

Arrow Bank National Association

ACH Positive Pay Service Terms & Conditions

By using ACH Positive Pay Services, you accept all of the Terms & Conditions outlined below. Please read all parts carefully.

DESCRIPTION OF SERVICE

ACH Positive Pay (service) is a service that permits Customer to protect Customer's designated account(s) for ACH Debit Entries. For the security of Customer's account(s) Customer may wish to block all ACH Debit Entries or set rules to allow only those ACH Debit Entries from approved Originators. Customer may use ACH Positive Pay Service to authorize or reject incoming ACH debits against Customer Account(s) via Business Online Banking Service.

TERMS OF SERVICE

- A. Before using the service, Customer must be using the Bank's Business Online Banking. Persons authorized by Customer to perform certain duties in connection with the Bank's Business Online Banking service shall be deemed authorized persons for the service. Bank may rely on instructions from any person identifying himself or herself as a person so authorized by Customer.
- B. This service permits Customer to preauthorize ACH Entries by designated Originators and to view and decision (pay or return) non-preauthorized ACH Entries each Banking Business Day. Customer will have an option within the Bank's Business Online Banking to work exceptions as they arise. It is Customer's responsibility to work the ACH Positive Pay exceptions daily between the hours of **8:00am (ET) and 11:00 am (ET).** Customer acknowledges that it must fulfill its responsibilities in connection with this service on each Banking Business Day whether or not Customer is open for business.
- C. ACH Entries that Customer chooses to pay will flow through the normal ACH processing system and post to Customer's deposit account(s). ACH Entries that Customer chooses to return will not post to Customer's deposit account(s) and will be returned to the Originator. Any ACH Entry for which Customer does not make a decision to pay or return by **11:00 am (ET)** will be returned automatically as unauthorized.
- D. Customer accepts the responsibility to identify and define the rules for all pre-authorized ACH Transactions through the ACH Positive Pay Service which is accessed through the Bank's Business Online Banking.

If a debit is processed or returned through the ACH system, due to incorrect information given to the Bank by Customer concerning such ACH, then the Bank is not responsible for the processing of any such ACH as long as it has otherwise exercised reasonable care in complying with applicable law and the Bank's own procedures. Any unauthorized payment or wrongly made decision entered through Customer's Business Online Banking shall be presumed to have been caused by the Customer's lack of care in decisioning ACH transaction.
- E. The Terms & Conditions does not apply to transactions between the Bank and Customer; the Bank may process ACH transactions which Customer has authorized the Bank to originate, such as loan payments, bill payment when using Bill Pay services through Business Online Banking, the fee for check printing when purchased through Bank, whether or not specified in these Terms & Conditions. If Customer is an ACH Originator with the Bank, directly or through a Third-Party Processor or Sender, all debits and credits originated by Customer or on Customer's behalf are not covered by these Terms & Conditions and will post to Customer's account. The Bank may also process any ACH transactions which it is required to process under NACHA rules, operating circulars, or any other applicable rule, guideline, or regulation.
- F. ACH Debit Entries received prior to the setup of the ACH Positive Pay Service may be posted to Customer's deposit account(s) in accordance with the NACHA Rules.
- G. Customer's Primary Administrator has the authority to grant additional users access to the ACH Positive Pay Service in Business Online Banking.

LIABILITY

The Customer hereby indemnifies and holds the Bank harmless from and against all liabilities and expenses, including attorneys' fees incurred by the Bank as a result of following an ACH Positive Pay order made by the Customer and any termination or modification of that order by the Customer.

The Bank's responsibility hereunder is limited to the exercise of ordinary care in the performance of the services. Customer assumes full responsibility for decisions to pay or return, and in granting individuals access to Customer's Business Online Banking, and Bank is entitled to rely on and act upon the Customer's decisions, made through Customer's Business Online Banking, unless Bank at the time Bank acts, Bank has obtained actual knowledge that an ACH was placed by a person without authority. The Customer hereby agrees that, except to the extent resulting directly from the Bank's gross negligence or willful misconduct, the Bank will not be liable for any loss or damages whatsoever including, without limitation, damage suffered by the Customer or any other person or entity in connection with (i) the performance of these Terms & Conditions or the services, (ii) the Customer's erroneous or negligent payment or return of an ACH, (iii) the Customer's breach of its representations, warranties, or obligations under these Terms & Conditions, (iv) Customer's establishment or use of its security standards, policies and/or safeguards, (v) the actions or omissions of third-parties, (vi) or the Bank's or its agent's inability to render the services due to natural or man-made disaster, power or equipment failure, severe weather condition,

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war, terrorists acts, emergency conditions, legal or government constraints or its use of any correspondent or agent, or any other cause beyond the Bank's reasonable control. In no event shall the Bank be liable for consequential damages. This section shall survive the termination of these Terms & Conditions.

TERMINATION OF SERVICE

A. Termination by the Bank

The Bank reserves the right to terminate these Terms & Conditions at any time. Termination is immediate by providing written notice of such termination to Customer via email and / or first-class mail, both of which shall be effective upon mailing. Reasons for termination may include but are not limited to: willful misconduct by the Customer or its agents, a breach of security, or unauthorized activity involving the account. The Bank is not required to have a reason for termination or provide any reason to the Customer.

B. Termination by the Customer

The Customer may terminate these Terms & Conditions at any time. Such termination shall be effective within five (5) business days following the day of Bank's receipt of written notice of such termination or such later date as is specified in that notice.

Amendments

From time to time Bank may amend any of the terms and conditions contained in these Terms & Conditions, including without limitation, any cut-off time, any business day, or other. Such amendments shall become effective upon notice when required to Customer or such later date as may be stated in Bank's notice to Customer, which shall be provided via email or first-class mail.

Service Fees

The Customer shall pay the Bank the charges for the services provided in connection with these Terms & Conditions as detailed in ACH Positive Pay Fee Schedule. All fees and services are subject to change.

ACH POSITIVE PAY FEE SCHEDULE

SERVICE FEES

ACH Positive Pay Service Fee: \$15.00 per account per month

Fees associated with this ACH Positive Pay Service are subject to change at the Bank's discretion at any and all times. The Bank will evaluate the fee(s) for these services minimally on an annual basis. Notice of such change will be provided prior to the effective date of change.