

## POSITIVE PAY SERVICES AGREEMENT

1. Meaning of some words. In this agreement:
  - a. "We," "us," "our," and "ours" mean Alden State Bank, 13216 Broadway, P.O. Box 238, Alden, NY 14004-0238.
  - b. "You," "your," and "yours," mean any corporation, partnership, limited liability company or other business organization, or any city, town, village, school district or other governmental body, that enrolls in Positive Pay.
  - c. "Account" means any account of yours, maintained by the Bank, which is covered under this Agreement in Schedule B.
  - d. "Business Day" means any day Monday through Friday except Federal Reserve holidays.
  - e. "Check Issued File" means the record describing checks written by you that are submitted to the Bank for the Account on file.
  - f. "Exception Item" means a Presented Item that does not match an item in your Check Issued File.
  - g. "Item Review" means a report or record describing Exception Item(s) which is provided to you by the Bank.
  - h. "Item" means any Check that has cleared or attempted to clear your Account or is listed in either the Item Review or Check Issued File that you have submitted to the Bank.
  - i. "Pay Request" means your instruction to the Bank to pay an item on the Item Review.
  - j. "Presented Item" means a check or other item drawn on your Account and presented to us for payment through the Federal Reserve.
  - k. "Return Request" means the instructions you have given the Bank not to pay an Exception Item.
2. The Service. Positive Pay (the "Service") is designed to reduce the likelihood that an unauthorized check will be paid against your Account. You will submit electronic files to the Bank that identify checks that have been validly issued by you that have been authorized against your Account. As checks are presented for payment, we will match the incoming checks against the file(s) of issued items. Checks that do not match the check numbers and/or dollar amounts of validly issued items provided by you or exceed any high dollar threshold set by you will be reported electronically back to you by the Bank as an exception. This will enable you to instruct us when to return items drawn on your Account that appear to be counterfeit, altered, or are otherwise not validly issued by you. The Service is available only through our Business Online Banking.
3. Provisions of Services. The services to be provided to you shall include only the services expressly set forth in the Agreement. This Agreement supplements the other terms and conditions set forth in the Bank's Online Banking Agreement (Business). To the extent that there is any conflict between the terms of this Agreement and the Online Banking Agreement, this Agreement will govern. The Bank has the right to determine, in our sole discretion, the nature and extent of the services to be provided. The services described herein are the sole property of the Bank and any third party vendors utilized to provide the service. You shall have no rights to the services, other than those rights expressly granted under this Agreement.
4. File Transmission Requirements. You must transmit the Check Issued File in the file format provided by the Bank.
5. Item Review. The Bank will compare the check numbers and dollar amounts of all checks listed in the Check Issued File received from you to checks presented for payment on the Account(s). The Bank will then prepare an Item Review for the prior Business Day on each Account for which you have requested the Service. The Item Review will list any check which (a) was not included in the Check Issued File, (b) is a duplicate of a previously paid item, (c) is listed in the Check Issued File with a Stop Payment status, (d) does not have a check number, (e) exceeds any high dollar threshold set by you or (f) is listed in the Check Issued File but is dated more than 180 calendar days prior to the date it was presented for payment.

6. **Altered Items.** The Service is not intended to prevent payment of checks that are properly written and issued by you but are thereafter altered (other than the dollar amount) or otherwise misappropriated. For example, the Service will not prevent the payment of a check that is altered by changing the name of the payee after its issuance or bears a forged endorsement.

7. **Deadlines.**

**File Transmission Deadline.** You must provide us with the Check Issued File(s) via the Positive Pay system through Business Online Banking no later than 5:00 PM (*Eastern Standard Time*) on a Business Day. You may send more than one file per day. Check files received after the cutoff time may be processed the next business day.

**Pay/Return Decision Deadline.** You must notify the Bank of any Pay Request or Return Request for all exception items by 12:00 PM (*Eastern Standard Time*) on the same business day that you received the Item Review. Any checks that you have not made a Pay/Return Decision on by 12:00 PM (*Eastern Standard Time*) will be authorized and paid per standard banking procedures. We shall not be required to verify checks on the Item Review against previously cleared or posted items.

8. **Services Fees and Additional Charges.** All service fees and additional charges are outlined in Schedule B of this Agreement. You agree to pay such charges and authorize us to deduct the calculated amount from your designated payment account for the payment amounts as well as any additional charges that may be incurred by you. Any fees associated with your standard deposit accounts will continue to apply. You are responsible for all fees, service charges or data usage amounts that may be assessed by your internet or telephone provider.

9. **Termination.**

The Bank may terminate this Agreement at any time for any reason by providing written notice to you by fax, e-mail or mail. Any termination of this Agreement by us shall not affect any of your obligations under this Agreement regarding all transactions initiated prior to such termination.

You may terminate this Agreement by providing written notice to us; such notice shall be effective the Business Day following our receipt of the cancellation notice.

10. **Reservation of Rights.** We reserve the right to change the fees for Positive Pay or the rules, including but not limited to the required reporting timelines, stated in this Agreement at our discretion by providing written notice to you by fax, e-mail or mail at least 30 Business Days prior to implementing such change.

11. **Confidentiality.** We shall exercise care to preserve your confidential information. You understand and agree that it is within our normal banking procedures to maintain the confidentiality of customer information and prevent unauthorized transactions.

You acknowledge that the service, any database and any proprietary data, processes, methods, information or documentation disclosed or made available as part of the service are the exclusive and confidential property of the Bank. You should use the same care and discretion that we do with respect to your confidential property; in no event should you use less than reasonable care. Upon expiration or termination of this Agreement for any reason, you shall return any and all copies, written and electronic, of such confidential information to the Bank.

12. **Limitation of Liability and Indemnification.** Any item that we return in accordance with the terms of this Agreement will be deemed to be not properly payable. Any item drawn on the Account that you authorize us to pay in accordance with this Agreement will be paid without performing any other check verification procedures.

You hereby agree that, once you have authorized the payment of a check against the Account utilizing the Service, we will have no liability whatsoever for paying the item, regardless of whether or not the item was validly issued or authorized by you and whether or not we have performed any additional verification procedures for the item(s). You (i) agree to indemnify and hold the Bank harmless from any losses or liabilities it may suffer or incur as a result of us returning or paying a check or other debit transaction against the Account based upon your Pay/Return Decision, and (ii) release and forever discharge the Bank, its officers, directors, employees and agents, from any and all manner of action or actions, suits, claims, damages, judgments, levies, executions, expenses, costs, interest, attorney's fees and legal expenses, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, which you have, may or shall have or claim to have against the Bank regarding or relating to the payment or return of any item pursuant to the provisions of this Agreement.

13. Warranties. YOU UNDERSTAND THAT THE BANK DOES NOT MAKE ANY WARRANTIES ON EQUIPMENT, HARDWARE, SOFTWARE OR INTERNET PROVIDER SERVICE, OR ANY PART OF THEM, EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THE BANK IS NOT RESPONSIBLE FOR ANY LOSS, INJURY OR DAMAGES, WHETHER DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, CAUSED BY THE INTERNET PROVIDER, ANY RELATED SOFTWARE, OR THE BANK'S USE OF ANY OF THEM OR ARISING IN ANY WAY FROM THE INSTALLATION, USE, OR MAINTENANCE OF MY PERSONAL COMPUTER HARDWARE, SOFTWARE, OR OTHER EQUIPMENT.
14. What law applies. Any legal question concerning this Agreement, Positive Pay or any matter in dispute between you and us that arises in any way from Positive Pay or your entering into this Agreement will be decided in accordance with, to the extent applicable, federal law, and to the extent that federal law is inapplicable, New York State law without regard to the law of any other state or other jurisdiction.
15. Headings. The headings to sections of this Agreement or any Schedules are included for ease and reference and shall not be deemed to create rights, remedies, claims or defenses arising under this Agreement.
16. Severability. Should any part of this Agreement be held illegal, invalid, or unenforceable, the remaining provisions shall remain in full force and effect.
17. Agreement. By enrolling in Positive Pay, using Positive Pay or allowing anyone else to use Positive Pay as an authorized user on your behalf, you agree to be bound by all provisions of this agreement, all our instructions and requirements concerning Positive Pay and all legal terms and conditions contained on our website or in any Positive Pay document.

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Company

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Company Authorized Signature

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Printed Name

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Title

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Date



Schedule A

**Positive Pay  
Authorized User Access**

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Checking Account Number

**Authorized Users:**

Action:  Add  Change  Remove

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**Positive Pay Access\*\***

Upload Check Issued file:  Yes  No

Decision Check Issued Exceptions:  Yes  No

Decision Large Exception Items:  Yes  No

**Additional Notes:** \_\_\_\_\_

Check marking "Yes" will authorize this user to make decisions whether to pay or return/refuse an item presented for payment.

Action:  Add  Change  Remove

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

**Positive Pay Access\*\***

Upload Check Issued file:  Yes  No

Decision Check Issued Exceptions:  Yes  No

Decision Large Exception Items:  Yes  No

**Additional Notes:** \_\_\_\_\_

Check marking "Yes" will authorize this user to make decisions whether to pay or return/refuse an item presented for payment.

**\*\*For security reasons, it is not recommended to authorize the same user to both upload a Check Issued file and be able to work exceptions. We suggest you have segregation of duties where the user(s) who upload file(s) are different from those user(s) who make the pay/return decisions and approve large item exceptions for payment. We also suggest that the Authorized Users be an authorized signer on the account although this is not required.**

\_\_\_\_\_  
Signature of Authorized Officer

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date



Schedule B  
Positive Pay Fee Schedule

Positive Pay Fee                      \$35/month

\*Other fees may apply and are subject to change without notice