

Small Business Credit Application



Heritage BANK

A community of banks.
Whidbey Island Bank & Central Valley Bank

Small Business Credit Request

Product Type	Interest Rate	# Months	Amount Requested
<input type="checkbox"/> Business Line of Credit	Variable	<input type="checkbox"/> 12 <input type="checkbox"/> 24	\$
<input type="checkbox"/> Business Term Loan	Fixed	_____ months	\$
Heritage Bank Checking Account Number		<ul style="list-style-type: none"> • Minimum monthly payments will automatically be deducted from this account. • If you select to have overdraft protection from your Line of Credit, it will be linked to this account. 	
Expected Use of Funds			

Company Information

Business Name		Tax ID #		Telephone	
Business Physical Address		City		State	Zip
Business Mailing Address		City		State	Zip
Email Address				Fax	
Company Type (Please check one) <input type="checkbox"/> Regular Corporation <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> S Corporation <input type="checkbox"/> Other <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Non-Profit Organization <input type="checkbox"/> Partnership					
Date Ownership Began	# of Employees	Describe Nature of Business (e.g. retailer, attorney)		NAICS Code	

Company Performance

1. Has the company operated at a loss during the past 3 years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Has the company or any of its principals declared bankruptcy in the past 10 years?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Is the business or any of its principals currently involved in any pending or ongoing litigation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Primary Bank Business Relationship	Today's Date
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Total Cash in Business Account \$	Total Business Assets \$
Business Net Sales \$	Total Business Liabilities \$
Business Net Profit \$	Total Business Net Worth \$

Company Debt Schedule

Financial Institution	Loan Origination Date	Original Commitment Amount	Loan Maturity Date	Amortization Term (mo.)	Interest Rate	Current P+I Payment	Current Loan Balance

Owner Information

All partners, stockholders or proprietors must complete the section below. If additional space is needed, please use separate sheet of paper.

Name		Title		Percentage of Company Owned	Years with Firm
Home Address				Telephone	
City		State	Zip	<input type="checkbox"/> Own <input type="checkbox"/> Rent \$ _____	
Date of Birth	Social Security Number	Driver's License Number		State of Issuance	Issue Date Expiration Date
Are you a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No		If no, what kind of visa or alien registration do you have?		Expiration Date	
Assets	Balance	Pymt	Liabilities	Balance	Pymt
Cash	\$	\$	Notes & Loans Payable (other than real estate)	\$	\$
	\$	\$		\$	\$
Stocks & Bonds	\$	\$		\$	\$
	\$	\$		\$	\$
Insurance	\$	\$	Insurance Loans	\$	\$
Cash Value Life Insurance	\$	\$		\$	\$
Accounts & Notes Receivable	\$	\$	Accounts & Bills Payable	\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
Real Estate	\$	\$	Real Estate Notes & Contracts Payable	\$	\$
	\$	\$		\$	\$
Retirement Plans	\$	\$		\$	\$
	\$	\$		\$	\$
Other Assets	\$	\$	Other Liabilities	\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
Total Assets	\$	\$	Total Liabilities	\$	\$
Annual Income:			(Total Assets Less Total Liabilities) NET WORTH \$		

Name		Title		Percentage of Company Owned	Years with Firm
Home Address				Telephone	
City		State	Zip	<input type="checkbox"/> Own <input type="checkbox"/> Rent \$ _____	
Date of Birth	Social Security Number	Driver's License Number		State of Issuance	Issue Date Expiration Date
Are you a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No		If no, what kind of visa or alien registration do you have?		Expiration Date	
Assets	Balance	Pymt	Liabilities	Balance	Pymt
Cash	\$	\$	Notes & Loans Payable (other than real estate)	\$	\$
	\$	\$		\$	\$
Stocks & Bonds	\$	\$		\$	\$
	\$	\$		\$	\$
Insurance	\$	\$	Insurance Loans	\$	\$
Cash Value Life Insurance	\$	\$		\$	\$
Accounts & Notes Receivable	\$	\$	Accounts & Bills Payable	\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
Real Estate	\$	\$	Real Estate Notes & Contracts Payable	\$	\$
	\$	\$		\$	\$
Retirement Plans	\$	\$		\$	\$
	\$	\$		\$	\$
Other Assets	\$	\$	Other Liabilities	\$	\$
	\$	\$		\$	\$
	\$	\$		\$	\$
Total Assets	\$	\$	Total Liabilities	\$	\$
Annual Income:			(Total Assets Less Total Liabilities) NET WORTH \$		

Small Business Line of Credit Agreement

This Agreement governs the Borrower's Small Business Line of Credit Account with Heritage Bank (the "Bank" or "we" or "us"). By causing the Bank's Acceptance Letter (the "Acceptance Letter" or "Letter") for this Account to be signed on its behalf, the Borrower identified in the Letter (the "Borrower" or "you") agrees to be bound by all of the terms and conditions contained in this Agreement. The Agreement may be changed by the Bank if due notice is given to the Borrower.

COMMERCIAL PURPOSE OF CREDIT. Borrower understands that this is a commercial credit facility. Borrower represents and warrants that no credit advanced under this Agreement will be used for personal, family, or household purposes.

THE CREDIT LINE. The maximum amount of principal, interest, and other charges that you may owe us from time to time on this Account, which is called your "credit line," will be stated in the Acceptance Letter. We may increase or decrease your credit line at any time and for any reason. If we change it, we will notify you in writing by regular mail sent to your address shown on our records. You may request that we increase or decrease your credit line, but no new limit will be effective for your Account unless we approve it.

You agree never to request a loan that, if made by us, would cause the unpaid balance of your Account to exceed your credit line. If you do request a loan that would exceed your credit line, we have no obligation to make it. You agree to repay any amount in excess of your credit line immediately and without demand from us.

HOW YOU BORROW MONEY. We will loan you money in the following ways, provided (a) you are not then in default under this Agreement; and (b) we have not terminated your right to receive advances:

Overdraft: If you have requested overdraft protection for a business checking account ("DDA") identified in the Application and we receive a draft, ACH debit, ATM transaction, withdrawal request, or other order for payment drawn against that DDA at a time when there are insufficient available funds in the account to make the payment, we will advance funds to that DDA so that there are sufficient funds to pay the item.

Telephone: If you call us on the telephone and request an advance, we will deposit the amount of the advance in your DDA.

Online: You can request an advance through online banking and the amount will then transfer into your DDA.

In Person: You can request an advance in person at any of our Heritage Bank locations.

YOUR PAYMENT PROMISE. You promise to pay us all amounts that you borrow under this Agreement plus the applicable interest and other charges, ON DEMAND. Prior to any demand, you agree to make monthly payments as provided for in this Agreement.

DEMAND. Whether or not you are in default, we may terminate your right to receive advances at any time. If we terminate your right to receive advances, we may (but are not required to) also demand immediate payment of the entire balance of principal, interest, and other charges.

PAYMENTS. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid Interest on maturity date stated in the Acceptance Letter. In addition, Borrower will pay regular monthly payments of all accrued unpaid Interest due as of each payment date beginning on the date stated in the Acceptance Letter, with all subsequent Interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address listed on the Acceptance Letter or at such place as Lender may designate in writing. Payments can also be made at any Heritage Bank branch location.

HOW YOU MAKE PAYMENTS. Minimum interest only payments will be due each month. Interest and/or principal payments can be made using any of the following options:

Online: Minimum interest only payments and/or principal payments can be processed through online banking and the amount will be deducted from your Payment Account. If there are not sufficient funds in your Payment Account for the payment to process online, you must make the payment in person at any banking office or by mail. You may not request an advance on this Small Business Line of Credit to make the payment.

In Person: Minimum interest only payments and/or principal payments can be made at any Heritage Bank branch location.

Mail: Payments can be mailed to the Lender's address listed on the Acceptance Letter or at such place as Lender may designate in writing.

You may pay more than the minimum payment amount to reduce future interest charges.

We may accept late or partial payment, checks marked "payment in full", or the like, without losing any of our rights under this Agreement. We may extend the time for any payment or delay enforcing our rights under this Agreement without losing them.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the Interest rate over the number of days in a year, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All Interest payable under this Note is computed using this method.

VARIABLE INTEREST RATE. The Interest rate on this Note is subject to change from time to time based on changes in an independent Index which is the Wall Street Journal Prime Rate (WSJ Prime Rate) (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute Index after notifying the Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The Interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index will be stated in the Acceptance Letter. Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using the percentage point stated in the Acceptance Letter, over the Index, adjusted if necessary for any minimum and maximum rate limitations described in the Acceptance Letter. NOTICE: Under no circumstances will the interest rate on this Note be less than the floor rate stated in the Acceptance Letter or more than the maximum rate allowable by applicable law.

PAYMENT IN FULL. If you wish to pay the balance of your Small Business Line of Credit Account in full, you should contact us to determine the balance of your Account as of the day you intend to make the payment (the "Pay-Off Balance"). Since interest accrues every day on amounts outstanding, the Pay-Off Balance changes every day and you will only succeed in paying your balance in full if your payment includes all interest that has accrued through the date of payment.

LATE FEE. If you fail to make any payment (including a payment in full, if we have demanded it) within 15 days following the payment due date, you will be charged a late fee equal to 5% of the overdue payment.

OTHER CHARGES. You will be charged a \$250 annual renewal fee on each anniversary of this Agreement. In addition, we may charge you: (1) a \$34 overlimit charge whenever we receive a request for an advance that does or would cause your Account balance to exceed your credit line, whether or not we make the advance; and (2) a \$34 returned check charge whenever you present an instrument to us for payment on your Account that is returned unpaid for any reason.

RIGHT OF SET-OFF. If you are in default under this Agreement, the Bank may, but is not obligated to, apply any balance in any amount you maintain with the Bank to reduce or extinguish this debt.

DEFAULT. Without changing the demand nature of your payment obligation, or limiting our ability to demand payment of your Account for any reason, you will be in default if any of the following events occurs:

- (a) you fail to make any payment when due;
- (b) you fail to maintain a sufficient balance in your Payment Account for us to make an automatic payment;
- (c) you fail to meet any of your other obligations under this Agreement (including, without limitation, your agreement not to exceed your credit line) or under any other Agreement you have with the Bank;
- (d) any guarantor dies;
- (e) you make an assignment for the benefit of creditors, or if bankruptcy proceedings are commenced by or against you; or
- (f) you suffer a material adverse change in your financial circumstances.

If you are in default, we can suspend or terminate your right to receive additional loan advances and declare the entire balance of your Account due and payable at once without notice or demand. If we do not require that you pay the balance of your Account at once, we may reinstate your right to receive advances, in the sole exercise of our discretion, if you cure your default and request reinstatement. Even if we suspend or terminate your right to receive advances, you are still obligated to repay amounts you owe under this Agreement.

FINANCIAL INFORMATION. At our request from time to time, you will provide the Bank with updated financial information and agree that we may request updated information regarding you from credit bureaus and others.

SECURITY INTEREST AND COLLATERAL. Security for the loan will be specified in the Acceptance Letter.

WAIVER. You waive presentment, notice of dishonor, protest, notice of nonpayment, demand, and all other notices of any kind. You also waive personal service of process and papers in connection with any action or proceeding in any court, agreeing that such service may be made by certified mail addressed to you at the most recent address we have for you in our records.

COLLECTION. If we incur expenses (including, without limitation, court costs and reasonable lawyers' fees) in attempting to collect any amount owed by you under this Agreement, you agree to pay us these expenses to the extent permitted by law.

EVIDENCE. If we go to court for any reason, a copy or microfilm of any personal check, monthly statement, or other document will be admissible evidence to prove what you owe us or that a transaction has taken place. The copy or microfilm will have the same validity as the original.

WAIVER OF JURY TRIAL. BANK AND BORROWER HEREBY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY PROCEEDING INSTITUTED BY OR AGAINST EITHER PARTY PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY AGREEMENT NOW OR HEREAFTER SECURING OR RELATED TO THIS AGREEMENT.

WAIVER OF PREJUDGMENT REMEDIES. BORROWER (i) ACKNOWLEDGES THAT THIS AGREEMENT EVIDENCES A COMMERCIAL TRANSACTION; (ii) TO THE EXTENT PERMITTED BY APPLICABLE LAW, WAIVES ANY RIGHT BORROWER MAY HAVE TO PRIOR NOTICE OF ANY COURT HEARING ON THE RIGHT OF BANK TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES BANK, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT, REPLEVIN, OR OTHER PREJUDGMENT PROCESS, TO DEPRIVE BORROWER OF ANY OF BORROWER'S PROPERTY AT ANY TIME PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS AGREEMENT.

TRANSFER OR ASSIGNMENT. Your rights under this Agreement belong only to you and may not be transferred or assigned. Your obligations are, however, binding on any successors or legal representatives. The Bank may assign its rights or delegate its obligations under this Agreement to any third party.

AMENDMENTS. We may at any time amend this Agreement by mailing a written notice of the change to you. Any such amendment shall apply to debts then owing and thereafter incurred by you, unless we provide otherwise in the notice of amendment.

CLOSING YOUR ACCOUNT. We have the right to close your Account at any time effective upon providing you with written notice of our decision to close it. In the event we close your Account, your obligation to repay amounts we have loaned you plus interest as provided under this Agreement as amended from time to time continues. You have the right at any time to request in writing that we not make any future loans. You also have the right to close your Account entirely if it has a zero balance by providing us a written request. If your Account is closed by you or us, you agree to stop using your Account. Any request or notice from you will not be effective until we receive it.

NOTICES. Any notice we send you will be considered effective when it is delivered personally to you or mailed, postage prepaid, to the last address we have for you in our records. Notice from you will be considered effective when we receive it at the address noted on the most recent billing statement we have sent you.

LENDER LIABILITY. The Bank shall not be liable for any loss sustained by any party resulting from any action, omission, or failure to act, whether with respect to the exercise or enforcement of the Bank's rights or remedies under this Agreement or otherwise, unless such loss is caused by the actual willful misconduct of the Bank conducted in bad faith. IN NO EVENT SHALL THE BANK EVER BE LIABLE FOR CONSEQUENTIAL OR PUNITIVE DAMAGES, ANY RIGHT OR CLAIM THERETO BEING EXPRESSLY AND UNCONDITIONALLY WAIVED.

WHAT LAW APPLIES. This Agreement is governed by federal law. If the terms of this Agreement conflict with any existing or future law, they shall be deemed modified to the extent necessary to comply with such law. The validity of the remaining terms shall not be affected.

Small Business Term Loan Agreement

PAYMENT PROMISE. By signing the Acceptance Letter for this term loan (the "Acceptance Letter"), or causing such Letter to be signed on its behalf, the person or entity identified in such Letter as "Borrower" promises to pay to the order of Heritage Bank (the "Bank"), the principal amount specified in the Acceptance Letter, together with interest on the unpaid daily principal balance at the rates of interest provided below (computed based on the number of days in the year), until the day this loan is paid in full.

INTEREST. Interest shall accrue at a fixed or variable rate of interest, as specified in the Acceptance Letter. If the interest rate is variable, the rate shall be adjusted on the first business day of each month, based on Heritage Bank's Base Lending Rate in effect that day plus a certain number of percentage points (a "margin") specified in the Acceptance Letter.

In no event shall interest payable hereunder exceed the highest rate permitted by applicable law. To the extent any interest received by the Bank exceeds the maximum amount permitted, such payment shall be credited to principal and any excess remaining after full payment of principal shall be refunded to Borrower.

PAYMENTS. Borrower will pay this loan in equal payments as listed on the Acceptance Letter. Borrower's first payment is due on the date listed on the Acceptance Letter, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on the Maturity Date listed on the Acceptance Letter, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed upon or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. Borrower will pay Lender at Lender's address listed on the Acceptance Letter or at such place as Lender may designate in writing. Payments can also be made at any Heritage Bank branch location.

COMMERCIAL PURPOSE OF CREDIT. Borrower understands that this is a commercial credit facility. Borrower represents and warrants that no credit advanced under this Agreement will be used for personal, family, or household purposes.

LATE CHARGE. The Borrower shall pay a late charge equal to five percent (5%) of any payment not made within 15 days of its due date.

RETURNED CHECK CHARGE. The Borrower shall pay a \$34 returned check charge whenever a check presented as payment on this account is returned unpaid for any reason.

EVENTS OF DEFAULT. Upon the occurrence of any one or more of the following events (each, an "Event of Default"), the obligations under this Loan Agreement shall become immediately due and payable without further notice or demand: (i) Borrower's failure to make any payment due by its due date; (ii) Borrower's failure to maintain a sufficient balance in the Payment Account to make each monthly payment; (iii) Borrower's failure to pay or perform any other obligation, now existing or hereafter arising, to the Bank or any holder hereof within ten (10) days after written notice; (iv) if any representation, warranty, statement or certificate made to the Bank by Borrower proves to have been untrue in any material respect; (v) the death or dissolution of Borrower; (vi) with respect to Borrower, the commencement, whether voluntary or involuntary, of a case under the United States Bankruptcy Code or any other proceeding or action seeking reorganization, liquidation, dissolution or other relief under federal or state bankruptcy or insolvency statutes or similar laws, or seeking the appointment of a receiver, trustee or custodian for Borrower or all or a part of its assets which such case or proceeding is not dismissed within ninety (90) days; (vii) if Borrower makes an assignment for the benefit of creditors, or admits its inability to pay its debts as they mature; or (viii) any such event occurs with respect to any guarantor or endorser hereof.

SECURITY. Security for the loan shall be specified in the Acceptance Letter.

RIGHT OF SET-OFF. If Borrower is in default under this Loan Agreement, the Bank may, but is not obligated to, apply any balance in any account Borrower maintains with the Bank to reduce or extinguish this debt.

FINANCIAL INFORMATION. At the Bank's request from time to time, Borrower will provide the Bank with updated financial information and agrees that the Bank may request updated information regarding Borrower from credit bureaus and others.

COLLECTION COSTS. If there is a default under this Loan Agreement, Borrower shall pay all costs of collection, including reasonable attorneys' fees, incurred by the Bank to enforce the Borrower's obligations.

WAIVER. Borrower and all guarantors and endorsers hereby waive presentment, demand, notice, protest, and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Loan Agreement, and assent to extensions of the time of payment or forbearance or other indulgence without notice. No delay or omission of the Bank in exercising any right or remedy hereunder shall constitute a waiver of any such right or remedy. Acceptance by the Bank of any payment after demand shall not be deemed a waiver of such demand. A waiver on one occasion shall not operate as a bar to or waiver of any such right or remedy on any future occasion.

EVIDENCE. If the Bank goes to court for any reason, a copy or microfilm of any personal check, monthly statement, or other document will be admissible evidence to prove what Borrower owes. The copy or microfilm will have the same validity as the original.

WAIVER OF JURY TRIAL. BANK AND BORROWER HEREBY VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE TRIAL BY JURY IN ANY PROCEEDING INSTITUTED BY OR AGAINST EITHER PARTY PURSUANT TO OR ARISING OUT OF THIS AGREEMENT OR ANY AGREEMENT NOW OR HEREAFTER SECURING OR RELATED TO THIS AGREEMENT.

WAIVER OF PREJUDGMENT REMEDIES. BORROWER (i) ACKNOWLEDGES THAT THIS AGREEMENT EVIDENCES A COMMERCIAL TRANSACTION; (ii) TO THE EXTENT PERMITTED BY APPLICABLE LAW, WAIVES ANY RIGHT BORROWER MAY HAVE TO PRIOR NOTICE OF ANY COURT HEARING ON THE RIGHT OF BANK TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES BANK, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT, REPLEVIN, OR OTHER PREJUDGMENT PROCESS, TO DEPRIVE BORROWER OF ANY OF BORROWER'S PROPERTY AT ANY TIME PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS AGREEMENT.

LENDER LIABILITY. The Bank shall not be liable for any loss sustained by any party resulting from any action, omission, or failure to act, whether with respect to the exercise or enforcement of the Bank's rights or remedies under this Agreement or otherwise, unless such loss is caused by the actual willful misconduct of the Bank conducted in bad faith. IN NO EVENT SHALL THE BANK EVER BE LIABLE FOR CONSEQUENTIAL OR PUNITIVE DAMAGES, ANY RIGHT OR CLAIM THERETO BEING EXPRESSLY AND UNCONDITIONALLY WAIVED.

WHAT LAW APPLIES. This Agreement is governed by federal law. If the terms of this Agreement conflict with any existing or future law, they shall be deemed modified to the extent necessary to comply with such law. The validity of the remaining terms shall not be affected.

Agreement of Borrower

By causing its duly authorized agent to sign below on its behalf, the "Borrower" identified below agrees that:

- Borrower is applying for a Small Business Line of Credit, Small Business Term Loan, or as specified in this Heritage Bank Credit Application (the "Application");
- all information in the Application is true and complete in all respects;
- Heritage Bank (the "Bank") is hereby authorized to verify any information (including tax information) provided in connection with the Application;
- the Bank may obtain credit information, including consumer credit reports, in connection with the Application and any updates, renewals, extensions and collection activity relating to Borrower's account;
- the Bank is authorized to provide information regarding its credit experience with the Borrower and Guarantor(s) to third parties;
- if the Bank elects to include the requested credit in the Bank's U.S. Small Business Administration ("SBA") Loan Program, the Bank may submit an application to the SBA on behalf of Borrower;
- the Application is the Bank's property, whether or not credit is granted;
- if the Bank approves the Application and issues an Acceptance Letter, Borrower's (or Borrower's authorized agent's) countersignature on the Acceptance Letter shall signify Borrower's agreement to be bound by the terms of the Small Business Line of Credit Agreement, or Small Business Term Loan Note, as applicable (the "Loan Agreement") provided to Borrower with this Application.
- **FOR LOANS SECURED BY REAL ESTATE:** We may order an appraisal to determine the property's value and charge you for this appraisal. We will promptly give you a copy of any appraisal, even if your loan does not close. You can pay for an additional appraisal for your own use at your own cost.

By checking this box I consent to receive an electronic copy of my appraisal from Heritage Bank to the email address specified on this application. If no email address is provided in this application, a copy of the appraisal will be mailed to your address of record.

NOTICE TO OWNERS OF 1-4 FAMILY DWELLINGS LOCATED IN SPECIAL FLOOD HAZARD AREAS IN WASHINGTON: Please note that the flood insurance we are requiring you to purchase will only protect your creditor's or lender's interest in your property. Washington law prohibits a creditor or lender from requiring you to purchase flood insurance in excess of the amount of your principal mortgage and, in the case of a home equity line of credit, home equity loan or second and subsequent mortgage, the full value of the credit line, outstanding principal on the equity loan or second or subsequent mortgage on that property at the beginning of the year for which the policy will be in effect. The insurance may not be sufficient to pay for many needed repairs after a flood and may not compensate you for your losses in the property due to the flood. If you wish to protect your home or investment, you may want to purchase more flood insurance than the amount we are requiring you to buy.

I certify that this corporation/business does not engage in any "Internet gambling" business or related activities, which means any activity by which any bet or wager is placed, received or otherwise knowingly transmitted that involves the use, at least, in part, of the Internet. I further certify that I will notify the Bank immediately if there is any change in the business activities of this corporation/entity that will make the foregoing statement untrue. (Note: Federal law prohibits financial institutions from maintaining accounts for business/entities engaged in internet gambling or allowing deposit accounts to be used for accepting or making payments in connection with internet gambling activities that are unlawful under federal or state law)

Business Name: _____

Business Name: _____

Authorized Agent Name: _____

Authorized Agent Name: _____

Authorized Agent Title: _____

Authorized Agent Title: _____

X _____
Signature of Authorized Agent **Date**

X _____
Signature of Authorized Agent **Date**

USA PATRIOT Act Notice

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. This means that, when you open an account, we will ask your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Fair Credit Reporting Act Notice

Under the federal Fair Credit Reporting Act, Heritage Bank may share information regarding the Borrower, its authorized agents, any guarantor, this loan, and any other account relationship. We may share information you provided to us (such as on the Application), information we obtained from third parties (such as your credit report), information regarding our experience with you (such as payment history), and other non-credit-related information.

If you prefer, you may instruct us not to share credit-related information we obtained from you or a third party among our affiliates. Simply mail a written request, with your name, address, and account number to Heritage Bank, Loan Servicing, PO Box 1578, Olympia, WA 98507. If you have a joint account, a request by either accountholder will apply to the entire document.

Agreement of Guarantor

Each person signing below (jointly and severally, if more than one, the "Guarantors") agrees that:

- all information in the Heritage Bank Credit Application (the "Application") is true and complete in all respects;
- Heritage Bank (the "Bank") is hereby authorized to verify any information (including tax information) provided in connection with the Application;
- the Bank may obtain credit information, including consumer credit reports, regarding the Borrower and Guarantors in connection with the Application and any updates, renewals, extensions and collection activity relating to Borrower's account;
- the Bank is authorized to provide information regarding its credit experience with the Borrower and Guarantors to third parties;
- the Application is the Bank's property, whether or not credit is granted; and
- if the Bank approves the Application, the Guarantors shall be bound by the terms of the Personal Guaranty provided to Guarantors with this Application. No further signature by Guarantors is required.

Guarantor Name: _____

Guarantor Name: _____

X _____
Signature of Guarantor Date

X _____
Signature of Guarantor Date

Personal Guaranty

In consideration of Heritage Bank (the "Bank") extending credit to the Borrower identified in the Agreement of Borrower (the "Borrower"), the person(s) signing the Agreement of Guarantor above (each, a "Guarantor") unconditionally guarantees to Bank and Bank's successors and assigns, payment and performance of all present and future obligations, liabilities and undertakings of Borrower to Bank of every kind, nature and description, when and as due, whether now existing or hereafter arising, and whether consisting of obligations to pay money or to perform Borrower's obligations to Bank under all present and future agreements of Borrower in favor of Bank (collectively, the "Obligations"). Guarantor's liability hereunder shall be unlimited in amount. Notice of acceptance of, and action taken and advances made by Bank from time to time in reliance on, this Guaranty are hereby waived, and this Guaranty shall operate as a continuing and absolute guaranty until thirty (30) business days after actual receipt by Bank of written notice of revocation sent to Bank PO Box 1578, Olympia, WA 98507, Attn: Loan Servicing (which notice shall not affect any obligation of Guarantor existing at the time of such revocation). Guarantor acknowledges that Guarantor's liability hereunder shall be effective immediately. Guarantor acknowledges that Acceptance Letters, loan agreements, security agreements and other documents relating to the Obligations, and such modifications of the foregoing as Bank shall issue from time to time, will not be sent to Guarantor by Bank, but only sent to Borrower through whom Guarantor will obtain copies as desired. Guarantor waives all requirements of notice, demand, presentment or protest, all other defenses that may be available to a surety, and any right Guarantor may have to require Bank first to proceed against Borrower or any other person or entity, or first to realize on any security held by Bank before proceeding against Guarantor hereunder. Guarantor waives all rights of setoff, subrogation or other rights arising from payment or other performance hereunder until the Obligations shall have been paid in full. Guarantor's liability hereunder shall not be affected or impaired by Bank's granting time to Borrower or by any other indulgence granted by Bank to Borrower, or by Bank's heretofore, now, or hereafter acquiring, releasing or modifying any guaranty from any other person or entity, or by substitution, exchange, or release of collateral for any obligations, or by any action or failure of action by Bank with respect to any collateral, rights or other guaranties which Bank may now or hereafter hold. Guarantor agrees that, if any payment from Guarantor or Borrower to Bank is subsequently required to be repaid to a receiver, bankruptcy trustee or any other party, Guarantor's obligation to make such payments to Bank shall be revived as if such payment had not been made. If Borrower has no legal existence, or if any of the Obligations shall become irrecoverable from Borrower by operation of law, or if the Obligations shall be reduced to zero, or if any collateral or other guaranty shall be found invalid, Guarantor shall be and remain liable hereunder. Guarantor hereby intends to waive any and all matters whatsoever whereby Guarantor would or might be released, in whole or in part, from the Obligations, it being the intent hereof that Guarantor at all times be and remain liable to Bank to the same extent as if Guarantor were jointly and severally liable with Borrower to Bank for the payment of all Obligations and performance of all terms and provisions of such Obligations. Guarantor agrees to pay the costs and expenses (including attorney's fees) of Bank in enforcing this Guaranty. Guarantor grants Bank the right of setoff against all deposits and property of Guarantor now or hereafter in the possession or control of Bank or any entity now or hereafter under the control of Bank without regard to the adequacy of collateral. This Guaranty shall be binding upon Guarantor's heirs, personal representatives and assigns. This Guaranty may be modified only by a written agreement signed by Bank. If this Guaranty is signed by two or more persons, the liability of all such persons shall be joint and several. This Guaranty is entered into under and shall be construed, interpreted, enforced and governed by the internal laws of Washington, without regard to its conflicts of law principles. Bank may sell or assign this Guaranty to any person or entity and may disclose any information possessed by Bank regarding Guarantor to any such person or entity. Guarantor shall, promptly upon request from time to time, deliver to Bank such financial information as Bank shall reasonably request.

GUARANTOR IRREVOCABLY WAIVES TRIAL BY JURY IN ANY PROCEEDING OF ANY KIND, IN ANY COURT, ARISING OUT OF THIS GUARANTY, CONSENTS TO PERSONAL JURISDICTION OVER GUARANTOR IN ANY COURT IN THE COMMONWEALTH OF WASHINGTON, AND WAIVES PERSONAL SERVICE OF PROCESS AND PAPERS IN CONNECTION WITH ANY ACTION OR PROCEEDING COMMENCED IN SUCH COURTS, AGREEING THAT SUCH SERVICE MAY BE MADE BY CERTIFIED MAIL AT THE ADDRESS OF GUARANTOR SET FORTH ON THE APPLICATION. TO THE EXTENT PERMITTED BY ANY STATE OR FEDERAL LAW, GUARANTOR WAIVES THE RIGHT TO PRIOR NOTICE OF AND A PRIOR COURT HEARING ON THE RIGHT OF ANY HOLDER OF ANY OBLIGATION TO ANY REMEDY OR COMBINATION OF REMEDIES THAT ENABLES SUCH HOLDER, BY WAY OF ATTACHMENT, FOREIGN ATTACHMENT, GARNISHMENT, REPLEVIN OR OTHER PREJUDGMENT PROCESS, TO DEPRIVE GUARANTOR OF ANY OF GUARANTOR'S PROPERTY AT ANY TIME PRIOR TO FINAL JUDGMENT IN ANY LITIGATION INSTITUTED IN CONNECTION WITH THIS GUARANTY.

GUARANTOR ACKNOWLEDGES THAT THIS GUARANTY IS PART OF A COMMERCIAL TRANSACTION.

This Guaranty is intended to take effect as an instrument under seal. This Guaranty constitutes the entire and final agreement between Guarantor and Bank with respect to the subject matter hereof.