



## Positive Pay Agreement

This Positive Pay Agreement (this "Agreement") between City National Bank & Trust Co, Lawton, Oklahoma, identified as ("Bank"), and \_\_\_\_\_, identified as ("Customer"). The Bank and the Customer agree that the provision by the Bank and the use by the Customer of the Positive Pay Services described below shall be subject to the terms and conditions set forth in the Agreement. This Agreement is intended to supplement the Company's Account Disclosure Agreement and Booklet with the Bank, and the two should therefore be read and construed together. If, however, there is any inconsistency or conflict between the two, the terms and conditions of this Agreement shall govern, but only to the extent necessary to resolve such conflict. Additionally, in event of In the event of inconsistency between a provision of this Agreement and the Oklahoma Uniform Commercial Code, the provisions of this agreement shall prevail.

- I. **Description of Services.** The Positive Pay Service (the "Service") is designed to reduce the likelihood of an unauthorized check and/or ACH will be paid against the Customer's deposit account(s). Customer will submit electronic files to the Bank that identifies checks and/or ACH transactions that have been validly issued by the Customer payable against the account(s) (the "Issued Data File"). As transactions are presented for payment, Bank will match the incoming items against the list of issued items. Transactions that do not match the list of validly issued items provided by the Customer will be reported to Customer by Bank. This will enable Customer to instruct Bank to pay or return transactions drawn on Customer's account(s) that appear to be counterfeit, altered, or are otherwise not validated against the list provided by Customer. The Customer understands the Service will not detect forged indorsements and altered payee names. The Service is available only through the CityNET Business Online Banking Platform.
- II. **Governing Law.** This Agreement and all claims or disputes arising on account(s) of or related in any way to the Customer's use of the Service shall be governed (without regard to conflicts of law) by the laws of the State of Oklahoma and applicable Federal law.
- III. **Fees.** The Bank may, on a monthly basis, debit a Customer account maintained at the Bank for payment of charges due. The Bank's rate for the Positive Pay Service has a \$40.00 monthly service charge and a \$0.05 per item charge. In addition to the monthly fee, Business agrees to pay \$1.00 per month for each block or filter. These fees will be in addition to any charges associated with the account(s) the Company maintains with the Bank. Customer agrees that account \_\_\_\_\_ will be automatically drafted for the fees listed above.

- IV. a. The Customer designates the following account(s) as “Authorized Account(s)” to the Service:

Account Number	Account Title
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

- b. Customer has provided the Bank with a list of Authorized Users shown on Schedule A. The Bank may rely on any communication received from a person purporting to be an Authorized User listed on Schedule A.

- V. **Issued Data File.** The Customer shall submit an Issued Data File to the Bank in the format and medium, by the deadline(s) at scheduled day(s), and at the place(s) specified by the Bank and agreed to by the Customer. Customer will provide Bank with the complete issue date, serial number (if applicable) and amount of each transaction on the account(s), since the last Issued Data File was submitted. Customer agrees to provide the Issued Data File to the Bank on the same day that the transactions are issued. The Bank will utilize the Issued Data File to electronically compare transactions presented against the account(s). In the event of system failure, either that of the Customer’s or of the Bank’s, and the Issued Data 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 procession of the file. (See Section IX of this Agreement for deadlines.)

VI. **Reporting of Exception Items and Payment of Presented Checks.**

- a. **Exception Item Alerts.** The Customer will provide the Bank with the name of an Authorized User from Schedule A and their valid email address in which to notify the Customer in the event that a transaction has been presented for payment that does not match the Issued Data File (“Exception Item”).
- b. **Payment of Matching Transactions.** If transactions presented against the account matches the Issued Data File, Bank will make final payment and charge the matched transaction to the account(s).

- c. **Failure to Make a Pay/Return Decision.** In the event that Customer fails to notify Bank of Customer's Pay/Return Decision on an Exception Item by the Pay/Return Deadline, Customer will be conclusively presumed to have explicitly instructed the Bank to return the Exception Item to the depository bank. (See Section IX of this agreement for deadlines.)
- d. **Pay Request.** If Customer is informed by Bank that an Exception Item has been identified, Customer is required to instruct Bank through the Positive Pay System to pay the Exception Item, or it will be returned. Each Exception Item must be identified by complete serial number and dollar amount using the Business Online Banking System. Customer may view the images of Exception Items prior to making the Pay/Return decision. Bank is under no obligation to pay an Exception Item if the Pay/Return Decision is received by Bank after the Pay/Return Deadline. (See Section IX of this agreement for deadlines.)
- e. **Not Covered.** This Agreement does not cover a transaction if the Bank has already cashed the check through presentment over-the-counter or is already committed to honor or pay the item under applicable laws, regulations, or rules governing check and ACH transactions.
- f. **Stop Payments.** The Positive Pay Service shall not be used as a substitute for Bank's stop payment service. Customer agrees to follow Bank's standard stop payment procedures if it desires to return a matching or other transaction that was validly issued. Nothing in this Agreement will limit
  - i. Customer's right to stop payment on any matching or other transaction,
  - ii. Bank's right to return any matching or other transaction that Customer has authorized Bank to pay if Bank determines, in its sole discretion, that the transaction is not properly payable for any reason, or
  - iii. The right of the Bank to return any transaction or when there are insufficient funds in account(s).

Nothing in this Agreement will be construed as obligating the Bank to perform any verification procedures on any transaction that the Customer has authorized the Bank to pay, although the Bank may choose to perform certain verification procedures if it chooses to do so in its sole discretion.

- VII. **Block/Filter Services.** As provided in this Agreement, specified transactions may be subject to block and or filter services on the terms set forth in Schedule B. In all cases, Customer must provide Bank with all information required by Bank in order to permit Bank to deliver block and/or filter services. Unless Customer has provided Bank with sufficient information to block or filter entries, Bank may pay items to account(s) that is not blocked or filtered.

**VIII. Customer and Bank Communications.** 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,

- a. Be sent in its entirety and not in the form of a partial amendment to the communication originally sent,
- b. Identify the original communication, and
- c. 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.

- d. Bank shall provide the Block/Filter services in response to a request that complies with all provisions of this Agreement and has not been revoked as provided in this Agreement.
- e. Customer shall use only Exception Item Reports that comply with this Agreement and have not been revoked in accordance with this Agreement in the preparation of Pay Requests and Return Requests. Bank shall not be obligated to comply with any Pay Requests or Return Requests received in a non-standard format or medium, after deadline, or at a place not permitted under this Agreement but may instead treat such Pay Request or Return Request as though it had not been received.
- f. The Bank is not responsible for detecting any Customer error contained in any Issued Data File or any Payment Request or Return Request sent by the Customer to the Bank.

**IX. Deadlines.**

- a. **File Transmission Deadline.** Customer must provide Bank with the Issue Data File via the Positive Pay System, no later than 5pm (CST) on a business day. "Business Day" is any day Monday through Friday, except Federal Holidays. Customer may send more than one file per day. Issue Data Files that are received by the Bank after 5pm will be processed the next business day.
- b. **Pay/Return Deadline.** Customer must notify Bank of its Pay/Return decision for all Exception Items by 12pm (CST) on the same business day that Customer was notified of the Exception Items. The Customer's failure to provide its Pay/Return Decision via the Positive Pay System by 12pm (CST) on the same business day that the Customer was notified of the Exception Items will be considered by the Bank to be explicit authorization by Customer to return all Exception Items for that day.

- c. **Exception Items Ready to Process Deadline.** The Bank will alert the Customer via email if any exceptions are generated by 9:00am (CST).
  - d. **Stop Payment.** The deadline for placing a stop payment with the Call Center or a branch is 7pm (CST) Monday thru Friday, or Saturday 4pm (CST), except Federal Reserve Holidays. The deadline for placing a stop payment via online banking is 4pm (CST). Stop Payment requests received after the deadlines will be processed on next business day.
- X. **Confidentiality.** The Customer acknowledges that it will have access to certain confidential information regarding the Bank's execution of service(s) contemplated by this Agreement. The Customer shall not disclose any such confidential information of the Bank and shall use such confidential knowledge only in connection with the transactions contemplated by the Agreement.
- XI. **Limitation of Liability and Indemnification.** Any transaction that Bank returns in accordance with the terms of this Agreement will be deemed to not be properly payable. Any transaction drawn on the account(s) that customer authorizes Bank to pay in accordance with this Agreement will be paid without Bank performing any other transaction verification procedures. Customer hereby agrees that, once Customer has authorized the payment of a transaction or other debit transaction against the account(s) utilizing the Bank's Positive Pay Service, Bank will have no liability whatsoever for paying the transaction, regardless of whether or not the item was validly issued by Customer and whether or not Bank has performed any additional verification procedures for the item. Customer
  - a. Agrees to indemnify and hold Bank harmless from any losses or liabilities it may suffer or incur as a result of Bank returning or paying a transaction or other debit transaction against the Account based upon Customer's Pay/Return Decision, and
  - b. Releases and forever discharges Bank, its officers, directors, employees, and agents, from any and all manner of action or actions, suits, claims, damages, judgments, levies, executions, and expenses, costs, interest, attorney's fees and legal expenses, whether known or unknown, liquidated or unliquidated, fixed contingent, direct or indirect, which Customer has, or ever can, may or shall have or claim to have against bank regarding or relating to the payment or return of any transaction pursuant to the provisions of this Agreement.
- XII. **Force Majeure.** The Bank shall not be responsible for any failure to act or delay in acting if any such failure is caused by legal constraint, the interruption of transmission or communication facilities, computer malfunction or equipment failure, war, emergency conditions, or other circumstances beyond the Bank's reasonable control. In addition, the Bank shall be excused from failing to transmit or delay in transmitting a transaction if such transmittal would result in the Bank's having violated any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other governmental regulatory authority.

- XIII. Indemnification.** Customer shall defend, indemnify, and hold harmless Bank and its officers, directors, agents, and employees from and against any and all actions, costs, claims, losses, damages, or expenses, including attorney fees and expenses at trial and on appeal, resulting from or arising out of
- a. Any breach of any of the agreements, representations, or warranties of Customer contained in this Agreement,
  - b. Any act or omission of Customer or any other party acting on behalf of the Customer, or
  - c. Customer instructions that are not in precise compliance with this Agreement including applicable Schedules.
- XIV. 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.
- XV. Amendments.** The provisions of the Agreement may be amended only by agreement executed by both parties.
- XVI. Assignments.** Neither part may assign or transfer any of its right or obligations under this Agreement, but the provisions of this Agreement shall be binding upon and benefit any legal successor to the Bank or to the Customer, whether by merger, consolidation or otherwise.
- XVII. Termination.** The Bank may terminate this Agreement immediately by notice to the Customer, or without notice if the Customer breaches any of its obligations under this Agreement. The Customer may terminate this Agreement at any time upon thirty (30) day's prior notice to the Bank. Termination shall not affect any of the Bank's rights or the Customer's obligations under this Agreement prior to such termination. Upon termination, if requested by the Customer, the Bank will provide the Customer (or its representative) with an outstanding transaction report.
- XVIII. 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.
- XIX. Entire Agreement.** This Agreement, including attached Schedules, is the entire Agreement and understanding between the parties related to the subject matter of this Agreement as the date hereof and supersedes all prior agreements and understanding between the parties relating to the subject matter of the Agreement. This Agreement does not change the terms of any other agreement, including the Deposit Account Agreement, except as it relates to Positive Pay.

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

**XXI. 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 set forth below:

\_\_\_\_\_  
President/CEO/Business Owner Signature

\_\_\_\_\_  
CNB Authorized Signature

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date



**Schedule A:**  
**Authorized Users for Positive Pay Services**

**User 1**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Phone Number

**User 2**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Phone Number

**User 3**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Phone Number

The above users have been identified as those authorized by Company to have access to the Positive Pay Services.

\_\_\_\_\_  
President/CEO/Business Owner Signature

\_\_\_\_\_  
CNB Authorized Signature

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date





## Schedule B: Block or Filter Services

Customer may provide standing instructions to Bank to manage transaction activity on the terms specified below. No instructions shall be binding on Bank unless they are in writing, on a Schedule D Form, and are received in such time as to provide Bank a reasonable opportunity to act thereon.

Notwithstanding any instructions received by Bank in connection with the Block/Filter Services, Bank may charge Customer's account via any fees, charges, or payments in connection with transactions or services provided to customer or any transactions that Bank is required to accept under applicable rules, operating circulars, guidelines, or regulations. Customer may provide different instructions for different accounts by executing a separate version of this Schedule B for each account.

- **Effective Date/Termination Date.** Bank will make reasonable efforts to have the Block/Filter Service become effective, to be discontinued, or to have changes in the service become effective on the date indicated on the this Schedule form, but Bank will not be liable for any failure to start, discontinue, or change the service by a particular date. Bank retains the right to terminate the Block/Filter Service for any reason including without limitation an excessive number of requests for change in transactions that are permitted as Exceptions.
- **Updates and Changes to Block/Filter Services.** Any changes or updates to Block/Filter Services must be done in writing and be submitted on a new Schedule B. Company will make identify those Blocks/Filters that are still to remain effective are identified and those that are to be removed are listed in the removal section of the Schedule B.
- **Specific Instructions.** Customer hereby instructs Bank to Block/Filter the following:

### **ACH Block/Filters**

Bank shall be entitled to rely exclusively on the originator identification number provided in Customer's written instructions in implementing any ACH Block, and Customer understands that any error made by Customer in furnishing the identification number will make the block instructions ineffective.

[illegible]

**Check Block/Filters**

Account Number	Serial Number	Amount Filter	Amount

**Revoked Block or Filter****ACH Block/Filters**

Account Number	Company Name	ACH Company ID	Debit/Credit	Amount Filter	Amount

**Check Block/Filters**

Account Number	Serial Number	Amount Filter	Amount

**Company agrees and acknowledges that this Schedule B will replace any previous requests in relation to the Block/Filter Services.**

\_\_\_\_\_  
President/CEO/Business Owner Signature

\_\_\_\_\_  
CNB Authorized Signature

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

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date