



**October 2021**  
**Schwab Bank Deposit Account Holder**

# **Important Account Agreement and Disclosure Information**

Inside this booklet, you'll find important account documents that we encourage you to read and keep for future reference. These documents govern your account with Charles Schwab Bank. If you have any questions, please call us at 1-888-403-9000.

**What's Inside:**

**Important Disclosure**

- Schwab Bank Deposit Account Pricing Guide

**Account Agreement**

- Schwab Bank Deposit Account Agreement

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**March 2020**

**Please read this important information carefully.**

# **Schwab Bank Deposit Account Pricing Guide**

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**Customer Service Information:****Call Toll-Free:**

All Deposit Accounts:  
1-888-403-9000

High Yield Investor Checking Account—  
Clients of independent investment advisors:  
1-800-515-2157

**Visit Our Website:**

High Yield Investor Checking Account:  
[www.schwab.com](http://www.schwab.com)

High Yield Investor Checking Account—  
Clients of independent investment advisors:  
[www.schwaballiance.com](http://www.schwaballiance.com)

High Yield Investor Savings Account—  
Clients who also have a Schwab Brokerage account:  
[www.schwab.com](http://www.schwab.com)

All Other Deposit Accounts:  
[www.schwabbank.com](http://www.schwabbank.com)

**Written Inquiries:**

Charles Schwab Bank, SSB  
P.O. Box 982605  
El Paso, TX 79998-2605

**Deposits/OCL and PAL Payments:**

Charles Schwab Bank, SSB  
P.O. Box 982605  
El Paso, TX 79998-2605

or

Charles Schwab Bank, SSB  
P.O. Box 628291  
Orlando, FL 32862-8291

**Schwab Bank Bill Pay™ Service:**

Schwab Bank Bill Pay Customer Service  
P.O. Box 982605  
El Paso, TX 79998-2605  
1-888-297-7535

## Introduction

This *Schwab Bank Deposit Account Pricing Guide* (“Guide”) applies to all deposit accounts and related services offered by Schwab Bank. It is part of the contract for your deposit relationship with us. For other terms and conditions governing your accounts, please see the booklet entitled *Schwab Bank Deposit Account Agreement*, which you received when you opened your account. You may request an additional copy of the *Schwab Bank Deposit Account Agreement* or this Guide by contacting Customer Service. Please review this entire booklet carefully. We may change this Guide at any time.

Section 1 of this Guide describes our deposit accounts and the fees, balance requirements, transaction limits and other terms associated with each type of account. Section 2 of this Guide describes how we pay interest on your funds for interest-bearing accounts. Section 3 lists the fees for other related services that may apply to any account. For information about current interest rates, tiers and other services, please call Customer Service.

## Definitions

Throughout this booklet, the words “you,” “your” and “yours” refer to each account owner. “Schwab Bank,” “we,” “us” and “our” refer to Charles Schwab Bank, SSB and any vendor we may, in our sole discretion, involve in providing any service described herein (other than Charles Schwab & Co., Inc.). As used in this Guide, the terms listed below are defined as follows:

**ACH:** See Automated Clearing House.

**Automated Clearing House:** A funds transfer system, governed by the Operating Rules of the National Automated Clearing House Association, which provides for interbank clearing of electronic transactions by participating financial institutions.

**Average Daily Balance:** The sum of your daily Ledger Balances for the month, divided by the number of calendar days in the month.

**Business Day:** Monday through Friday, excluding Federal Reserve Bank holidays.

**Check Conversion:** A check that you have given to a payee (a merchant or a biller) that the payee has converted into an electronic transaction. This definition does not include a check that you have given to a payee that has been returned unpaid and that the payee converts to an electronic transaction for the purpose of representing the item.

**Debit Card:** Refers to a Schwab Bank Visa® Platinum Debit Card. Allows access to your account at Automated Teller Machines (ATMs) and lets you pay for purchases using a Point-of-Sale Debit.

**Direct Deposit:** An ACH credit entry to your account that you authorize. It is usually used to deposit funds owed to you (such as when you authorize your employer to credit your account for your payroll).

**Electronic Debit:** A charge to your account that you authorize and that includes Preauthorized Debits, Point-of-Sale Debits and Check Conversions.

**Household:** All members of an immediate family who reside at the same address. Immediate family members include: spouse, parents, stepparents, children, stepchildren, siblings, stepbrothers, step-sisters, grandparents, grandchildren and in-laws.

**Internet Banking:** Refers to either (a) access to your High Yield Investor Checking account or your High Yield Investor Savings account (provided you also have a Schwab Brokerage account) at [www.schwab.com](http://www.schwab.com); (b) for clients of independent investment advisors, access to your High Yield Investor Checking account or High Yield Investor Savings account

(provided you also have a Schwab Brokerage account) at [www.schwaballiance.com](http://www.schwaballiance.com); or (c) access to your other Schwab Bank deposit accounts using our online banking service, available at [www.schwabbank.com](http://www.schwabbank.com).

**Ledger Balance:** This is the preceding day's ending balance, plus current day credits, minus current day debits.

**Legal Process:** A subpoena, restraining order, injunction, writ of attachment or execution, levy, garnishment, tax withholding order, search warrant, forfeiture or other similar order.

**Money Transfer:** The movement of funds from one deposit account to another via electronic means; includes wire transfers, ACH transfers and direct transfers between accounts (including target balance transfers and overdraft protection transfers).

**Monthly Service Charge:** A monthly fee for services we provide to operate and maintain your account and keep it open and available to you.

**Point-of-Sale Debit (POS):** A charge to your account that you authorize when you use your Debit Card to make purchases at a merchant.

**Preauthorized Debit:** A charge to your account that you authorize that is made via the Automated Clearing House. It is usually used for recurring bill payments (such as when you authorize a utility company to debit your account in payment for your monthly bill).

**Schwab Brokerage:** Refers to our affiliate, Charles Schwab & Co., Inc., a registered broker-dealer.

**Statement Period:** A period of time, of about one month, covered by an account statement. It may end on any Business Day during the month. We will send you a monthly account statement unless there is

no account activity other than the posting of interest. We will send you a statement at least quarterly even if there is no activity in your account.

## 1. Deposit Accounts

### High Yield Investor Checking Account

The Schwab Bank High Yield Investor Checking® ("High Yield Investor Checking") account is a Schwab Bank checking account linked to a Schwab One® brokerage account ("Schwab One account") maintained at Schwab Brokerage. The linked accounts allow you to move funds between your High Yield Investor Checking account and your Schwab One account. Fees applicable to your Schwab One account are listed in the booklet entitled *Charles Schwab Pricing Guide for Individual Investors*, which you received when you opened your Schwab One account. The High Yield Investor Checking account is a variable-rate, interest-bearing checking account that comes with a Schwab Bank Visa® Platinum Debit Card and unlimited checkwriting privileges.

- Minimum opening deposit: \$0<sup>1</sup> (In order to open a High Yield Investor Checking account, you must already have a Schwab One account, or you must open a new Schwab One account.)
- Monthly Service Charge: \$0

### High Yield Investor Savings Account

The Schwab Bank High Yield Investor Savings® account ("High Yield Investor Savings") is a variable-rate, interest-bearing savings account. Checks may not be written on this account, but there is limited Debit Card access.

- Minimum opening deposit: \$0<sup>1</sup>
- Monthly Service Charge: \$0
- Number of withdrawals or transfers by ATM or by mail allowed per Statement Period: Unlimited

- Total number of other debit transactions from your account per Statement Period: 6

## Interest Checking Plus Account

This is a variable-rate, interest-bearing checking account that comes with a Schwab Bank Visa® Platinum Debit Card and unlimited checkwriting privileges.

- Monthly Service Charge: \$0

See your *Schwab Bank Deposit Account Agreement* for information about how we calculate interest, the early withdrawal penalty and other terms.

## 2. Interest on Your Funds

Funds in your High Yield Investor Checking, High Yield Investor Savings, and Interest Checking Plus accounts earn a variable interest rate. For details about the interest rates we pay on your accounts, please refer to the *Schwab Bank Deposit Account Agreement*.

**Interest Rate Tiers:** The rate we pay on some accounts depends on the tier into which the end-of-day Ledger Balance in your account falls.

The tiers currently in effect for High Yield Investor Checking, High Yield Investor Savings, and Interest Checking Plus accounts are:

- \$0–\$2,499.99
- \$2,500–\$9,999.99
- \$10,000–\$49,999.99
- \$50,000–\$99,999.99
- \$100,000–\$499,999.99
- \$500,000+

We may change these tier levels at any time and will provide notice when required by law. You may obtain current rates and tier information by calling Customer Service.

## 3. Fees for Related Services

This section includes additional fees that apply to our deposit accounts and related services. Other fees may be assessed for services not listed here.

### Use of ATMs

We do not charge any fees for use of any ATM machine. If you use a machine that is not a Schwab Bank ATM, you may be charged a fee by the ATM operator or any network used. This may include a fee for a balance inquiry even if you do not complete a withdrawal or other monetary transaction.

For the following accounts, we refund fees charged by ATM operators when you use your Schwab Bank Debit Card for ATM cash withdrawals. The rebate will appear as a lump-sum credit on the same checking account periodic statement that includes ATM fees incurred for that account statement cycle.

- High Yield Investor Checking
- High Yield Investor Savings
- Interest Checking Plus

ATM fee rebates apply to cash withdrawals using the Schwab Bank Debit Card wherever it is accepted. ATM fee rebates do not include fees imposed by merchants for POS transactions, or fees for stamp purchases, balance inquiries, or any transac-



tions other than an ATM cash withdrawal from your Schwab Bank account. Schwab Bank makes its best effort to identify those ATM fees eligible for rebate, based on information it receives from Visa® and ATM operators. In the event that you have not received a rebate for a fee that you believe is eligible, please call a Schwab Bank Customer Service Representative for assistance. Schwab Bank reserves the right to modify or discontinue the ATM fee rebate at any time.

### Online Services

Access to your accounts via Internet Banking	No charge
Schwab Bank Bill Pay™ Service	No charge

### Other Services

Cashier's checks, each	\$10.00
Check copies	No charge
Checks (and related materials)	Fee varies depending on style <sup>2</sup> and shipping methods
Collections (incoming and outgoing), each	\$25.00
Deposited item returned, each	\$5.00
Deposit slip copies, per copy	No charge
Legal process fee, each	\$35.00
Nonsufficient funds fees • Returned item fee, each (fee for returning item due to nonsufficient funds)	\$25.00 Maximum of \$100.00 per day

### Other Services

Overdrafts • Overdraft fee, each (fee for paying item causing an overdraft) • Overdraft protection transfers, each	No charge  No charge
Research/account reconciliation, per hour	No charge
Rush delivery	\$15.00 or more, subject to delivery speed, destination and/or package size
Statement copies	No charge
Stop-payment order, each (includes electronic transactions and renewals)	No charge
Telephone transfers, each	No charge
Wire transfers (U.S. currency only) • Incoming, each • Outgoing, each	No charge \$25.00

<sup>1</sup>Your account must be funded before some account features are activated.

<sup>2</sup>Standard checks for the High Yield Investor Checking and other checking accounts are free.



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**Effective October 2021**

**Please read this important information carefully.**

# **Schwab Bank Deposit Account Agreement**

**Includes information about:**

- Terms and Conditions for the Schwab Bank Bill Pay™ Service

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## Introduction

Welcome to Schwab Bank, and thank you for opening a deposit account with us.

When you use your account, you agree to the terms and conditions discussed in this document. Please read it carefully and keep it for your records. This document, the Application Agreement you signed when you applied for your account and the current *Schwab Bank Deposit Account Pricing Guide* ("Pricing Guide") are the contracts (the "Agreement") between you and us for your deposit relationship with us. We provide a copy of this Agreement to you at account opening or before a service is provided. There may also be other agreements for related services, which we will provide to you when or before a service is provided. You should read these agreements prior to actually using your account or a service. You may obtain additional copies by contacting Customer Service.

This Schwab Bank Deposit Account Agreement consists of the following sections:

- Section 1 contains the terms which are applicable only to Schwab Bank High Yield Investor Checking® accounts
- Sections 2–16 contain the terms which are applicable to all deposit accounts, including High Yield Investor Checking (unless specifically noted otherwise)

We have also included the following in this document:

- Terms and Conditions for the Schwab Bank Bill Pay™ Service (applicable to all checking accounts)

## Definitions

Throughout this document, the words "you," "your" and "yours" refer to each account owner. "Schwab Bank," "we," "us" and "our" refer to Charles Schwab Bank, SSB and any vendor we may, in our sole discretion, involve in providing any service described herein (other than Charles Schwab & Co., Inc.). As used in this Agreement, the terms listed below are defined as follows:

**Access Code:** A Personal Identification Number (PIN) used in conjunction with your Debit Card or Schwab Bank by Phone, an Internet Banking password, or any similar number or code which is used to authenticate you and give you access to your account.

**ACH:** See Automated Clearing House.

**Application Agreement:** The agreement you signed at account opening (or upon certain maintenance changes to your account) on which you agreed to the terms and conditions of the account.

**Automated Clearing House:** A funds transfer system, governed by the Operating Rules of the National Automated Clearing House Association, which provides for interbank clearing of electronic transactions by participating financial institutions.

**Available Funds:** The portion of your Ledger Balance that is available for immediate withdrawal. Funds in your account are not available if we determine that they are subject to a hold, dispute or Legal Process that prevents their withdrawal.

**Average Daily Balance:** The sum of your daily Ledger Balances for the month, divided by the number of calendar days in the month.

**Bank-to-Bank Transfer:** A transfer between any of your Schwab Bank accounts that is initiated by you. Transfers post in real time 24/7, including weekends and holidays. You will have access to funds transferred to the account designated by you on the day you specify the transfer should occur.

**Beneficiary:** The person who receives the proceeds from a Money Transfer.

**Business Day:** Schwab Bank business days are Monday through Friday, excluding Federal Reserve Bank holidays.

**Business Day Cutoff Time:** The day and time, Monday through Friday, excluding Federal Reserve Bank Holidays, when you must submit a Real-Time Funds Transfer request in order to receive same-day access to available funds from your Schwab One® brokerage account. Please call a Schwab Bank customer service representative for the current Business Day Cutoff Time.

**Check Conversion:** A check that you have given to a payee (a merchant or a biller) that the payee has converted into an electronic transaction. This definition does not include a check that you have given to a payee that has been returned unpaid and that the payee converts to an electronic transaction for the purpose of representing the item.

**Controversy:** Any controversy or claim concerning your deposit account relationship with us, including any claim based on or arising from an alleged tort.

**Debit Card:** Refers to either a “Schwab Bank Visa® Platinum Debit Card” or a “Schwab Bank Visa® Debit Card.” Allows you to access your account at Automated Teller Machines (ATMs) and to pay for purchases using a Point-of-Sale Debit. Also referred to as a “check card.”

**Direct Deposit:** An ACH credit entry to your account that you authorize. It is usually used to deposit funds owed to you (such as when you authorize your employer to credit your account for your payroll).

**Electronic Debit:** A charge to your account that you authorize; includes Preauthorized Debits, Point-of-Sale Debits and Check Conversions.

**Electronic Funds Transfer:** This is either a debit or credit to your account which was originated electronically and includes transactions made at an ATM, Preauthorized Transfers, payments scheduled via the Schwab Bank Bill Pay™ Service, Electronic Debits and Direct Deposits.

**Fedwire:** The wire transfer system of the U.S. Federal Reserve Banks.

**Inactive Account:** A deposit account for which the client has not initiated any activity or contacted us about for a period of between six months and two years.

**Internet Banking:** Refers to either (a) access to your High Yield Investor Checking account or your High Yield Investor Savings account (provided you also have a Schwab Brokerage account) at [www.schwab.com](http://www.schwab.com), (b) for clients of independent investment advisors, access to your High Yield Investor Checking account or High Yield Investor Savings account (provided you also have a Schwab Brokerage account) at [www.schwaballiance.com](http://www.schwaballiance.com) or (c) access to your other Schwab Bank deposit accounts at [www.schwabbank.com](http://www.schwabbank.com).

**Ledger Balance:** This is the preceding day's ending balance, plus the current day's credits, minus the current day's debits.

**Legal Process:** A subpoena, restraining order, injunction, writ of attachment or execution, levy, garnishment, tax withholding order, search warrant, forfeiture or other similar order.

**Money Transfer:** The movement of funds from one deposit account to another via electronic means; includes wire transfers, ACH transfers and direct transfers between accounts (including target balance transfers and overdraft protection transfers).

**OCL:** See Overdraft Credit Line.

**Originator:** In an ACH transaction, this is the party originating the payment transaction, who has been authorized to send debits or credits to another's account. For example, for a Direct Deposit of payroll, the Originator would be the employer. For direct payment of a utility bill, the Originator would be the utility company.

**Overdraft Credit Line:** A line of credit that can be attached to one or more checking accounts for the sole purpose of overdraft protection.

**Overdraft Source:** In an overdraft protection option, this is the source from which funds will be transferred, should the balance in a linked Protected Account fall below zero.

**Payee Endorsement:** The signature or stamp placed on the back of the check by the person to whom the check is payable indicating their desire to transfer ownership of the check.

**Payee Endorsement Area:** The area that extends one inch from the trailing edge of the back of the check. The trailing edge is the left side of the check when you look at it from the front.

**PIN:** Personal Identification Number used to identify you.

**Point-of-Sale Debit:** A charge to your account that you authorize when you use your Debit Card to make purchases at a merchant.

**Postdated Check:** A check written with a future date on it.

**Preauthorized Debit:** A charge to your account that you authorize that is made via the Automated Clearing House. It is usually used for recurring bill payments (such as when you authorize a utility company to debit your account in payment for your monthly bill).

**Preauthorized Transfer:** A charge to your account that you authorize; includes telephone transfers, automatic transfers and online banking transfers.

**Pricing Guide:** A separate document, entitled *Schwab Bank Deposit Account Pricing Guide*, which contains current fees applicable to deposit accounts and related services.

**Protected Account:** In an overdraft protection option, this is the checking account to which funds will be transferred, should the account balance fall below zero.



**Real-Time Funds Transfer:** Transfers between your Schwab One® brokerage account and your Schwab Bank checking and savings accounts that are initiated by you. You will receive provisional credit and have access to funds transferred to the account designated by you on the day you specify for the transfer.

**Schwab Brokerage:** Refers to our affiliate, Charles Schwab & Co., Inc., a registered broker-dealer.

**Security Procedure:** A procedure used by you and us, in conjunction with a Money Transfer, to verify the authenticity of a transfer request.

**Stale-Dated Check:** A check that is dated more than six months before the day on which it is presented to be cashed, deposited or paid.

**Statement Period:** A period of time, of about one month, covered by an account statement. It may end on any Business Day during the month. We will send you a monthly account statement unless there is no account activity other than the posting of interest. We will send you a statement at least quarterly, even if there is no activity in your account.

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

**Target Balance Amount:** If you elect to activate the Target Balance Transfer feature, this is the minimum Ledger Balance you designate for your High Yield Investor Checking account.

**Transfer Completion Date:** When originating an electronic transfer, this is the date you wish the funds to be credited to the receiving account.

**Unclaimed Account:** A deposit account for which the client has not initiated any activity or contacted us about for a period of two years or longer.

## **1. Terms Applicable Only to the Schwab Bank High Yield Investor Checking® Account**

This Section 1 applies only to High Yield Investor Checking accounts and does not apply to any other Schwab Bank deposit account.

### **1.1 Your High Yield Investor Checking Account**

Your Schwab Bank High Yield Investor Checking® (“High Yield Investor Checking”) account is an interest-bearing checking account linked to a corresponding Schwab One® brokerage (“Schwab One®”) account, maintained at Charles Schwab & Co., Inc. (“Schwab Brokerage”). This means that your High Yield Investor Checking account is linked to your Schwab One® account for various purposes and features, as described in this document. Some of the methods of linking are automatic, while others require your authorization. The linkage between the accounts allows you to easily initiate transfers between them to meet your checking and investment needs. Further, linking can allow funds to move on an automated basis from your Schwab One® account to your High Yield Investor Checking account through the following features:

1. **Target Balance Transfers:** Through the Target Balance Transfer feature, you may authorize Schwab Brokerage to automatically transfer funds from your Schwab One® account to your High Yield Investor Checking account in order to maintain the minimum Ledger Balance you designate for your High Yield Investor Checking account (“Target Balance Amount”). If you elect to establish this feature, you authorize us to request Schwab Brokerage to make this transfer in accordance with the “Schwab One®/High Yield Investor Checking Linking Authorization” (see Section 1.2).
2. **Overdraft Protection:** This feature systematically transfers funds from your

Schwab One® account to your High Yield Investor Checking account in order to provide you with coverage against nonsufficient funds in your High Yield Investor Checking account. This feature is described in the “Schwab One®/High Yield Investor Checking Linking Authorization” (see Section 1.2).

Other features of this linkage are described in various sections of this document. Your Schwab One® account is governed by a separate set of terms and conditions which includes, but is not limited to, the *Schwab One® Account Agreement*. Please contact Schwab Brokerage for these separate documents and the terms related to your Schwab One® account with Schwab Brokerage.

Please be advised that account restrictions placed on your Schwab One® account may adversely affect your ability to conduct transactions in your High Yield Investor Checking account.

### **1.2 Schwab One®/High Yield Investor Checking Linking Authorization**

This “Schwab One®/High Yield Investor Checking Linking Authorization” relates to your Schwab One® account at Schwab Brokerage and your High Yield Investor Checking account at Schwab Bank. Your Schwab One® account remains an obligation solely of Schwab Brokerage. Likewise, your High Yield Investor Checking account remains an obligation solely of Schwab Bank. By executing the High Yield Investor Checking account application, you authorize Schwab Bank to instruct Schwab Brokerage to transfer funds from your Schwab One® account to your High Yield Investor Checking account as set forth below. Schwab Bank and Schwab Brokerage are acting as your agent in performing these services.

For information regarding your Schwab One® account, please refer to your *Schwab One® Account Agreement* which you received from Schwab Brokerage.

### Target Balance Transfer<sup>1</sup>

Through the Target Balance Transfer feature, you may authorize Schwab Brokerage to automatically transfer “TBT Available Funds” (as defined herein) from your Schwab One® account to your High Yield Investor Checking account in order to maintain the minimum Ledger Balance you designate for your High Yield Investor Checking account. If you elect to establish this feature, you must establish a Target Balance Amount. The maximum Target Balance Amount using this feature is \$99,000. TBT Available Funds will then be transferred from your Schwab One® account into your High Yield Investor Checking account so that your High Yield Investor Checking account maintains a minimum Ledger Balance equal to your Target Balance Amount.<sup>2</sup>

For example, assume your Target Balance Amount is \$5,000. If the Ledger Balance in your High Yield Investor Checking account is \$6,000 and you write a check for \$3,000, Schwab Bank would request that Schwab Brokerage transfer \$2,000 from TBT Available Funds in your Schwab One® account into your High Yield Investor Checking account in order to maintain your Target Balance Amount of \$5,000.

“TBT Available Funds” in your Schwab One® account for the purposes of target balance transfers are limited to your Authorization Limit, **excluding your Available Margin Loan Value** (as described in your *Schwab One® Account Agreement*). If you have a debit balance in your Schwab One® account, target balance transfers will not be made to your High Yield Investor Checking account. Schwab Brokerage does not consider pending securities trades (including the Automatic Investment Plan [AIP]) in your Schwab One® account, pending debits to your Schwab One® account,

and pending transfers of funds from your Schwab One® account in determining whether you have TBT Available Funds for target balance transfers.<sup>3</sup>

Schwab Brokerage has sole discretion to determine TBT Available Funds and is not responsible for any errors in calculation or damages resulting from errors in calculation. You acknowledge that you are responsible for all debits in your Schwab One® account, as described in further detail in your *Schwab One® Account Agreement*.

If you do not elect to activate the Target Balance Transfer feature at the time you open your High Yield Investor Checking account, it will not be activated. If you choose to activate the feature at account opening, but do not provide Schwab Bank with a Target Balance Amount, it will be set at the default amount stated on your High Yield Investor Checking account application. You may activate this feature later, change the Target Balance Amount or deactivate the feature at any time by contacting Customer Service. Assuming you have given us a reasonable opportunity to act on your request, the change will be effective before the next target balance transfer occurs. Your Target Balance Amount can be any whole positive number equaling \$1 or more up to a maximum of \$99,000. You may remove the target balance link between your High Yield Investor Checking account and Schwab One® account, without affecting the relationship between these accounts for Overdraft Protection coverage.

In order for the target balance transfer to occur, both your High Yield Investor Checking account and your Schwab One® account must be open and active and the Target Balance Transfer feature must be

<sup>1</sup>The Target Balance Transfer feature is a service provided by Schwab Bank.

<sup>2</sup>The Target Balance Transfer sweep will decrease TBT Available Funds from your Schwab One® account and may affect funds available for trading purposes.

<sup>3</sup>If Schwab Brokerage determines that your Schwab One® account must be restricted to provide available funds based on your Authorization Limit prior to placing securities trades, your eligibility for this feature may be revoked and your High Yield Investor Checking account may be closed.

activated. Further, your Schwab One® account must have a minimum of \$0.01 in TBT Available Funds to transfer and not have any restrictions preventing Schwab Brokerage from using funds in that account for a target balance transfer.

All target balance transfers occur at the beginning of each Business Day (excluding Schwab Brokerage holidays), based on activity in your High Yield Investor Checking account since the previous Business Day. Transfers will be made from your Schwab One® account once per Business Day, if needed, in order to maintain your High Yield Investor Checking account at the Target Balance Amount. The amount transferred will be the amount needed to satisfy the Target Balance Amount. If there are insufficient TBT Available Funds in the Schwab One® account to meet the Target Balance Amount, all TBT Available Funds in the Schwab One® account will be transferred.

### **Overdraft Protection**

For our High Yield Investor Checking account, we offer multiple sources of overdraft protection, collectively referred to as Overdraft Sources, to help you protect your High Yield Investor Checking account from overdrafts. Your Schwab One® account will automatically be linked to your High Yield Investor Checking account for overdraft protection after both accounts are open. It will remain linked for overdraft protection purposes unless you request otherwise. You may choose to also add other Overdraft Sources. As of August 1, 2020, Schwab Bank no longer offers or establishes new Overdraft Credit Lines (OCL). Any existing OCL will remain in effect subject to the terms of its agreement. The OCL and certain other Schwab Bank checking and savings accounts may also be used as sources of overdraft protection.

If you use your savings account as a source for overdraft protection, and it is needed to cover an overdraft, the transfer of funds from your savings account for this purpose will be included in the six debit transactions allowed from your

savings account per Statement Period, as described in Section 4.1.

By linking your Schwab One® account to your High Yield Investor Checking account, you authorize Schwab Bank to request that funds in your Schwab One® account be used as overdraft protection for your High Yield Investor Checking account.

**If you have established multiple Overdraft Sources, Schwab Bank will utilize the Overdraft Sources in the following order:**

1. Request that Schwab Brokerage transfer Overdraft Funds (as defined herein) from your linked Schwab One® account (including your margin account, which may incur margin charges as described in your *Schwab One® Account Agreement*);
2. Access an overdraft credit line linked to your High Yield Investor Checking account, if you have been offered such a credit line and you have accepted it;
3. Access certain types of other deposit accounts you maintain with Schwab Bank, including a Schwab Bank High Yield Investor Savings® account, if you have requested that these accounts be linked to your High Yield Investor Checking account for overdraft protection.

**You may change the order of these steps and add or remove an Overdraft Source at any time after your High Yield Investor Checking account is opened by contacting Customer Service.**

**You should consider your own situation carefully and establish the order of Overdraft Sources that is the most beneficial to you.** You acknowledge that the default order of steps may not be the most beneficial to you, depending on your situation. If you have an Overdraft Source linked to more than one Schwab Bank checking account, Schwab Bank will use the Overdraft Source to cover items in the order in which they are presented for payment, or in which it receives notice of an incoming debit. Should your primary Overdraft Source be unavailable (such as during a system or hardware outage), Schwab Bank may

access an alternative Overdraft Source, even if there are Overdraft Funds in your primary Overdraft Source. If you have only one source of overdraft protection, there may be instances (such as during a system or hardware outage) when overdraft protection is not available.

If pending debits to your High Yield Investor Checking account would reduce the balance of Available Funds below \$0, Schwab Bank will automatically transfer (or request that Schwab Brokerage transfer if your Overdraft Source is your Schwab One® account) funds from your Overdraft Source to your High Yield Investor Checking account. If there are sufficient funds from all Overdraft Sources combined, Schwab Bank will use those funds to cover the overdraft. The exact amount needed to cover the overdraft will be transferred, up to the amount of funds in your Overdraft Source. If there are insufficient funds in the first Overdraft Source to cover the overdraft, all funds from that source will be transferred and then Schwab Bank will attempt to transfer funds from the next Overdraft Source in line.

For example, assume you have two Overdraft Sources: first, your Schwab One® account, and second, your High Yield Investor Savings account. If the Available Funds in your High Yield Investor Checking account are \$6,000 and you write a check against your High Yield Investor Checking account for \$8,000, Schwab Bank would request a transfer of \$2,000 from your Schwab One® account. However, if the balance of your Overdraft Funds in your Schwab One® account is only \$1,000, then Schwab Bank would first instruct Schwab Brokerage to transfer \$1,000 from your Schwab One® account into your High Yield Investor Checking account. Schwab Bank would then transfer \$1,000 from your High Yield Investor Savings account (assuming you have sufficient funds in that account).

If a check or other debit is presented for payment and there are insufficient funds in your account to pay the item, Schwab Bank will review the amount of available funds in your designated Overdraft

Sources and will transfer available funds to cover the overdraft. Please note that overdraft protection will not be provided for ACH transfers initiated under the Schwab Bank Electronic Funds Transfer Service. You must have sufficient Available Funds in your High Yield Investor Checking account to cover such ACH transfers, as funds will not be transferred from your Overdraft Sources to cover overdrafts from such ACH transfers. Overdraft protection is provided for ACH transfers initiated under a service other than the Schwab Bank Electronic Funds Transfer Service, including the Schwab MoneyLink® Service offered by Schwab Brokerage, the Schwab Bank Bill Pay™ Service, and services offered by parties other than Schwab Bank.

If the amount of funds in your Overdraft Sources is insufficient to pay the amount of the check or other debit, in most cases Schwab Bank will not pay the item. However, if the item is paid and an overdraft is created in your account, Schwab Bank will periodically review your Overdraft Sources and will continue to transfer any available funds to your account until the amount of the overdraft is fully paid.

Schwab Bank deposit accounts which may be used as an Overdraft Source are: Interest Checking Plus, High Yield Investor Checking and High Yield Investor Savings.

**Overdraft Funds** in your Schwab One® account for the purposes of overdraft protection are limited to your Authorization Limit (as described in your *Schwab One® Account Agreement*). **Schwab Brokerage includes the loan value of securities held on margin in your Schwab One® account in determining funds available to transfer for overdraft protection. By electing to establish Overdraft Protection, you understand that you may create a margin loan in your Schwab One® account, if applicable, that may be subject to daily interest charges. You acknowledge that you will be responsible for covering any margin calls, and that Schwab Brokerage may liquidate securities in your Schwab One® account if necessary to cover a margin call, as further described in your Schwab One®**

**Account Agreement.** You further acknowledge that neither Schwab Brokerage nor Schwab Bank will automatically transfer assets from your High Yield Investor Checking account to your Schwab One® account to cover a margin call or any other debit or obligation in your Schwab One® account, even if funds are available in your High Yield Investor Checking account.<sup>4</sup> Schwab Brokerage does not consider pending securities trades (including the Automatic Investment Plan [AIP]) in your Schwab One® account, pending debits to your Schwab One® account, and pending transfers of funds from your Schwab One® account in determining whether you have Overdraft Funds for overdraft protection.<sup>5</sup>

Schwab Brokerage has sole discretion to determine Overdraft Funds and is not responsible for any errors in calculation or damages resulting from errors in calculation. You acknowledge that you are responsible for all debits in your Schwab One® account, as described in further detail in your Schwab One® Account Agreement.

In order for the automated transfer to occur, both your High Yield Investor Checking account and your Overdraft Source must be open and active and linked with each other for the purposes of overdraft protection. Further, your Overdraft Source must not have any restrictions preventing Schwab Bank or Schwab Brokerage from using funds in that account for overdraft protection, and there must be sufficient Overdraft Funds, Available Funds and/or available credit from any one or all Overdraft Sources combined.

**Sections 2–16 apply to all Schwab Bank deposit accounts, including High Yield Investor Checking, unless specifically noted otherwise.**

## **2. General Terms**

### **2.1 Acceptance of Terms and Conditions**

The Application Agreement that you signed when you applied for your deposit account acknowledges that you will receive Schwab Bank's *Facts: What Does the Charles Schwab Corporation Do With Your Personal Information?* (or any successor publication), including an arbitration provision, and the Terms and Conditions for the Schwab Bank Bill Pay™ Service; the Pricing Guide; and other related agreements at the time the account is opened or before a service is provided.

The signature of each account owner on the Application Agreement confirms your acceptance of each of the terms, conditions and agreements listed in the documents above.

### **2.2 Changes to Agreement**

We may change, add to, or amend the Agreement at any time. We generally send you advance notice of the change or amendment. If you maintain your account after the effective date of a change or amendment to the Agreement, you indicate your agreement to the change or amendment. If you do not agree with the change or amendment to the Agreement, you may close your account or cancel or simply stop using the affected service or feature before the effective date of the change or amendment.

### **2.3 Charging an Account**

We may deduct amounts you owe us under this Agreement, such as fees and overdrafts, from your account. If you don't have enough funds in your account to satisfy your obligation to us, we may deduct amounts you owe us from your other deposit accounts with us. We may request that Schwab Brokerage transfer Overdraft Funds (as defined herein) from your linked Schwab One® account as

<sup>4</sup>See your Schwab One® Account Agreement for more information regarding your Schwab One® Margin account.

<sup>5</sup>If Schwab Brokerage determines that your Schwab One® account must be restricted to provide available funds based on your Authorization Limit, prior to placing securities trades, your eligibility for Overdraft Protection may be revoked and your High Yield Investor Checking account may be closed.

explained above in Section 1.2. We may do this at any time without prior notice of any deduction. If there are not enough funds in your account or other Overdraft Sources to cover the fees and other amounts you owe us, we may overdraw your account. You agree to pay us immediately for all amounts that you owe us.

#### **2.4 Closing or Restricting an Account**

You or we may generally close your checking or savings account at any time without advance notice. We may, however, require you to give us advance notice when you intend to close your account by withdrawing all your funds from a savings or interest-bearing checking account (see Section 10.4 under "Notice of Withdrawal"). This Agreement continues to govern matters related to your account even after your account closes.

If you are currently receiving direct deposit(s) of federal benefit payments, we will provide you with 30 calendar days' written notice prior to closing the account. Federal benefit payments are payments for federal entitlement programs or for an annuity, including, but not limited to, payments for Social Security, Supplemental Security Income, black lung, civil service retirement, railroad retirement annuity and railroad unemployment and sickness benefits, Department of Veterans Affairs compensation and pension, and worker's compensation.

If you have a High Yield Investor Checking account and you, or Schwab Brokerage, close your linked Schwab One® account, we will close your High Yield Investor Checking account.

If you have a High Yield Investor Checking account and your linked Schwab Brokerage account is suspended or otherwise similarly restricted for any reason, we may take the same action on your High Yield Investor Checking account.

If we close your High Yield Investor Checking account, we may mail a check for any remaining balance in that account to you at the address we currently show

for your statement. We may return deposits and checks and other items that we receive after your account is closed, without any liability by us to you.

#### **2.5 Fees**

You agree to pay for our services in accordance with the fees that apply to your account or for other services you may use as shown in the current Pricing Guide. You authorize us to charge your account for these fees.

#### **2.6 Use of Account**

You may not use your account or any account-related service to process gambling transactions, or to conduct any other activity, that would violate applicable law. If we are uncertain regarding the legality of any transaction, we may refuse the transaction or freeze the amount in question while we investigate the matter.

#### **2.7 FDIC Insurance**

Funds in your deposit accounts at Schwab Bank are insured, in aggregate, based on account ownership type, by the Federal Deposit Insurance Corporation (FDIC), an agency of the United States government, up to the standard maximum deposit insurance amount. The standard maximum deposit insurance amount is \$250,000.

If you have free credit balances in an account held at Schwab Brokerage that are swept to an omnibus account at Schwab Bank, these balances are aggregated, based on account ownership type, with other funds you hold at Schwab Bank, for the purposes of the \$250,000 limit. See your Schwab Account Agreement for details on sweep options. FDIC insurance does not apply to other types of accounts you may have with our non-bank affiliates (such as accounts you may have at Schwab Brokerage). If you would like additional information, you may contact Customer Service to ask for our brochure regarding FDIC insurance coverage, or you may contact the FDIC toll-free at 1-877-ASK-FDIC (1-877-275-3342). Information can also be found on the Internet at [www.fdic.gov](http://www.fdic.gov).

## **2.8 Governing Law**

The agreement you make with us, and the rights and obligations we both have, are governed by and interpreted according to applicable State of Nevada and federal law.

## **2.9 Information About You**

Schwab Bank complies fully with the customer identification requirements of the USA Patriot Act. When you apply to open a deposit account with us, you are required to give us information about yourself, including your name, date of birth, address, taxpayer identification number and your state driver's license, state identification card or military identification. You represent to us that this information about yourself is correct. We retain the information about your identity in our records. We may rely on this information until you notify us of a change by contacting Customer Service and we have had a reasonable amount of time to act on the new information. You must notify us promptly if you change your name, address or telephone number. If the notification is regarding a name change, we may require identification, such as a valid driver's license or identification card, marriage certificate, divorce decree, or court order.

If you have a High Yield Investor Checking account and either we or Schwab Brokerage receive an address change from you, unless you request otherwise, your address on file will be updated for your High Yield Investor Checking account, any associated overdraft credit line and your accounts held at Schwab Brokerage that utilize the same mailing address. If you have other accounts at Schwab Bank, and you would like to change the address we have on file for those accounts as well, you must specifically ask us to update the address for those accounts.

You certify that you are legally authorized to enter into this Agreement, that you have reached the legal age of majority in the state or territory where you reside, and that the personal information provided to Schwab Bank during the application process is true and correct. If you have not reached the

legal age of majority in the state or territory where you reside or if you have provided false information during the application process, we may close your account.

## **3. Ownership of Accounts**

You provide us with account ownership information at the time of account opening, and we enter that information in our records. From then on, we may determine ownership of accounts from the information in our records.

### **Individual Accounts**

If only one person's name appears in the title of an account, it is classified as an individual account and that individual has the sole right to withdraw funds from or provide instructions regarding the account.

### **Joint Accounts**

If more than one person's name appears in the title of an account (without a trust or custodial designation), the account is classified as a joint account. All persons whose names appear on a joint account are co-owners of the account, regardless of whose money is deposited or who makes the deposits. Each co-owner acts as the agent of each other co-owner. We may limit the number of persons who may co-own a particular type of account. Each co-owner authorizes each other co-owner to operate the account without the consent of any other co-owner. This includes, but is not limited to, the authority to deposit funds and withdraw or transfer funds from the account; to endorse for deposit to the joint account on behalf of any other co-owner an item payable to another co-owner; to instruct us to stop payment on any item drawn on the account by any co-owner; to obtain a Debit Card; to sign up for, use or cancel Internet Banking; to enroll in, access and use the Schwab Bank Bill Pay™ Service; to draw upon any overdraft protection option connected to the account; to obtain information about the account, including transactions conducted by other co-owners; to pledge the individual co-owner's interest in the account as security for any debts; and to close the account.



Each co-owner is jointly and severally liable to us for: all fees and charges assessed against the account; all amounts owed to us on the account, such as overdrafts; and all costs, losses or liabilities related to this Agreement or the account.

Unless you have requested otherwise (and we have accepted your request), all joint accounts are presumed to be joint accounts with the right of survivorship. Right of survivorship means that when a co-owner dies, the balance in the account belongs to the surviving co-owner(s) subject to our right to charge the account for any amount the deceased co-owner or a surviving co-owner owes us.

#### **Business or Other Nonpersonal Accounts**

We do not offer corporate, business or most types of other nonpersonal accounts. Any account you open with us will be considered a personal account, and you agree that it will be used only for your own personal, family or household purposes.

#### **Transferring Ownership**

Your account is for your use only. You may not transfer or assign ownership of your account to another party without our written consent. If we consent, such transfer of ownership is effective only when recorded on our records. In order to effect such a transfer, we may require that you close the account and that the new account holder open a new account in his or her own name and be subject to our standard account-opening requirements and procedures. We may refuse to acknowledge or accept attempted pledges or assignments of an account or purported security interest in an account.

## **4. Disclosures for Specific Account Types**

For new accounts, we offer High Yield Investor Checking accounts, Interest Checking Plus accounts and High Yield Investor Savings accounts.

### **4.1 Schwab Bank High Yield Investor Savings® Account**

You may not write checks on the Schwab Bank High Yield Investor Savings® account

(“High Yield Investor Savings”), but you may use the Debit Card, if you request one. You may make any number of withdrawals or transfers by mail or at an ATM. You may also make six other debit transactions from your account per monthly Statement Period.

- A Debit Card for your High Yield Investor Savings account is optional.
- If you open a High Yield Investor Savings account and request a Debit Card, you will be issued a Visa® Platinum Debit Card.
- If you open a High Yield Investor Savings account and already have or open a High Yield Investor Checking account, your High Yield Investor Savings account will be linked to the Platinum Debit Card on your High Yield Investor Checking account.
- If you already have both a High Yield Investor Savings account and a High Yield Investor Checking account, your High Yield Investor Savings account will be linked to the Platinum Debit Card on your High Yield Investor Checking account.

You may choose to use your High Yield Investor Savings account as an Overdraft Source for overdraft protection. If you use your High Yield Investor Savings account as an Overdraft Source and it is needed to cover an overdraft, the transfer of funds against the overdraft will be included in the six debit transactions allowed from your High Yield Investor Savings account per Statement Period.

If your High Yield Investor Savings account is linked to the Platinum Debit Card on your High Yield Investor Checking account, but you do not choose to designate your High Yield Investor Savings account as an Overdraft Source, the source of funds will automatically follow the order as listed in the “Overdraft Protection” section of this deposit account agreement, or it will follow the order that you designated when you opened your High Yield Investor Checking account.

## 4.2. High Yield Investor Savings Account Limitations

Federal regulations limit the number of withdrawals and transfers from a savings account to a total of six (6) each monthly statement cycle. The types of transfers that are limited are transfers to any other Schwab Bank or Schwab Brokerage account(s), transfers to any accounts you hold at other financial institutions, or transfers to third parties by means of:

- A Schwab Bank Visa® Platinum Debit Card purchase;
- A preauthorized or automatic transfer; or
- Telephone, fax, online, wire, or overdraft protection transfers.

If you exceed these limits on more than an occasional basis, we may convert your account to another type of account, or we may close it and transfer the funds into another account that you have with us.

## 5. Interest on Your Funds

When you deposit a non-cash item, such as a check, to an interest-bearing account, interest begins to accrue no later than the Business Day on which we receive credit for that item. Cash and Money Transfers begin earning interest on the day of the deposit.

### Interest-Bearing Checking and Savings Accounts

Funds in your High Yield Investor Checking, High Yield Investor Savings and Interest Checking Plus accounts earn a variable interest rate. At our discretion, we may change your interest rate and annual percentage yield daily. We compound interest daily at the rate in effect for your end-of-day Ledger Balance. We credit interest to your account after the close of business on the last day of each Statement Period for your account. Your statement specifies the starting and ending days of the period.

We use the daily-balance method to calculate the interest on your account. The daily rate is  $1/365$  of the interest rate. This

method applies a daily rate each day to the Ledger Balance in the account.

If you close your account before we credit any accrued interest, you receive the accrued interest up to the day that you close the account.

**Interest Rate Tiers:** The rate we pay on some accounts depends on the tier into which the end-of-day Ledger Balance in your account falls. A tier is a range of account balances. We may change the tiers that apply to an account at any time upon notice. Different tiers may apply to different types of accounts. Different rates may apply to different tiers. Please see your *Schwab Bank Deposit Account Pricing Guide* or call Customer Service for current tier levels.

## 6. Your Ability to Withdraw Funds

Our policy is to make funds from your cash and check deposits available to you on the first Business Day after the day we receive your deposit. Electronic Direct Deposits will be available on the day we receive the deposit, unless we require additional time to review the item to determine if it can be legally processed. Once they are available, you can withdraw the funds in cash and we will use the funds to pay checks that you have written.

For determining the availability of your deposits, every day is a Business Day, except Saturdays, Sundays and Federal Reserve Bank holidays. If you make a deposit before our deposit cutoff time on a Business Day that we are open, we will consider that day to be the day of your deposit. However, if you make a deposit after our deposit cutoff time, or on a day that we are not open, we will consider that the deposit was made on the next Business Day we are open. Our deposit cutoff time varies based on the method and location of the deposit, but it will never be earlier than 2:00 p.m. local time.

### 6.1 Longer Delays May Apply

In some cases, we will not make all of the funds that you deposit by check available to you on the first Business Day after the

day of your deposit. Depending on the type of check that you deposit, funds may not be available until the fifth Business Day after the day of your deposit. However, the first \$225 of your deposits may be available on the first Business Day after the day of your deposit.

If we are not going to make all of the funds from your deposit available on the first Business Day, we will notify you. We will mail the notice to you by the Business Day after we receive your deposit.

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

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

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

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

### **6.2 Special Rules for ACH Transfers from Another Financial Institution**

If you request and we agree to originate an ACH transfer from another financial institution, to ensure payment in actually and finally collected funds, we will make those funds available to you no later than the fourth Business Day after the day of deposit. Although funds from ACH originations are posted to your account on the day of deposit, they may not be immediately available for withdrawal. Schwab Bank is

not responsible for delays in funds availability caused by other financial institutions.

### **6.3 Special Rules for New Accounts**

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

- Funds from electronic Direct Deposits to your account will be available on the day we receive the deposit, unless we require additional time to review the item to determine if it can be legally processed.
- Funds from deposits of cash, wire transfers, and the first \$5,525 of a day's total deposits of cashier's, certified, teller's, traveler's, and federal, state and local government checks will be available on the first Business Day after the day of your deposit if the deposit meets certain conditions. For example, the checks must be payable to you. The excess over \$5,525 will be available on the fifth Business Day after the day of your deposit.
- Funds from all other check deposits will be available on the fifth Business Day after the day of your deposit.

### **6.4 Special Rule for Schwab Mobile Deposit™**

Check deposits made remotely using the Schwab Mobile Deposit™ service may be held longer than checks submitted through the mail. If an extended hold is placed, we will send you notice of when the funds will be available.

## **7. Nonsufficient Funds—Overdrafts**

### **7.1 Nonsufficient Funds**

When you do not have enough Available Funds in your account or sufficient Overdraft Protection to cover a check or other transaction (e.g., in-person withdrawal, ATM withdrawal, automatic payment, or other electronic transaction), we may, at our sole discretion and without notice to you, either return the item unpaid or pay it and overdraw your account. If we return the item, we may

charge you a Nonsufficient Funds Fee. The Nonsufficient Funds Fee that applies to your account is described in the Pricing Guide.

If we overdraw your account to pay an item, you agree to immediately repay us the amount of the overdraft without notice or demand from us. You agree that we may apply any subsequent deposits to your account, including deposits of benefit payments such as Social Security payments, and any funds that become available in your accounts to pay your negative balance. Each account holder is jointly and severally responsible for paying any overdrafts created by authorized signer(s) or a party to your account, whether or not they participate in the transaction or benefit from its proceeds.

If we pay items by overdrawing your account on one or more occasions, we are not obligated to continue paying any future nonsufficient funds item without notifying you.

## **7.2 Overdraft Protection**

**This Section 7.2 does not apply to High Yield Investor Checking accounts, unless otherwise indicated. Please see Section 1.2 for applicable terms for overdraft protection for High Yield Investor Checking accounts.**

For the Interest Checking Plus account, we offer an automated transfer service from certain types of deposit accounts with us to help protect your checking account(s) from overdrafts. As of August 1, 2020, Schwab Bank no longer offers or establishes new Overdraft Credit Lines (OCL). Any existing OCL will remain in effect subject to the terms of its agreement. These multiple sources of overdraft protection are collectively referred to as Overdraft Sources. If you choose multiple overdraft protection options, you will choose the order in which these plans are applied. If you do not choose, your OCL will automatically become your primary Overdraft Source. If you have an Overdraft Source linked to more than one Protected Account, we use the Overdraft Source to cover items in the order in which they are presented for

payment, or in which we receive notice of an incoming debit. Should your primary Overdraft Source be unavailable (such as during a system or hardware outage), we may access an alternative Overdraft Source, even if there are funds or credit available in your primary Overdraft Source. If you have only one source of overdraft protection, there may be rare instances (such as during a system or hardware outage) when overdraft protection is not available. If pending debits to your Protected Account would reduce the balance of Available Funds in that account to below \$0, we will automatically attempt to transfer funds from your Overdraft Source to your Protected Account. If there are sufficient funds or credit from all Overdraft Sources combined, we will use those funds to cover the overdraft. The exact amount needed to cover the overdraft will be transferred, up to the amount of funds available in your Overdraft Source. If there are insufficient funds in the first Overdraft Source to cover the overdraft, all funds from that source will be transferred and then we will transfer the balance of funds needed from the next Overdraft Source in line. If a check or other debit is presented for payment and there are insufficient funds in your account to pay the item, Schwab Bank will review the amount of available funds in your designated Overdraft Sources and will transfer available funds to cover the overdraft. If the amount of funds in your Overdraft Sources is insufficient to pay the amount of the check or other debit, in most cases Schwab Bank will not pay the item. However, if the item is paid and an overdraft is created in your account, Schwab Bank will periodically review your Overdraft Sources and will continue to transfer any available funds to your account until the amount of the overdraft is fully paid. In order for the automated overdraft protection transfer to occur, both your Protected Account and your Overdraft Source must be open and active and linked with each other for the purposes of overdraft protection. Further, your Overdraft Source must not have any restrictions preventing us from using funds in that source for overdraft

protection, and there must be sufficient Available Funds and/or available credit from any one or all Overdraft Sources combined.

**Overdraft Protection Transfers from Other Deposit Accounts:** If you have multiple deposit accounts with us, you may link them to provide overdraft protection to any checking account. Schwab Bank deposit accounts which may be used as an Overdraft Source are: Interest Checking Plus, High Yield Investor Checking and High Yield Investor Savings. The owner(s) of both accounts must be exactly the same and the names of the owner(s) must be listed in the same order on both accounts.

**Overdraft Credit Line:** As of August 1, 2020, Schwab Bank no longer offers or establishes new Overdraft Credit Lines (OCL). Any existing OCL will remain in effect subject to the terms of its agreement.

### 7.3 Real-Time Funds Transfers and Provisional Credit

If you initiate a Real-Time Funds Transfer between your Schwab One® brokerage account and your Schwab Bank checking or savings account, we or Schwab Brokerage will grant you provisional credit, and you will have access to funds transferred to the account designated by you on the day you specify the transfer should occur. We or Schwab Brokerage may, in our sole discretion, refuse to provide the provisional credit, regardless of previous provisional credit(s) for Real-Time Funds Transfers provided to you in the past.

You agree to immediately repay us the full amount of any overdraft or provisional credit, plus any Nonsufficient Funds Fee(s), and authorize us to debit your Schwab One brokerage account or Schwab Bank account if:

- For any reason the overdraft protection from your Schwab One® account fails (such as during a system or hardware failure or while transferring money between your High Yield Investor Checking and your Schwab One® accounts);

- The Bank does not receive final settlement for Real-Time Funds Transfers; and
- The Bank provides provisional credit to pay for any outstanding items (including, but not limited to, checks or debit transactions).

You agree to immediately repay us, for the benefit of Schwab Brokerage, the full amount of any provisional credit granted by Schwab Brokerage, plus any Nonsufficient Funds Fee(s), and authorize us to debit your Schwab Bank account for such amount, for the benefit of Schwab Brokerage if:

- Schwab Brokerage does not receive final settlement for Real-Time Funds Transfers; and
- Schwab Brokerage provides provisional credit to pay for any outstanding items (including, but not limited to, checks or debit transactions).

## 8. Electronic Banking Services

We may give you access to your account using a Debit Card, an Internet Banking login ID and password or another device or code. If we do, you agree to use this access method only in the manner and for the purposes described in any specific disclosure issued with the access method. If you attempt to use the access method in any other manner or for any other purpose, we may reject the transaction; or, at our discretion, we may complete it without incurring any obligation to honor the same type of transaction on future occasions. We may decide not to issue a specific access method to any client, and we may also terminate a specific access method without cause or notice.

### 8.1 Schwab Bank Visa® Platinum Debit Card

Upon application approval and account funding, we issue a Debit Card to all eligible account holders of a checking account with us; a Debit Card is issued for the savings account after account funding, if you request one. Further

information is contained in the disclosure that you receive with your Debit Card.

## **8.2 Access to Your Account Using the Internet**

You may access your account and perform certain banking transactions using the Internet. We are continually adding to the features and functions that are available online. Please check the appropriate website for the latest information about these features and functions. All banking transactions performed using Internet Banking are reported on your account statement.

For High Yield Investor Checking accounts and High Yield Investor Savings accounts (provided you also have a Schwab Brokerage account), the terms and conditions that cover your use of this service are contained in the *Electronic Services Agreement* (ESA), and you acknowledge and consent to these terms whenever you use this service. Before accessing your High Yield Investor Checking account or your High Yield Investor Savings account (provided you also have a Schwab Brokerage account) online for the first time (and periodically thereafter), you will be presented with the ESA and required to click "I Agree" to the ESA.

Whenever you use Internet Banking, or authorize others to use it, you agree to the terms and conditions in this Agreement and (for High Yield Investor Checking accounts and High Yield Investor Savings accounts where you also have a Schwab Brokerage account) in the ESA.

**Making Transfers:** You may request transfers between your Schwab Bank deposit account and other eligible accounts. In accepting such transfer requests, we may use Security Procedures which we believe are reasonably designed to identify the requester as an account owner or other person authorized to transact business on the account from which the transfer is to be made, as described in Section 9.6 under "Security Procedures."

The rules and options which apply to transfers (such as available accounts and Transfer Completion Dates) are displayed online at the time you request the transfer. Transfers made to an account with us are effective after you confirm them. Additional provisions concerning transfers are given in Section 9.

**Modifying or Canceling Transfers:** After you input the transfer information using Internet Banking, you are asked to confirm or cancel the transfer before you actually send the transaction to us. Once you have confirmed the transfer, we will commence the transfer process. If we have not yet completed the process, you may have the opportunity to modify the instruction or cancel it.

**Bill Pay Service:** The Schwab Bank Bill Pay™ Service is one of the online services available to checking account clients. Included as part of this document are the "Terms and Conditions for the Schwab Bank Bill Pay™ Service" which govern your use of this service.

**Canceling Online Banking:** Your access to Internet Banking remains in effect until terminated by you or us. You may cancel your service at any time by contacting Customer Service. Unless you specifically request otherwise, this cancellation applies to your access to Internet Banking only and does not terminate your Schwab Bank accounts.

We may terminate your participation in Internet Banking for any reason, including inactivity, at any time. We will try to notify you in advance, but we are not obliged to do so.

## **8.3 Access to Your Account Using the Telephone**

You may access your account(s) and perform certain banking transactions using the telephone. All banking transactions performed using the telephone are reported on your account statement. We offer access both via an automated system ("Schwab Bank by Phone") and by talking to a Customer Service Representative (see Section 11.3 for more details).

Transactions available using Schwab Bank by Phone may differ from those transactions available by talking to a Customer Service Representative.

When you use Schwab Bank by Phone to access your account(s), or authorize others to use or access your account(s), you agree to the terms and conditions contained in this Agreement.

**Making Transfers:** We may permit you to request a transfer of funds from one of your Schwab Bank deposit accounts to another deposit account over the telephone by calling Customer Service. In accepting such transfer requests, we may use Security Procedures which we believe are reasonably designed to identify the requester as an account owner or other person authorized to transact business on the account from which the transfer is to be made, as described in Section 9.6 under "Security Procedures." Other provisions concerning these telephone transfers are given in Section 9. This Section 8.3 does not cover wire transfers, which are governed by the applicable subsections of Section 9.

**Transfer Options:** The rules and options which apply to transfers (such as available accounts and Transfer Completion Dates) are communicated at the time you request the transfer. Transfers made to an account at a different financial institution may be sent via the ACH. See Section 9.3 for more specific provisions about transfers to other financial institutions.

You may use the service for both one-time transfers (both same-day and future-dated) and recurring transfers. One-time transfers made to an account with us are effective after you confirm them. Recurring transfers made to an account with us may take place any day of the month, even on weekends or bank holidays. For recurring transfers made to another account with us, you may request the feature, cancel the feature or change the amount by calling Customer Service before 6:00 p.m. eastern time on the prior Business Day.

#### 8.4 Electronic Banking Disclosures

The following provisions apply only to accounts established primarily for personal, family or household purposes and apply generally to Electronic Funds Transfers. They do not apply to debits which we are authorized to make from your account for service charges and other fees, to Preauthorized Transfers you have instructed us to make to another of your (or a family member's) Schwab Bank accounts or toward payment of a Schwab Bank loan, and to certain other types of consumer transactions which are excluded from Regulation E of the U.S. Federal Reserve Board, such as wire transfers described in Sections 9.1 and 9.5.

##### Consumer's Liability for Unauthorized Transfers:

Tell us AT ONCE if you believe your Debit Card has been lost or stolen, if you believe an Electronic Funds Transfer has been made without your permission using information from your check, or if an unauthorized person has learned your Access Code or transferred or may transfer money from your account without your permission. You can notify us by calling or writing to Customer Service. Telephoning immediately is the best way of minimizing your possible losses. For accounts with more than one authorized signer, we may accept this report from any authorized signer. We may block or cancel that signer's Debit Card and any or all of the other Debit Cards attached to your account(s). If you tell us within two Business Days after you learn of the loss or theft, you can lose no more than \$50 if someone used your Debit Card without your permission or for an unauthorized Electronic Funds Transfer.

However, you could lose as much as \$500 if:

- You don't tell us within two Business Days after you learn of the loss or theft of your Debit Card or Access Code; and
- We can demonstrate that we could have stopped someone from using your Debit Card or Access Code without your permission if you had told us.

Losses could include the money in your account plus any transfers from an Overdraft Source linked to your account. If unauthorized activity occurs, you agree to cooperate during the investigation and to complete any report or affidavit we may request.

Also, if your statement shows Electronic Funds Transfers that you didn't make or authorize, including those made by card, code or other means, tell us AT ONCE. If you do not tell us within 60 days after the statement was mailed to you, you may not recover any money you lost after the 60 days if we can prove that we could have stopped someone from taking the money had you told us in time. If a good reason kept you from telling us (such as a long trip or hospital stay), we will extend the time periods.

When you give someone your Debit Card or Access Code, you are authorizing that person to use your Debit Card and/or access your account, and you are responsible for all transactions that person performs with your Debit Card or Access Code. These transactions are authorized transactions. Transactions are considered unauthorized only after you notify us that the person is no longer authorized.

Transactions that you, or someone acting with you, initiate with fraudulent intent are also authorized transactions.

### **Transfer Types**

You may use your card or code to:

- Withdraw cash from your checking or savings account.
- Transfer funds between your checking and savings accounts whenever you request.
- Pay for purchases at places that have agreed to accept the card or code.
- Pay bills directly from your account in the amounts and on the days you request.

Some of these services may not be available at all terminals.

### **Documentation of Transfers**

**ATM Transfers:** You may choose to receive a transaction record at the time you make any transfer to or from your account using an ATM. However, this transaction record is not final because each transaction is subject to verification by us. If the transaction record and our records conflict, our records will control.

**Preauthorized Credits:** If you have arranged to have Direct Deposits made to your account at least once every 60 days from the same person or company, you can call Customer Service or check Internet Banking to find out whether or not the deposit has been made.

**Periodic Statements:** We send you a statement once per Statement Period unless there is no account activity other than the posting of interest. We send you a statement at least quarterly even if there is no activity in your account. All Electronic Funds Transfers posted to your account during the Statement Period are listed on your statement.

### **Preauthorized Debits and Preauthorized Transfers**

**Notice of Varying Amounts:** If you have authorized someone to originate regular Preauthorized Debits from your account and if these payments vary in amount, the person you are going to pay is required to notify you, at least 10 days before each debit, when it will be made and how much it will be. (You may choose instead to get this notice only when the payment would differ by more than a certain amount from the previous payment or when the amount would fall outside certain limits that you set.)

### **Right to Stop Payment and Procedure for Doing So:**

If you have told us in advance to make regular Preauthorized Transfers out of your account or you have authorized someone to originate Preauthorized Debits from your account, you can stop any of these payments by contacting Customer Service. See Section 11.5 for specific instructions on placing a stop payment. If you order us to stop one of



these payments three Business Days or more before the transfer is scheduled, and you have given us the correct and complete information we requested, we will be liable for your losses or damages directly caused by our failure to stop the payment.

### **Liability for Failure to Complete**

**Transactions:** If we do not complete an Electronic Funds Transfer to or from your account on time or in the correct amount according to our agreement with you, we are liable for your losses or damages.

There are some situations in which we are not liable. We are not liable, for instance, if:

- Through no fault of ours, you do not have enough money in your account to complete the transaction.
- The transaction amount would exceed the funds available under your overdraft protection option, if any.
- Circumstances beyond our control (such as fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- The ATM or other device was not working properly, and you knew about it when you started the transaction.
- The ATM or other device where you are making the transaction does not have enough cash.
- Another institution provides incorrect Electronic Funds Transfer instructions to us.
- Any wire transfer, Automated Clearing House network or other third-party communication system from which we require information to complete transactions was not working properly.
- Your account is restricted (because of a court order or similar reason), and we are not permitted to make the transaction.
- An error in posting an amount or transaction occurs that is beyond our control.
- An account becomes dormant (see Section 15.11), in which case we may eliminate Debit Card access to that account.
- Your Debit Card or Access Code has been revoked due to inactivity or at our discretion.

There may be other exceptions permitted by law.

**Error Resolution Procedure:** In case of any errors or questions about Electronic Funds Transfers, please contact Customer Service as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt.

**Write to:** Charles Schwab Bank, SSB  
P.O. Box 982605  
El Paso, TX  
79998-2605

**Fax to:** 1-877-524-3067

**Call toll-free:** 1-888-403-9000

We must hear from you no later than 60 calendar days after the date we sent the **first** statement on which the problem or error appeared. If you tell us orally, we may require you to send us your complaint or question in writing within 10 Business Days. We'll need the following information:

- Your name and account number,
- A description of the error or transaction you're unsure about,
- A clear explanation of why you believe it is an error or why you need more information, and
- The dollar amount of the transaction or suspected error.

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 you are a new Schwab Bank client and the error or question concerns an

Electronic Funds Transfer that occurred within 30 days after the first deposit to an account was made, we will tell you the results of our investigation within 20 Business Days after we hear from you. If we need more time, we may take up to 90 days to investigate.

In addition, we may take up to 90 days to investigate if the error or question relates to an Electronic Funds Transfer that was initiated outside of the United States or resulted from a Point-of-Sale Debit transaction.

If we decide we need the additional time to investigate your complaint or question, we will provisionally credit your account within 10 Business Days (or 20 Business Days for errors or questions relating to transactions that occurred within 30 days after the first deposit to your account was made) 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 provisionally credit your account. We will tell you the results within three 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.

## **9. Money Transfer Services**

This section applies to Money Transfers you send or receive through us. All Money Transfers must be in U.S. currency. If you have a specific agreement with us for originating Money Transfers, these provisions supplement that agreement. Should there be any inconsistency between the two agreements, the specific agreement for Money Transfers will apply.

We may charge a fee for sending or receiving a Money Transfer. We may deduct our fee from your account or from the amount of the transfer.

### **9.1 Fedwire**

When you send a wire transfer request or receive a wire transfer, we, or other financial institutions involved in the wire transfer, may use Fedwire. If any part of a wire transfer is carried out by Fedwire, your rights and obligations are governed by Regulation J of the U.S. Federal Reserve Board.

### **9.2 Sending Wire Transfers**

This "Sending Wire Transfers" section applies to wire transfers you send through us. It does not apply to transfers made via the ACH, which are covered in Section 9.3. You may initiate a wire transfer by calling Customer Service on the telephone. By providing us with a wire transfer request, in a form acceptable to us, you authorize us to act on your behalf to initiate a wire transfer. We may select any intermediary bank, funds transfer system or means of transmittal to send your transfer instructions. Our selection may differ from that indicated in your instructions. You may initiate a wire transfer request only if you have sufficient Available Funds in your account.

#### **Cutoff Times for Wire Transfer Requests:**

Please contact Customer Service for the current cutoff time for processing wire transfer requests. We may treat wire transfer requests we receive after the cutoff time as if received the next Business Day.

### **9.3 Originating Transfers**

You may request a transfer of funds from your Schwab Bank deposit account to other eligible accounts using Internet Banking or by telephoning Customer Service. Sections 8.2 and 8.3 cover the provisions of using those methods to transfer funds. In sending funds to another financial institution, including our affiliate, Schwab Brokerage, we may use the ACH system or we may send the transfer instructions directly to the other financial institution. We may send ACH transfers to any ACH processor selected by us. This service is not intended for bill payment,

and it may not be used to send transactions to financial institutions outside the territorial jurisdiction of the United States.

When using Schwab.com to transfer funds between your Schwab Bank accounts, the minimum transfer amount is \$1.00 and the maximum amount per transfer is \$1,000,000. There are no minimum and maximum limitations if you set up your transfer by calling Customer Service.

**Timing of Transfer Requests:** When you request a transfer, we will tell you the earliest possible date that money can be transferred to the financial institution you request. Some transfers may be executed immediately, while others normally result in the movement of funds on the next or second Business Day. You can choose to transfer funds on this earliest possible date or on a future date.

For transfers that can be executed immediately, you must have Available Funds on deposit in your account when you request the transfer. For all other transfers, you must have Available Funds on deposit in your account two Business Days in advance of the Transfer Completion Date. If you do not have a sufficient balance in your account on the date specified, we may refuse to complete the transaction. The Transfer Completion Date is the date that we expect the receiving financial institution to credit the receiving account. However, you should understand that we cannot guarantee the date that the other financial institution actually credits the receiving account.

#### 9.4 Automatic Transfer Service

With this service, we allow you to set up a standing order with us to automatically transfer funds on a scheduled basis from one deposit account you hold with us to another deposit account you hold with us. Eligible accounts include all checking accounts and savings accounts. Transfers between accounts you hold with us may take place any day of the month, even on weekends or bank holidays. You may establish a standing order, cancel a standing order or change the amount of your

transfer by calling Customer Service prior to 6:00 p.m. eastern time on the prior Business Day.

#### 9.5 Receiving Money Transfers

We may receive instructions to transfer funds to your account. These instructions may come directly from a sender, via a wire transfer, through the ACH system or through some other communications system. Should we receive an incoming wire transfer after our internal processing cutoff time of 3:00 p.m. Pacific time, we may post the funds to your account on the next Business Day. You should be careful about giving someone your account number to help prevent unauthorized transactions on your account. You must notify us immediately of unauthorized activity. Additional provisions concerning your rights as a receiver of ACH payments are given in Section 8.4.

**ACH Rules:** From time to time, Originators that you authorize may send us ACH credits or debits for your account. For each ACH transaction, you agree that the transaction is subject to the Operating Rules of the National Automated Clearing House Association (NACHA) and any local ACH operating rules then in effect. You agree that we may rely on the representations and warranties contained in these operating rules and either credit or debit your account, as instructed by the Originator of the ACH transaction.

Under ACH rules, transfers sent through an ACH system are provisional and may be revoked prior to final settlement. You agree to these rules. If the ACH transaction is revoked before final settlement and we don't receive final settlement, we may charge your account for any amount credited. The person who sent the payment order is considered not to have paid you. If this happens, we don't send a separate notice; we notify you of these charges on your account statement.

#### Notice of Receipt for Money Transfers:

We notify you that we have received Money Transfers by listing them on your

account statement. We are not obligated to send you a separate notice of each incoming Money Transfer. If you are expecting a Money Transfer and want to find out if it has been credited to your account, you may call Customer Service or check Internet Banking.

## **9.6 General Provisions for All Money Transfers**

The following provisions apply generally to all Money Transfers.

### **Amending or Canceling Transfer Requests:**

**Requests:** You have no right to amend or cancel a transfer request after we receive it. If you ask us to do this, we may make a reasonable effort to act on your request. But we aren't liable to you if, for any reason, a transfer request isn't amended or canceled. You agree to reimburse us for any costs, losses or damages that we incur in connection with your request to amend or cancel a transfer request.

**Reliance on Identification Numbers:** A Beneficiary's financial institution, including us if we are the Beneficiary's financial institution, may make payment to a Beneficiary based solely on the account or other identifying number, even if the name on the transfer instruction differs from the name on the account. We, or an intermediary bank, may send payment instructions to an intermediary bank or the Beneficiary's financial institution based solely on the financial institution's identifying number, even if you provide us with a different financial institution's name. Neither we nor any other financial institution have a duty to determine whether a transfer instruction contains an inconsistent name and number. This means that you may not rely on the name of the person or financial institution that you provide us to ensure payment to the correct person. And if the correct person doesn't receive payment, you are still obligated to pay us the amount of your transfer instruction.

**Rejection of Transfer Requests:** We may reject transfer requests at our sole discretion. Any notice of rejection (whether given

orally, electronically or in writing) is effective when given. We are not liable to you for the rejection or obligated to pay you interest for the period before you receive the notice of rejection.

**Security Procedures:** When you request a Money Transfer, we use a Security Procedure to make sure that the person submitting the request is authorized to do so. The means by which we accept transfer requests from you and the associated Security Procedures are as follows:

- **Internet Banking:** You must provide the correct login ID and password.
- **Schwab Bank by Phone (our automated telephone self-service system):** You must provide the correct account number and PIN.
- **Via telephone talking to a Customer Service Representative:** You must provide required personal information that matches information you provided to us at account opening. In addition, for wire transfers, you must submit to us a wire transfer request form. Upon receipt of that form, we call the account owner (or other authorized person), at the telephone number we have on our records, to confirm the authenticity of your request. We may utilize additional Security Procedures at our mutual agreement.

You agree to use any Money Transfer service in accordance with the appropriate Security Procedure. The purpose of the Security Procedure is to verify the authenticity of transfer requests delivered to us in your name and not to detect errors in the transmission or content of the transfer request. You represent and warrant each time you send us a transfer request that, in view of your requirements, the Security Procedure is a satisfactory method of verifying the authenticity of transfer requests. You agree we may act on any transfer requests the authenticity of which we have verified through use of the Security Procedure. You agree that we will have no liability to you for any allegedly unauthorized transfer, and that you will

indemnify us and hold us harmless against any claims by third parties, in the event that we effect a transfer after identifying the requester using the Security Procedures described in this section.

**Transfer Funding:** For transfers that can be executed immediately, you authorize us to withdraw the necessary funds from your designated account immediately upon your confirmation of the transfer request. For all other transfers, you authorize us to withdraw the necessary funds from your designated account one Business Day prior to the Transfer Completion Date. You agree that you will instruct us to make a withdrawal only when sufficient Available Funds are, or will be, available in your account at the time of the withdrawal. If you do not have sufficient funds, we may refuse to complete the transaction. We are under no obligation to notify you if we do not complete a transfer because there are insufficient funds in your account to process the transaction.

## 9.7 Supplemental Provisions for Money Transfers

The following provisions apply to certain Money Transfers, but do not apply to Electronic Funds Transfers governed by Regulation E of the Federal Reserve Board. For Regulation E–related transactions, the applicable provisions are covered by Section 8.4.

### Errors or Questions About Your Money Transfers:

We notify you about Money Transfers by listing them on your account statement. You must notify us at once if you think a Money Transfer shown on your statement or other notice is incorrect. You must send us a written notice, including a statement of relevant facts, no later than 14 calendar days after we send or make available to you the first notice or statement on which the problem or error appears. You should send this notice to Customer Service for written inquiries. If you fail to notify us within this 14-day period, you agree that the statement activity and your account balance are correct for all purposes with

respect to these transfers and waive all claims against us to recover any losses resulting from said unauthorized or erroneous transfer.

**Compensation Calculations:** If we are obligated to pay for loss of interest that results from our error or delay regarding your payment order, we pay such compensation or credit your account, as we determine, upon your written request. We calculate compensation as follows: With a non-interest-bearing account, we use a rate equal to the average of the Federal Funds rates set by the Federal Reserve Bank of New York, less a reserve factor. With an interest-bearing account, we use the interest rate applicable to the account.

### Limitation of Liability and Indemnification:

For Money Transfers subject to Article 4A of the Nevada Uniform Commercial Code—Funds Transfers or the Fedwire Regulation, we are liable only for damages required to be paid under the applicable law or regulation. In no event will we be liable for any special, indirect or consequential damages (even if we have been informed of the possibility of such damages), including, without limitation, loss of profits or revenue, except as may be required by applicable law.

You will indemnify us against and hold us harmless from and defend us against any losses, claims, costs, expenses, damages or liabilities (including, but not limited to, attorneys' fees) arising out of or relating to disputes or legal actions by parties other than you or us concerning any Money Transfer. You will use reasonable efforts to assist us in recovering the amount of any overpayment for which we are liable. These obligations will survive the termination of this Agreement.

## 10. Processing Transactions

Transactions that you perform are not effective until we process them.

### 10.1 Cutoff Time for Receipt of Orders

Our cutoff time for receipt of a stop payment order, postdating order, restraining

order, writ of attachment or execution, levy, garnishment or similar order relating to your account is 1:00 p.m. eastern time each Business Day. This cutoff time relates to our obligation to pay or return checks and items. If we receive an order before this cutoff time, we may review checks and other items presented for payment against your account on the previous Business Day to determine whether we need to return any of them to comply with the order. If we receive the order after the cutoff time, we may not review checks and items presented on the previous Business Day.

### **10.2 Paying Checks and Other Items**

We may debit your account for a check or other item drawn on your account either on the day it is presented to us for payment, or on the day we receive notice that the item has been presented for deposit at another financial institution, whichever is earlier, unless we require additional time to review the item to determine if it can be legally processed. Presentation of the item may be either by electronic or physical means. If you have insufficient funds to cover the item (either in your account directly or from an overdraft protection option), we decide whether to return it or to pay it and overdraw your account.

We may determine your balance and make our decision on a nonsufficient funds item at any time between our receipt of the item or notice and the time we must return the item. We are required to determine your account balance only once during this time period.

When you deposit checks or other items that are drawn on another account with us, we may treat such items as presented to us for payment on the day that they are received by our office that processes checks drawn on the other account.

**Order of Posting:** This paragraph describes, generally, how we post transactions to accounts. Please note that this process may change from time to time, without prior notice to you. Our order of posting depends on a number of factors,

including when a transaction occurs, whether it has already been approved by us or has become final, the order in which it presented, the amount, system availability, potential risk of loss to the Bank, and the type of transaction in question, among other variables. Usually, deposits are posted before debits, and checks are posted in order of amount, from low to high. There are several exceptions to this posting order, however. We also generally process previously authorized transactions (e.g., checks cashed at the Bank), wires, transfers, Bank fees and ACH debits before we pay your checks. We always reserve the right to post transactions that are payable to us first, and we may post any transaction earlier or later in the process than indicated. As such, if you want to avoid an overdraft or the possibility of a rejected transaction, you should take steps to ensure that your account has sufficient funds to cover each of your transactions and our fees.

### **10.3 Returns of Deposited Items**

If a check or other item you deposit is returned to us for any reason, whether or not the return is proper or timely, we may charge your account for the amount of the item and for any interest you may have earned on the item. If we cash a check or other item for you, it is as if we first deposited the item into your account and then withdrew the funds from that account, and we treat it as a deposited item for return purposes. If an item deposited in your account has been paid by the financial institution on which it is drawn, and that financial institution later returns the item to us claiming that it was altered, forged, unauthorized or should not have been paid for any other reason, we may debit your account for the amount of the item.

In some cases, the financial institution on which the returned check or other item is drawn may send us an electronic notice of return instead of returning the item. We may act on, and you agree to be bound by, the electronic notice of return just as if the original item had been returned.

We charge you a fee for each item you deposit that is returned (see Pricing Guide), and we mail a notice to the address you gave us for your account. If you have insufficient funds to cover a returned item, we may overdraw your account. You agree to repay us immediately.

Generally, we debit your account for the amount of each deposited item which has been returned, and we send a returned item notification to you. To request that a check be re-deposited or to obtain a legal copy of the check, you may contact us at the telephone number on the returned item notification.

If we receive advance notice from another financial institution that it is returning to us unpaid a check of \$2,500 or more, we generally notify you by mail. We don't notify you in advance about returned checks of less than \$2,500.

In some cases, if a check or other item you deposit is returned to us unpaid for "nonsufficient funds," "missing endorsement" or "uncollected funds," we may redeposit the item on your behalf in an attempt to collect the funds. Generally, we don't notify you that an item has been returned unpaid before we redeposit it. If a redeposited item is returned to us unpaid again, we charge your account for the amount of the item and for any interest you may have earned on the item. To request that a check be re-deposited or to obtain a legal copy of the check, you may contact us at the telephone number on the returned item notification.

#### 10.4 Deposits

**Accepting Items for Deposit:** When we accept an item for deposit, we give you provisional credit. If it is not paid for any reason, we may revoke the provisional credit and charge the amount of the item back to your account. If we receive a deposit or transfer to your account on a day that is not a Business Day, we may not credit your account until the next Business Day. Deposits must be in U.S. currency and drawn on a U.S. bank.

We may accept a check or other item for deposit to your account from anyone. We do not have to question the authority of the person making the deposit.

We may refuse or return all or part of any deposit. We may refuse to accept for deposit to your account items payable to another person. In receiving checks or other items for deposit, we act only as your collecting agent and assume no responsibility beyond the exercise of ordinary care, including care in the selection of collecting banks. We are not responsible for errors and delays made by others in the collection process. We will, however, make reasonable efforts to resolve problems.

When you send us deposits by mail, we may treat them as received at the time we receive actual delivery of deposits sent by mail or when we remove the deposits from our depository. You may make deposits to your account by Money Transfer or by mail. **You may not make deposits into your Schwab Bank account at any office of Schwab Brokerage.** Deposits intended for Schwab Bank that are mistakenly dropped off at an office of Schwab Brokerage will be returned to you.

You agree that, without prior written approval, you will not knowingly deposit an item into your account that does not have either a true original signature of the person on whose account it is drawn or an authorized mechanical reproduction of that person's signature.

**Collection Items (Outgoing):** We may accept certain items for deposit on a collection basis only. In addition, there may be situations in which, after we have been unable to collect funds by redepositing the item, we decide to send it out for collection. We route and process collection items separately. Our instructions to the paying bank for a collection item are to "pay all or none." We do not accept partial payments on collection items. We normally credit your account for collection items only after we receive payment for them. But if we do credit your account and

then do not receive payment, we may debit your account for the amount of the item. Although we do not charge a collection fee if we decide to send an item for collection, the financial institution on which the collection item is drawn may charge you fees. If the other financial institution requires payment of a fee before it will process the collection item, we may pay the fee and charge your account. Alternatively, the other financial institution may subtract its fee from the amount of the payment we receive. These fees may apply even if the collection item is returned unpaid.

**Demand Drafts:** If you deposit a demand draft (an item which does not bear an authorizing signature, but which appears to be drawn with proper authorization) into your account, you warrant and guarantee that the draft is authorized.

**Deposit Error Correction:** When we receive your deposits, we may provisionally credit your account for the amount declared on the deposit slip, subject to later verification by us. You must ensure that the amount declared on the deposit slip is correct even if you did not prepare the deposit slip yourself. If later we determine that the amounts declared on the deposit slip are incorrect, we may adjust (debit or credit) your account.

**Endorsing Checks:** In order to accept a check for deposit or to cash a check, we may require a Payee Endorsement. We may accept for deposit checks payable to any signer on your account when endorsed by any other signer. However, we may require that checks and other items you want to deposit or cash be endorsed by all parties to whom the items are payable. We may require that any third parties have their financial institution verify or guarantee their endorsements. We may endorse checks for you that we receive for deposit.

The back of the check has an area specifically set aside for your endorsement, called the Payee Endorsement Area. Your endorsement, and any other information that you

place or imprint on the back of the check, must be contained within this Payee Endorsement Area. The rest of the back of the check is restricted for financial institution endorsements. If you place any notations outside the Payee Endorsement Area, you may interfere with financial institution endorsements and cause delays in processing the item. You agree to reimburse us for all claims, costs, losses and damages that result from late return of a check due to material entered on the back of the check that obscured or interfered with our or another financial institution's endorsement.

**Identifying the Account:** You must correctly identify the account into which you want funds deposited. You are responsible for any claim, cost, loss or damage caused by your failure to properly identify the account into which a deposit is made or intended to be made. We may credit an account based solely on the account number listed on the deposit slip or other instructions to credit an account, even if the name on the deposit slip or other instructions differs from the name on the account.

**Lost Checks:** When we cash a check for you or accept a check for deposit into your account, we are acting as your agent in collecting the check. We are not responsible if the check is lost or delayed in the collection process. If a check is lost during the collection process, we may charge your account for the amount of the check. If the financial institution on which the check is drawn gives us a photocopy of the check or a debit slip representing the check, we may charge your account for the amount of the check.

A lost check may not be returned to us for some time. Despite any delay, we may charge your account when we receive either the returned check, a copy of the check, or a notice of return.

**Mail-In Deposits:** To mail items to us for deposit into your account, you should use the address given for deposits and payments. Please note that the address to be used for mailing in deposits is different from the Customer Service address to be



used for all Customer Service inquiries. You should also note that this mail-in deposit address cannot be used for deposits to an account you may hold at Schwab Brokerage; it is to be used only for accounts you hold at Schwab Bank. Similarly, you may not mail deposits for your Schwab Bank account to an office of Schwab Brokerage. Any such misdirected deposits may be returned to you. Alternatively, Schwab Brokerage may forward such misdirected deposits to Schwab Bank on your behalf. Should this occur, please be aware that the day of deposit for such deposits is the day that they are actually received by Schwab Bank.

You should endorse each check mailed to us "For Deposit Only," and specify the proper account number for the account into which you want each item deposited. Do not send cash or other securities.

**Check Legends:** Some clients order checks printed with legends or notations, such as "not valid after 60 days" or "not valid over \$1,000." We may also receive checks on which restrictions or other notations are written. We may disregard these instructions and pay the item even if the restriction or other condition has not been met. We are not responsible for any losses, claims, damages or expenses that result from your placement of these or other notations on your checks, or from our disregarding them.

**Collection Items (Incoming):** When another financial institution submits an item drawn on your account to us on a collection basis, we may charge the other financial institution a fee. We may also charge you a fee for each incoming collection item we receive for your account (see Pricing Guide). When you do not have enough funds in your deposit account for us to process a collection item drawn on your account, we may charge you a Nonsufficient Funds Fee. We pay collection items on a "pay all or none" basis. We do not make partial payments on collection items.

**Converting Checks to Electronic Debits:** Some payees use a procedure, called

Check Conversion, to convert checks that are drawn on your account with us into Electronic Debits. When we receive the Electronic Debit, we charge it to your account. We may receive the Electronic Debit to your account immediately after the payee enters the transaction; so to avoid an overdraft, you must have sufficient Available Funds in your account to cover the amount of the check at the time you authorize the transaction. Because the check is not sent to us for processing, we do not have a copy of your check.

You may authorize a merchant or other payee to make a one-time electronic payment from your checking account using the information from your check to pay for purchases and pay bills.

**Examining Checks:** We process checks using automated check-processing procedures. Like most other financial institutions, we select some checks for review on the basis of certain criteria that change from time to time. This means that most checks are processed on the basis of the MICR (Magnetic Ink Character Recognition) line printed along the bottom edge of the check, and are not individually examined for dates, maker signatures, legends or endorsements. You agree that we have exercised ordinary care if we examine only those items that we have identified pursuant to certain minimum criteria which we may establish for inspection. Because we do not examine most checks individually, it is critical for you to take care of your checks, promptly review your statement and immediately report any suspicious or unauthorized activity to us. You agree that automated processing of your checks is reasonable and that you have responsibility for preventing and reporting forgeries, alterations and other unauthorized uses of your checks or accounts.

Because some types of check fraud have become more difficult to detect, we may elect in some cases to make further inquiries about certain checks which are presented for payment against your account and, if we are unable to contact

you, or take other steps to determine with reasonable certainty that these payments are authorized by you, we may return the checks unpaid without any liability by us to you.

**Facsimile Signature:** You should be aware that use of a facsimile signature is inherently more risky than use of an original signature, and we recommend that you do not use one. If you do choose to use a facsimile signature, however, we may ask you to provide us with a specimen facsimile signature of each person authorized to sign in this manner. We may also ask you to provide us with other documentation. You agree to provide us with whatever documentation we request. You are responsible for any withdrawal from your account that bears, or appears to us to bear, your facsimile signature, regardless of by whom or by which means the signature was placed on the check. If you choose to use a facsimile signature, you are responsible even if you have not presented us with a specimen facsimile signature, or if the size, color or style of the check, or the size, color or style of the facsimile signature is different from that of the check or facsimile signature you use. We may pay the withdrawal and charge your account for it. You agree to compensate us for all losses, claims, damages or expenses, including reasonable attorneys' fees, that result from our payment of a withdrawal bearing a facsimile that resembles your facsimile signature.

**Foreign Currency:** You may write checks or other withdrawal orders on your account only in U.S. currency.

**Multiple Signatures:** Generally, we do not offer accounts on which two or more signatures are required for a withdrawal. We may pay out funds from your account if the check, item or other withdrawal instruction is signed by any one of the persons authorized to sign on the account. We have no liability to you if we do so. If you indicate on your Application Agreement or other account documents that more than one signature is required for withdrawal, you acknowledge that such

provision is solely for your personal or internal control purposes and shall not be binding on us, unless required by law.

**Notice of Withdrawal:** Federal regulations require us to retain the right to require all savings and interest-bearing checking account depositors to give seven days' written notice before making a withdrawal. It is unlikely, however, that we would require this notice.

**Processing Order:** We may accept, pay, certify or charge to the appropriate account checks and other items in any order we choose. We may establish different priorities or categories for checks and other items, and process checks and other items according to the priorities we establish. For example, we may process ATM withdrawals and automatic payments before checks. We may change the order that we use to process checks and other items at any time without notice to you.

When you do not have enough Available Funds in your account to cover all the items presented that day, some methods may result in more Nonsufficient Funds Fees than other methods. We may choose our processing method in our sole discretion, regardless of whether additional fees may result, unless a particular order is either required or prohibited by law.

**Returned Items:** If we decide not to pay a check or other item drawn on your account, we may return either the original or a copy of the item. Alternatively, we may send an electronic notice of return and keep the original or the copy of the item in our records. If we send an electronic notice of return, you agree that any person who receives that electronic notice may use it to make a claim against you to the same extent and with the same effect as if we had returned the original item.

**Sample Signature:** To determine the authenticity of your signature, we may refer to the Application Agreement or to a check or other document upon which your signature appears. We may use an automated process to reproduce and retain your signature from a check based on the

format and other attributes of checks we offer to clients. If you create your own checks, or obtain them from someone else, and we cannot accurately verify your signature on a check by comparing it with a check that posted to your account, you are responsible for any losses that may result from our inability to use that check to verify your signature.

**Stale-Dated and Postdated Checks:**

If a Stale-Dated Check is presented for payment against your account, we may pay the check and charge it to your account. Or, at our sole discretion, we may return the check for being stale-dated. If you write a Postdated Check, we may pay it and charge it to your account even if it is presented for payment before its date. Or, at our sole discretion, we may return the check for being postdated. If you don't want us to pay a Stale-Dated Check or Postdated Check, you must place a stop payment order on it. We may charge you a fee for each stop payment request and renewal, as listed in the Pricing Guide. See Section 11.5 for details.

**11. Additional Services****11.1 Check and Deposit Slip Forms**

Upon funding, we provide an initial set of checks at no cost to you. Charges for subsequent reorders of certain styles are charged directly to your account. We recommend that you use checks and other forms that we provide. Unless we have approved them in advance, we may refuse to accept checks or other forms that you create or someone else provides. If you use checks or other forms that do not meet our specifications at any time, you are liable for all claims, costs, losses and damages that may result, for example, if our equipment is unable to read or process the non-standard checks. You may obtain a copy of our check printing specifications by contacting Customer Service. If you create or obtain checks or other forms from someone else and we cannot process some or all of them through our automated check-processing

systems, we may charge you per-item fees on those checks or other items.

You must also confine information that you place or have preprinted on the back of your checks to the Payee Endorsement Area. If you issue checks on your account that have a carbon band, or if you imprint information on the back of the check outside the Payee Endorsement Area, it may interfere with the financial institution endorsements and cause delays should the item need to be returned. You agree to reimburse us for all claims, costs, losses and damages that result from late return of a check due to material entered on the back of the check that obscured or interfered with the depository or another financial institution's endorsement.

You are responsible for verifying the accuracy of all information on your checks and other forms. Our liability, if any, for any printing errors on checks or other forms obtained through us is limited to the cost of replacing the checks or forms. We encourage you to review any new checks or forms you receive for accuracy before you use them. We are not liable for any claims, costs, losses or damages you incur when you use checks or other forms not obtained through us.

**11.2 Copies of Checks, Deposit Slips and Statements**

We do not return your original checks to you; however, we provide the check number, amount and date of payment for each of the checks paid against your account on your account statement. We retain a record of all paid checks for seven years from the date the check posts to your account. You may request us to send you a copy of a particular check by calling Customer Service. If you have a High Yield Investor Checking account, you may see images of your checks online and you may print out copies as you need them.

The copy we provide may be of a microfilm or digital image. Images or copies may be of original checks or Substitute Checks.

In the rare instance where a copy is unavailable or of poor quality, we are not liable to you. After seven years, we may destroy the copies.

Generally, we mail a copy within seven Business Days. If we need more time, we will tell you. To produce a check copy, we need the following information: account number, check number, exact amount of the check and date the check was paid. This information is printed on your statement. You may also request a copy of a deposit slip or your statement by contacting Customer Service. The fees charged for copies of checks, deposit slips and statements are listed in the Pricing Guide.

**Substitute Checks:** Some or all of the checks that you receive back from us may be Substitute Checks. This section describes the rights you have when you receive Substitute Checks from us. The rights in this section do not apply to original checks or to Electronic Debits to your account. However, you have other rights with respect to those transactions.

In certain cases, federal law provides a special procedure that allows you to request a refund for losses you suffer if a Substitute Check is posted in error to your account (for example, if you think that we withdrew the wrong amount from your account or that we withdrew money from your account more than once for the same check). The losses you may attempt to recover under this procedure may include the amount that was withdrawn from your account and fees that were charged as a result of the withdrawal (for example, Nonsufficient Funds Fees).

The amount of your refund under this procedure is limited to the amount of your loss or the amount of the Substitute Check, whichever is less. You also are entitled to interest on the amount of your refund if your account is an interest-bearing account. If your loss exceeds the amount of the Substitute Check, you may be able to recover additional amounts under other law.

If you use this procedure, you may receive up to \$2,500 of your refund (plus interest if your account earns interest) within 10 Business Days after we receive your claim, and the remainder of your refund (plus interest if your account earns interest) not later than 45 calendar days after we receive your claim. We may reverse the refund (including any interest on the refund) if we later are able to demonstrate that the Substitute Check was correctly posted to your account.

If you believe that you have suffered a loss relating to a Substitute Check that you received and that was posted to your account, please contact us at:

Charles Schwab Bank, SSB  
P.O. Box 982605  
El Paso, TX 79998-2605

You must contact us within 40 calendar days of the date that we mailed (or otherwise delivered by a means to which you agreed) the Substitute Check in question or the account statement showing that the Substitute Check was posted to your account, whichever is later. We will extend this time period if you were not able to make a timely claim because of extraordinary circumstances.

Your claim must include:

- A description of why you have suffered a loss (for example, why you think the amount withdrawn was incorrect);
- An estimate of the amount of your loss;
- An explanation of why the Substitute Check you received is insufficient to confirm that you suffered a loss; and
- A copy of the Substitute Check and/or the following information to help us identify the Substitute Check: the check number, the name of the person to whom you wrote the check and the amount of the check.

### 11.3 Customer Service

Customer Service can help you by answering your questions, resolving any problems, and accepting your requests to process certain banking transactions. We encourage you to discuss any comments or concerns about your account(s) with a Customer Service Representative. If you can't resolve the issue, ask to speak with a manager.

When you call Customer Service, please make sure you have your account number(s) ready. When you reach our Customer Service telephone number, you may have the option to use Schwab Bank by Phone, our automated self-service system, or to talk with a Customer Service Representative. There is no charge for either of these options.

With Schwab Bank by Phone, you will enter your Social Security number and your PIN. You may then gain access to certain account information. If you prefer, you may choose to talk directly with one of our Customer Service Representatives, who will be happy to assist you. If you like to do business via the Internet, we also invite you to visit the appropriate website listed in this document.

### 11.4 Research/Account Reconciliation

If you require research services that go beyond standard Customer Service inquiries, or assistance in reconciling your statement, we may charge you a fee. This fee will also be assessed for an inquiry about a transaction that occurred more than 180 days before the date you make the inquiry. This fee will be waived if we determine that an error occurred.

### 11.5 Stop Payment Orders

You may ask us to stop payment on a check or other item if it has not already been paid. You may not stop payment on an ATM or Point-of-Sale Debit transaction.

**Postdated Checks:** If you write a Postdated Check, we may pay it and charge it to your account even if it is presented for payment before its date. You may ask us not to pay a Postdated

Check before its date if the check has not already been paid. To do so, you must give us a stop payment order. If you then wish the check to be payable as of the date on the check, you must cancel the order on that date. If a Postdated Check is presented to us for payment while a stop payment order is in effect, we may return the check with the designation "payment stopped" or "refer to maker."

**Placing Stop Payment Orders:** You may place a stop payment order by calling Customer Service or by using Internet Banking (if available). If you telephone, we may require you to complete a form authorizing the order and to get the form to us within 14 days after the call. You must give us sufficient notice so that we have a reasonable period of time to verify that the item is unpaid and to act on your request. We may charge you a fee for each stop payment request and renewal, as listed in the Pricing Guide.

To place a stop payment order, we need the following information: account number, exact amount of the item (dollars and cents) and item number. We may also require the date of the item, the name of the person who signed or authorized the item and the name of the party to whom the item was made payable. Because we use a computer system to identify items, if you give us incorrect information (even if you're off by only one cent), we may pay the item. To stop a range of check numbers, we need only the account number and the check numbers.

In some cases, we may pay an item even if a stop payment order is in effect.

A stop payment order on a check generally expires after 180 days. However, there are circumstances in which we may, in our sole discretion, elect to honor a stop payment order for a longer period of time without notice to you. If you do not want the order to expire after 180 days, you must renew it on or prior to the expiration date. Each renewal is treated as a new order. If you want the order to expire in

less than 180 days, or to be definitely invalid at 180 days, you must cancel the order. You may do so by mail, by contacting Customer Service or through Internet Banking (if available). Your request to cancel the order is not effective until we have a reasonable opportunity to act on it. We cancel the order automatically when the account on which the item is drawn is closed. If the item is presented for payment after the order expires or is canceled, we may pay the item.

Our liability for paying an item subject to a proper and timely stop payment order is limited to the actual loss suffered up to the amount of the item. You must prove the loss to our satisfaction. We are not liable to you for any special or consequential loss or damage of any kind.

**Additional Information About Stop Payment Orders for Preauthorized Transfers:**

You must notify us in time for us to receive your request three Business Days or more before the payment is scheduled to be made. If you call, we may also require you to put your request in writing and provide it to us within 14 days after the call.

**Additional Information About Stop Payment Orders for ACH Preauthorized Debits:**

From time to time, you may receive Preauthorized Debits to your account from a person or business you previously authorized to debit your account (called an "Originator"). You may ask us to stop payment on a future Preauthorized Debit to your account if the item has not already been paid. You must clearly tell us if your intention is to place a stop payment order on a single transaction only or if you have revoked your previous authorization with this Originator and you wish to stop payments on all future transactions from this Originator. For a stop payment on a single transaction, you are responsible for notifying the Originator that you have placed a stop payment order on that transaction. If you wish to stop all future Preauthorized Debits from this Originator, you must give the Originator a written

notice revoking your authorization. We may request that you provide us with a copy of this notice.

For an ACH stop payment order, we generally need the information listed in the subsection "Placing Stop Payment Orders." We may also need the company name and company identification number for this Originator. You can find this information printed on your statement from a previous Preauthorized Debit received from this Originator. If you wish to stop payment on a single transaction only and you do not know the amount of the Preauthorized Debit, we may still be able to place the stop payment order based on the company name and company identification number of the Originator, but this may stop all future ACH items from this Originator. If you wish to stop payment on all future transactions from this Originator, you do not need to provide us with the dollar amount. If you give us the wrong company identification number or if the Originator changes the company identification number, we may pay the item.

We must receive your request for an ACH stop payment at least three Business Days before the payment is scheduled to be made. If you give us oral instructions, we may require you to confirm them in writing. If you do not, we may remove the stop payment order after 14 days.

**12. Information About Clients**

**Privacy Policy for Clients**

Our privacy policy is described in our publication *Facts: What Does the Charles Schwab Corporation Do With Your Personal Information?* (or any successor publication). We provide this publication to you at account opening. It is also available by contacting Customer Service. The privacy policy describes the circumstances when we may disclose information about your accounts, as well as our policies for protecting and safeguarding client information. Other examples relating to your accounts are described in "Disclosing Information."

## Disclosing Information

We may disclose information about your accounts to consumer reporting agencies and to other persons or agencies that, in our judgment, have a legitimate purpose for obtaining information.

From time to time, subject to any applicable financial privacy laws or other laws or regulations, we may provide information on you and your accounts or the payments you make:

- To ChexSystems, Inc. or other consumer reporting agencies;
- To anyone who we reasonably believe is conducting a legitimate credit inquiry, including inquiries to verify the existence or condition of an account for a third party such as a lender, merchant or credit bureau;
- In response to any subpoena, summons, court or administrative order, or other Legal Process which we believe requires our compliance;
- In connection with collection of indebtedness or to report losses incurred by us;
- In compliance with any agreement between us and a professional, regulatory or disciplinary body; and
- To carefully selected service providers and other third parties who help us meet your needs by assisting us in providing or offering our products or services, including the facilitation of payment transactions and services, including in support of collaborative fraud prevention efforts whether or not you enroll in the services.

If we close your account because of your unsatisfactory handling, we generally report to consumer reporting agencies, such as ChexSystems, Inc., your name, address, Taxpayer Identification Number (TIN), driver's license number and the date and reason the account was closed. The consumer reporting agency may supply this information to others. This may adversely

impact your ability to establish an account at any financial institution for up to five years from the date of the report.

We may report information about your account to consumer reporting agencies. Late payments, missed payments or other defaults on your account(s) may be reflected in your credit report. If you have an overdraft credit line with us, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a consumer reporting agency if you fail to fulfill the terms of your credit obligations.

## Credit Reports and Other Inquiries

You authorize us to inquire from any source, including a consumer reporting agency, as to your identity (as required by federal law), creditworthiness and ongoing eligibility for the account and other information (and that of your spouse if you live in a community-property state) at account opening, at any time throughout the life of the account and thereafter for debt collection or investigative purposes. We may make any inquiries that we consider appropriate to help us determine if we should open, maintain or close your account. This may include verification of employment and credit reports or other reports from account information services and consumer reporting agencies.

## Outbound Calls and Text Messages

When you provide a telephone number to us or place a telephone call to us, you authorize us to place calls to you at that number. You understand that a "telephone number" includes a cell phone number and "calls" include both telephone calls and text messages to or from your phone or cell phone. As examples, we may place calls to you about fraud alerts, deposit holds, and amounts you owe us (collection calls) on your account. When we place calls to you, we may use automatic dialers, or prerecorded or text messages.

## Recording and Monitoring Telephone Calls

We may record or monitor telephone calls between you and us. We need not remind

you of our recording or monitoring before each call unless required to do so by law.

### **Release of Information**

We offer you several convenient, time-saving methods by which you can obtain information on your accounts. We have adopted reasonable security measures for each access method, but we cannot ensure against “unauthorized” inquiries. You agree that we are not responsible for the release of information to anyone who has gained possession of any access device, or who has learned any Access Code, account number or identifying characteristics, such as your Social Security number, even if you have not authorized them to obtain the information.

### **Sharing Information With Affiliates and Joint Marketing Partners**

We may share information that we have about you and your accounts with our affiliates and joint marketing partners. Please see our publication *Facts: What Does the Charles Schwab Corporation Do With Your Personal Information?* (or any successor publication) for information about the categories of information we may share and how you may tell us not to share certain types of information. If you have a High Yield Investor Checking account, transaction and experience information related to servicing that account will be shared with Schwab Brokerage as applicable.

## **13. Protecting Your Account**

Your role is extremely important in the prevention of wrongful use of your account. If you find that your records and ours disagree, or if you suspect any problem or unauthorized activity on your account (such as a missing deposit or a forged or altered check or other withdrawal order), call Customer Service immediately. If you fail to notify us in a timely manner, your rights may be limited.

### **Cellular or Cordless Telephones**

To help safeguard against potential unauthorized use of your account, you should conduct your transactions with us in a

location that protects your privacy and your private information. Confidential account information can be intercepted over the airwaves without your knowledge or authorization.

In certain circumstances, if we suspect that your account or you are a victim of identity theft or fraud, you may be contacted by us or by one of our service providers at any phone number you provide, including by voice or text message to a cell phone number that you provide to us. Note that messaging and data rates may apply. If you do not wish to receive text messages, you may opt out by texting “STOP” when you receive a text message.

### **Examining Statements and Reporting Problems**

There are four sections in this Agreement that relate to problems or unauthorized transactions on your account. This section covers all transactions that are not specifically covered elsewhere in this Agreement. Transactions that are covered elsewhere and the sections of this Agreement which apply to these transactions are:

- Section 8.4 for Electronic Funds Transfers subject to Regulation E
- Section 9.7 for Money Transfers not subject to Regulation E
- Section 11.2 for Substitute Checks

You agree to promptly examine your account statements and any other notices we send you. You must report problems or unauthorized transactions to us immediately by contacting Customer Service. Problems or unauthorized transactions include: suspected fraud; missing deposits; unauthorized electronic transfers; missing, stolen or unauthorized checks or withdrawal orders; checks or other withdrawal orders bearing an unauthorized signature, endorsement or alteration; and counterfeit checks. You agree that 30 days after we send a statement (or otherwise make it available) is the maximum reasonable amount of time for you to review your statement and report any problem or unauthorized transaction related to



a matter shown on the statement. If you do not notify us in writing of suspected problems or unauthorized transactions within 30 days after we send your statement, or otherwise make it available, you agree that you cannot make a claim against us relating to the unreported problems or unauthorized transactions. In addition, if you fail to report an unauthorized transaction on your account within 30 days following the closing date of the statement containing information about the first unauthorized transaction, we are not liable to you for subsequent unauthorized transactions on your account by the same person.

When you report missing, stolen or unauthorized checks, we may recommend that you close your current account and open a new one. If we recommend you close your account and you do not do so, we are not liable to you for subsequent losses on the account due to forgery, fraud or other unauthorized use. When you open a new account, you must notify any third parties that need to know your new account number.

You agree that we have a reasonable period of time to investigate the facts and circumstances surrounding any claimed loss and that we have no obligation to provisionally credit your account. Our maximum liability is the lesser of your actual damages proved or the amount of the missing deposit, forgery, alteration or other unauthorized withdrawal, reduced in all cases by the amount of the loss that could have been avoided by your use of ordinary care. We are not liable to you for special or consequential losses or damages of any kind, including loss of profits and opportunity or for attorneys' fees incurred by you. We are not liable to you for any items that are forged or altered in such a way that we cannot reasonably detect the forgery or alteration.

You may not bring any legal proceeding or action against us to recover any amount alleged to have been improperly paid out of your account unless you have given us the notice described above, and the action

is commenced within one year after the date the statement containing the unauthorized transaction was sent or otherwise made available to you.

### **Helping to Prevent Fraud**

To help you protect your account, safeguard your checks and be sure to reconcile your statements promptly. You should be cautious about giving someone your account number. If you give your account number to a third person and authorize that third person to initiate one or more transactions on your account, you may be liable for all transactions initiated by the third person even if you did not intend to authorize a particular transaction.

Checks can be stolen and misused, so it is important for you to keep them locked in a safe place. When discarding checks, ensure they are properly destroyed by shredding or other means so that they cannot be copied or used. If unused checks disappear, either individually or a pad at a time, call Customer Service immediately. We may recommend that you close your current account and open a new one. If we recommend you close your account and you do not do so, we are not liable to you for subsequent losses or damages on the account due to forgery, fraud or other unauthorized use of your account. We may deny a claim due to forged, altered or unauthorized checks if you do not take reasonable measures to guard against improper access to your checks.

These are suggestions of some measures you may take to help prevent fraud on your account. The suggestions are by no means a complete list of preventive measures you may take; other or additional actions may be appropriate for your particular circumstances.

## **14. Resolving Disputes**

### **Arbitration**

You agree to settle by arbitration any dispute or Controversy between or among you, us and/or any of our officers, directors, employees or agents relating to your deposit account relationship with us. In

connection with this arbitration agreement, you and Schwab Bank acknowledge that:

- Arbitration is final and binding on the parties.
- The parties are waiving their right to seek remedies in court, including the right to trial by jury.
- Pre-arbitration discovery is generally more limited than and different from court proceedings.
- The arbitrators' award is not required to include factual findings or legal reasoning, and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.

You agree that this Agreement involves commerce as contemplated by the United States Arbitration Act. Any arbitration under this Agreement will be conducted in accordance with the United States Arbitration Act (Title 9, United States Code), notwithstanding any choice of law provision in this Agreement. Arbitration, including the selection of an arbitrator(s), will be conducted in accordance with the then-current rules for arbitration of the American Arbitration Association (AAA). If AAA is unable or unwilling to serve as the provider of arbitration, we may substitute another national arbitration organization with similar procedures. The arbitrator(s) will follow the law and will give effect to statutes of limitation in determining any claim. Any Controversy concerning whether an issue is arbitrable will be determined by the arbitrator(s). The award of the arbitrator(s) will be in writing and will include a statement of reasons for the award. The award will be final and will be binding on the parties. Judgment upon the award may be entered in any court of competent jurisdiction. You hereby agree to waive the applicability of the Nevada Uniform Arbitration Act, or the similar act in your jurisdiction, to the fullest extent permissible by law.

Each party shall bear its own initial arbitration costs, which are determined by the rules and regulations of the arbitration

forum, and attorneys' fees. In the event of financial hardship, the arbitration forum may waive certain costs in accordance with such rules.

### **Self-Help and Provisional Remedies**

Either you or we may exercise self-help remedies such as setoff, or obtain provisional or ancillary remedies from a court of competent jurisdiction before, after or during the pendency of any arbitration. Neither the obtaining nor the exercise of any such remedy will waive the right of either party to demand that the related or any other controversy be determined by arbitration as provided in this Agreement.

## **15. Additional Terms**

### **15.1 Account Conversions/ Transaction Limits**

Under federal regulations, eligibility for interest-bearing checking accounts offered by Schwab Bank is generally restricted to individuals (including sole proprietors), certain nonprofit organizations, state or local governmental entities and legal entities where the entire beneficial interest in the funds is held by one or more individuals. We may close your interest-bearing checking account if we believe that any account owner is not eligible to hold an interest-bearing checking account. If you have a High Yield Investor Checking Account, it will be closed and no longer linked to your Schwab One® account.

If you continue to exceed the permitted transactions described in Sections 4.1 and 4.2, we are required by law to close your account and open another account, with a new account number, that permits unlimited transactions. For example, we may close your savings account and open a checking account if you frequently exceed the permitted transactions. Our practice is to monitor the number of permitted transactions. If you are counting the number of transactions you make each Statement Period, you should know that we count an item on the date we post it to your account. This date may be different than the date you authorize, transfer or write the item.

In addition, we may close, revoke privileges or convert your account to another account type if your account frequently has debits against uncollected funds, if your account has excessive deposit activity or if you use a personal account for business purposes.

We are presently not enforcing Sections 4.1, 4.2, and 15.1 that limit the number of certain types of withdrawals and transfers from a savings account to a total of six (6) each monthly statement cycle. This means that you may make withdrawals and transfers from your savings account without limit, and we will not take any action to convert or close your account based on the number of withdrawals and transfers you make, until further notice is provided to you.

#### **15.2 Circumstances Beyond Our Control**

We are not liable to you if circumstances beyond our reasonable control prevent us from, or delay us in, performing our obligations for a service, including acting on a payment request, crediting a Money Transfer to your account, processing a transaction or crediting your account.

Circumstances beyond our reasonable control include: a natural disaster, such as an earthquake or a flood; emergency conditions, such as a war, riot, fire, theft, terrorist action or labor dispute; a legal constraint or government action or inaction; the breakdown or failure of our equipment for any reason, including a loss of electric power; the breakdown of any private or common carrier communication or transmission facilities; failure of any time-sharing supplier or any mail or courier service; the potential violation of any guideline, rule or regulation of any government authority; suspension of payment by another financial institution; or your act, omission, negligence or fault.

#### **15.3 Conflicting Claims About Your Account**

If another person or entity makes a claim against funds in your account, or if we believe that a conflict exists between signers on the account or that there is a

dispute over matters such as the ownership of the account or the authority to withdraw funds, we may take one or more of these actions without any liability by us to you: continue to rely on current Application Agreements and other account documents; honor the competing claim upon receipt of evidence we deem satisfactory to justify such claim; freeze all or part of the funds until the dispute is resolved to our satisfaction; close the account and send a check for the balance in the account payable to you or to you and each claimant; or pay the funds into an appropriate court for resolution. We may charge your account for any expenses and fees, including attorneys' fees, that we incur.

#### **15.4 Cooperation in the Event of Forgery**

If you report to us that a forgery, alteration or any other unauthorized transaction has occurred on your account, you agree to cooperate with us in the investigation and prosecution of your claim and any attempt to recover funds. You agree to provide us with an affidavit containing the information we require concerning the transaction. You also agree to assist us in identifying and prosecuting the suspected wrongdoer(s).

#### **15.5 Death or Incompetence**

You agree to notify us promptly if any owner on your account dies or is declared incompetent by a court. We may place a hold on your account and refuse to accept deposits or to permit withdrawals when an owner dies or is declared incompetent. We may retain funds in your account until we know the identity of the successor.

If a deposit—including salary, pension, Social Security and Supplemental Security Income (SSI)—payable to the deceased owner is credited to the account after the date the deceased owner died, we may debit the account for the deposit and return it to the payer.

#### **15.6 Legal Process**

We may accept and act on any Legal Process that we believe to be valid without any liability by us to you, whether served

in person, by mail or by facsimile transmission, at locations other than the office at which the account, property or records are held, or in one state for property or records held in another state.

If the order directs us to turn over funds or other property, then, depending on the type of order, we either immediately deliver the funds or property or hold them for a legally permitted period, usually no longer than 21 days. We do not pay interest on the funds during the period we hold them.

We may charge your account a Legal Process Fee for each order. You agree to pay our fees and expenses for research and copying of documents and all other expenses, including administrative expenses, we incur in responding to any Legal Process related to your account. These may include attorneys' fees. We may deduct these fees and expenses from any of your accounts without prior notice to you. Any garnishment, attachment or other levy against your account is subject to our right of setoff and any security interest we have in the account.

We are not liable to you for not paying items because we have withdrawn funds from your account or in any way restricted your access to funds because of a Legal Process.

### **15.7 Limitation of Liabilities and Indemnification**

You agree to reimburse us for all claims, costs, losses and damages (including collection agencies' fees) we may incur with respect to overdrafts or otherwise in connection with your account. Except as otherwise provided in this Agreement, we will not be liable to you for any damages arising out of or relating to our performance under this Agreement other than those you actually incur that result directly from our failure to exercise reasonable care. In no event will we be liable for any special, indirect or consequential loss, damage, cost or expense of any nature, including, without limitation, lost profits, even if we have been informed of the

possibility of such damages, except as may be required by applicable law.

### **15.8 Right of Setoff**

We may recover amounts you owe us from any account you maintain with Schwab Bank without notice to you.

We may use funds held in joint accounts to repay the debts on which any one of you is liable, whether jointly with another or individually. We may charge any such debt against your account at any time, without regard to the origin of deposits to the account or beneficial ownership of the funds.

Funds held in individual accounts may be used to repay your debts, whether such debts are owed jointly with another or individually. Your debts include, but are not limited to: those owed by you arising out of another joint account of which you are a joint owner, even if they are not directly incurred by you; those on which you are secondarily liable; or any amounts for which we become liable to any governmental agency or department or any company as a result of recurring payments credited to any of your accounts after the death, legal incapacity or other termination of entitlement of the intended recipient of such funds.

We are not liable to you for dishonoring items where these withdrawals result in insufficient funds in your account.

### **15.9 Statements and Notices**

Our statements and notices are in English.

**Statements:** We provide you with a statement at the end of each Statement Period unless there is no account activity other than the posting of interest. We provide you with a statement at least quarterly even if there is no activity in your account. (If you have a High Yield Investor Checking account, you will receive a separate statement from Schwab Brokerage for your Schwab One® account.) You must promptly review our statement and any accompanying items and notify us immediately of any dispute, error or other problem.

We mail your statement to you at the address we have in our records for your account. You agree to notify us if you change your address. If one or more statements we send to you are returned as undeliverable, we may destroy those statements, along with any accompanying items, and we may stop sending statements until a new address is provided to us. We are not responsible for statements lost while not in our possession.

We provide a single copy of your statement. We may charge you a fee for obtaining an additional copy of your statement, as listed in the Pricing Guide.

**Notices:** We will inform you of changes affecting your rights and obligations by providing a notice to you. In some cases, we may post a notice of a change on our website. Otherwise, we will mail the notice to you at the address we currently show on your statement. We may include a notice with, or on, your statement. If a notice we mail to you is returned to us as undeliverable, we may destroy it. The change contained in the notice is still effective. For accounts with more than one owner, we may send notices to any one co-owner. A notice sent to any one owner is effective for all.

#### 15.10 Sub-accounts

For regulatory purposes, we may classify checking accounts as two sub-accounts: a checking sub-account and a savings sub-account. For interest-bearing checking accounts, we calculate and pay interest at the same rate and in the same way on both sub-accounts. For non-interest-bearing checking accounts, we do not pay interest on either sub-account. We may transfer funds between these sub-accounts. We record the sub-accounts and any transfers between them on our internal accounting records only. Otherwise, the sub-accounts are subject to the same terms as the checking and savings accounts described in this Agreement.

#### 15.11 Unclaimed Property

Generally, unclaimed property laws require us to turn over personal property in

unclaimed accounts to the state of your last known address (as shown in our records) or to the state where the personal property is located. In general, personal property is considered unclaimed if you have not performed at least one of the following activities within the period of time set by the state:

- Made a deposit or withdrawal in your account
- Written to us, or otherwise contacted us, about your account, or otherwise shown an interest in your account, such as asking us to keep the account active

Please note that you need to perform the activity, so Direct Deposits and Preauthorized Debits may not be considered under your state's unclaimed property laws.

If you have not performed any of the above activities for a period of six months or longer, we consider your account "Inactive." If you have not performed any of the above activities for a period of two years or longer, we consider your account "Unclaimed."

We may consider an account Inactive or Unclaimed even if you maintain another active account with us. For security reasons, we may refuse a withdrawal or transfer from accounts we internally classify as Inactive or Unclaimed if we cannot reach you in a timely fashion to confirm the transaction's authorization.

Before we turn over an Unclaimed Account, we may, as required by law, send a notice to the address we currently show for your account statement. If mail was previously sent to this address and was returned, we may not send this notice. We may impose a fee for sending an Unclaimed Account notice to you prior to turning the funds over to the appropriate state. You may recover unclaimed property turned over to a state by contacting that state.

#### 15.12 Waiver and Severability

We may delay enforcing our rights under this Agreement without losing them. Any

delay in enforcing our rights will not affect your obligation to pay us fees and other amounts you owe us under this Agreement. If we waive a provision of this Agreement, the waiver applies only in the specific instance in which we decide to waive the provision and not to future situations or other provisions.

If any part of this Agreement is inconsistent with any applicable law, then, to the extent the law can be amended by contract, you and we agree that this Agreement governs and that the law is amended by this Agreement. A determination that any part of the Agreement is invalid or unenforceable will not affect the remainder of this Agreement.

#### **15.13 Maintain United States Address**

If you do not maintain a United States address (no Post Office boxes) as your Schwab Bank address of record for your Schwab Bank account(s), we may close your Schwab Bank account(s). A United States address also includes the Commonwealth of Puerto Rico.

#### **15.14 Processing and Execution of Electronic Transactions**

We may elect to review electronic transactions manually before they are processed. This manual review may result in a delay in execution. For electronic funds transfers and wire transfers, this manual review may delay when funds are paid or made available.

### **16. Taxpayer Information**

We are required to report annually to you and to the Internal Revenue Service (IRS) any interest payments that total \$10 or more during the year on your deposit accounts with us. We may also be required to report this information to appropriate state revenue authorities.

When you open an account, we are required to obtain, and each U.S. citizen or resident alien must give us, a certified U.S. Taxpayer Identification Number (TIN), information regarding your backup withholding status and information regarding

your status as a U.S. person. When you sign the Application Agreement for an account, you certify—that is, sign under penalties of perjury—that you have provided the correct TIN for the account holder named on the Application Agreement, the correct backup withholding status and the correct information about your status as a U.S. person.

For personal accounts, the TIN is your Social Security number (SSN). For personal accounts with more than one owner, we report taxpayer information for the person whose TIN is provided on the Application Agreement as the primary account holder. Resident aliens who do not qualify for Social Security should provide their Individual Taxpayer Identification Number (ITIN).

If you do not provide us with TIN certification and certify that you are not subject to backup withholding, if the IRS notifies us that the TIN you gave us is incorrect, or if the IRS notifies us that you failed to report all your interest and dividends on your tax return, we are required to backup withhold at the then-current backup withholding rate on interest earned on your account and pay the withheld amount to the IRS. Backup withholding is not an additional tax. If you have questions or need more information, consult your tax advisor.

#### **Reporting of Interest**

When we report interest to the IRS, we do so based on the interest you have earned for a specific time period, regardless of whether the interest has actually been credited to your account or otherwise disbursed to you.

#### **Penalties**

If you fail to furnish a correct TIN, you may be subject to a \$50 IRS fine. If you make a false statement that has no reasonable basis that results in no backup withholding, you may be subject to a \$500 IRS penalty. If you deliberately give false information, you may be subject to criminal penalties.

## 17. Terms and Conditions for the Schwab Bank Bill Pay™ Service

### Service Definitions

Throughout these Terms and Conditions, the words “you,” “your” and “yours” refer to each account owner. “We,” “us” and “our” refer to Charles Schwab Bank, SSB and any vendor we may, in our sole discretion, involve in providing any service described herein. As used in these Terms and Conditions, the terms listed below are defined as follows:

**Account Agreement** means the *Schwab Bank Deposit Account Agreement*.

**Agreement** means these “Terms and Conditions for the Schwab Bank Bill Pay™ Service.”

**Bill** is the person or entity to which you wish a bill payment to be directed or is the person or entity from which you receive electronic bills, as the case may be.

**Billing Account** is the checking account from which all account Service fees will be automatically debited.

**Business Day** is every Monday through Friday, excluding Federal Reserve Bank holidays.

**Due Date** is the date reflected on your Biller statement for which the payment is due; it is not the late date or grace period.

**Overdraft Source** is the source in an overdraft protection option from which funds will be transferred, should the balance in a linked Payment Account fall below \$0.

**Payment Account** is the checking account from which bill payments will be debited.

**Payment Instruction** is the information provided by you to the Service for a bill payment to be made to the Biller (such as, but not limited to, Biller name, Biller account number and Scheduled Payment Date).

**Pricing Guide** is the *Schwab Bank Deposit Account Pricing Guide*.

**Scheduled Payment** is a payment that has been scheduled through the Service but has not begun processing.

**Scheduled Payment Date** is the day you want your Biller to receive your bill payment and is also the day your Payment Account will be debited, unless the Scheduled Payment Date falls on a non-Business Day, in which case it will be considered to be the previous Business Day.

**Service** is the bill payment service offered by Charles Schwab Bank, SSB.

**Service Provider** is Fiserv, Inc.

### A. Consent to Agreement

By using the Service, you agree to the Terms and Conditions of this Agreement, as it may be amended from time to time, according to its terms.

### B. Enrollment

Unless you specifically request otherwise during the account-opening process, you are automatically enrolled in the Service when you open and fund a new checking account with us. If you wish to link other eligible accounts you have with us to the Service, you may do so by contacting Customer Service. Eligible accounts include any checking account.

### C. Payment Scheduling

The earliest possible Scheduled Payment Date for each Biller (typically four [4] or fewer Business Days from the current date) will be designated within the Service website when you are scheduling the payment. Therefore, the Service website will not permit you to select a Scheduled Payment Date less than the earliest possible Scheduled Payment Date designated for each Biller. When scheduling payments, you must select a Scheduled Payment Date that is no later than the actual Due Date reflected on your Biller statement, unless the Due Date falls on a non-Business Day. If the actual Due Date falls on a non-Business Day, you must select a Scheduled Payment Date that is at least one (1) Business Day before the actual Due

Date. Scheduled Payment Dates must be prior to any late date or grace period.

**D. The Service Guarantee**

Due to circumstances beyond the control of the Service, particularly delays in handling and posting payments by Billers or financial institutions, some transactions may take longer to be credited to your Biller's account. The Service will bear responsibility for any late payment-related charges up to \$50 should a payment post after its Due Date as long as the payment was scheduled in accordance with the guidelines described under "Payment Scheduling" in this Agreement.

**E. Payment Authorization and Payment Remittance**

By providing the Service with names and account information of Billers to whom you wish to direct payments, you authorize the Service to follow the Payment Instructions that it receives through the payment system. In order to process payments more efficiently and effectively, the Service may edit or alter payment data or data formats in accordance with Biller directives.

When the Service receives a Payment Instruction, you authorize the Service to debit your Payment Account and remit funds on your behalf so that the funds arrive as close as reasonably possible to the Scheduled Payment Date designated by you. You also authorize the Service to credit your Payment Account for payments returned to the Service by the United States Postal Service or Biller, or payments remitted to you on behalf of another authorized user of the Service.

The Service will use its best efforts to make all your payments properly. However, the Service shall incur no liability, and any Service Guarantee shall be void if the Service is unable to complete any payments initiated by you because of the existence of any one or more of the following circumstances:

1. If, through no fault of the Service, your Payment Account does not contain

sufficient available funds to complete the transaction, or the transaction would exceed the available funds or credit limit(s) of any Overdraft Source you may have;

2. The payment processing center is not working properly, and you know or have been advised by the Service about the malfunction before you execute the transaction;
3. You have not provided the Service with the correct Payment Account information, or the correct name, address, phone number or account information for the Biller; and/or
4. Circumstances beyond control of the Service (such as, but not limited to, fire, flood or interference from an outside force) prevent the proper execution of the transaction, and the Service has taken reasonable precautions to avoid those circumstances.

Provided none of the foregoing exceptions is applicable, if the Service causes an incorrect amount of funds to be removed from your Payment Account or causes funds from your Payment Account to be directed to a Biller that does not comply with your Payment Instructions, the Service shall be responsible for returning the improperly transferred funds to your Payment Account, for directing to the proper Biller any previously misdirected transactions, and, if applicable, for any late payment-related charges.

**F. Payment Methods**

The Service reserves the right to select the method in which to remit funds on your behalf to your Biller. These payment methods may include, but may not be limited to, an electronic payment, an electronic-to-check payment, or a laser draft payment (funds remitted to the Biller are deducted from your Payment Account when the laser draft is presented to us for payment).

**G. Payment Cancellation Requests**

You may cancel or edit any Scheduled Payment (including recurring payments) by



following the directions within the Service website. There is no charge for canceling or editing a Scheduled Payment. Once the Service has begun processing a payment, it cannot be canceled or edited; therefore, a stop payment request must be submitted.

#### **H. Stop Payment Requests**

The Service's ability to process a stop payment request will depend on the payment method and whether or not a check has cleared. The Service may also not have a reasonable opportunity to act on any stop payment request after a payment has been processed. If you desire to stop any payment that has already been processed, you must contact Customer Service. Although the Service will make every effort to accommodate your request, the Service will have no liability for failing to do so. The Service may also require you to present your request in writing within 14 days. The charge for each stop payment request will be the current charge for such service as set out in the Pricing Guide.

If you order us to stop a preauthorized transaction three Business Days or more before the transfer is scheduled and you have given us the information we requested, including the exact amount of the payment, we will be liable for your damages directly caused by our failure to stop payment. This section does not include electronic-to-check payments and laser drafts. Please see Section 8.4 for further details regarding your rights and responsibilities.

#### **I. Prohibited Payments**

Payments to Billers outside of the United States or its territories are prohibited through the Service.

#### **J. Exception Payments**

Tax payments and court-ordered payments may be scheduled through the Service; however, such payments are discouraged and must be scheduled at your own risk. In no event shall the Service be liable for any claims or damages resulting from your scheduling of these types of payments. The Service Guarantee (see Section D) as it applies to any late payment-related charges

is void when these types of payments are scheduled and/or processed by the Service. The Service has no obligation to research or resolve any claim resulting from an exception payment. All research and resolution for any misapplied, misposted or misdirected payments will be the sole responsibility of you and not of the Service.

#### **K. Bill Delivery and Presentment**

This feature is for the presentment of electronic bills only, and it is your sole responsibility to contact your Billers directly if you do not receive your statements. In addition, if you elect to activate one of the Service's electronic bill options, you also agree to the following:

**Information Provided to the Biller:** The Service is unable to update or change your personal information, such as, but not limited to, name, address, phone numbers and email addresses, with the electronic Biller. Any changes will need to be made by contacting the Biller directly. Additionally, it is your responsibility to maintain all user names and passwords for all electronic Biller sites. You also agree not to use someone else's information to gain unauthorized access to another person's bill. The Service may, at the request of the Biller, provide to the Biller your email address, service address or other data specifically requested by the Biller at the time of activating the electronic bill for that Biller, for purposes of the Biller informing you about Service and/or bill information.

**Activation:** Upon activation of the electronic bill feature, the Service may notify the Biller of your request to receive electronic billing information. The presentment of your first electronic bill may vary from Biller to Biller and may take up to 60 days, depending on the billing cycle of each Biller. Additionally, the ability to receive a paper copy of your statement(s) is at the sole discretion of the Biller. While your electronic bill feature is being activated, it is your responsibility to keep your accounts current. Each electronic Biller reserves the right to accept or deny your request to receive electronic bills.

**Authorization to Obtain Bill Data:** Your activation of the electronic bill feature for a Biller shall be deemed by us to be your authorization for us to obtain bill data from the Biller on your behalf. For some Billers, you will be asked to provide us with your user name and password for that Biller. By providing us with such information, you authorize us to use the information to obtain your bill data.

**Notification:** The Service will use its best efforts to present all of your electronic bills promptly. In addition to notification within the Service, the Service may send an email notification to the email address listed for your account. It is your sole responsibility to ensure that this information is accurate. In the event you do not receive notification, it is your responsibility to periodically log on to the Service and check on the delivery of new electronic bills. The time for notification may vary from Biller to Biller. You are responsible for ensuring timely payment of all bills.

**Cancellation of Electronic Bill**

**Notification:** The electronic Biller reserves the right to cancel the presentment of electronic bills at any time. You may cancel electronic bill presentment at any time. The time frame for cancellation of your electronic bill presentment may vary from Biller to Biller. It may take up to 60 days, depending on the billing cycle of each Biller. The Service will notify your electronic Biller(s) as to the change in status of your account, and it is your sole responsibility to make arrangements for an alternative form of bill delivery. The Service will not be responsible for presenting any electronic bills that are already in process at the time of cancellation.

**Non-Delivery of Electronic Bill(s):** You agree to hold the Service harmless should the Biller fail to deliver your statement(s). You are responsible for ensuring timely payment of all bills. Copies of previously delivered bills must be requested from the Biller directly.

**Accuracy and Dispute of Electronic Bill:**

The Service is not responsible for the accuracy of your electronic bill(s). The Service is responsible only for presenting the information we receive from the Biller. Any discrepancies or disputes regarding the accuracy of your electronic bill summary or detail must be addressed with the Biller directly.

This Agreement does not alter your liability or obligations that currently exist between you and your Billers.

**L. Exclusions of Warranties**

**The Service and related documentation are provided “as is” without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose.**

**M. Password and Security**

You agree not to give or make available your password or other means to access your account to any unauthorized individuals. You are responsible for all payments you authorize using the Service. If you permit other persons to use the Service or your password or other means to access your account, you are responsible for any transactions they authorize. If you believe that your password or other means to access your account has been lost or stolen, or that someone may attempt to use the Service without your consent or has transferred money without your permission, you must notify the Service at once by calling 1-888-297-7535 during customer service hours.

**N. Your Liability for Unauthorized Transfers**

Tell us AT ONCE if you believe your password or other means to access your account has been lost or stolen, or if you believe that an electronic funds transfer has been made without your permission using information from your check. You can notify us by calling or writing Customer Service. Telephoning is the best way of keeping your possible losses down. You could lose all the money in your

account (plus your maximum overdraft line of credit).

If you tell us within two Business Days after you discover your password or other means to access your account has been lost or stolen, your liability is no more than \$50 should someone access your account without your permission. If you do not tell us within two Business Days after you learn of such loss or theft, and we can prove that we could have prevented the unauthorized use of your password or other means to access your account if you had told us, you could be liable for as much as \$500. If your account statement contains transfers that you did not authorize, you must tell us at once. If you do not tell us within 60 days after the statement was sent to you, you may lose any amount transferred without your authorization after the 60 days if we can prove that we could have stopped someone from taking the money had you told us in time. If a good reason (such as a long trip or a hospital stay) prevented you from telling us, we may extend the period.

#### **O. Errors and Questions**

In case of errors or questions about your transactions, you should, as soon as possible, notify us via one of the following:

1. Telephone us at 1-888-297-7535 during customer service hours;
2. Contact us by using the Service website's e-messaging feature (do not use standard, unsecured email); and/or
3. Write us at:  
Schwab Bank Bill Pay Customer Service  
P.O. Box 982605  
El Paso, TX 79998-2605

If you think your account statement is incorrect or you need more information about a Service transaction listed on the statement, we must hear from you no later than 60 days after the FIRST account statement was sent to you on which the problem or error appears. You must:

1. Tell us your name and Payment Account number;
2. Describe the error or the transaction in question, and explain as clearly as possible why you believe it is an error or why you need more information; and
3. Tell us the dollar amount of the suspected error.

If you tell us verbally, we may require that you send your complaint in writing within 10 Business Days after your verbal notification. We will tell you the results of our investigation within 10 Business Days after we hear from you, and will correct any error promptly. However, if we require more time to confirm the nature of your complaint or question, we reserve the right to take up to 45 days to complete our investigation. If we decide to do this, we will provisionally credit your Payment Account within 10 Business Days for the amount you think is in error. If we ask you to submit your complaint or question in writing and we do not receive it within 10 Business Days, we may not provisionally credit your Payment Account. We will tell you the results within three Business Days after completing our investigation. If it is determined there was no error, we will mail you a written explanation. You may ask for copies of documents used in our investigation. The Service may debit any provisional credit provided to you if we find an error did not occur.

#### **P. Disclosure of Account Information to Third Parties**

It is our general policy to treat your account information as confidential. However, we will disclose information to third parties about your account or the transactions you make ONLY in the following situations:

1. Where it is necessary for completing transactions;
2. Where it is necessary for activating additional services;

3. In order to verify the existence and condition of your account to a third party, such as a credit bureau or Biller;
4. To a consumer reporting agency for research purposes only;
5. In order to comply with a governmental agency or court orders; or
6. If you give us your written permission.

**Q. Service Fees and Additional Charges**

Any fees associated with this Service are disclosed in the Pricing Guide. Any applicable fees will be charged regardless of whether the Service was used during the billing cycle. You agree to pay such charges and authorize the Service to deduct the calculated amount from your designated Billing Account for these amounts and any additional charges that may be incurred by you. Any fees associated with your deposit accounts will continue to apply. You are responsible for any and all telephone access fees and/or Internet service fees that may be assessed by your telephone and/or Internet service provider.

**R. Failed or Returned Transactions**

In using the Service, you are requesting that the Service makes payments for you from your Payment Account. If we are unable to complete the transaction for any reason associated with your Payment Account (for example, there are insufficient available funds in your Payment Account and any Overdraft Source to cover the transaction), the transaction will not be completed. In such case, you agree that:

1. You will reimburse the Service immediately upon demand the transaction amount that has been returned to the Service;
2. You will be charged a Nonsufficient Funds (NSF) Fee as described in the Pricing Guide;
3. For any amount not reimbursed to the Service within 15 days of the initial notification, a late charge equal to 1.5%

monthly interest or the legal maximum, whichever rate is lower, for any unpaid amounts may be imposed;

4. You will reimburse the Service for any fees it incurs in attempting to collect the amount of the return from you; and
5. The Service is authorized to report the facts concerning the return to any credit reporting agency.

**S. Alterations and Amendments**

This Agreement, applicable fees and service charges may be altered or amended by the Service from time to time. In such event, the Service shall provide notice to you. Any use of the Service after the Service provides you a notice of change will constitute your agreement to such change(s). Further, the Service may, from time to time, revise or update the Service website, services and/or related material, which may render all such prior versions obsolete. Consequently, the Service reserves the right to terminate this Agreement as to all such prior versions of the Service website, services and/or related material, and limit access to only the Service's more recent revisions and updates.

**T. Address or Banking Changes**

It is your sole responsibility to ensure that the contact information in your user profile is current and accurate. This includes, but is not limited to, name, address, phone numbers and email addresses. Changes can be made either within the Service website or by contacting Customer Service. Any changes in your Payment Account should also be made in accordance with the procedures outlined within the Service website's Help files. All changes made are effective immediately for scheduled and future payments paid from the updated Payment Account information. The Service is not responsible for any payment processing errors or fees incurred if you do not provide accurate Payment Account or contact information.

## **U. Service Termination, Cancellation or Suspension**

In the event you wish to cancel the Service, you may have the ability to do so through the product, or you may contact Customer Service via one of the following:

1. Telephone us at 1-888-297-7535 during customer service hours; and/or
2. Write us at:  
Schwab Bank Bill Pay Customer Service  
P.O. Box 982605  
El Paso, TX 79998-2605

Any payment(s) the Service has already processed before the requested cancellation date will be completed by the Service. All Scheduled Payments, including recurring payments, will not be processed once the Service is canceled. The Service may terminate or suspend Service to you at any time. Neither termination nor suspension shall affect your liability or obligations under this Agreement.

## **V. Third-Party Indemnification**

You will indemnify us against and hold us harmless from and defend us against any and all liabilities, claims, costs, expenses and damages of any nature (including reasonable attorneys' fees and expenses of litigation) arising out of or relating to disputes or legal actions by parties other than you and us concerning the Service. The obligations contained in the preceding sentence will continue after this Service is terminated. This section does not apply to any cost or damage attributable to our gross negligence or intentional misconduct.

## **W. Biller Limitation**

The Service reserves the right to refuse to pay any Biller to whom you may direct a payment. The Service will notify you promptly if it decides to refuse to pay a Biller designated by you. This notification is not required if you attempt to make a prohibited payment or an exception payment under this Agreement.

## **X. Returned Payments**

In using the Service, you understand that Billers and/or the United States Postal

Service may return payments to the Service for various reasons such as, but not limited to: Biller's forwarding address expired; Biller account number is not valid; Biller is unable to locate account; or Biller account is paid in full. The Service will use its best efforts to research and correct the returned payment and return it to your Biller, or void the payment and credit your Payment Account. You may receive notification from the Service.

## **Y. Information Authorization**

Your enrollment in the Service may not be fulfilled if the Service cannot verify your identity or other necessary information. Through your enrollment in the Service, you agree that the Service reserves the right to request a review of your credit rating at its own expense through an authorized bureau. In addition, you agree that the Service reserves the right to obtain financial information regarding your account from a Biller or a financial institution (for example, to resolve payment posting problems or for verification).

## **Z. Disputes**

You agree to settle by arbitration any dispute between you and us relating to this Service as provided in Section 14, "Resolving Disputes," of the Account Agreement.

## **AA. Assignment**

You may not assign this Agreement to any other party. The Service may assign this Agreement to any future, directly or indirectly affiliated company. The Service may also assign or delegate certain of its rights and responsibilities under this Agreement to independent contractors or other third parties.

## **BB. No Waiver**

The Service shall not be deemed to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Service. No delay or omission on the part of the Service in exercising any rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one

occasion shall not be construed as a bar or waiver of any rights or remedies on future occasions.

**CC. Captions**

The captions of sections hereof are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

**DD. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to its conflicts of laws provisions, provided, however, that any dispute solely between you and our Service Provider shall be governed by and construed in accordance with the laws of the State of New York, without

regard to its conflicts of law provisions. To the extent that the terms of this Agreement conflict with applicable state or federal law, such state or federal law shall replace such conflicting terms only to the extent required by law. Unless expressly stated otherwise, all other terms of this Agreement shall remain in full force and effect.

**The foregoing shall constitute the Service's entire liability and your exclusive remedy. In no event shall the Service be liable for any direct, indirect, special, incidental, consequential or exemplary damages, including lost profits (even if advised of the possibility thereof) arising in any way out of the installation, use or maintenance of the equipment, software and/or the Service.**

**Customer Service Information:****Call Toll-Free:**

High Yield Investor Checking Account:  
1-888-403-9000

High Yield Investor Checking Account—  
Clients of independent investment advisors:  
1-800-515-2157

All Other Deposit Accounts:  
1-888-403-9000

**Visit Our Website:**

High Yield Investor Checking Account:  
[www.schwab.com](http://www.schwab.com)

High Yield Investor Checking Account—  
Clients of independent investment advisors:  
[www.schwaballiance.com](http://www.schwaballiance.com)

High Yield Investor Savings Account—  
Clients who also have a Schwab Brokerage account:  
[www.schwab.com](http://www.schwab.com)

All Other Deposit Accounts:  
[www.schwabbank.com](http://www.schwabbank.com)

**Written Inquiries:**

Charles Schwab Bank, SSB  
P.O. Box 982605  
El Paso, TX 79998-2605

**Deposits/OCL:**

Charles Schwab Bank, SSB      Charles Schwab Bank, SSB  
P.O. Box 982605      or      P.O. Box 628291  
El Paso, TX 79998-2605      Orlando, FL 32862-8291

**Schwab Bank Bill Pay™ Service:**

Schwab Bank Bill Pay Customer Service  
P.O. Box 982605  
El Paso, TX 79998-2605  
1-888-297-7535



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