

## Appendix IX

### Positive Pay Services & Account Reconciliation

The Customer requests Financial Institution to provide Positive Pay services with Account Reconciliation as described below and in consideration of such services agrees to the following terms and conditions:

1. Subject to Financial Institution Rules. The Account is subject to all terms and conditions of all agreements between Financial Institutions and Customer, including without limitations Financial Institution's deposit account documentation, availability disclosures and fee schedules and general rules and regulations as amended from time to time.
2. Purpose. The purpose of the Positive Pay services is to provide the Customer with the means to affirmatively authorize the Financial Institutions acceptance and payment of each check drawn on the Customer's account, as listed in Attachment A, presented to Financial Institution for payment and by identifying the "paid-not-issued" (PNI) checks prior to final payment, to protect the Customer against losses caused by alteration, fabrication and duplication of checks whether by internal or external fraud. The purpose of account reconciliation is to expedite internal reconciliation. A check issue file must be submitted for account reconciliation.
3. The Customer is Solely Responsible for Issuance and Acceptance. The Customer accepts sole liability and responsibility for issuance, acceptance and payment of the checks drawn on the Account and paid by the Financial Institution pursuant to the Customer's instructions and this Agreement.
4. Security Procedures. The customer agrees to protect its check stock with all necessary security procedures, to keep Financial Institution's positive pay and other treasury management procedures, passwords and information confidential on a need-to-know basis, and to exercise all controls necessary to assure that checks, without due authorization by the Customer.
5. Form of Checks and Issue Files. The customer is responsible for providing checks-issued files and check stock compatible with Financial Institution's system with the check stock complying with all legal and regulatory requirements of banking law and the Uniform Commercial Code and acceptance as to form to Financial Institution's Counsel.
6. Issuance, Review and Pay-or-Return Procedures. The Customer agrees to the following procedures:
  - a. The Customer will subscribe to Financial Institution's Online Banking platform.
  - b. By 4:00 p.m. on each Banking Day on which the Customer issues checks, the Customer will provide to Financial Institution a file listing by tax ID number, account number, date, serial number and amount of each check issues by the Customer since the submission of the previous file, drawn on the Account. A

## Appendix IX

### Positive Pay Services & Account Reconciliation

“Banking Day” is a business day of the Financial Institution, on which the Customer is also open for business.

- c. Financial Institution will retain the Customer’s daily issue files, plus a history file provided by the Customer at the commencement of the Positive Pay Service listing outstanding checks issues by the Customer in the previous 90 calendar days, and thus create an aggregate Customer Issue file (the “Issue File”). Each check issued will remain in the accumulating Issue File until it is paid.
- d. The customer requests that Financial Institution pay each check presented for payment, which matches an entry record in the Issue File, by serial number and amount. Upon payment of a check, the item will be marked as “paid” on the Issue File.
- e. In the late evening of each Banking Day, as part of the process of posting the checks presented for payment on that Banking Day against the Customer’s Account, Financial Institution will perform an automated review comparing the MICR-encoded information on each of the checks presented against the Customer’s Account, with the Issue File. Checks, which are rejected by this automated sort process, will tentatively identified as suspected PNI checks.

The remaining mismatch items will be identified as the previous Banking Day’s suspected PNI checks.

- f. If the customer fails to deliver detailed instructions by the cutoff time stated in Attachment A on any Banking Day, Financial Institution will RETURN each suspected PNI check on that day’s list.
  - g. Each PNI check that is returned is to be stamped with the explanatory legend, “Refer to Maker” or similar language.
7. Assumption of Risk Posed by Procedures for Expedited Return. The Customer understands that the Federal Reserve System’s expeditious – return requirements in Regulations CC require Positive Pay “suspect” checks to be provided with the same expedited return procedures as other checks presented for payment and do not allow additional time of the Customer’s physical review of checks. The Customer has hence elected to forego visual review of suspect PNI checks, except the Customer may direct Financial Institution to send a photocopy of certain suspected PNI checks to the Customer via facsimile transmission over public telephone lines. The Customer understands that facsimile transmission is vulnerable to risks such as possible interruption, tampering, breach of confidentiality, delay and mistransmission, which are now within Financial Institution’s control.

In addition, the right to return a check unpaid is contingent upon doing so before the paying Financial Institution’s so-called “midnight deadline”. The entire procedure for reviewing the checks and deciding whether to pay or return each apparent PNI check

## Appendix IX

### Positive Pay Services & Account Reconciliation

must be completed by no later than 3:00 p.m. on each Banking Day. Financial Institution will only execute the Customer's affirmative order to return certain PNI checks before the legal right to return the check has lapsed. Accordingly, it is possible that there may be some risk that one or more checks might be returned or paid (dependent upon Customer's election), which would be contrary to Customer's instruction. The Customer assumes all such risks.

8. Assumption of Risk of Wrongful Honor/Dishonor. The Customer accepts full responsibility for any losses to Financial Institution from honor or dishonor by Financial Institution of any check drawn on the Account, allegedly wrongful or otherwise, if such honor or dishonor is performed the Customer's direction whether (a) express, (b) resulting from Customer's failure to deliver and issue file, or (c) pursuant to Customer's election in Section 6(f) directing Financial Institution to pay or return absent other instructions; and the Customer will defend Financial Institution against, indemnify and hold Financial Institution from and against any and all losses, damages, liabilities, claims, costs and expenses of any kind or nature which Financial Institution may incur in acting upon the Customer's instructions.
9. Assumption of Risk of Previous Payment. The Customer understands that Financial Institution will be unable to prevent payments of items, which the Customer identifies as PNI checks, if prior to the time the Customer has identified them as PNI checks and so notified Financial Institution such items have already been cashed as over-the-counter items, which are not refundable. Consequently, Financial Institution cannot warrant that every item identified as a suspect PNI check can in fact be returned.
10. Pricing. So long as this Agreement remains in effect, the Customer agrees to pay to the Financial Institution the normal demand deposit account service charges established from time to time by the Financial Institution and, in addition thereto, the fees and charges set forth on the Fee Schedule attached to this Agreement as Attachment A or delivered from time to time to the Customer, and incorporated herein by reference, or such other fees and charges as may be agreed upon from time to time in writing by the Customer and the Financial Institution.

The Customer authorizes the Financial Institution to deduct any charges for Services from the Account, even if such deduction causes an overdraft to the Account. Should the Customer fail or refuse to pay any charges under this Agreement, the Customer agrees to pay any collection costs (including reasonable attorney's fees) that may be incurred by the Financial Institution. The Financial Institution shall have the right to increase or decrease charges imposed for Services rendered hereunder at the Financial Institution's discretion.