

Northside Bank

Positive Pay Services Agreement

This Positive Pay Services Agreement (this “Agreement”) contains the terms and conditions for the use of positive pay services (“Positive Pay” or “Services”) that Northside Bank (the “Bank”) may offer to you (“you” or “Customer”). Other agreements you may have entered into with the Bank, including any agreement relating to your deposit accounts (a “Deposit Agreement”) supplement this Agreement. In the event of inconsistency between a provision of this Agreement and the Georgia (GA) Uniform Commercial Code, the provisions of this Agreement shall prevail.

1. DEFINITIONS

1.1 Statutory Definitions. Unless otherwise defined in this Agreement, words or phrases shall have the meanings set forth in GA Uniform Commercial Code Article 3—“Negotiable Instruments” and Article 4—“Bank Deposits and Collections.”

1.2 Definitions. In the Agreement

- 1.2.1 **Agreement** means this Positive Pay Services Agreement, including attached Schedules A through D, as it may be amended from time to time.
- 1.2.2 **Authorized Account** means the account(s) of the Customer, maintained at the Bank to which the positive pay services rendered by the Bank will apply.
- 1.2.3 **Available Funds** means funds on deposit in an Authorized Account and available for withdrawal pursuant to Federal Reserve Regulation CC (12 CFR 229 et seq.), the Expedited Funds Availability Act (Federal Reserve Regulation CC) and the Bank’s applicable funds availability schedule and policies as described in the current Deposit Account Agreement.
- 1.2.4 **Rejected Check** means a Presented Check that does not match a check included in an Issued Check File.
- 1.2.5 **Positive Pay Rejected Items** means a record describing Rejected Checks, which is provided by the Bank to the Customer under Section 2.2.
- 1.2.6 **Issued Items File** means a record describing checks written by the Customer on an Authorized Account, in an acceptable and available format, uploaded by the Customer to the Bank under Section 2.1.
- 1.2.7 **Single Issued Item(s)** means a record describing check(s) written by the Customer on an Authorized Account, which has been manually uploaded by the Customer as a single item(s) under Section 2.1.
- 1.2.8 **Pay Request** means the instructions of the Customer to the Bank requesting the Bank to pay a Rejected Check.
- 1.2.9 **Presented Check** means a check drawn on an Authorized Account and presented to the Bank for payment through the check collection system.
- 1.2.10 **Reject Request** means the instructions of the Customer to the Bank instructing the Bank not to pay a Rejected Check.

2 POSITIVE PAY SERVICES

- 2.1 Positive Pay Issued Items File or Single Issued Items.** The Customer can upload a Positive Pay Issued Items File, if in an acceptable and available format, through the Cash Management window or the customer can manually enter the Single Issued Items into the Cash Management window.
- 2.1.1 Acceptable formats for the Issued Items File may be created that are defined as a Fixed Width, Delimited, or Fixed Width and Delimited. The valid delimiters in a file are comma (,), carat (^), colon (:), semi colon (;), tab, or a tilde (~).
- 2.1.2 If the customer opts to use an Issued Items File, the Issued Items File shall accurately state the account number, status flag, issue date, payee, serial/check number, and the exact dollar amount of each check drawn on an Authorized Account since the last Issued Items File was loaded.
- 2.1.3 The Customer shall load the Issued Items File to the Bank in an available format, as specified by the Bank and agreed to by the Customer. Customer can request a customized layout to be available from Bank as long as it is created in an acceptable format.
- 2.1.4 In the event of system failure, either that of the Customer's or of the Bank's, and the Issued Items File cannot be received by the Bank or the Bank cannot process the file, the file shall be considered as not received, even if the Bank has possession of the file.
- 2.1.5 An Issued Items File can be loaded in the Cash Management window under the Positive Pay Load Issued Items option.
- 2.1.6 Customer can opt to manually enter Single Issued Items into the Cash Management window under the Positive Pay Enter Single Item option instead of uploading an Issued Items File.
- 2.2 Payment of Presented Checks and Reporting of Rejected Checks.** The Bank shall compare each Presented Check by check number and amount against each Issued Items File or Single Issued Items received by the Bank. On each banking day, the Bank:
- 2.2.1 May pay and charge to the Authorized Account each Presented Check that matched by check number and amount a check shown in any Issued Items File or any Single Issued Items.
- 2.2.2 Shall provide the Customer with updated Positive Pay Rejected Items of any rejected checks presented for payment that do not exactly match to the Issued Items. The Customers can review the Positive Pay Rejected Items online in the Cash Management Window. Rejected items must be determined by the Customer no later than 11:00 am Eastern Standard Time or the default decision of Reject will be processed.
- 2.3 Reject Default.** If Company misses the deadline to process exceptions as outlined in Schedule D, Bank will make final decision of the check(s) based on the defaulted reject decision and not pay the items.
- 2.4 Not Covered.** This Agreement does not cover a check if the Bank has already cashed the check or is already committed to honor or pay the item under applicable laws, regulations or rules governing checks.
- 2.5 Customer and Bank Communications.**
- 2.5.1 The Customer or the Bank, at its discretion, may each submit to the other party a revision of any communication provided for under this Agreement. The revised communication

must (i) be sent in its entirety and not in the form of a partial amendment to the communication originally sent (ii) identify the original communication, and (iii) be sent in the format and medium, by the deadline(s), and at the place(s) established by the receiving party. A properly submitted revised communication serves to revoke the original communication.

- 2.5.2 The Bank shall use only Issued Check Files that comply with Section 2.1 and have not been revoked in accordance with Section 2.5.1 in the preparation of Positive Pay Rejected Items under this Agreement.
- 2.5.3 The Customer shall use only the Positive Pay Rejected Items that comply with Section 2.2 and have not been revoked in accordance with Section 2.5.1 in the preparation of Pay Requests and Reject Requests. The Bank shall not be obligated to comply with any Pay Request or Reject Request received in a formal or medium, after a deadline, or at a place not permitted under this Agreement but may instead treat such a Pay Request or Reject Request as though it had not been received.
- 2.5.4 The Bank is not responsible for detecting any Customer error contained in any Issued Check File, Single Issue Item, Pay Request or Reject Request sent by the Customer to the Bank.
- 2.6 Stop Payments.** A stop payment request can be submitted online to support@northsidebankga.com. Any stop payment request on a Positive Pay item should be received on a business day by 4:00 pm, business day being Monday – Friday, otherwise it will risk being processed the following business day. If you are concerned that the check or item might be paid before the stop payment is effective, you should call the Bank and speak to Operations. However, a written confirmation is required within 14 days of all oral requests.
- 2.6.1 Stop payment requests will be charged a Stop Payment Fee of \$30 per occurrence as outlined on the Rate and Fee Schedule received at account opening.
- 2.6.2 A stop payment against a check or other item payable from your Account will be effective if the Bank receives the request at such time and in such manner as to afford us a reasonable opportunity to act upon the stop payment. A stop payment against a check or other item payable from your Account is effective for six (6) months, but it lapses after fourteen (14) days if the original request was oral and was not confirmed in writing within that period. A stop payment against a check or other item payable from your Account may be renewed for additional six (6) month periods if renewed during a period within which the stop payment request is effective.
- 2.6.3 All stop payments will require you to provide the date, the amount, and the number of the item, together with the name of the payee. If incorrect information is given, the Bank will not be liable for failing to stop payment on the item or authorization. Our acceptance of a stop payment request will not constitute a representation that the item or authorization has not already been paid or that we have a reasonable opportunity to act upon the order. You may not stop payment on an official, certified, cashier's, or teller's check issued by us, or checks governed by a separate agreement, such as a check guaranty agreement. Further you may not stop payment on an item or authorization after acceptance of the same by us.

- 2.6.4 All items that have stop payments will show in the Positive Pay Issued Items list with a status of Issued until the presented item is rejected. At that time, the status will update to Stop Pay and items can then be searched by that status as needed.

3. LIABILITY OF THE BANK; LIMITATIONS ON LIABILITY

- 3.1 GA Uniform Commercial Code Liability.** To the extent applicable, the liability provisions of GA Uniform Commercial Code Article 3 and 4 shall govern this Agreement, except as modified below.
- 3.2 Wrongful Honor.** It shall constitute wrongful honor by the Bank if the Bank pays a Rejected Check listed and reviewed timely in the Positive Pay Rejected Items window of Cash Management and Customer notifies the Bank by the deadline of 11:00AM Eastern Standard Time of its desire to return the item(s).
- 3.2.1 The Bank shall be liable to the Customer for the lesser of the amount of the wrongfully paid Rejected Check or the Customer's actual damages resulting from the Bank's payment of the Rejected Check.
- 3.2.2 The bank expressly waives any right it may have to assert that the Customer is liable for the amount of the wrongfully honored Rejected Check on the grounds that the Rejected Check was properly payable under GA Commercial Code section 4401.
- 3.2.3 The Bank retains the right to assert the Customer's failure to exercise reasonable care under GA Commercial Code sections 3406(a) and 4406(c). The Bank's wrongful honor shall, however, constitute a failure of the Bank to have exercised ordinary care under the loss allocation provisions of GA Commercial Code sections 3406(b) and 4406(e).
- 3.2.4 The bank retains the right to assert the defense that the Customer has sustained no actual damages because the Bank's honor of the Rejected Check discharged for value an indebtedness of the Customer.
- 3.3 Wrongful Dishonor.** Except as provided below, it shall constitute wrongful dishonor by the Bank if the Bank dishonors a Presented Check that the Bank has been ordered by the Customer to pay pursuant to a Pay Request sent to the Bank by the deadline of 11:00 AM Eastern Standard Time.
- 3.3.1 The Bank's liability for wrongful dishonor of a Presented Check shall be limited to the damages for wrongful dishonor recoverable under GA Uniform Commercial Code Articles 3 and 4.
- 3.3.2 Notwithstanding Section 3.3.1, the Bank shall have no liability to the Customer for wrongful dishonor when the Bank, acting in good faith, returns a Presented Check:
- (a) that it reasonably believed was not properly payable; or
 - (b) if there are insufficient Available Funds on deposit in the Authorized Account; or
 - (c) if required to do so by the service of legal process on the Bank or the instructions of regulatory or government authorities or courts.

4. GOVERNING LAW

Governing Law. This Agreement shall be governed by the laws (excluding the law of conflicts) of the State of Georgia and applicable Federal law.

5. GENERAL PROVISIONS

- 5.1 Fees.** Positive Pay fees are part of the Cash Management Bundle offered by Northside Bank. Fees are outlined on the Rate and Fee Schedule received at account opening.
- 5.2 Payment for Services.** The Bank, on a monthly basis, will debit an account maintained at Northside Bank and selected by the Customer for payment of charges due.
- 5.3 Severability.** If any court or tribunal of competent jurisdiction determines that any provision of this Agreement is illegal, invalid, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.
- 5.4 Amendments.** The provisions of this Agreement may be amended only by agreement executed by both parties.
- 5.5 Assignment.** Subject to 3.6, neither party may assign or transfer any of its rights or obligations under this Agreement, but the provisions of this Agreement shall be binding upon and inure to the benefit of any legal successor to the Bank or to the Customer, whether by merger, consolidation or otherwise.
- 5.6 Termination.** Either party may terminate this Agreement by notice to the other. This notice must be received at least three (3) calendar days prior to the termination date specified in such notice. Notwithstanding such termination, this Agreement shall remain in full force and effect as to all Presented Checks that have been presented to the Bank prior to the date of termination. Upon termination of the Positive Pay service, if requested by the Customer, the Bank will provide the Customer (or its representative) with a Periodic Recon Statement that will provide a summary of the account recon activity including items outstanding, items cleared, checks posted, and balancing information. The Cash Management Bundle must be cancelled separately, in writing, to avoid future monthly charges. Said cancellations can be emailed to support@northsidebankga.com. If the bundle is terminated, the ability for ACH Origination and the ability to request wires via online banking will be terminated as well. The Positive Pay service, as part of the Cash Management Bundle, can stop and terminate at any time with the three (3) calendar day prior notice, so all Presented Checks can be cleared. The remaining bundle can stay in place, however monthly charges will remain at bundle pricing.
- 5.7 Waiver.** The waiver by a party to this Agreement of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by the other party.
- 5.8 Entire Agreement.** This Agreement, including attached Schedules A through F, is the entire agreement and understanding between the parties related to the subject matter of this Agreement as of the date hereof and supersedes all prior agreements and understandings between the parties relating to the subject matter of this Agreement. This Agreement does not change the terms of any other agreement, including the Deposit Account Agreement, except that it relates to Positive Pay.

5.9 Headings. Headings to sections of this Agreement or any Addenda are included for ease of reference and shall not be deemed to create rights, remedies, claims, or defenses arising under this Agreement.

5.10 Beneficiaries. This Agreement is for the benefit only of the undersigned parties hereto and is not intended to and shall not be construed as granting any rights to or otherwise benefiting any other person.

The parties hereto have entered into this Agreement as of the date first written above.

Customer

By _____

Title _____

Date _____

Mail Address:

Electronic Address: _____

Northside Bank

By _____

Title _____

Electronic Address: _____

SCHEDULE A - Authorized Accounts

The Customer designates the following accounts as “Authorized Accounts.”

Account Number _____

Account Title _____

SCHEDULE B - Issued Check File

The Issued Check File received by the Bank from the Customer must be submitted on-line in the mutually agreed upon format.

SCHEDULE C - Positive Pay Rejected Items

The Bank shall make available Positive Pay Rejected Items information each business day allowing the Customer sufficient time to review such rejected items and process, if necessary, by the deadline in Schedule D. In the event of system problems and Bank cannot have the Rejected Items information in sufficient time for Customer to respond by deadline, deadline will be extended accordingly. The extended deadline will be communicated to the Customer via e-mail.

SCHEDULE D - Pay Requests and Reject Requests

The Customer shall review and process all exceptions for rejections identified by *11:00 a.m. Eastern Standard Time.

*Bank may, at its sole discretion extend the deadline. Any such extension of the deadline will be communicated to the client by e-mail.

SCHEDULE E - Authorized Representatives

The Customer authorizes the following persons to perform the following functions:

Submit Issued Check Files:

Name _____
Title _____
Email Address _____
Phone Number _____

Name _____
Title _____
Email Address _____
Phone Number _____

Process Rejected Checks:

Name _____
Title _____
Email Address _____
Phone Number _____

Name _____
Title _____
Email Address _____
Phone Number _____

View Account/Check Reports:

Name _____
Title _____
Email Address _____
Phone Number _____

Add Users:

Name _____
Title _____
Email Address _____
Phone Number _____

Name _____
Title _____
Email Address _____
Phone Number _____