

Company Name:

Company EIN:

This Positive Pay Service Agreement (“Service Agreement”) made as of \_\_\_\_\_ and in conjunction with the Treasury Management Services Master Agreement (“Master Agreement”) govern the Positive Pay services granted by California Bank of Commerce (“Bank”) to \_\_\_\_\_ (“Company”) as identified in the Treasury Management Services Application (“Application”) submitted by Company. All terms and conditions herein shall apply, unless specified otherwise. In the event of conflicts between the terms of this Service Agreement and the terms of the Deposit Account Agreements and/or the Master Agreement, the terms of this Service Agreement shall control.

Bank and Company hereby agree as follows:

## 1. DEFINITIONS

**Authorized User:** Any individual, agent, or sub-user whom you allow to use the Service. The Company gives authority for the Authorized Users established through the Sub-User Administration function within internet banking to have access and privileges to the account(s) for which this Agreement applies. If this Bank is contacted by a person whom we believe to be your Authorized User and who requests that we pay or return exception items, or who provides other Positive Pay information to us, we shall be entitled to rely upon such instructions and information in good faith.

Company will be solely responsible for designating its Authorized Users and assigning privileges to use the Positive Pay Service. Bank and its Service Providers agree to act upon and Company agrees to be bound by any transaction, instruction, or direction whether or not authorized, that is properly authenticated with an access ID and passcode of an Authorized User.

Furthermore, any instruction, direction, or other information provided by any Authorized User will be deemed to have been authorized by the Company. Bank and its Service Providers will not be responsible for verifying the identity or authenticity of any person claiming to be an Authorized User of the Company.

**Business Day:** Monday through Friday, excluding Federal Reserve holidays.

**Positive Pay:** Cash management service that provides commercial customers a process to monitor checks clearing their accounts. Our online Positive Pay system assists customers in identifying fraudulent transactions by comparing an “issued” check/payment file with a “processed” check/payment file and the system facilitates notification to this Bank of any exceptions.

**Payee Validation:** Optional service that attempts to match the payee reported on the issued list with the payee on the check clearing against the bank account.

**Exception Items:** Refers to check items presented for payment to this Bank, which are not on the Company’s list of issued checks as entered into the online Positive Pay Service or checks in which discrepancies have been found between the issued item and presented item. The following criteria will be used in determining Exception Items.

- *Amount* – Is the amount of the check presented for payment different from the amount listed in the Company’s issued items file?
- *Status* - Has the item been identified as “stopped” or “void” in the Company’s issued items file?
- *Check Number* - Is the Check number in the Company’s issued items file?
- *Cleared* - Has the item already cleared the account?
- *Payee Matching* – Does the payee match the issued items file?

If the checks presented for payment against the Company’s designated account(s) do not any match the established criteria, then such item shall be designated as an Exception Item.

**Cut-Off Time:** Refers to the deadline by which we must receive your pay or return instructions for Exception Items. The designated cut-off will be displayed in the Online Banking platform.

**Service Provider:** Includes any agent, licensor, independent contractor or subcontractor that Bank may involve in the provision of Internet Banking and Positive Pay Services.

**2. DELIVERY REQUIREMENTS**

On the designated Company accounts, Company shall by the end of each Business Day (5:00 p.m. PT) either import a file containing the following data or manually enter this data into the Service:

- issue date of checks
- check number
- amount of the check issued
- payee (required for the optional payee validation service)

Bank shall deliver to Company each Business Day by the designated Cut-Off Time an electronic report of daily exceptions. The Company shall review this daily exception report, which shall include Exception Items. Company shall then specify which items shall be paid or returned. Company must make the “pay” or “return” designations by the Bank’s designated Cut-Off Time. All items noted on the daily exception list shall be **returned** unless otherwise specified by Company.

**3. CHECK STANDARDS**

If you order or print checks from any check-printing vendor other than Bank, you agree to insure that the MICR encoding ink is of high quality. Not using high quality MICR ink could result in a large number of Exception Items and higher costs to you.

**Minimum Check Standards and Specifications.** Company will ensure that all issued checks will be of minimum American National Standards Institute with respect to character position and formation.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above set forth.

\_\_\_\_\_  
Signature & Date:

CALIFORNIA BANK OF COMMERCE, N.A.  
Signature & Date:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Email Address: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Email Address: \_\_\_\_\_

**SCHEDULE A – ACCOUNT AUTHORIZATIONS**
**File Transfer Using Online Positive Pay Service**

On the designated Company accounts, Company shall by the end of each Business Day either import a file or manually enter this data into the Service.

Accounts Options

Account Number	Payee Validation
	No
	No
	No
	No
	No

Bank shall deliver to Company each Business Day by 06:00 a.m. Pacific Time an electronic report within online banking of exception items. The online banking exception report will not include any items flagged as a result of the Low Check Number, High Check Number, or Amount Limit values.

**Payee Validation Guidelines**

If client has opted for optional Payee Validation Service, Bank will provide client with copy of Positive Pay Service Payee Validation Guidelines. Client agrees to print checks in accordance with the guidelines provided. Failure to follow guidelines may result in higher than normal rate of exception items flagged for Payee Mismatch.

**METHOD OF PAYMENT**

- Charge Account #
- Add to Account Analysis on Account #