deceased owner's interest. For a joint owners account without the right of survivorship, the deceased owner's interest in the account passes to the deceased owner's estate or successors.

Unless all owners specifically instruct us in writing to the contrary, any one (1) owner is deemed fully authorized to engage in any and all account transactions without requiring the consent of any other owner. We shall have no duty to notify any other owner(s) about any transaction requested by an owner. We reserve the right, but shall not be obligated, to require the signatures and/or written consent of all owners before we permit any account transaction if we believe it is necessary to do so.

Any notice, statement or other material will be mailed, delivered or given to only one (1) owner, but shall be considered mailed, delivered and given to all owners, unless we are required by law to give notice to each owner.

“AS TRUSTEE FOR” (WITHOUT WRITTEN TRUST AGREEMENT) OR “PAYABLE ON DEATH” ACCOUNTS. This is an account owned by one (1) or more natural person(s), and is designated as an “As Trustee For” or “Payable on Death” account. The owner(s) of an “As Trustee For” account is/are the trustee(s) during his, her or their lifetimes. The owner(s) of a “Payable on Death” account is/are the original named owner(s) during his, her or their lifetimes. The account may have two (2) or more owners (i.e., trustees or original named owners), in which case it will be subject to the provisions regarding joint owners accounts, except as may be otherwise specified in this paragraph. For multiple party accounts, the right of survivorship shall exist as among joint owners (i.e., trustees or original named owners), joint beneficiaries, and joint payable-on-death payees, respectively, unless otherwise stated on the signature card. Thus, upon the death of one (1) of two (2) or more trustees or original named owners, that deceased trustee's or original owner's interest in the account and share of the funds in the account automatically go to the surviving trustee(s) or original named owner(s), and if there is more than one (1) surviving trustee or original named owner, the surviving trustees or original named owners shall each receive an equal share of the deceased trustee's or original named owner's funds. Upon the death of the last surviving trustee or original named owner, the account will then belong to the surviving beneficiary(ies) or payable-on-death payee(s), in equal shares. While living, the trustee(s) and original owner(s) will have all ownership rights in the account and in the funds therein, including, without limitation, the right to change beneficiaries or payable-on-death payees,

the right to withdraw all funds from the account, and the right to terminate and close the account, for any reason. We are not obligated to notify any beneficiary or payable-on-death payee of the existence of any account or of the vesting of any beneficiary's or payable-on-death payee's interest in any account, except and unless as may be required by law.

TRUST ACCOUNT (WITH WRITTEN TRUST AGREEMENT). This is an account established as a trust account pursuant to a written trust agreement. The account and funds deposited in the account, together with any interest and any future additions to the account, are held and controlled by the trustee(s) designated in the trust agreement.

Unless otherwise specified in the trust agreement, or all trustees specifically instruct us in writing to the contrary, any one (1) trustee is deemed fully authorized to engage in any and all account transactions, without the consent of any other trustee(s) and/or owner(s). We shall have no duty to notify any other trustee(s) and/or owner(s) about any transaction requested by a trustee. We reserve the right, but shall not be obligated, to require the signatures and/or written consent of all trustees and/or owners before we permit any account transaction if we believe it is necessary to do so. If any trustee ceases to be a trustee (due to death, resignation, incapacity, removal, or otherwise), we may suspend the account until a successor trustee, if applicable, is lawfully appointed.

In opening, maintaining and/or administering the account, we may, but shall not be obligated to, require a copy of the complete trust agreement and all amendments (both present and future as they may arise) to the trust agreement. In addition, we may, but shall not be obligated to, require satisfactory written documentation of any change in trustee(s), and of any revocation, termination or change to the trust. We also may, but shall not be obligated to, refer to the trust agreement, trust amendments, and any related trust documentation, to answer any questions we may have about the trust. We shall not, however, be responsible or liable for any acts of a trustee in breach of the terms of any trust agreement, nor shall we be responsible for enforcing or complying with the terms of any trust agreement. The trustee(s) on the account shall be solely responsible for observing and performing all of the obligations and duties of a trustee under, and for complying with, the terms and provisions of the trust agreement. We shall have no duty or responsibility to ensure any trustee's actions are in compliance with applicable law or the terms and provisions of any trust agreement, nor shall we have any duty or responsibility to inquire about the use or purpose of any account transaction, including, without limitation, any withdrawals from or closure of, the account.

FIDUCIARY ACCOUNT. This is an account opened by a person in the capacity as a personal representative, guardian, conservator, agent, custodian, or other fiduciary, for the benefit of other person(s) who are the beneficial owner(s) of the account. The fiduciary is the owner of the account and funds deposited in the account, together with any interest and any future additions to the account, are held and controlled by the fiduciary designated on the account, for the benefit of the beneficial owner(s) of the account.

Unless specifically instructed in writing to the contrary, the designated fiduciary is deemed fully authorized to engage in any and all account

transactions without the consent of any beneficial owner(s). We shall have no duty to notify any beneficial owner(s) or any one else about any transaction requested by a fiduciary. We reserve the right, but shall not be obligated, to require the signatures and/or written consent of the fiduciary and all beneficial owners before we permit any account transaction if we believe it is necessary to do so. If the designated fiduciary ceases to be the fiduciary (due to death, resignation, incapacity, removal, or otherwise), we may suspend the account until a successor fiduciary is lawfully appointed.

In opening, maintaining and/or administering the account, we may, but shall not be obligated to, require such legal and other documentation as we may deem necessary, from time to time, regarding the establishment, existence, terms and conditions of the fiduciary relationship. In addition, we may, but shall not be obligated to, require satisfactory written documentation of any change in fiduciary, and of any revocation, termination or change to the fiduciary relationship. We also may, but shall not be obligated to, refer to any legal or other documentation regarding the fiduciary relationship, to answer any questions we may have about the fiduciary relationship. We shall not, however, be responsible or liable for any acts of a fiduciary in breach of the terms of any fiduciary relationship, nor shall we be responsible for enforcing or complying with the terms of any fiduciary relationship. The designated fiduciary on the account shall be solely responsible for observing and performing all of the obligations and duties of a fiduciary under, and for complying with, all laws and legal and other documentation applicable to the fiduciary and its fiduciary relationship. We shall have no duty or responsibility to ensure the fiduciary's actions are in compliance with applicable law or the terms governing the fiduciary relationship, nor shall we have any duty or responsibility to inquire about the use or purpose of any account transaction, including, without limitation, any withdrawals from or closure of, the account.

“HUTMA” ACCOUNT. This is an account opened under the Hawaii Uniform Transfers to Minors Act (“HUTMA”). Under a HUTMA account, a person designated as a custodian, maintains and administers the account for the benefit of the beneficiary, the beneficial owner of the account (who must be under twenty-one (21) years of age). A HUTMA account may have only one (1) custodian and only one (1) beneficiary. The account and funds deposited in the account, together with any interest and any future additions to the account, are held and controlled by the custodian designated on the account, for the benefit of the beneficiary.

The designated custodian is the owner of the account and is deemed fully authorized to engage in any and all account transactions without the consent of the beneficial owner. We shall have no duty to notify the beneficial owner about any transaction requested by a custodian. We reserve the right, but shall not be obligated, to require the signatures and/or written consent of the custodian and the beneficial owner before we permit any account transaction if we believe it is necessary to do so. If the designated custodian ceases to be the custodian (due to death, resignation, incapacity, removal, or otherwise), we may suspend the account until a successor custodian is lawfully appointed.

In opening, maintaining and/or administering the account, we may, but shall not be obligated to, require such legal and other documentation as we may deem necessary, from time to time, regarding any change in custodian,

and of any termination of or change to the custodial relationship. We also may, but shall not be obligated to, refer to any legal or other documentation regarding the custodial relationship, to answer any questions we may have about the custodial relationship. We shall not, however, be responsible or liable for any acts of a custodian in breach of HUTMA, any other law, or the terms of any custodial relationship, nor shall we be responsible for enforcing or complying with HUTMA, any other law governing the custodial relationship, or the terms of the custodial relationship. The designated custodian on the account shall be solely responsible for observing and performing all of the obligations and duties of a custodian under, and for complying with, HUTMA, and all other laws and legal and other documentation applicable to the custodian and the custodial relationship. We shall have no duty or responsibility to ensure the custodian's actions are in compliance with HUTMA or any other applicable law or the terms governing the custodial relationship, nor shall we have any duty or responsibility to inquire about the use or purpose of any account transaction, including, without limitation, any withdrawals from or closure of, the account, nor shall we be responsible for the custodian's proper termination of the custodianship or transfer of the funds in the account to the designated beneficiary.

“MINOR” ACCOUNT. This is an account opened by or in the name of an individual under eighteen (18) years of age (“Minor”). The Minor is the owner of the account and the funds held in such an account are for the exclusive right and benefit of the Minor, free from the control of any other person, but subject to the rights (under any applicable law or court order) of any guardian, custodian, trustee, conservator, or other legal representative lawfully appointed and/or designated for the Minor. The Minor is authorized to take any and all actions and conduct any account transactions on the same basis as though the Minor were an adult. We reserve the right, however, to from time to time, place additional conditions and restrictions on this type of account.

AUTHORIZED SIGNATURES. The signatory or signatories on the signature card for an account as replaced, renewed, or amended, are the only individuals authorized to engage in any account transaction; except, however, as may be otherwise authorized under the account documents or by law. We reserve the right, but shall not be obligated, to require such documentation as we may deem necessary to determine that any signatory or signatories on the signature card has or have been properly authorized. We shall not be liable for refusing to honor any instruction or transaction if we believe that any required signature is not genuine. We may, but shall not be required to (unless required by law), accept facsimile, digital or other form of electronic signatures.

POWER OF ATTORNEY. We may, but shall not be obligated to, recognize any power of attorney or the authority of anyone but the account owner(s) to engage in any account transactions. We will not recognize any power of attorney unless the power of attorney is in a form and content acceptable to us and is filed with us. If we accept a power of attorney, we may rely upon that power of attorney until we have received a satisfactory written revocation of the power of attorney. We shall have no duty or responsibility to inquire about the use or purpose of any account transaction made by the designated attorney-in-fact or agent, including without limitation, any withdrawals from or closure of, the account by said attorney-in-fact or agent.

TAXPAYER IDENTIFICATION NUMBER. We require any person who wishes to open or has opened an account with us to provide a U.S. Taxpayer Identification Number (“TIN”) that is certified as correct, and to maintain the TIN during the life of the account. We may refuse to open or continue any account if we are not provided with a properly certified TIN. Failure to furnish a TIN may result in backup withholding to the Internal Revenue Service and/or closure of the account. We reserve the right, from time to time, to place additional and/or different conditions and restrictions on accounts to foreign or non-resident persons.

ACCESS. You may instruct us and make any account transaction (such as deposits, withdrawals, opening and closing an account) in person, by mail, by telephone, or by any electronic means which we may from time to time permit, provided, however, that we reserve the right to impose such conditions, restrictions, confirmations and verifications, as we deem necessary on any account transaction.

SPECIAL ACCOUNT INSTRUCTIONS. You may request, but we shall not be obligated to, administer certain trust, court orders, or other special arrangements. However, be advised that because we do not give legal advice, we cannot counsel you as to which account arrangement most appropriately meets the specific requirements of your trust, court order, or other special arrangement. If you ask us to follow any instructions that we believe may expose us to loss, claims, lawsuits, expenses, liabilities or damages, we reserve the right to refuse to follow your instructions, to require you to indemnify us, to post a bond, or to provide us with other protection as we deem necessary.

CREDITING OF DEPOSITS. Deposits made before the deposit cutoff hour for any business day are credited to your account on that business day, subject, however, to any limitations and restrictions set forth elsewhere in the account documents. Deposits made after the deposit cutoff hour on any business day and deposits received on any non-business day will be credited to your account on the next business day, subject, however, to any limitations and restrictions set forth elsewhere in the account documents. Actual credit for deposits of, or payable in, foreign currency will be at the exchange rate in effect on the final collection in U.S. dollars. We are not responsible for transactions by mail or from another depository until we actually receive them.

CHECK ENDORSEMENTS. We may, but shall not be required to, endorse checks for you that we receive for deposit. Such checks must be made payable to you. For a joint owners account, we may receive for deposit any checks made payable to any owner or owners, and supply any missing endorsements of any owner or owners. If a check that is payable to two (2) or more persons is ambiguous as to whether it is payable to either or both persons, we may receive for deposit and process the check as though it is payable to either person, or to both persons, as we deem appropriate in our sole discretion.

HOLD POLICY. Checks and other items deposited are subject to verification and the provisions of the Hawaii Uniform Commercial Code, as amended from time to time. When a check or other item other than cash is included in a deposit, the amount of the check or other item will be provisionally credited to your account on the day of deposit, subject to

collection. In some cases, we may either wait to credit your account or place a “hold” on your account for the amount of the check or other item, until a final disposition is made with respect to the check or item (this may happen, for example, when a deposited check is for a large amount or is drawn on an out-of-state or remote bank). If we do this, we will notify you at the time you make your deposit. We will also give you an estimate of how long we will have the “hold” on the check or item. If we decide to take this action after you have left the branch, we will mail you the notice by the next business day after we receive your deposit.

STALE CHECKS. We may, but shall not be obligated to, accept for deposit, any check that is presented more than six (6) months past the date that it was written.

ELECTRONIC FUND TRANSFERS. Electronic fund transfers are only permitted for savings accounts. We may, but shall not be required to, accept wire transfers. Electronic deposits involving the Automated Clearing House are not final until we receive final settlement of the incoming electronic deposit. All electronic fund transfers shall be subject to the terms, conditions and restrictions contained in our Electronic Fund Transfer Agreement which may from time to time be amended, and which shall be deemed a part of this agreement.

FEES. Your account is subject to certain fees as adopted by us and set forth in our fee schedule, which may be amended from time to time. When we render any service covered by the fee schedule, we will not provide you with notice prior to assessing the fee to the account. The fee schedule will be provided at the time the account is opened and may also be obtained from any of our branches. If there are any changes to the fee schedule which will adversely affect you, we will provide you with written notice at least thirty (30) days before the change, or as may be otherwise required by law.

TRANSFER AND ASSIGNMENT. You do not have any right to transfer your account or assign rights in your account, except and unless as provided in this section. By “transfer” we mean a transaction in which you give up all ownership interest in the account and give that ownership interest to another person. By “assign” and “assignment” we mean a transaction in which you give up only a portion of your rights in the account to another person.

We reserve the right to impose certain conditions, restrictions and limitations from time to time on any account transfer or assignment including, without limitation, consent to the transfer or assignment by all parties with ownership interests in the account, that such account be free from liens and encumbrances and that new account documents be signed by the transferee(s) or assignee(s). In the case of a transfer of a time certificate account, the certificate must be surrendered to us and then a new certificate will be issued to the transferee(s).

If you want to assign a portion of your rights in an account to another person, you must give us a written instrument of assignment that is acceptable to us. The assignment, if permitted, will be effective only when it is noted by us on our books. Depending upon the terms of the assignment, we may limit or restrict your rights to the account, including without limitation, to withdraw funds from the account. In the case of an

assignment of a time certificate account, we must note the name of the assignee and the rights assigned, on the face of the certificate or on an attachment to the certificate.

REQUEST FOR ACCOUNT CHANGES. We reserve the right to approve or disapprove any account changes which you request regarding your account, and to condition any approval on your providing such additional documentation as we deem necessary or desirable and paying such fees as we may require.

NOTICE OF YOUR ADDRESS OR NAME CHANGES. You are responsible for notifying us in writing of any address or name change to your account, and for providing such confirming documentation as we may require. We are only required to attempt to communicate with you at the most recent address you have provided us. We may, but shall not be obligated to, accept oral notices. Any written notice you give us is effective when we receive it.

NOTIFICATION OF DEATH. We may continue to honor and follow all instructions and directions of an owner or signatory regarding an account until we are notified of such owner's or signatory's death. We may require anyone claiming a deceased owner's account and funds, to provide a certified copy of the death certificate for the deceased owner, and to indemnify and hold us harmless for, from and against all losses, costs, expenses, claims, liabilities, damages, and attorneys' fees incurred by us in connection with honoring a claimant's request regarding disposition of the account and funds in the account.

NOTICE OF AMENDMENTS. Except as may be prohibited or restricted by law, we may change these terms and conditions at any time, and will inform you of any changes affecting your rights and obligations as a depositor by mailing a notice to your last known address as shown in our records or by posting a sign in each of our branches or by giving other notice as required by law. We do not have to notify you in advance if the change is necessary for security reasons or we are required by law to make the change, unless advance notice is required by law. If you maintain your account after the effective date of the change, you will have been deemed to automatically agree and consent to the change. Any written notice we give you is effective when it is deposited in the U.S. mail, postage prepaid and addressed to you at your last known address as shown in our records. For joint owners accounts, any notice, statement or other material will be mailed, delivered or given to only one of you, but shall be considered mailed, delivered and given to all of you, unless we are required by law to give notice to each one of you.

DORMANT ACCOUNTS. After three (3) years of no activity or transactions on your account, contact with you or communication from you regarding your account, your account will be placed on a dormant status, until your account becomes reactivated, is closed or is turned over to government authorities as required by law. For dormant accounts, we will only send notices and statements as may be required by law, and if not required by law, then as we may elect to do so in our sole discretion.

ESCHEAT ACCOUNTS. After five (5) years of no activity on your account, contact with you or communication from you regarding your account, the funds in your account may be presumed abandoned under

certain circumstances and subject to escheat to the State of Hawaii. This means the funds would be transferred to the State of Hawaii as unclaimed or abandoned property. If required by law, we will send you a notice if your account is subject to escheat. Such notice will be mailed to you at your last known address as shown on our records. Once funds have been turned over to the State, your account will be closed and we shall have no further responsibility or liability to you regarding such account or funds. If you choose to reclaim such funds, you must apply to the appropriate governmental agency.

SUSPENDED ACCOUNTS. We may suspend your account (not permit any account transactions) for any of the following reasons: (a) we have reason to believe your account is involved in or affected by legal proceedings; (b) we receive inconsistent or conflicting instructions concerning your account from owners, signatories or anyone else who has or claims rights, or interests with respect to your account, or there are conflicts or disputes among owners, signatories or anyone else who has rights, duties or interests with respect to your account; (c) we receive a legal order affecting your account, such as, for example, a lien, levy, garnishment or attachment; (d) your account secures an obligation to us or another party; (e) required documentation has not been presented; or (f) you fail to pay any loan or other credit obligation you have with us on time or are otherwise in default under any such loan or credit obligation. While your account is suspended, we have the right, at our option, to prohibit any account transactions regarding your account, including without limitation, transfers, assignments, payments or withdrawals from your account. Your account will remain suspended until the matter is resolved to our satisfaction. We reserve the right, but shall not be obligated, to submit any claim or controversy regarding the account to any court of competent jurisdiction. Unless otherwise provided in this agreement or prohibited by law, you shall pay all costs and expenses we incur, including our attorneys' fees, in connection with your suspended account, whether or not we initiate any court or other legal action, and we may charge and recover such costs and expenses from any of your accounts, without any notice to you. If we use funds from a time certificate account, the account is then subject to any early withdrawal penalty that applies.

CONFLICTING CLAIMS. If conflicting claims have been made to the funds in your account, we may deposit the balance of the account (less amounts due us) with a court of competent jurisdiction and ask the court to resolve the conflict. If we do this, we can charge and recover the costs and expenses we incur, including our attorneys' fees, from the account and/or you. If we use funds from a time certificate account, the account is then subject to any early withdrawal penalty that applies.

LEGAL PROCESS. A legal order, such as, for example, a lien, levy, garnishment or attachment, from a court or other government authority, may require us to suspend your account and/or hold or deliver funds in your account. When we receive such an order, you will be liable for all costs and expenses that we incur in responding to such legal order, including attorneys' fees and costs, and we may charge and recover such costs and expenses against any of your accounts, without any notice to you, unless prohibited by law. If we use funds from a time certificate account, the account is then subject to any early withdrawal penalty that applies.

TERMINATION OF ACCOUNT. We may terminate and close your account at any time without notice to you or may require you to close your account and apply for a new account if: (a) there is a change in owners or signatories on the account; (b) we have reason to believe a forgery, fraud or other wrongful or improper act has been or is about to be committed involving your account; (c) there is a dispute regarding the account, including without limitation, the ownership of the account or of the funds in the account; (d) your certificate is lost or stolen; (e) you fail to comply with the terms and conditions of your account; (f) you have made any misrepresentations in connection with your account; or (g) your account is escheated to the State of Hawaii. In addition, except as may be otherwise prohibited or restricted by law, we may, for any other reason (including, without limitation, our discontinuation of any type of account), terminate and close your account or convert your account to a new or different type of account or may require you to close your account and apply for and/or convert to a new or different type of account, at any time upon giving you thirty (30) days advance written notice. We reserve the right, but shall not be obligated, to require all owners of an account to provide written consent to terminate and close an account.

WAIVERS. No waiver of any term or condition of this agreement or any other term or condition of your account will be valid unless it is in writing and signed by one (1) of our authorized officers. If we waive a term or condition on one occasion, that does not obligate us to waive that term or condition on another occasion.

RIGHT OF SET-OFF. If you ever owe us money, as a borrower, guarantor, or otherwise, and it becomes due, we have the right under the law (called set-off) and under this agreement (by which you hereby grant us a security interest in your account) to use money from any of your account(s) to pay your debt(s), any costs or expenses incurred by us in enforcing our rights, including reasonable attorneys' fees, and the costs of any litigation or other legal proceeding relating to your debt(s). For accounts owned by more than one (1) person, we may exercise this right to pay individual debts of any owner of the account. If we use funds from a time certificate account, the account is then subject to any early withdrawal penalty that applies. We will notify you after we exercise this right.

INDEMNITY. You agree to indemnify and hold us harmless for, from and against all losses, costs, expenses, claims, liabilities, damages, and attorneys' fees incurred by us arising from or related to (a) your failure to comply with the terms and conditions of this agreement or any account document, (b) our involvement in a dispute between you and another owner or third party in connection with your account, or (c) failure by you to exercise due care in handling your account. You authorize us to deduct such indemnity amounts from your account(s) without any prior notice to you. If we use funds from a time certificate account, the account is then subject to any early withdrawal penalty that applies.

ATTORNEYS' FEES. In the event of any lawsuit or other legal proceeding involving a dispute between you and us concerning this agreement and/or your account(s), the prevailing party will be entitled to its fees and expenses, including reasonable attorneys' fees. Additionally, you will be responsible to pay our attorneys' fees and other costs and expenses

incurred as a result of our involvement in a dispute between you and another owner or third party, or as a result of our having to bring a legal action or other proceeding to enforce the terms of this agreement.

SEVERABILITY. If any portion of this agreement is held by any court of law to be invalid or unenforceable, the remainder of this agreement shall continue to remain valid and enforceable, and shall continue in full force and effect.

HEADINGS. The headings that precede each section are for ease of reference only and are not to be construed as limiting or affecting the meaning of the language that follows.

GOVERNING LAW. The account documents including this agreement and the rights and obligations we both have, are governed by and interpreted according to applicable Hawaii and Federal law. In the event any terms or provisions of this agreement conflict with or are inconsistent with any applicable Hawaii or Federal law, that law shall control, prevail and take precedent over such conflicting or inconsistent terms or provisions. If any applicable State or Federal law relates to any aspect of your account that is not covered in this agreement, then such State or Federal law shall apply. Any legal action regarding this agreement shall be brought in the State of Hawaii.

ADDITIONAL TERMS AND CONDITIONS FOR ALL SAVINGS ACCOUNTS

MINIMUM OPENING DEPOSIT. The amount of the minimum opening deposit depends upon the type of account selected and is described in the addendum/disclosure that is applicable to such account.

MAXIMUM BALANCE. We may set a maximum permitted balance for your account. If we do so after you have opened an account that did not have a maximum balance at the time of account opening, we will provide you notice thirty (30) days before we impose this limitation.

INTEREST RATE AND ANNUAL PERCENTAGE YIELD. All savings accounts are variable-rate accounts. At our discretion, we may change the interest rates and annual percentage yields on the accounts (including your account) at any time, and as many times after the accounts (including your account) are opened, without giving you any prior notice. The initial interest rate and annual percentage yield for each account are the interest rate and annual percentage yield in effect on the date the account is opened, for that type of account and for the amount deposited. The annual percentage yield measures the total amount of interest paid on an account based on the initial interest rate in effect when the account is opened and the frequency of compounding, for a one (1) year (365-day) period. The annual percentage yield is expressed as an annualized rate and assumes that the interest rate will not change, that interest will remain on deposit, and that no other transactions (deposits or withdrawals) occur, during the first year (365-day period). Any withdrawals will reduce earnings. For the current interest rates and annual percentage yields, refer to our current rate schedule or call us at the telephone number shown on our rate schedule during our normal business hours.

INTEREST CALCULATION. Interest is computed on the basis of a 365-day period. Interest is calculated daily. We use the daily balance method to calculate the interest on each account. This method applies a daily periodic rate (based on the interest rate in effect for your account for that day) to the full amount of principal in the account at the end of each day. The manner and frequency with which interest will be credited to your account and compounded depends upon the type of account selected (please refer to the addendum/disclosure for the type of account selected).

INTEREST ACCRUAL. Interest begins to accrue on cash and non-cash deposits (for example, checks) on the date of your deposit if made in person, or on the first business day after our receipt of your cash or non-cash deposit if not made in person. If you withdraw funds or close your account before any accrued interest is credited, you will receive the accrued interest on the withdrawn funds, up to the day prior to the day you withdraw the funds or close your account.

DEPOSITS. You can make deposits at any of our branches or by mail addressed to the branch where your account is maintained. If you deposit a check or other item by mail, you should endorse it “for deposit” followed by the signature of all payees and your account number.

WITHDRAWALS. You may make withdrawals of available funds from your account at any of our branches. You can do so by giving us a completed and signed withdrawal request on the form we have provided. We reserve the right to require at least seven (7) days written notice prior to any withdrawal from your account. Also, you may not make more than six (6) transfers and/or withdrawals during any calendar month or thirty (30) day statement period from your account to another account with us or to a third party by means of a preauthorized or automatic transfer, or telephonic (including data transmission) agreement, order or instruction, including any arrangement with us to pay a third party from your account (a) at a predetermined date, (b) on a fixed schedule, or (c) upon written orders, including orders received through the Automated Clearing House (ACH), and only three (3) of these six (6) transfers and/or withdrawals can be made by check or similar order to a third party. In addition, in certain situations, your right to withdraw may be affected by our hold policy.

We reserve the right to refuse any withdrawal or transfer request that exceeds the limit described in the previous paragraph or to impose conditions on our honoring of such request. If we honor your request, we are not required to similarly honor any future request of a similar nature. We reserve the right to close your account if you consistently exceed the limits on withdrawals or transfers.

STATEMENTS. We will mail you a statement at least once each calendar quarter showing all of the transactions in your account, even if there are no transactions in a particular quarter. You agree that it is your responsibility to examine each statement and accompanying materials with reasonable promptness and to notify us of any error, discrepancy or irregularity within a reasonable time but in no event longer than thirty (30) days after the date of the statement is mailed or otherwise made available to you. If you discover (or reasonably should have discovered) any error, discrepancy, unauthorized signatures, alterations or any irregularity concerning your statement or any aspect of your account, 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 any loss with us, or bear such loss entirely yourself.

FEES. Your account is subject to certain fees that are shown on a fee schedule. We reserve the right to change the fee schedule from time to time. In addition, certain fees may be charged on certain accounts. The addendum/disclosure for each account will describe these fees.

ADDITIONAL TERMS AND CONDITIONS FOR ALL TIME CERTIFICATE ACCOUNTS

MINIMUM OPENING DEPOSIT. The required minimum opening deposit and balance, if any, depends on the type of account and is described in the addendum/disclosure that applies to each account.

MAXIMUM BALANCE. We may set a maximum permitted balance for your account. If we do so after you have opened an account that did not have a maximum balance at the time of account opening, we will provide you notice as required by law depending on the term of our account.

CERTIFICATE. When you open a time certificate account we will give you a certificate. The certificate will show the amount of deposit, date of deposit, term, maturity date, interest rate and annual percentage yield for the applicable account. Keep this certificate in a safe place.

INTEREST RATE AND ANNUAL PERCENTAGE YIELD. The interest rate and annual percentage yield for each account are the interest rate and annual percentage yield in effect on the date the account is opened or renewed, for that type of account and for the amount deposited and the term chosen. The interest rate and annual percentage yield are fixed as of the date the account is opened or renewed, and remain in effect until the maturity date of the initial term or any renewed term as may be the case. For accounts where interest is compounded during the term, the annual percentage yield assumes that interest will remain on deposit until the maturity date, and thus any withdrawals (including by check to you or by deposit to another account with us) will reduce earnings. For the current interest rates and annual percentage yields, refer to our current rate schedules or call us at the telephone number shown on our rate schedules during our normal business hours.

MINIMUM BALANCE. In order to obtain the disclosed annual percentage yield, you must maintain at least the minimum balance amount in the account each day throughout the entire term. If you withdraw any principal on deposit in your account before the maturity date, the remaining principal left on deposit must meet the minimum balance requirements (being the minimum opening deposit amount for your type of account) or your account will be closed.

INTEREST CALCULATION. Interest is computed on the basis of a 365-day year. Interest is calculated daily. We use the daily balance method to calculate the interest on each account. This method applies a daily periodic rate (based on the interest rate in effect at the time you opened or renewed the account) to the full amount of principal in the account at the end of each day.

INTEREST ACCRUAL. Interest begins to accrue on cash and non-cash deposits (for example, checks) on the date of your deposit if made in person, or on the first business day after our receipt of your cash or non-cash deposit if not made in person. If you withdraw principal and/or close your account before any accrued interest is credited, you will not receive the accrued interest on the withdrawn principal.

INTEREST CREDITING. The frequency of interest crediting depends on the type of account you have and is described in the addendum/disclosure that applies to such account.

INTEREST COMPOUNDING. The frequency of interest compounding depends on the type of account you have and is described in the addendum/disclosure that applies to such account.

TRANSACTION LIMITATIONS. Unless specifically permitted by the type of account, you may not make additional deposits into an account after it is opened. Also, we may, but shall not be required to, allow you to withdraw principal from the account, prior to the maturity date.

AUTOMATIC RENEWAL. All accounts will renew automatically at maturity. If, however, you do not wish to renew your account, you must provide us with written instructions not to renew and must withdraw your funds by no later than: two (2) business days (i.e., days on which our offices are open for business) after the maturity date, for accounts with a term of one (1) month or less; or, ten (10) calendar days after the maturity date, for accounts with a term longer than one (1) month, in order to avoid being charged a penalty. The term of the renewed certificate begins on the maturity date of your expired certificate. The term of the renewed certificate will be as follows:

Current Term	Renewed Term
3-5 months	3 months
6-8 months	6 months
9-11 months	9 months
12-17 months	12 months
18-23 months	18 months
24-35 months	24 months
36-47 months	36 months
48 months and longer	48 months

The interest rate and annual percentage yield on the renewed certificate will be that offered by us on the maturity date of your expired certificate for a time certificate with an equivalent amount and term as your renewed certificate. We will give you written notice as required by law before your certificate matures.

EARLY WITHDRAWAL PENALTIES. We reserve the right to refuse to allow early withdrawal of any portion of the principal amount of your account at our discretion. If we allow you to make an early withdrawal of the principal in your account, a penalty may be imposed as described in the addendum/disclosure that applies to such account.

The amount of the early withdrawal penalty depends upon the type and term of the certificate, the amount of principal withdrawn, and the interest rate in effect for the certificate. The penalty is calculated on a simple interest basis and is equal to the amount of interest (based on the amount of principal withdrawn at the interest rate then in effect) for the designated penalty period.

If you withdraw principal before the maturity date of your certificate, the penalty may be more than the interest you have earned. If the penalty exceeds the amount of interest earned up to the date of the withdrawal, the difference will be deducted from the principal balance. This means you will not receive the full amount of principal that you deposited.

No early withdrawal penalty will be assessed if the withdrawal is made as a result of an account owner's death or medically or judicially declared incompetency, or involuntarily as a result of legal process (e.g., levy, garnishment or court order) provided that the account is in the account owner's individual name and capacity.

LOST CERTIFICATE. If you lose the certificate, you must give us satisfactory proof of the loss. Our requirements and procedures regarding proof of loss vary from time to time, depending on regulatory and other requirements. When you give us satisfactory proof of the loss of the certificate, we will note the loss in our records. We will also issue you a replacement certificate. The replacement certificate will show the exact same terms (i.e., amount of deposit, date of deposit, term, maturity date, interest rate and annual percentage yield) as your lost certificate. The replacement certificate will also be subject to the terms of this agreement. When we issue the replacement certificate to you, we will have no further liability or responsibility to you with respect to the lost certificate.

FEES. Your account is subject to certain fees that are shown on a fee schedule. We reserve the right to change the fee schedule from time to time. In addition, certain fees may be charged on certain accounts. The addendum/disclosure for each account will describe these fees, if any.

REDEMPTION OR NON-RENEWAL OF ACCOUNT. We may redeem the certificate at any time by giving you written notice thirty (30) days prior to the date of redemption. You do not have any right to demand payment of the principal and accrued interest evidenced by the certificate except as this agreement and your certificate provide. When we send you written notice of redemption, interest will continue to accrue on your account until the first of the following occurs: (1) the end of the thirty (30) day period following the notice of redemption; or (2) the balance of funds in your account is made available to you. The balance may be made available to you by a check in the amount of your account balance issued in your name or by some other means. After termination of the account, this agreement will continue to govern our and your rights and obligations with respect to the account, the certificate and anything else related to them. We also reserve the right not to renew any account.



FINANCE FACTORS

SAVINGS • CDS • MORTGAGES

ADDENDUM AND ADDITIONAL DISCLOSURES FOR FINANCE FACTORS eSAVINGS ACCOUNTS

DEPOSIT ACCOUNT AGREEMENT. This Addendum is part of the master Deposit Account Agreement that was provided to you as part of opening your account.

MINIMUM OPENING DEPOSIT. A minimum opening deposit and balance of \$100 is required. The \$100 opening deposit must be electronically transferred from a financial institution other than Finance Factors.

INTEREST CREDITING AND COMPOUNDING. Interest is credited to your account and compounded on a monthly basis (each calendar month). Interest rate is subject to change at any time without notice.

FEES. You must maintain a minimum balance of \$100 in the account each day to obtain the disclosed annual percentage yield. Balances below the minimum \$100 opening deposit will earn .10% for each day the balance is below the minimum and a \$15 monthly service fee will be charged to the account for each month that the account is below the minimum balance at any time during the month. A \$50 early closing fee will be charged if the account is closed within 90 days of opening.

OTHER RESTRICTIONS. The eSavings Account is available to State of Hawaii residents only. eSavings Account is a special product that's only available to Finance Factors Online Services users.

SIGNATURE CARD. When you have occasion to visit a branch, you may be asked to complete a signature card.



Member FDIC

NMLS #449916

Rev. 7/22



FINANCE FACTORS

SAVINGS · CDS · MORTGAGES

Fee Schedule

Effective September 7, 2021

Below Minimum Balance Fees (Minimum Balance of \$100)	
Personal Savings Accounts	
UltraSavings	\$ 5 per Month
Kauai Savings Special	\$ 5 per Month
Glaziers Vacation Savings	\$ 5 per Month
Step-Up Savings	\$ 5 per Month
Business Savings Accounts	
UltraSavings - Business	\$ 5 per Month
Kauai Savings Special - Business	\$ 5 per Month

Early Closing Fees <i>(if closed within 90 days of opening)</i>	\$ 25
IRA/CESA Transfer Fee	\$ 35
Replacement Certificate of Deposit	\$ 10 per Certificate
Checks Issued to Third Party	
First Check Per Day	No Charge
Additional Checks on Same Day	\$ 10 per Check

Notary Public

For original document and one duplicate original \$ 5 per Signing

For each duplicate original thereafter \$ 2.50 per Signing

Research

Response to Document Request \$ 30 per Hour or Fraction Thereof

Copying Fee \$ 0.50 per Page

Off-Site Retrieval Fee \$ 10 per Box

Response to Legal Process and/or Subpoenas

\$ 50 per Hour

Returned Draft or Check Fee

\$ 20 per Draft or Check

Stop Payment Fee

\$ 20 per Check

Wire Transfers

Incoming (*First Hawaiian Bank*) \$ 20 per Order

Incoming (*Federal Reserve Bank*) \$ 65 per Order

Outgoing \$ 75 per Order





FINANCE FACTORS

SAVINGS • CDS • MORTGAGES

Member FDIC

ELECTRONIC FUND TRANSFER AGREEMENT

Since some of your transactions with **Finance Factors, Limited** may involve electronic deposits and payments, known as “electronic transfers,” we are providing you with this Agreement to explain our mutual responsibilities and liabilities, as well as some other aspects of these transactions. This Agreement applies to all electronic transfers that you authorize a third party to make into your account(s) with us, and to all electronic transfers that you authorize us to make from your account(s) with us. In this Agreement, “you” and “your” refer to each person using electronic transfers and “we,” “us,” “our,” and “bank” refer to Finance Factors, Limited.

By using our electronic transfer services, you agree to the terms and conditions contained in this Agreement. We agree to complete your authorized Electronic Fund Transfers, which are governed by the Electronic Fund Transfer Act, under the terms and conditions of this Agreement. Certain other electronic transfers, often referred to as “wire transfers”, through the Federal Reserve Communications System or other similar networks, are governed by Article 4A of the Uniform Commercial Code and Section 490:4A-101, et seq, HRS, and will be accepted for processing or change only at our discretion.

1. CONSUMER LIABILITY

You must tell us AT ONCE if you believe that an electronic transfer has been or will be made without your permission. Telephoning is the best way of keeping your possible losses down.

If your statement shows an Electronic Fund Transfer that you did not make, you must notify us AT ONCE. If you do not notify us within 60 days after the statement was mailed to you, you may not recover any money you lost after this 60-day period if we can show that we could have prevented the loss if you had notified us in

time. If a good reason, such as a long trip or a hospital stay, kept you from telling us, we may extend the time period.

In all cases involving unauthorized wire transfers, you must notify us within 14 days after your statement showing the unauthorized transfer was sent to you or you may not be able to recover any loss, including interest, from us. No extensions of this 14 day period are available.

2. CONTACT IN THE EVENT OF UNAUTHORIZED TRANSFER

If you believe a transfer has been or will be made without your permission, immediately call our EFT Division at (808) 522-2000 or toll-free at 1-800-648-7136. Or, you may write to us at Finance Factors, Ltd., Attn: EFT Division, P. O. Box 3979, Honolulu, Hawaii 96812-9979.

3. BUSINESS DAYS

Our business days are Monday through Friday, except for bank holidays.

4. ELECTRONIC TRANSFER SERVICES

Electronic Fund Transfer services are available with our savings accounts but not our time deposit accounts. Wire transfers are not limited by account type but will be accepted for processing or change only at our discretion.

5. RESTRICTED TRANSACTIONS

Restricted transactions as defined by Federal Reserve Regulation GG are prohibited from being processed through your account(s) or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks, or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful internet gambling.

6. LIMITATIONS ON FREQUENCY OF TRANSFERS

You may make up to six (6) Electronic Fund Transfers per month from your savings account with us for the purpose of making payments or transferring funds to another account.

7. FEES

We will only charge you for your use of electronic transfers in accordance with our current Fee Schedule (see separate Fee Schedule, which is subject to change from time to time). We will also charge you for any stop payment, dishonor, or overdraft resulting from your electronic payment and for other standard charges described in your account agreement.

8. DOCUMENTATION

You will receive a statement for each month in which an electronic transfer other than a wire transfer affects your account. Otherwise you will receive the normal quarterly savings account statement. We are not obligated to notify you of your electronic transfers in any other manner.

9. PREAUTHORIZED DEPOSITS; PREAUTHORIZED PAYMENTS; STOP PAYMENTS

- a. **PREAUTHORIZED DEPOSITS.** If you have arranged to have direct deposits made to your account at least once every 60 days from the same third party, you can call us at the number listed in paragraph 2 above to find out whether or not the deposit has been made. These deposits will appear on your periodic statement. We are not required to accept an electronic deposit to your account resulting from a wire transfer. In the event we accept a wire transfer deposit, we will not be responsible for any loss, including interest or attorney's fees, you may claim relating to your late receipt of notice of deposit. For electronic deposits involving the Automated Clearing House, such transfers are not considered final until we receive final settlement of the deposit. We have the right to reserve these deposits from your account if we do not receive this final settlement.
- b. **PREAUTHORIZED PAYMENTS.** If you arranged with a third party for regular electronic payments to be made from your account with us, these payments will appear on your periodic statement. If these regular payments may vary in amount, the third party must notify you, at least 10 days before each payment date, when the payment will be made and how much it will be. You may choose instead to receive this notice only when the electronic payment differs by more than a certain amount from the previous one, or when the amount falls outside a certain range of amounts specified by you. If a wire transfer we initiate is rejected, we will send you notice of rejection no later than the business day following our notification of the rejection. We will not be responsible for any loss, including interest or attorney's fees, you may claim resulting from your late receipt of a rejection notice.
- c. **STOP PAYMENTS.** If you have authorized us in advance to make regular electronic payments from your account, you can stop these payments by notifying us at least 3 business days before the payment is scheduled to be made. You may call us at the number listed in paragraph 2 above, but we may also require you to put your request in writing and deliver it to us at the address listed in paragraph 2 above within 14 days

after you call. If you order us to stop any preauthorized payment at least 3 business days before the payment is scheduled, and we do not do so, we may be liable for your losses or damages. We are not required to accept any stop payment or change requests relating to wire transfers. We may, in our discretion, use reasonable efforts to stop a payment or change your authorized wire transfer. If we do so, we will not be liable for any loss, including interest or attorney's fees, you may claim resulting from our failure to stop a payment or change your request in a timely manner.

10. OUR LIABILITY

If we do not complete an electronic transfer to or from your account on time or in the correct amount, according to your authorization, we may be liable for your losses or damages. However, we will not be liable under the following circumstances:

- a.** Through no fault of ours, you do not have enough funds in your account to complete the transaction;
- b.** Through no fault of ours, we have not actually received enough funds to cover the electronic deposit from the third party;
- c.** If the funds in your account are subject to legal process or other encumbrance restricting the electronic transfer;
- d.** If our processing system was not working properly and you knew about the problem when you started the electronic transfer;
- e.** If circumstances beyond our control (such as flood or fire or acts of God) prevent the electronic transfer from being completed, despite reasonable precautions that we have taken;
- f.** If this Agreement is terminated;
- g.** If the authorization for your electronic transfer is revoked or suspended by law or court order, or
- h.** Other exceptions may be provided in other agreements we have with you or by applicable law.

11. CONFIDENTIALITY

We may disclose information to third parties about your account or the electronic transfers you make:

- a.** Where it is necessary for completing an electronic transfer or resolving an error related to your electronic transfer;

- b. In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant;
- c. In order to comply with government agency or court orders; or
- d. If you give us your permission.

12. RELIANCE

We will rely on the identifying numbers and other information you provide us in processing your electronic transfers. We will not be responsible for any conflict between these numbers and the identities of the parties or accounts involved.

If we agree to accept your request to initiate, change, or stop a wire transfer, then you must follow security procedures to verify the authenticity of and detect any errors in the transfer. We will not be responsible for any losses or damages if we followed the applicable security procedures in processing the unauthorized wire transfer.

13. IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS

You must telephone us at (808) 522-2000 or toll free at 1-800-648-7136 or write us at Finance Factors, Limited, Attn: EFT Division, P. O. Box 3979, Honolulu, Hawaii 96812-9979, as soon as you can, if you think your statement is wrong or if you need more information about an Electronic Fund Transfer listed on the statement. We must hear from you no later than 60 days after we sent the FIRST statement on which the problem or error appeared. When reporting an error or requesting more information:

1. Tell us your name and account number.
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

If you tell us orally, we may require that you also send us your complaint or question in writing within 10 business days. We will tell you the results of our investigation within 10 business days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question. If we decide to do this, we will re-credit your account within 10 business days for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 business days, we may not re-credit your account.

We will tell you the results within 3 business days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of the documents that we used in our investigation.

If your request relates to a wire transfer or is a routine inquiry, such as a request for the balance in your account or for documents for tax purposes, we will not treat your request as relating to an error and our response may take longer than the periods described above and will not involve any re-crediting.

14. OTHER AGREEMENTS

This agreement governs electronic transfers from and into your account(s) with us. These accounts are also governed by the account agreement applicable to each account.

15. AMENDING THIS AGREEMENT

We have the right to terminate or amend this agreement at any time. We will notify you at least 30 days before an amendment will take effect if it will increase your fees or liability, limit your ability to make electronic transfers, or adversely affect your account in any way. We do not have to notify you in advance if a change is necessary for security reasons.

16. APPLICABLE LAW

The laws of the State of Hawaii will govern this Agreement.





ELECTRONIC CONSENT AGREEMENT

Finance Factors, Ltd. (“we” or “us”) is pleased to offer you the opportunity to receive information and documents about your loan or deposit account(s) with us electronically. This Agreement applies to all documents and/or notices that we provide to you in electronic format including any applications, disclosures required by federal or state law, notices, acknowledgements, authorizations, signature cards, contracts and agreements (“Documents”).

By signing or accepting this Agreement, you are agreeing to receive the Documents electronically. Please review the terms of this Agreement carefully before giving your consent, and retain a copy of this Agreement for your records.

This Agreement will remain effective until you expressly withdraw it in the manner described below.

Documents You May Receive Electronically: By accepting this Agreement, you agree that we may provide you with the Documents solely in electronic form via an internet document delivery system, email or other electronic means. You should print and/or download a copy of any Documents for your records.

Obligation to Provide Us with Your Current Email Address: You must provide us with your most current email address. Should your email address change, you must inform us and provide your new email address in the manner described below.

Electronic Signature: By accepting this Agreement, you agree to sign or acknowledge any Documents via electronic signature.

Paper Copy of Required Information Available Upon Request: At any time, you may request paper copies of any Documents made available electronically to you by following the instructions described below. We may charge you a fee for such paper copies and will charge you any applicable postage or express delivery fees.

Loan Documents Only: For any Documents associated with a loan application, if there is more than one party on the loan, then each party needs to sign this Agreement. Otherwise, none of you can receive or sign loan documents electronically.

Electronic Delivery for Loan Documents: We intend to use the DocuSign, Inc. system (“DocuSign”) as the primary means of providing you Loan Documents electronically. You will be notified via email that Loan Documents are available for you to access on DocuSign. You can view, download and print Loan Documents using the link in the email for the time period stated in the email. If you want to



keep a copy of your Loan Documents, please print or download them when you access the Loan Documents via the link. Please note that you do not have to set up a DocuSign account, but if you elect to do so, DocuSign may charge separate fees associated with that account.

Withdrawing Your Consent: You may, at any time and without being charged a fee, change your mind and ask to receive Documents only in paper format. You may withdraw your consent to electronic delivery by following the method described below.

Additionally, you may, at any time and without being charged a fee, withdraw your consent to sign electronically any Documents by following the method described below.

Withdrawal of your consent will not affect the legal effectiveness, validity or enforceability of any electronic Documents that were provided to you or signed by you before your withdrawal became effective. Withdrawal of your consent may slow down the processing of your transaction due to additional mailing time.

Governing Law: This Agreement is governed by the laws of the State of Hawaii and any applicable federal laws.

Termination/Changes: We reserve the right, in our sole discretion, to discontinue providing you Documents electronically and provide a paper copy of any Document to you and/or to terminate or change the terms and conditions upon which we will provide the Documents to you electronically. We will provide you with notice should such termination or change occur.

How to Advise Us of Your New Email Address: You may contact us to advise us of any changes to your email address as follows:

- **For Loans:**
 - Email your request to **your loan officer or CSR and esign@financefactors.com**.
 - In the subject line of your email, please include:
 - your loan number and
 - the following text: “New Email Address”.
 - In the body of your email, please include the following:
 - Your full name;
 - Your old email address; and
 - Your new email address.



- Additionally, if you have established a DocuSign account, you must notify DocuSign of your new email address by logging into your DocuSign account and following the instructions contained in the DocuSign account settings to update your contact information.
- **For eSavings or eTime Certificate accounts:**
 - Email your request to **eDeposits@financefactors.com**.
 - In the subject line of your email, please include:
 - your account number and
 - the following text: “New Email Address”.
 - In the body of your email, please include the following:
 - Your full name;
 - Your old email address; and
 - Your new email address.

To Request Paper Copies: To request paper copies of the Documents previously emailed to you:

- **For Loans:**
 - Email your request to **your loan officer or CSR and esign@financefactors.com**.
 - In the subject line of your email, please include:
 - your loan number and
 - the following text: “Request for Paper Copies”.
 - In the body of your email, please include the following:
 - Full Name;
 - Telephone number;
 - U.S. postal address you want us to mail the paper copies to; and
 - The Documents that you want paper copies of.
 - NOTE: As explained above, we may charge you for any paper copies, applicable postage or express delivery fees.
 - In the alternative, you can call (800) 648-7136 to make your request.
- **For eSavings or eTime Certificate accounts:**
 - Email your request to **eDeposits@financefactors.com**.
 - In the subject line of your email, please include:
 - your account number and
 - the following text: “Request for Paper Copies”.



- In the body of your email, please include the following:
 - Full Name;
 - Telephone number;
 - U.S. postal address you want us to mail the paper copies to; and
 - The Documents that you want paper copies of.
- NOTE: As explained above, we may charge you for any paper copies, applicable postage or express delivery fees.
- In the alternative, you can call (800) 648-7136 to make your request.

To Withdraw Your Consent to Receive Or Sign Documents Electronically:

• **For Loans:**

- Email your request to **your loan officer or CSR and esign@financefactors.com**.
- In the subject line of your email, please include:
 - your loan number and
 - the following text: “Withdrawal of Consent to Receive or Sign Documents Electronically”;
- In the body of your email, please include the following:
 - Full Name;
 - Telephone number;
 - U.S. postal address; and
 - Whether you are withdrawing consent to receive or sign or both.
 - NOTE: As explained above, such withdrawal may slow down the speed at which your transaction can be processed.
- In the alternative, you can call (800) 648-7136 to make your request.
- Your withdrawal will be effective after we have a reasonable opportunity to process your request.

• **For eSavings or eTime Certificate accounts:**

- Email your request to **eDeposits@financefactors.com**.
- In the subject line of your email, please include:
 - your loan number and
 - the following text: “Withdrawal of Consent to Receive or Sign Documents Electronically”;
- In the body of your email, please include the following:
 - Full Name;
 - Telephone number;



- U.S. postal address; and
 - Whether you are withdrawing consent to receive or sign or both.
 - NOTE: As explained above, such withdrawal may slow down the speed at which your transaction can be processed.
- In the alternative, you can call (800) 648-7136 to make your request.
 - Your withdrawal will be effective after we have a reasonable opportunity to process your request.

Required Hardware and Software: You must have a computer or device storage to review and retain the Documents electronically or a printer to print and retain paper copies. Additional computer and/or software requirements are described below.

Browsers (for SIGNERS):	Internet Explorer (Windows Only) 8.0 or above – compatibility mode is supported only for 9.0 and above, Windows Edge Current Version, Mozilla FireFox Current Version, Safari (Mac OS only) 6.2 or above, Google Chrome Current Version
Mobile Signing:	Apple iOS 7.0 or above, Android 4.0 or above
Email:	Access to a valid email account
Screen Resolution:	1024 x 768 recommended
Enabled Security Settings:	Allow per session cookies
PDF Reader:	Adobe Reader or similar software to view PDF files
<p>** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.</p>	

CONSENT: EACH PERSON SIGNING BELOW (“YOU”) HEREBY ACKNOWLEDGES THAT YOU HAVE READ THIS AGREEMENT AND AGREE TO BE BOUND BY THE TERMS OF THIS AGREEMENT and confirm that you have computer hardware and software that meets the requirements listed above. You also consent to receiving Documents electronically and to the use of electronic records and signatures in



FINANCE FACTORS

SAVINGS • CDS • MORTGAGES

connection with your transaction with Finance Factors, Ltd. in place of paper copies of documents and handwritten signatures. You agree that Finance Factors, Ltd. does not need to provide you with a paper copy of Documents unless you specifically request a paper copy in the manner specified in this Agreement.

Signature

Date

Signature

Date

Signature

Date



FACTS

WHAT DOES FINANCE FACTORS, LTD. DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and Income
- Account balances and Payment history
- Credit history and Credit scores

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Finance Factors, Limited chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Finance Factors, Limited share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes - to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes - information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes - Information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Questions?

Call 1-800-648-7136 or go to www.financefactors.com



Who we are

Who is providing this Notice?	Finance Factors, Ltd.
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What we do

How does Finance Factors, Limited protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>We use Secured Socket layer (SSL) technology that encrypts (scrambles) online information so it transfers privately between you and our network. We also restrict access to your personal information to those employees who need to know that information to provide products or services to you.</p>
How does Finance Factors, Limited collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ Open an account or Deposit money ▪ Pay your bills or Apply for a loan ▪ _____ <p>We also collect your personal information from others, such as credit bureaus or other companies.</p>
Why can't I limit all sharing?	<p>Federal Law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes – information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Finance Factors, Limited does not share with our affiliates</i>
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>Nonaffiliates we share with can include insurance companies.</i>
Joint Marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>Finance Factors, Limited doesn't jointly market.</i>

Other Important Information

In order to preserve your trust in us, we want you to understand what information we collect and how we use it. To provide you with efficient and effective customer service, we need to use and at time provide your personal information to others. We do this in order to properly maintain and/or service your account, to offer you the array of financial products and services you need to accomplish your goals, and to comply with various laws and regulations. We also use technology to manage and maintain customer information. We want to assure you that we will take precautions to protect your personal information against misuse.



FOR MORE INFORMATION FROM THE FDIC

Call toll-free
1-877-ASK-FDIC (1-877-275-3342)

Hearing impaired line
1-800-925-4618

Calculate insurance coverage using EDIE
The Electronic Deposit Insurance Estimator – known as EDIE – is an online tool that's simple and easy to use. To calculate your deposit insurance coverage, use EDIE at: www.fdic.gov/edie.

Read more about FDIC insurance online
at: www.fdic.gov/deposit/deposits

Send questions by e-mail
Use the FDIC's online Customer Assistance Form at: www2.fdic.gov/starsmail

Mail questions
Federal Deposit Insurance Corporation
Attn: Deposit Insurance Section
550 17th Street, NW
Washington, DC 20429

DEPOSIT INSURANCE AT A GLANCE



Federal Deposit Insurance Corporation

FDIC DEPOSIT INSURANCE

Since 1933, the FDIC seal has symbolized the safety and security of our nation’s financial institutions. FDIC deposit insurance enables consumers to confidently place their money at thousands of FDIC-insured banks across the country, and is backed by the full faith and credit of the United States government.

FDIC deposit insurance coverage depends on two things: (1) whether your chosen financial product is a deposit product; and (2) whether your bank is FDIC-insured.

THE FDIC COVERS

- Checking accounts
- Negotiable Order of Withdrawal (NOW) accounts
- Savings accounts
- Money Market Deposit Accounts (MMDAs)
- Time deposits such as certificates of deposit (CDs)
- Cashier’s checks, money orders, and other official items issued by a bank

THE FDIC DOES NOT COVER

- Stock investments
- Bond investments
- Mutual funds
- Life insurance policies
- Annuities
- Municipal securities
- Safe deposit boxes or their contents
- U.S. Treasury bills, bonds or notes

Depositors do not need to apply for FDIC insurance. Coverage is automatic whenever a deposit account is opened at an FDIC-insured bank or financial institution. If you are interested in FDIC deposit insurance coverage, simply make sure you are placing your funds in a deposit product at the bank.

COVERAGE LIMITS

The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

The FDIC provides separate coverage for deposits held in different account ownership categories. Depositors may qualify for coverage over \$250,000 if they have funds in different ownership categories and all FDIC requirements are met.

All deposits that an accountholder has in the same ownership category at the same bank are added together and insured up to the standard insurance amount.

FDIC DEPOSIT INSURANCE COVERAGE LIMITS BY ACCOUNT OWNERSHIP CATEGORY

SINGLE ACCOUNTS
OWNED BY ONE PERSON

\$ 250,000
PER OWNER

JOINT ACCOUNTS
OWNED BY TWO OR MORE PERSONS

\$ 250,000
PER CO-OWNER

CERTAIN RETIREMENT ACCOUNTS
INCLUDES IRAS

\$ 250,000
PER OWNER

REVOCABLE TRUST ACCOUNTS

\$ 250,000
PER OWNER PER UNIQUE BENEFICIARY

CORPORATION, PARTNERSHIP AND UNINCORPORATED ASSOCIATION ACCOUNTS

\$ 250,000
PER CORPORATION, PARTNERSHIP OR UNINCORPORATED ASSOCIATION

IRREVOCABLE TRUST ACCOUNTS

\$ 250,000
FOR THE NONCONTINGENT INTEREST OF EACH UNIQUE BENEFICIARY

EMPLOYEE BENEFIT PLAN ACCOUNTS

\$ 250,000
FOR THE NONCONTINGENT INTEREST OF EACH PLAN PARTICIPANT

GOVERNMENT ACCOUNTS

\$ 250,000
PER OFFICIAL CUSTODIAN (MORE COVERAGE AVAILABLE SUBJECT TO SPECIFIC CONDITIONS)

WHEN A BANK FAILS

A bank failure is the closing of a bank by a federal or state banking regulatory agency, generally resulting from a bank’s inability to meet its obligations to depositors and others. In the unlikely event of a bank failure, the FDIC acts quickly to ensure depositors get prompt access to their insured deposits.

FDIC deposit insurance covers the balance of each depositor’s account, dollar-for-dollar, up to the insurance limit, including principal and any accrued interest through the date of the insured bank’s closing.

The FDIC acts in two capacities following a bank failure:

1. As the “Insurer” of the bank’s deposits, the FDIC pays deposit insurance to the depositors up to the insurance limit.
2. As the “Receiver” of the failed bank, the FDIC assumes the task of collecting and selling the assets of the failed bank and settling its debts, including claims for deposits in excess of the insured limit.

UPDATED 1/2020

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Your Insured Deposits



IMPORTANT INFORMATION ABOUT THIS BROCHURE

Your Insured Deposits is a comprehensive description of Federal Deposit Insurance Corporation (FDIC) deposit insurance coverage for the most common account ownership categories. This brochure is not intended as a legal interpretation of the FDIC's laws and regulations. For additional or more specific information about FDIC insurance coverage, consult the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.) and the FDIC's regulations relating to insurance coverage described in 12 C.F.R. Part 330.

The information in this brochure is based on FDIC laws and regulations in effect at publication. These rules can be amended and, therefore, some of the information in this brochure may become outdated. The online version of this brochure, available on the FDIC's website at www.fdic.gov/deposit/deposits, will be updated immediately if rule changes affecting FDIC insurance coverage are made.

Depositors should note that federal law expressly limits the amount of insurance the FDIC can pay to depositors when an insured bank fails, and no representation made by any person or organization can either increase or modify that amount.

This brochure is not intended to provide estate planning advice. Depositors seeking such assistance should contact a financial or legal advisor.

For simplicity, this brochure uses the term "insured bank" to mean any bank or savings association that is insured by the FDIC. To check whether the FDIC insures a specific bank or savings association:

- **Call the FDIC toll-free: 1-877-275-3342**
- **Use FDIC's "Bank Find" at:**
<http://research.fdic.gov/bankfind/>
- **Look for the FDIC sign where deposits are received**

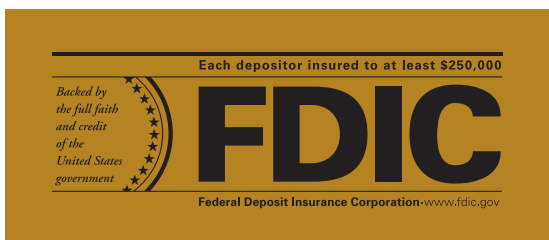




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WHAT IS THE FDIC?

The FDIC—short for the Federal Deposit Insurance Corporation—is an independent agency of the United States government. The FDIC protects depositors of insured banks located in the United States against the loss of their deposits if an insured bank fails.

Any person or entity can have FDIC insurance coverage in an insured bank. A person does not have to be a U.S. citizen or resident to have his or her deposits insured by the FDIC.

FDIC insurance is backed by the full faith and credit of the United States government. Since the FDIC began operations in 1934, no depositor has ever lost a penny of FDIC-insured deposits.

FDIC INSURANCE COVERAGE BASICS

FDIC insurance covers depositors' accounts at each insured bank, dollar-for-dollar, including principal and any accrued interest through the date of the insured bank's closing, up to the insurance limit.

FDIC insurance covers all types of deposits received at an insured bank but does not cover investments, even if they were purchased at an insured bank.

WHAT THE FDIC COVERS

- Checking accounts
- Negotiable Order of Withdrawal (NOW) accounts
- Savings accounts
- Money Market Deposit Accounts (MMDA)
- Time deposits such as Certificates of Deposit (CDs)
- Cashier's checks, money orders, and other official items issued by a bank

WHAT THE FDIC DOES **NOT** COVER

- Stock investments
- Bond investments
- Mutual funds
- Life insurance policies
- Annuities
- Municipal securities
- Safe deposit boxes or their contents
- U.S. Treasury bills, bonds or notes*

* These investments are backed by the full faith and credit of the U.S. government.

The standard deposit insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

The FDIC insures deposits that a person holds in one insured bank separately from any deposits that the person owns in another separately chartered insured bank. For example, if a person has a certificate of deposit at Bank A and has a certificate of deposit at Bank B, the amounts would each be insured separately up to \$250,000. Funds deposited in separate branches of the same insured bank are not separately insured.

The FDIC provides separate insurance coverage for funds depositors may have in different categories of legal ownership. The FDIC refers to these different categories as "ownership categories." This means that a bank customer who has multiple accounts may qualify for more than \$250,000 in insurance coverage if the customer's funds are deposited in different ownership categories and the requirements for each ownership category are met.

OWNERSHIP CATEGORIES

This section describes the following FDIC ownership categories and the requirements a depositor must meet to qualify for insurance coverage above \$250,000 at one insured bank.

- Single Accounts
- Certain Retirement Accounts
- Joint Accounts
- Revocable Trust Accounts
- Irrevocable Trust Accounts
- Employee Benefit Plan Accounts
- Corporation/Partnership/
Unincorporated Association Accounts
- Government Accounts

SINGLE ACCOUNTS

A single account is a deposit owned by one person. This ownership category includes:

- An account held in one person's name only, provided the owner has not designated any beneficiary(ies) who are entitled to receive the funds when the account owner dies
- An account established for one person by an agent, nominee, guardian, custodian, or conservator, including Uniform Transfers to Minors Act accounts, escrow accounts and brokered deposit accounts
- An account held in the name of a business that is a sole proprietorship (for example, a "Doing Business As" or DBA account)
- An account established for or representing a deceased person's funds—commonly known as a decedent's estate account
- A grantor's retained interest in an irrevocable trust
- An account that fails to qualify for separate coverage under another ownership category

If an account title identifies only one owner, but another person has the right to withdraw funds from the account (e.g., as Power of Attorney or custodian), the FDIC will insure the account as a single ownership account.

The FDIC adds together all single accounts owned by the same person at the same bank and insures the total up to \$250,000.

Note on beneficiaries

Assuming all record-keeping requirements for a revocable trust at the bank are met, if the owner of a single account has designated one or more beneficiaries who will receive the deposit when the account owner dies, the account would be insured as a revocable trust account.

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Example 1: Single Account

Account Title	Deposit Type	Account Balance
Marci Jones	MMDA	\$ 15,000
Marci Jones	Savings	\$ 20,000
Marci Jones	CD	\$ 200,000
Marci's Memories (A Sole Proprietorship)	Checking	\$ 25,000
Total		\$ 260,000
Amount Insured		\$ 250,000
Amount Uninsured		\$ 10,000

! Explanation

Marci Jones has four single accounts at the same insured bank, including one account in the name of her business, which is a sole proprietorship. The FDIC insures deposits owned by a sole proprietorship as the single account of the business owner. The FDIC combines the four accounts, which equal \$260,000, and insures the total balance up to \$250,000, leaving \$10,000 uninsured.

CERTAIN RETIREMENT ACCOUNTS

A retirement account is insured under the Certain Retirement Accounts ownership category only if the account qualifies as one of the following:

- Individual Retirement Account (IRA):
 - Traditional IRA
 - Roth IRA
 - Simplified Employee Pension (SEP) IRA
 - Savings Incentive Match Plans for Employees (SIMPLE) IRA
- Self-directed defined contribution plan account includes
 - Self-directed 401(k) plan
 - Self-directed SIMPLE IRA held in the form of a 401(k) plan
 - Self-directed defined contribution profit-sharing plan
- Self-directed Keogh plan account (or H.R. 10 plan account) designed for self-employed individuals
- Section 457 deferred compensation plan account, such as an eligible deferred compensation plan provided by state and local governments regardless of whether the plan is self-directed

The FDIC adds together all retirement accounts listed on the previous page owned by the same person at the same insured bank and insures the total amount up to \$250,000.

The FDIC defines the term “self-directed” to mean that plan participants have the right to direct how the money is invested, including the ability to direct that deposits be placed at an FDIC-insured bank.

The FDIC will consider an account to be self-directed if the participant of the retirement plan has the right to choose a particular bank’s deposit accounts as an investment option. For example:

- If a plan has deposit accounts at a particular insured bank as its default investment option, then the FDIC would deem the plan to be self-directed for insurance coverage purposes because, by inaction, the participant has directed the placement of such deposits
- If a plan consists only of a single employer/employee, and the employer establishes the plan with a single investment option of deposit accounts at a particular insured bank, then the plan would be considered self-directed for insurance coverage purposes

The following types of deposits do **not** qualify as **Certain Retirement Accounts**:

- A plan for which the only investment vehicle is the deposit accounts of a particular bank, so that participants have no choice of investments
- Deposit accounts established under section 403(b) of the Internal Revenue Code (annuity contracts for certain employees of public schools, tax-exempt organizations and ministers), which are insured as Employee Benefit Plan accounts
- Defined benefit plan deposits (plans for which the benefits are determined by an employee’s compensation, years of service and age), which are insured as Employee Benefit Plan accounts
- Defined contribution plans that are not self-directed, which are insured as Employee Benefit Plan Accounts
- Coverdell Education Savings Accounts (formerly known as Education IRAs), Health Savings Accounts or Medical Savings Accounts (see the section on Unique Ownership Situations for guidance on the deposit insurance coverage)

FEDERAL DEPOSIT INSURANCE CORPORATION

Note on beneficiaries

While some self-directed retirement accounts, like IRAs, permit the owner to name one or more beneficiaries, the existence of beneficiaries does not increase the available insurance coverage.

Example 2: Certain Retirement Account

Account Title	Account Balance
Bob Johnson's Roth IRA	\$ 110,000
Bob Johnson's IRA	\$ 75,000
Total	\$ 185,000
Amount Insured	\$ 185,000
Amount Uninsured	\$ 0

! Explanation

Bob Johnson has two different types of retirement accounts that qualify as Certain Retirement Accounts at the same insured bank. The FDIC adds together the deposits in both accounts, which equal \$185,000. Since Bob's total in all certain retirement accounts at the same bank is less than \$250,000, his IRA deposits are fully insured.

JOINT ACCOUNTS

A joint account is a deposit owned by two or more people. FDIC insurance covers joint accounts owned in any manner conforming to applicable state law, such as joint tenants with right of survivorship, tenants by the entirety and tenants in common.

To qualify for insurance coverage under this ownership category, all of the following requirements must be met:

1. All co-owners must be living people. Legal entities such as corporations, trusts, estates or partnerships are not eligible for joint account coverage.
2. All co-owners must have equal rights to withdraw deposits from the account. For example, if one co-owner can withdraw deposits on his or her signature alone but the other co-owner can withdraw deposits only with the signature of both co-owners, the co-owners would not have equal withdrawal rights.

3. All co-owners have personally signed, which may include signing electronically, a deposit account signature card, or alternatively, the insured bank has information in its deposit account records establishing co-ownership of the account. This requirement does not apply to CDs or accounts established by an agent, nominee, guardian, custodian, executor or conservator.

If all of these requirements are met, each co-owner's shares of every joint account that he or she owns at the same insured bank are added together and the total is insured up to \$250,000.

The FDIC assumes that all co-owners' shares are equal unless the deposit account records state otherwise.

The balance of a joint account can exceed \$250,000 and still be fully insured. For example, if the same two co-owners jointly own both a \$350,000 CD and a \$150,000 savings account at the same insured bank, the two accounts would be added together and insured up to \$500,000, providing up to \$250,000 in insurance coverage for each co-owner. This example assumes that the two co-owners have no other joint accounts at the bank.

There is no kinship requirement for joint account coverage. Any two or more people that co-own funds can qualify for insurance coverage in the joint account ownership category provided the requirements listed above are met.

Insurance coverage of joint accounts is not increased by rearranging the owners' names or Social Security numbers or changing the styling of their names. Alternating the use of "or," "and" or "and/or" to separate the names of co-owners in a joint account title also does not affect the amount of insurance coverage provided.

Note on beneficiaries

Assuming all record-keeping requirements for a revocable trust at the bank are met, if the co-owners of a jointly held account have designated one or more beneficiaries who will receive the deposit when the co-owners die, the account would be insured as a revocable trust account.

FEDERAL DEPOSIT INSURANCE CORPORATION

Example 3: Joint Account

Account Title	Deposit Type	Account Balance	Share per Owner
Mary & John Smith	MMDA	\$ 230,000	\$ 115,000
Mary or John Smith	Savings	\$ 250,000	\$ 125,000
Mary or John or Robert Smith	CD	\$ 270,000	\$ 90,000
Total		\$ 750,000	

Insurance Coverage for Each Owner is Calculated as Follows:

Owners	Total of all Ownership Shares	Amount Insured	Amount Uninsured
Mary	\$ 330,000	\$ 250,000	\$ 80,000
John	\$ 330,000	\$ 250,000	\$ 80,000
Robert	\$ 90,000	\$ 90,000	\$ 0
Total	\$ 750,000	\$ 590,000	\$ 160,000

! Explanation

- The total amount in each joint account is divided by the number of co-owners
- Mary's ownership share in all joint accounts equals 1/2 of the MMDA account (\$115,000), 1/2 of the savings account (\$125,000), and 1/3 of the CD (\$90,000), for a total of \$330,000. Since her coverage in the joint account ownership category is limited to \$250,000, \$80,000 is uninsured
- John's ownership share in all joint accounts is the same as Mary's, so \$80,000 of John's deposits is uninsured
- Robert's ownership share in all joint accounts equals 1/3 of the CD, or \$90,000, so his share is fully insured

REVOCABLE TRUST ACCOUNTS

This section explains FDIC insurance coverage for revocable trust accounts, and is not intended as estate planning advice or guidance. Depositors should contact a legal or financial advisor for assistance with estate planning.

A revocable trust account is a deposit account owned by one or more people that identifies one or more beneficiaries who will receive the deposits

upon the death of the owner(s). A revocable trust can be revoked, terminated or changed at any time, at the discretion of the owner(s). In this section, the term “owner” means the grantor, settlor, or trustor of the revocable trust.

When calculating deposit insurance coverage, the designation of trustees, co-trustees and successor trustees is not relevant. They are administrators and are not considered in calculating deposit insurance coverage.

This ownership category includes both informal and formal revocable trusts:

- **Informal revocable trusts**—often called payable on death, Totten trust, in trust for, or as trustee for accounts—are created when the account owner signs an agreement, usually part of the bank’s signature card, directing the bank to transfer the funds in the account to one or more named beneficiaries upon the owner’s death.
- **Formal revocable trusts**—known as living or family trusts—are written trusts created for estate planning purposes. The owner controls the deposits and other assets in the trust during his or her lifetime. The agreement establishes that the deposits are to be paid to one or more identified beneficiaries upon the owner’s death. The trust generally becomes irrevocable upon the owner’s death.

COVERAGE AND REQUIREMENTS FOR REVOCABLE TRUST ACCOUNTS

In general, the owner of a revocable trust account is insured up to \$250,000 for each unique beneficiary, if all of the following requirements are met:

1. The account title at the bank must indicate that the account is held pursuant to a trust relationship. This rule can be met by using the terms payable on death (or POD), in trust for (or ITF), as trustee for (or ATF), living trust, family trust, or any similar language, including simply having the word “trust” in the account title. The account title includes information contained in the bank’s electronic deposit account records.
2. The beneficiaries must be named in either the deposit account records of the bank (for informal revocable trusts) or identified in the formal revocable trust document. For a formal trust agreement, it is acceptable for the trust to

FEDERAL DEPOSIT INSURANCE CORPORATION

use language such as “my issue” or other commonly used legal terms to describe the designated beneficiaries, provided the specific names and number of eligible beneficiaries can be determined.

3. To qualify as an eligible beneficiary, the beneficiary must be a living person, a charity or a non-profit organization. If a charity or non-profit organization is named as beneficiary, it must qualify as such under Internal Revenue Service (IRS) regulations.

An account must meet all of the above requirements to be insured under the revocable trust ownership category. Typically, if any of the above requirements are not met, the entire amount in the account, or the portion of the account that does not qualify, is added to the owner’s other single accounts, if any, at the same bank and insured up to \$250,000. If the trust has multiple co-owners, each owner’s share of the non-qualifying amount would be treated as his or her single ownership account.

Insurance coverage for revocable trust accounts is calculated differently depending on the number of beneficiaries named by the owner, the beneficiaries’ interests and the amount of the deposit.

Two calculation methods are used to determine insurance coverage of revocable trust accounts: one method is used only when a revocable trust owner has five or fewer unique beneficiaries; the other method is used only when an owner has six or more unique beneficiaries.

If a trust has more than one owner, each owner’s insurance coverage is calculated separately.

REVOCABLE TRUST INSURANCE COVERAGE— FIVE OR FEWER UNIQUE BENEFICIARIES

When a revocable trust owner names five or fewer beneficiaries, the owner’s trust deposits are insured up to \$250,000 for each unique beneficiary.

This rule applies to the combined interests of all beneficiaries the owner has named in all formal and informal revocable trust accounts at the same bank. When there are five or fewer beneficiaries, maximum deposit insurance coverage for each trust owner is determined by multiplying \$250,000 times the number of unique beneficiaries, regardless of the dollar amount or percentage allotted to each unique beneficiary. Therefore, a revocable trust with one owner and five unique beneficiaries is insured up to \$1,250,000.

Maximum Insurance Coverage for a Trust Owner when there are Five or Fewer Unique Beneficiaries

Number of Unique Beneficiaries	Maximum Deposit Insurance Coverage
1 Beneficiary	\$ 250,000
2 Beneficiaries	\$ 500,000
3 Beneficiaries	\$ 750,000
4 Beneficiaries	\$ 1,000,000
5 Beneficiaries	\$ 1,250,000

Example 4: POD Accounts for One Owner when there are Five or Fewer Unique Beneficiaries

Account Title	Owner	Beneficiaries	Deposit Type	Account Balance
John Jones POD	John	Jack, Janet	MMDA	\$ 10,000
John Jones POD	John	Jack, Janet	Savings	\$ 20,000
John Jones POD	John	Jack, Janet	CD	\$ 470,000
Total				\$ 500,000
Amount Insured				\$ 500,000
Amount Uninsured				\$ 0

! Explanation

John Jones has three revocable trust accounts at the same insured bank. For each of these accounts, John has named the same two unique beneficiaries. Maximum insurance coverage for these accounts is calculated as: one owner times two beneficiaries times \$250,000 equals \$500,000. John Jones is fully insured because his total balance does not exceed \$500,000.

FEDERAL DEPOSIT INSURANCE CORPORATION

Example 5: Multiple Revocable Trust Accounts with Five or Fewer Unique Beneficiaries

Account Number	Account Owner(s)	Account Beneficiaries	Account Balance
1	Paul & Lisa Li (Living Trust)	John & Sharon Li	\$ 700,000
2	Lisa Li (POD)	Sharon & Bill Li	\$ 450,000

Owners	Beneficiaries	Share	Insured	Uninsured
Paul	John, Sharon	\$ 350,000	\$ 350,000	\$ 0
Lisa	John, Sharon, Bill	\$ 800,000	\$ 750,000	\$ 50,000
Total		\$1,150,000	\$ 1,100,000	\$ 50,000

! Explanation

When a revocable trust owner names five or fewer beneficiaries, the owner's share of each trust account is added together and the owner receives up to \$250,000 in insurance coverage for each unique beneficiary.

- Paul's share: \$350,000 (50% of Account 1)
- Lisa's share: \$800,000 (50% of Account 1 and 100% of Account 2)

Because Paul named two unique beneficiaries, his maximum insurance coverage is \$500,000 (\$250,000 times two beneficiaries). Since his share of Account 1 (\$350,000) is less than \$500,000, he is fully insured.

Because Lisa has named three unique beneficiaries between Accounts 1 and 2, her maximum insurance coverage is \$750,000 (\$250,000 times three beneficiaries). Since her share of both accounts (\$800,000) exceeds \$750,000, she is uninsured for \$50,000.

REVOCABLE TRUST INSURANCE COVERAGE – SIX OR MORE UNIQUE BENEFICIARIES

Equal Beneficial Interests

When a revocable trust owner names six or more unique beneficiaries, and all the beneficiaries have an equal interest in the trust (i.e., every beneficiary receives exactly the same amount), the insurance calculation is the same as for revocable trusts that name five or fewer beneficiaries. The trust owner receives insurance coverage up to \$250,000 for each unique beneficiary. As shown below, with one owner and six beneficiaries, with equal beneficial interests, the owner's maximum insurance coverage is up to \$1,500,000.

Maximum Insurance Coverage for Each Revocable Trust Owner when there are Six or More Unique Beneficiaries with Equal Beneficial Interests:

Number of Unique Beneficiaries	Maximum Deposit Insurance Coverage
6 Beneficiaries with Equal Interests	\$ 1,500,000
7 Beneficiaries with Equal Interests	\$ 1,750,000
8 Beneficiaries with Equal Interests	\$ 2,000,000
9 Beneficiaries with Equal Interests	\$ 2,250,000
10+ Beneficiaries with Equal Interests	Add up to \$250,000 for each additional Unique Beneficiary

Unequal Beneficial Interests

When a revocable trust owner names six or more beneficiaries and the beneficiaries do not have equal beneficial interests (i.e., they receive different amounts), the owner's revocable trust deposits are insured for the greater of either: (1) the sum of each beneficiary's actual interest in the revocable trust deposits up to \$250,000 for each unique beneficiary, or (2) a minimum coverage amount of \$1,250,000.

Determining insurance coverage of a revocable trust that has six or more unique beneficiaries whose interests are unequal can be complex. For information on coverage beyond the minimum coverage amount of \$1,250,000 per owner, please contact the FDIC for assistance using the contact information at the end of this brochure.

FDIC Fast Fact

An owner who identifies a beneficiary as having a life estate interest in a formal revocable trust is entitled to insurance coverage up to \$250,000 for that beneficiary. A life estate beneficiary is a beneficiary who has the right to receive income from the trust or to use trust deposits during the beneficiary's lifetime, where other beneficiaries receive the remaining trust deposits after the life estate beneficiary dies.

For example, a husband is the sole owner of a living trust that gives his wife a life estate interest in the trust deposits, with the remainder going to their two children upon his wife's death. Maximum insurance coverage for this account is calculated as follows: one owner times \$250,000 times three different beneficiaries equals \$750,000.

IRREVOCABLE TRUST ACCOUNTS

Irrevocable trust accounts are deposit accounts held in connection with a trust established by statute or a written trust agreement in which the owner (also referred to as a grantor, settlor or trustor) contributes deposits or other property to the trust and gives up all power to cancel or change the trust. An irrevocable trust also may come into existence upon the death of an owner of a revocable trust.

A revocable trust account that becomes an irrevocable trust account due to the death of the trust owner may continue to be insured under the rules for revocable trusts. Therefore, in such cases, the rules in the revocable trust section may be used to determine coverage.

The interests of a beneficiary in all deposit accounts under an irrevocable trust established by the same settlor and held at the same insured bank are added together and insured up to \$250,000, only if all of the following requirements are met:

- The trust must be valid under state law
- The insured bank's deposit account records must disclose the existence of the trust relationship
- The beneficiaries and their interests in the trust must be identifiable from the bank's deposit account records or from the trustee's records
- The amount of each beneficiary's interest must not be contingent as defined by FDIC regulations

FDIC Fast Fact

Since irrevocable trusts usually contain conditions that affect the interests of the beneficiaries or provide a trustee or a beneficiary with the authority to invade the principal, insurance coverage for an irrevocable trust account usually is limited to \$250,000.

An owner or trustee of an irrevocable trust account who is unsure of the provisions of the trust should consult a legal or financial advisor.

If the owner retains an interest in the trust, then the amount of the owner's retained interest would be added to the owner's other single accounts, if any, at the same insured bank and the total insured up to \$250,000.

For example, if the grantor of an irrevocable trust is still living, and the trust provides that a portion of trust assets can either be used by the grantor or by a trustee on behalf of the grantor, the grantor would be deemed to have a retained interest. For example, a charitable remainder trust may provide that interest income is retained by the grantor. The grantor's retained interest would be added together with any other single ownership accounts the grantor has at the same bank, and the total would be insured up to \$250,000.

EMPLOYEE BENEFIT PLAN ACCOUNTS

An employee benefit plan account is a deposit of a pension plan, defined benefit plan or other employee benefit plan that is not self-directed. An account insured under this category must meet the definition of an employee benefit plan in section 3(3) of the Employee Retirement Income Security Act (ERISA) of 1974, with the exception of plans that qualify under the Certain Retirement Account ownership category. The FDIC does not insure the plan itself, but insures the deposit accounts owned by the plan.

Additional requirements for coverage:

- The investment and management decisions relating to the account must be controlled by a plan administrator (not self-directed by the participant)
- The plan administrator must maintain documentation supporting the plan and the beneficial interest of the participants
- The account must be properly titled as an employee benefit account with the bank

FEDERAL DEPOSIT INSURANCE CORPORATION

When all of these requirements are met, the FDIC will insure each participant's interest in the plan up to \$250,000, separately from any accounts the employer or employee may have in the same FDIC insured institution. The FDIC often refers to this coverage as "pass-through coverage" because the insurance coverage passes through the employer (agent) that established the account to the employee who is considered the owner of the funds.

Even when plans qualify for pass-through coverage, insurance coverage cannot be determined simply by multiplying the number of participants by \$250,000 because plan participants frequently have different interests in the plan.

To determine the maximum amount a plan can have on deposit in a single bank and remain fully insured, the plan administrator must first identify the participant who has the largest share of the plan assets, and calculate the participant's share as a percentage of overall plan assets. Then, the plan administrator must divide \$250,000 by that percentage to arrive at the maximum fully insured amount that a plan can have on deposit at one bank.

Example 6: Employee Benefit Plan That Qualifies for Pass-Through Coverage

Happy Pet Vet Clinic has a profit-sharing plan for its employees

Account		Balance		
Happy Pet Vet Clinic Benefit Plan		\$ 700,000		
Plan Participants	Plan Share	Share of Deposit	Amount Insured	Amount Uninsured
Dr. Todd	35%	\$ 245,000	\$ 245,000	\$ 0
Dr. Jones	30%	\$ 210,000	\$ 210,000	\$ 0
Tech Evans	20%	\$ 140,000	\$ 140,000	\$ 0
Tech Barnes	15%	\$ 105,000	\$ 105,000	\$ 0
Plan Total	100%	\$ 700,000	\$ 700,000	\$ 0

! Explanation

This employee benefit plan's \$700,000 deposit is fully insured. Because Dr. Todd's share of the \$700,000 deposit (35% of \$700,000 = \$245,000) is less than \$250,000, and all of the other participants' shares of the deposit also are less than \$250,000, the entire deposit is insured.

To determine the maximum amount this employee benefit plan can deposit at one bank and ensure all of the funds are fully covered, \$250,000 should

be divided by the percentage share of the plan participant with the largest interest in the plan. In this example, the maximum fully insured balance for this plan is \$714,285. This amount is calculated as follows: \$250,000 divided by 35% or 0.35 = \$714,285.

Plan participants who want to know more about how an employee benefit plan's deposits are insured should consult with the plan administrator.

FDIC Fast Fact

Employee benefit plan deposits that do not qualify for pass-through coverage, such as health and welfare plans, are insured up to \$250,000 per bank. Health and welfare plans usually do not qualify for pass-through coverage because the interests of the participants are not ascertainable. A participant will receive payments from the plan based on claims he or she files independent of any specific ownership interest in the plan.

CORPORATION/PARTNERSHIP/ UNINCORPORATED ASSOCIATION ACCOUNTS

Deposits owned by corporations, partnerships, and unincorporated associations, including for-profit and not-for-profit organizations, are insured under the same ownership category. Such deposits are insured separately from the personal deposits of the organization's owners, stockholders, partners or members.

Unincorporated associations typically insured under this category include churches and other religious organizations, community and civic organizations and social clubs.

To qualify for insurance coverage under this ownership category, a corporation, partnership or unincorporated association must be engaged in an "independent activity," meaning that the entity is operated primarily for some purpose other than to increase deposit insurance coverage.

All deposits owned by a corporation, partnership, or unincorporated association at the same bank are combined and insured up to \$250,000.

Accounts owned by the same corporation, partnership, or unincorporated association but designated for different purposes are not separately insured.

FEDERAL DEPOSIT INSURANCE CORPORATION

For example, if a corporation has both an operating account and a reserve account at the same bank, the FDIC would add both accounts together and insure the deposits up to \$250,000. Similarly, if a corporation has divisions or units that are not separately incorporated, the FDIC would combine the deposit accounts of those divisions or units with any other deposit accounts of the corporation at the bank and the total would be insured up to \$250,000.

The number of partners, members, stockholders or account signatories established by a corporation, partnership or unincorporated association does not affect insurance coverage.

For example, the FDIC insures deposits owned by a homeowners' association at one insured bank up to \$250,000 in total, not \$250,000 for each member of the association.

FDIC Fast Fact

Accounts held in the name of a sole proprietorship are not insured under this ownership category. Rather, they are insured as the single account deposits of the owner, added to the owner's other single accounts, if any, at the same bank and the total insured up to \$250,000.

GOVERNMENT ACCOUNTS

The category known as government accounts (also called Public Unit accounts) includes deposit accounts owned by:

- The United States, including federal agencies
- Any state, county, municipality (or a political subdivision of any state, county or municipality), the District of Columbia, Puerto Rico and other government possessions and territories
- A Native American tribe

Insurance coverage of a government account is unique in that the insurance coverage extends to the official custodian of the deposits belonging to the government or public unit, rather than to the government unit itself.

Accounts held by an official custodian of a government unit will be insured as follows:

In-state accounts:

- Up to \$250,000 for the combined amount of all time and savings accounts (**including NOW accounts**)

- Up to \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposit accounts (since July 21, 2011, banks have been allowed to pay interest on demand deposit accounts)

Out-of-state accounts:

- Up to \$250,000 for the combined amount of all deposit accounts

FDIC Fast Fact

A Negotiable Order of Withdrawal (NOW) account is a savings deposit—not a demand deposit account.

To learn more about deposit insurance coverage for Government Accounts, see the FDIC's Fact Sheet—Deposit Insurance for Accounts Held by Government Depositors at:
www.fdic.gov/deposit/deposits/factsheet.html

**PUTTING IT ALL TOGETHER:
USING MULTIPLE OWNERSHIP CATEGORIES**

The FDIC provides separate insurance coverage for a depositor's funds at the same insured bank if the deposits are held in different ownership categories. To qualify for this expanded coverage, the requirements for insurance coverage in each ownership category must be met.

The example on the next page illustrates how a husband and wife with three children could qualify for up to \$3,500,000 in FDIC coverage at one insured bank. This example assumes that the funds are held in qualified deposit products at an insured bank and these are the only accounts that the family has at the bank.

Note: This example is intended solely to describe the use of different account ownership categories and not to provide estate planning advice.

FEDERAL DEPOSIT INSURANCE CORPORATION

Example 7: Insurance Coverage for a Husband and Wife with Deposit Accounts in Multiple Ownership Categories

Title	Account Ownership Category	Owner(s)	Beneficiaries	Maximum Insurable Amount
Husband	Single Account	Husband		\$ 250,000
Wife	Single Account	Wife		\$ 250,000
Husband & Wife	Joint Account	Husband & Wife		\$ 500,000
Husband POD	Revocable Trust Account	Husband	Wife	\$ 250,000
Wife POD	Revocable Trust Account	Wife	Husband	\$ 250,000
Husband & Wife Living Trust	Revocable Trust Account	Husband & Wife	Child 1, 2, 3	\$1,500,000
Husband IRA	Certain Retirement Account	Husband		\$ 250,000
Wife IRA	Certain Retirement Account	Wife		\$ 250,000
Total				\$3,500,000

Explanation**Single Account Ownership Category**

The FDIC combines all single accounts owned by the same person at the same bank and insures the total up to \$250,000. The Husband's single account deposits do not exceed \$250,000 so his funds are fully insured. The same facts apply to the Wife's single account deposits. Both accounts are fully insured.

Joint Account Ownership Category

Husband and Wife have one joint account at the bank. The FDIC combines each co-owner's shares of all joint accounts at the bank and insures each co-owner's total up to \$250,000. Husband's ownership share in all joint accounts at the bank equals $\frac{1}{2}$ of the joint account or \$250,000, so his share is fully insured. Wife's ownership share in all joint accounts at the bank equals $\frac{1}{2}$ of the joint account or \$250,000, so her share is fully insured.

Revocable Trust Account Ownership Category

To determine insurance coverage of revocable trust accounts, the FDIC first determines the amount of the trust's deposits belonging to each owner. In this example:

- Husband's share = \$1,000,000 (100% of the Husband's POD account naming Wife as beneficiary and 50% of the Husband and Wife Living Trust account identifying Child 1, Child 2, and Child 3 as beneficiaries)
- Wife's share = \$1,000,000 (100% of the Wife's POD account naming Husband as beneficiary and 50% of the Husband and Wife Living Trust account identifying Child 1, Child 2, and Child 3 as beneficiaries)

Second, the FDIC determines the number of beneficiaries for each owner. In this example, each owner has four unique beneficiaries (Spouse, Child 1, Child 2 and Child 3). When a revocable trust owner names five or fewer unique beneficiaries, the owner is insured up to \$250,000 for each unique beneficiary. Husband's share of the revocable trust deposits is insured up to \$1,000,000 (\$250,000 times four beneficiaries = \$1,000,000). Wife's share of the revocable trust deposits is insured up to \$1,000,000 (\$250,000 times four beneficiaries = \$1,000,000).

Certain Retirement Account Ownership Category

The FDIC adds together all certain retirement accounts owned by the same person at the same bank and insures the total up to \$250,000. The Husband and Wife each have an IRA deposit at the bank with a balance of \$250,000. Because each account is within the insurance limit, the funds are fully insured.



UNIQUE OWNERSHIP SCENARIOS

FIDUCIARY ACCOUNTS

What are fiduciary accounts?

Fiduciary accounts are deposit accounts owned by one party but held in a fiduciary capacity by another party. Fiduciary relationships may include, but are not limited to, an agent, nominee, guardian, executor or custodian. Common fiduciary accounts include Uniform Transfers to Minors Act accounts, escrow accounts, Interest On Lawyer Trust Accounts and deposit accounts obtained through a broker.

What are the FDIC requirements for fiduciary accounts?

The fiduciary nature of the account must be disclosed in the bank's deposit account records (e.g., "Jane Doe as Custodian for Susie Doe" or "First Real Estate Title Company, Client Escrow Account"). The name and ownership interest of each owner must be ascertainable from the deposit account records of the insured bank or from records maintained by the agent (or by some person or entity that has agreed to maintain records for the agent).

Special disclosure rules apply to multi-tiered fiduciary relationships. If an agent pools the deposits of several owners into one account and the disclosure rules are satisfied, the deposits of each owner will be insured as that owner's deposits.

How does the FDIC insure funds deposited by a fiduciary?

Funds deposited by a fiduciary on behalf of a person or entity (the owner) are insured as the deposits of the owner if the disclosure requirements for fiduciary accounts are met.

Are funds deposited by a fiduciary insured separately from an owner's other deposit accounts at the same bank?

Funds deposited by a fiduciary on behalf of a person or entity (the owner) are added to any other deposits the owner holds in the same ownership category at the same bank, and insured up to the applicable limit.

For example, a broker purchases a CD for \$250,000 on a customer's behalf at ABC Bank. The customer already has a checking account in his or her name at ABC Bank for \$15,000. The two accounts are added together and insured up to \$250,000 in the single ownership account category. Since the customer's single ownership deposits total \$265,000, \$15,000 is uninsured.

HEALTH SAVINGS ACCOUNTS

What is a Health Savings Account?

A Health Savings Account (HSA) is an IRS qualified tax-exempt trust or custodial deposit that is established with a qualified HSA trustee, such as an FDIC-insured bank, to pay or reimburse a depositor for certain medical expenses.

How does the FDIC insure an HSA?

An HSA, like any other deposit, is insured based on who owns the funds and whether beneficiaries have been named. If a depositor opens an HSA and names beneficiaries either in the HSA agreement or in the bank's records, the FDIC would insure the deposit under the Revocable Trust Account ownership category. If a depositor opens an HSA and does not name any beneficiaries, the FDIC would insure the deposit under the single account ownership category. For an HSA established by an employer for employees, the FDIC would insure the HSA as an Employee Benefit Plan Account.

How should an HSA be titled?

The identification of a deposit as an HSA, such as "John Smith's HSA," is sufficient for titling the deposit to be eligible for single account or revocable trust account coverage, depending on whether eligible beneficiaries are named.

MORTGAGE SERVICING ACCOUNTS

How are Mortgage Servicing Accounts Insured?

Mortgage Servicing Accounts are accounts maintained by a mortgage servicer, in a custodial or other fiduciary capacity, which are composed of payments by mortgagors (borrowers) of principal and interest (P&I).

The cumulative balance paid into the account by the mortgagors is insured, with coverage provided to the mortgage investors, for up to \$250,000 per mortgagor. The calculation of coverage for each P&I account is separate if the mortgage servicer or mortgage investor has established multiple P&I accounts in the same bank.

For example, a mortgage servicer collects from 1,000 different borrowers their monthly mortgage payments of \$2,000 (P&I) and places the funds into a mortgage servicing account. Is the \$2,000,000 aggregate balance in the mortgage servicing account insured?

Yes, the account is fully insured to the mortgagees because each mortgagor's payment of \$2,000 (P&I) is insured separately for up to \$250,000.

Although mortgage servicers often collect and escrow tax and insurance (T&I), these accounts are separately maintained and not considered mortgage servicing accounts for deposit insurance purposes. T&I deposits belong to the mortgagors pending payment of their real estate taxes and/or property insurance premium to the taxing authority or insurance company. The T&I deposits are insured on a "pass-through" basis to the mortgagors.

COVERDELL EDUCATION SAVINGS ACCOUNTS

How is a Coverdell Education Savings Account insured?

A Coverdell Education Savings Account is insured as an irrevocable trust account. Although this account is often referred to as an Education IRA, the account does not involve retirement and is therefore not insured as a self-directed retirement account. It is an irrevocable commitment created for the purpose of paying qualified education expenses of a designated beneficiary.



FREQUENTLY ASKED QUESTIONS

BANK CHANGES

What happens to my deposits if my bank fails?

In the unlikely event of a bank failure, the FDIC acts quickly to protect insured deposits by arranging a sale to a healthy bank, or by paying depositors directly for their deposit accounts to the insured limit.

- **Purchase and Assumption Transaction:** This is the preferred and most common method, under which a healthy bank assumes the insured deposits of the failed bank. Insured depositors of the failed bank immediately become depositors of the assuming bank and have access to their insured funds. The assuming bank may also purchase loans and other assets of the failed bank.
It is important for account owners to note that their deposit contract was with the failed bank and is considered void upon the failure of the bank. The assuming institution has no obligation to maintain either the failed bank rates or terms of the account agreement. Depositors of a failed bank, however, do have the option of either setting up a new account with the acquiring institution or withdrawing some or all of their funds without penalty.
- **Deposit Payoff:** When there is no open bank acquirer for the deposits, the FDIC will pay the depositor directly by check up to the insured balance in each account. Such payments usually begin within a few days after the bank closing.

FEDERAL DEPOSIT INSURANCE CORPORATION**What happens to my insurance coverage if I have deposits at two insured banks that merge?**

When two or more insured banks merge, deposits from the assumed bank are separately insured from deposits at the assuming bank for at least six months after the merger. This grace period gives a depositor the opportunity to restructure his or her accounts, if necessary.

CDs from the assumed bank are separately insured until the earliest maturity date after the end of the six-month grace period. CDs that mature during the six-month period and are renewed for the same term and in the same dollar amount (either with or without accrued interest) continue to be separately insured until the first maturity date after the six-month period. If a CD matures during the six-month grace period and is renewed on any other basis, it would be separately insured only until the end of the six-month grace period.

Note that in situations of a bank failure where a depositor already has deposits at the acquiring bank, the six-month grace period described would also apply to their deposits.

DEATH OF ACCOUNT OWNERS AND BENEFICIARIES**What happens to insurance coverage after an account owner dies?**

The FDIC insures a deceased person's accounts as if the person were still alive for six months after the death of the account holder. During this grace period, the insurance coverage of the owner's accounts will not change unless the accounts are restructured by those authorized to do so. Also, the FDIC will not apply this grace period if it would result in less coverage.

How does the death of a beneficiary of an informal revocable trust (e.g., POD account) affect insurance coverage?

There is no grace period if the beneficiary of a POD account dies. In most cases, insurance coverage for the deposits would be reduced immediately.

For example, a mother deposits \$500,000 in a POD account at an insured bank with her two children named as the beneficiaries in the account records of the bank. While the owner and both beneficiaries are alive, the account is insured up to \$500,000 (\$250,000 times two beneficiaries = \$500,000). If one beneficiary

dies, insurance coverage for the mother's POD account is immediately reduced to \$250,000 (\$250,000 times one beneficiary=\$250,000).

How does the death of a beneficiary of a formal revocable trust affect the insurance coverage?

Like informal revocable trusts, the six-month grace period does not apply to the death of a beneficiary named in a formal revocable trust account. However, the terms of the formal revocable trust may provide for a successor beneficiary or some other redistribution of the trust deposits. Depending on these terms, the insurance coverage may or may not change.



For more information from the FDIC

Call toll-free

1-877-ASK-FDIC (1-877-275-3342)

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1-800-877-8339

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