

**PROFESSIONAL SERVICES CONTRACT TO PROVIDE UTILITY  
BILLING REMITTANCE PROCESSING SERVICES  
(LOCKBOX SERVICES)**

This contract is entered into and effective on 5/24/17 by and between the CITY OF STOCKTON, hereinafter referred to as "CITY," and BANK OF THE WEST (BANK), hereinafter referred to as "FIRM"

**Section 1  
SCOPE OF SERVICES**

Subject to the terms and conditions set forth in this Agreement, FIRM shall provide CITY the services described in Exhibit A, entitled "Scope of Services," and Exhibit C, excluding the pricing schedule attached thereto, entitled "Bank Proposal" attached to this Agreement and incorporated by reference. FIRM shall not be compensated for services outside the scope of services as set forth in Exhibit A and Exhibit C unless, prior to the commencement of such services: (a) FIRM notifies CITY and CITY agrees that such services are outside of the scope of services to be performed; (b) FIRM estimates the additional compensation required for the additional services; and, (c) CITY, after notice, approves the additional services and amount of compensation.

**Section 2  
COMPENSATION**

CITY shall pay FIRM for services rendered pursuant to this Agreement in the manner as set forth in Exhibit B, entitled "Compensation," attached to this Agreement and incorporated by reference. Payments specified in Exhibit B shall be the only payments to be made to FIRM for services rendered pursuant to this Agreement unless, pursuant to Section 1 above, CITY approves additional compensation for additional services.

FIRM's total annual compensation for all the services listed under Exhibit B is \$62,849. It is possible that some or all contract cost may be offset by an earnings credit rate provided by the bank based upon the average monthly balance maintained by the City specified in Exhibit C. The firm will submit monthly invoices to the CITY for services completed and reasonable expenses incurred to the date of the invoice via client analysis statements. All invoices will be itemized to reflect the volume of transactions and all associated fees.

All invoices sent by FIRM to CITY shall be paid within thirty (30) days of receipt, provided supporting narrative and transactions consistent with the contract's scope of work are included and acceptable to the CITY.

**Section 3  
TERMS AND CONDITIONS OF AGREEMENT**

1. Time for Commencement and Completion of Services: FIRM shall commence services on the date first set out above, and shall expire on June 30, 2022,

2017-05-09-1402 LP

unless the agreement is terminated, as provided for herein or modified by CITY and agreed to by FIRM.

2. Facilities and Property: CITY agrees to make its facilities accessible to FIRM as required for FIRM's performance of its services.

3. License, Permits, and Compliance with Law: Prior to performing any services for CITY, FIRM, if not already in possession of a valid City of Stockton business license shall obtain one at its own expense and maintain it for the duration of this Agreement. In addition, FIRM represents that prior to commencing any services under this Agreement, it shall obtain and maintain at its own expense during the life of this Agreement any other licenses, permits, qualifications, and approval required to practice its profession and perform the contract services and shall comply with any and all applicable local, state, and federal laws in performing the contract services.

4. Relationship of Parties, No Third-Party Beneficiaries: FIRM is an independent contractor under this Agreement. This Agreement gives no rights or benefits to anyone not named as a party to this Agreement, and there are no third party beneficiaries to this Agreement. In the exercise of rights and obligations under this Agreement, FIRM acts as an independent contractor and not as an agent or employee of CITY. CITY shall not control where and how services are performed. CITY shall not reimburse FIRM for business expenses or supplies and shall not provide FIRM with vacation, pension, insurance, or sick leave. FIRM shall provide FIRM'S own office, tools, and supplies and shall be free to engage in contracts with other persons or agencies, either public or private. FIRM shall not be entitled to any rights and benefits accorded or accruing to the City Council members, officers or employees of CITY, and FIRM expressly waives any and all claims to such right and benefits.

5. Subcontracts: FIRM may use the services of independent contractors to perform a portion of its obligations under this Agreement with prior approval by CITY. Independent contractors and subcontractors shall be provided with a copy of this Agreement and shall agree to be bound by its terms. FIRM shall be the responsible party with respect to all actions of its independent contractors and subcontractors, and shall obtain such insurance and indemnity provisions from contractors and subcontractors as FIRM shall determine to be necessary.

6. No Discrimination: In performing the services under this Agreement, FIRM shall not discriminate in the employment of its employees and the engagement of any subcontractors on the basis of race, religion, color, national origin, ancestry, disability, marital status, pregnancy, medical condition, gender, sexual orientation, or political opinions or affiliation or any other criteria prohibited by law.

7. Insurance Requirements: FIRM shall comply with the insurance requirements set forth in Exhibit D, attached to this Agreement and incorporated by reference. In addition, FIRM, in accordance with the provisions of Section 3700 of the California Labor Code, shall secure at its own expense and maintain during the life of this Agreement, Workers' Compensation coverage for its employees as necessary to protect FIRM and its

employees under the Workers' Compensation Insurance and Safety Act. Such insurance shall be in a standard form and shall relieve CITY of all responsibility for such claims and or liability. FIRM shall, prior to undertaking the work contemplated herein, supply CITY with a certificate of insurance evidencing that said insurance coverage is in full effect.

8. Indemnity and Hold Harmless: With the exception that this section shall in no event be construed to require indemnification by FIRM to a greater extent than permitted under the public policy of the State of California, FIRM shall, indemnify, protect, defend with counsel approved by CITY and at FIRM'S sole cost and expense, and hold harmless CITY, its Mayor, Council, officials, representatives, agents employees and volunteers from and against any and all claims, causes of action, liabilities, judgments, awards, losses, liens, claims, stop notices, damages, expenses, and costs (including without limitation attorneys' fees, expert and FIRM fees, and other expenses of litigation) of every nature, including, but not limited to, death or injury to persons, or damage to property, which arise out of or are in any way connected with the work performed, materials furnished, or services provided under this Agreement, or from any violation of any federal, state, or municipal law or ordinance, or CITY Policy, by FIRM or FIRM'S officers, agents, employees, volunteers or subcontractors. FIRM shall not be obligated to indemnify or defend CITY for claims finally determined by a court of law or arbitrator to arise from the active negligence or willful misconduct of the CITY. It is the intent of the Parties that this indemnity obligation is at least as broad as is permitted under California law. To the extent California Civil Code sections 2782, et seq., limit the defense or indemnity obligations of FIRM to CITY, the intent hereunder is to provide the maximum defense and indemnity obligations allowed by FIRM under the law. The indemnity set forth in this section shall not be limited by insurance requirements or by any other provision of this Agreement.

With the exception that this section shall in no event be construed to require indemnification, including the duty to defend, by FIRM to a greater extent than permitted under the public policy of the State of California, the parties agree that FIRM'S duty to defend CITY is immediate and arises upon the filing of any claim against the CITY for damages which arise out of or are in any way connected with the work performed, materials furnished, or services provided under this Agreement by FIRM or FIRM'S officers, agents, employees, volunteers or subcontractors. FIRM'S duties and obligations to defend the CITY shall apply regardless of whether or not the issue of the CITY'S liability, breach of this Agreement, or other obligation or fault has been determined. FIRM shall be immediately obligated to pay for CITY'S defense costs of the claim, including, but not limited to, court costs, attorney's fees and costs, expert FIRM and witness fees and costs, other witness fees, document reproduction costs, arbitration fees, and, if after final judgment an appeal is pursued, all of such costs for the appeal. At the conclusion of the claim, if there is any determination or finding of sole active negligence or willful misconduct on the part of the CITY, CITY will then reimburse FIRM for amounts paid in excess of FIRM'S proportionate share of responsibility for the damages within 30 days after FIRM provides CITY with copies of all bills and expenses incurred in the defense of the claim(s). It is agreed between the parties that this reimbursement provision assures FIRM is not obligated to defend or indemnify CITY in an amount greater than provided for under California law, including, without limitation, California Civil Code sections 2782, 2782.6, and 2782.8.

With the exception that this section shall in no event be construed to require indemnification by FIRM to a greater extent than permitted under the public policy of the State of California, and in addition to the other indemnity obligations in this Agreement, FIRM shall indemnify, defend, and hold harmless CITY its Mayor, Council, officials, representatives, agents employees and volunteers from and against all claims, losses, expenses, and costs including but not

limited to attorneys' fees, arising out of any claim brought against the CITY by an employee, office, agent, or volunteer of FIRM, regardless of whether such claim may be covered by any applicable workers compensation insurance. FIRM'S indemnification obligation is not limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the FIRM under workers' compensation acts, disability acts, or other employee benefit acts.

9. Standard of Performance: FIRM shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession. All services and/or products of whatever nature that FIRM delivers to CITY pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person practicing the profession of FIRM and its agents, employees, and subcontractors assigned to perform the services contemplated by this Agreement.

10. Ownership and Use of Documents and Electronic Media Deliverables: All completed reports and other data or documents provided or prepared by FIRM in accordance with this Agreement are the property of CITY, and may be used by CITY at its own risk.

11. Resolutions of Disputes, Forum, and Attorneys' Fees: The laws of the State of California shall govern the interpretation of and the resolution of disputes under this Agreement. Any dispute arising from this Agreement shall be adjudicated in the courts of San Joaquin County in the State of California. If any claim, at law or otherwise is made by either party to this Agreement, the prevailing party shall be entitled to its costs and reasonable attorneys' fees.

12. Termination: This Agreement shall continue until terminated as provided for herein. CITY may terminate this Agreement at any time by providing written notice to FIRM. FIRM may terminate this Agreement by providing thirty (30) days written notice to CITY. In the event CITY shall give such notice of termination, FIRM shall immediately cease rendering services pursuant to this Agreement.

In the event CITY shall terminate this Agreement: (a) CITY shall have full ownership and control of all writings which have been delivered by FIRM pursuant to this Agreement and all drafts of reports and writings which form the basis for any writing or report which would have been otherwise delivered to CITY pursuant to this Agreement; (b) CITY shall pay FIRM the reasonable value of services rendered by FIRM pursuant to this Agreement; provided, however, CITY shall not in any manner be liable for lost profits which might have been made by FIRM had FIRM completed the services required by this Agreement. In this regard, FIRM shall furnish the CITY such financial information as in the judgment of the CITY representative is necessary to determine the reasonable value of the services rendered by FIRM.



13. Notices: All notices, requests, demands and other communications hereunder shall be deemed given only if in writing signed by an authorized representative of the sender (may be other than the representative referred to in Paragraph 13 above), and delivered by facsimile with a hard copy mailed first class, postage prepaid, or when sent by a courier or express services guaranteeing overnight delivery to the receiving party, and addressed to the respective party as follows:

To CITY: Kurt Wilson  
City Manager  
City of Stockton, Office of the City Manager  
425 N. El Dorado Street.  
Stockton, CA 95202

To FIRM: Daniel Campbell  
Vice President  
Bank of the West  
500 Capitol Mall, Suite 1200  
Sacramento, CA 95814

14. Entire Agreement: This document, including all exhibits, contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement.

15. Severability: If any portion of this Agreement or its application to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

16. Headings, Assignment and Waiver: The headings in this Agreement are inserted for convenience only and shall not constitute a part of it. Neither party to this Agreement shall assign its duties and obligations hereunder without the prior written consent of the other party. A waiver of any part or any provision of this Agreement, or a waiver of any breach of this Agreement, must be provided in writing and shall not be construed as a waiver of any other provision or any succeeding breach of the same or any other provisions herein.

17. Auditing: CITY reserves the right to periodically audit all charges made by FIRM to CITY for services under this Agreement. Upon request, FIRM agrees to furnish CITY, or a designated representative, with necessary information and assistance.

FIRM agrees that CITY or its delegate will have the right to review, obtain, and copy all records pertaining to the performance of this Agreement. FIRM agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspection and copying such books, records, accounts, and other material that may be relevant to a matter under investigation

for the purpose of determining compliance with this requirement. FIRM further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

18. Integration and Modification: This Agreement represents the entire integrated agreement between FIRM and CITY; supersedes all prior negotiations, representations, or agreements, either written or oral, between the parties; and may be amended only by written instrument signed by FIRM and CITY.


19. Authority: The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

IN WITNESS WHEREOF, CITY and FIRM have executed this Agreement as of the date first above written.

CITY OF STOCKTON,  
a municipal corporation

BANK OF THE WEST

By

  
KURT WILSON  
CITY MANAGER

By

 5/8/17  
DANIEL CAMPBELL  
VICE PRESIDENT

ATTEST:

  
for BONNIE PAIGE  
CITY CLERK OF THE CITY OF  
STOCKTON



APPROVED AS TO FORM AND  
CONTENT:

  
JOHN M. LUEBBERKE  
CITY ATTORNEY

## EXHIBIT "A"

### SCOPE OF SERVICE

The scope of services being requested includes but is not limited to the services listed below. The City of Stockton strongly encourages all institutions to propose new technological and other advancements to make current processes better for the city.

1. The City is looking to use a web-based system to access lockbox deposits, check/stub(s) remittance advice and correspondence images which can be viewed online and printed via the browser.
2. Provide online and paper reporting, including the ability to download details and a summary of transactions with customer name, account number and payment amounts.
3. Provide a description of the following key items:
  - a) Time and frequency of pickups
  - b) Turn-around processing time
  - c) Deposit deadlines
  - d) Acceptance and rejection criteria for payments
  - e) Location of post office box & lockbox office
  - f) Treatment of exception items
  - g) Ability to handle payments containing multiple remittance advices
  - h) Bonding requirement of lockbox personnel and others
  - i) Ability to accommodate a substantial increase in transaction volume
4. Describe how inquiries requiring research and adjustments are handled by the institution. Are there established turn-around times for research and adjustment items? Please specify.
5. Security/protection measures: what security features are in place to minimize the risk of unauthorized transactions.
6. Provide information on how your institution plans to keep your product line competitive. Describe what approach you are taking in the development of new services.
7. Disaster Recovery:
  - a) Describe your institution's formal disaster recovery plan.
  - b) How quickly will back-up facilities be activated?
  - c) Describe your institution's operating capabilities to assist the City in the event of a disaster or declared emergency. Provide examples, if any.
8. List the address and hours of operation of primary assigned lockbox office.
9. Discuss any special conditions, other fees, other services, or deviations from the requested scope.
10. Service Enhancements: Describe any enhancements, technological or otherwise, that the City should consider to improve operational or cash management efficiencies.
11. Implementation Plan: Discuss and describe in detail the implementation plan you would coordinate with the City, including the timetable.

### EXHIBIT "B"

### COMPENSATION SCHEDULE

SERVICE DESCRIPTION	Average Volume	Std Fee Per Unit	Monthly Total
<b>GENERAL ACCOUNT SERVICES</b>			
DDA Maintenance	1	7.000	\$ 7.00
Credit Posted - Paper	26	0.800	\$ 20.80
Debit Posted - Electric	33	0.080	\$ 2.64
Debit Posted - Paper	1	0.100	\$ 0.10
Deposit Assessment	1,905	0.100	\$ 190.50
<b>DEPOSITORY SERVICES</b>			
Rejects	-	0.440	\$ -
Returns	21	2.250	\$ 47.25
Paper - Transit	8,984	-	\$ -
Paper - Transit - Select	11,711	-	\$ -
<b>RETAIL LOCKBOX SERVICES</b>			
RLbx Items - Automatic	14,097	0.110	\$ 1,550.67
RLbx Items - Exceptions	1,275	0.300	\$ 382.50
RLbx Items - Manual	8,378	0.150	\$ 1,256.70
RLbx Online Archive - Items	23,626	See Below	\$ -
RLbx Online Archive - User Access	7	-	\$ -
<b>WHOLESALE LOCKBOX SERVICES</b>			
Lockbox Monthly Maintenance	1	220.000	\$ 220.00
<b>WIRE TRANSFER SERVICES</b>			
Wire Notification - Paper	20	2.000	\$ 40.00
Wire - Outgoing - Phone	1	12.000	\$ 12.00
Wire - Outgoing - Standing	20	6.000	\$ 120.00
<b>Total</b>			<b>\$ 3,850.16</b>
<b>OTHER SERVICE FEES NOT LISTED ABOVE</b>			
<b>Service Description</b>	<b>Volume</b>	<b>Pricing</b>	<b>Fees</b>
P.O. BOX RENTAL/SORTING	1	100.000	\$ 100.00
DDA ACCT MAINT	1	5.500	\$ 5.50
OCR MULTI ITEMS		0.140	\$ -
RETAIL CHECK ONLY PROCESSING		0.360	\$ -
OCR REJECT > 3%		0.300	\$ -
OCR REJECT > 10%		0.480	\$ -
WEB EXCEPTIONS BASE FEE	1	160.000	\$ 160.00
WEB EXCEPTIONS PER ITEM		0.450	\$ -
WEB EXCEPTIONS HOLDOVER BATCH		15.000	\$ -
E-MASTER BASE FEE		210.000	\$ -
E-MASTER PER ITEM		0.550	\$ -
RETAIL PHOTOCOPIES		0.050	\$ -
IRREGULAR CORRESPONDENCE		0.400	\$ -
BASE FEE TRANSMISSION	1	100.000	\$ 100.00

TRANSMISSION PER ITEM	23,626	0.006	\$	141.76
DATA CAPTURE PER CHARACTER		0.010	\$	-
IMAGE TRANSMISSION / PER IMAGE		0.050	\$	-
REPORT TRANSMISSION		200.000	\$	-
BASE FEE IMAGING	1	385.000	\$	385.00
CHECK IMAGE CAPTURE	23,626	0.006	\$	141.76
DOCUMENT IMAGE CAPTURE	23,626	0.006	\$	141.76
CD-ROM		12.000	\$	-
ICL DATA & IMAGE CAPTURE	23,626	0.006	\$	141.76
DAILY PACKAGE PREP	21	1.250	\$	26.25
POSTAGE - 1ST CLASS		0.120	\$	-
SPECIAL REPORTS		150.000	\$	-
PAPER RETURN BASE FEE		75.000	\$	-
PHOTOCOPY REQUEST		6.250	\$	-
AGED RESEARCH		13.000	\$	-
CASH RECEIVED		6.000	\$	-
EXPRESS MAIL PROCESSING		1.500	\$	-
FOREIGN ITEM COLLECTION		6.750	\$	-
DAILY DEPOSIT FAX/E-MAIL		130.000	\$	-
DOCUMENT RETENTION		0.030	\$	-
CLOSED BOX FEE >45 Day Notice		300.000	\$	-
CLOSED BOX FEE <45 Day Notice		450.000	\$	-
<b>Current &amp; Previous Day Information Reporting</b>				
Setup & Training		No Charge	\$	-
Prev Day Monthly Maintenance - 1st Account	1	25.000	\$	25.00
Prev Day Monthly Maintenance - 2-10 Accounts		8.000	\$	-
Summary Balance Reported Items 1-1,000	120	0.080	\$	9.60
Summary Balance Reported Items 1,001 - 5,000		0.060	\$	-
Detail Items - 1- 1,000	102	0.080	\$	8.16
Detail Items - 1,001 - +		0.060	\$	-
Curr Day Monthly Maintenance - 1st Account		25.000	\$	-
Curr Day Monthly Maintenance - 2-10 Accounts		8.000	\$	-
Summary Balance Reported Items 1-1,000		0.080	\$	-
Summary Balance Reported Items 1,001 +		0.060	\$	-
Detail Items - 1- 1,000		0.080	\$	-
Detail Items - 1,001 +		0.060	\$	-
Extended Storage - 180 Days		18.000	\$	-
Extended Storage - 1 Year		50.000	\$	-
Special Reports - Analysis Statement	1	0.350	\$	0.35
Special Reports - Deposit Statement	1	0.350	\$	0.35
Returned Deposited Items		2.250	\$	-
Reclear Items		1.000	\$	-
<b>Total</b>				<b>\$ 1,387.23</b>
<b>Grand Total</b>				<b>\$ 5,237.39</b>



**EXHIBIT "C"**

**BANK PROPOSAL**

ORIGINAL

**PROPOSAL FOR  
UTILITY BILLING REMITTANCE PROCESSING SERVICES  
(LOCKBOX SERVICES)**

(PUR 16-023)



**City of Stockton  
City Hall, City Clerk's Office (1<sup>st</sup> Floor)  
Attn: Bonnie Paige, City Clerk  
425 North El Dorado Street  
Stockton, CA 95202-1977**

**Due: March 23, 2017 2:00 PM**

**PREPARED BY:**

**Senior Government  
Relationship Manager**

**Dan Campbell**  
Vice President

916.552.4423 Office  
866.235.9308 Fax

daniel.campbell@botw.com

**Cash Management  
Consultant**

**Kelvin Moss**  
Vice President

925.843.2466 Office  
323.837.3052 Fax

kelvin.moss@botw.com



**BANK OF THE WEST  
COMMERCIAL BANKING**

**BNP PARIBAS GROUP**

# TABLE OF CONTENTS

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**TABLE OF CONTENTS**

TAB 1: 3.0.1 COVER LETTER.....	4
TAB 2: 2.5 REQUIRED INFORMATION.....	6
TAB 3: 3.0.2 REFERENCES.....	21
TAB 4: 3.0.3 FINANCIAL STATEMENT .....	22
TAB 5: 3.0.3 CORPORATE STRUCTURE, ORGANIZATION.....	23
TAB 6: 3.0.5 PROPOSAL FEE (UNDER SEPARATE COVER) .....	26
TAB 7: EXHIBITS.....	27

Daniel Campbell  
Vice President

ORIGINAL



Government Banking Division  
Senior Government Relationship Manager

## TAB 1: 3.0.1 COVER LETTER

March 23, 2017

City of Stockton  
Attn: Bonnie Paige  
City Clerk  
425 North El Dorado Street  
Stockton, CA 95202-1997

Dear Ms. Paige:

On behalf of Bank of the West, thank you for this opportunity to present our proposal for Utility Billing Remittance Processing Services (Lockbox Services) (PUR 16-023). We understand that now, more than ever, our cities are being asked to do more with less. The enclosed proposal helps you to achieve this goal by delivering highly competitive pricing and an efficient, effective lockbox solution.

**ACNOWLEDGEMENTS:** Per the RFP requirements, we confirm the following:

- Daniel Campbell will be the City's contact for proposal related concerns and is authorized to negotiate and execute this contract on behalf of the Bank
- Bank of the West meets and exceeds the requirements set forth in the "Qualifying Requirements" Section 2.3
- Bank of the West has provided detailed responses to all requirements set forth in RFP Section 2.0
- Bank of the West asserts that all insurance requirements in Exhibit A of the RFP will be met

What is important to the City of Stockton in a lockbox and banking partner?

- A partner with robust lockbox services and a solid reputation; capable of handling the City's lockbox operations today and scalable enough to handle its growing needs of tomorrow.
- A partner with over 25 years of experience in the lockbox business; who is invested enough in technology to provide the City with the services and efficiencies it seeks but without saddling it with the extra costs of expensive technologies it doesn't use.
- A designated and qualified, State Depository Bank that understands the needs of the City and its departments; a bank founded and headquartered right here in California.

While we understand that the City has several banks from which to choose, we believe that Bank of the West provides the right fit for the City. If the above noted points are important highlights of a successful relationship with the City, Bank of the West will meet and exceed the City's partnership expectations as described in this proposal.

daniel.campbell@botw.com  
Government Banking Division  
500 Capitol Mall, Suite 1200, Sacramento, CA 95814  
(916) 552-4423 FAX (866) 235-9308



Daniel Campbell  
Vice President

ORIGINAL



Government Banking Division  
Senior Government Relationship Manager

We would be honored to be selected as your lockbox partner and to know we have earned the opportunity to build a relationship that is mutually beneficial for the City and Bank of the West.

In choosing a banking partner, the City will be selecting more than just pricing, products and services. We have done our best to customize this proposal based on the needs presented within the RFP. We realize the City may have additional priorities not reflected here. We welcome an opportunity to come to the table and discuss any portion of this proposal to better align our offer with the needs of the City.

Bank of the West is a high-touch, market-oriented financial institution with the capabilities you need and the relationship-driven culture you want. We appreciate the opportunity to share our vision with the City and are confident we will exceed your expectations. We look forward to building a long term relationship that is mutually beneficial for the City and the Bank.

Sincerely,

Daniel Campbell  
VP, Senior Government Relationship Manager



ORIGINAL

## TAB 2: 2.5 REQUIRED INFORMATION

### 2.5 REQUIRED INFORMATION

Interested proposers must provide a proposal containing the following information to the City to be considered a viable candidate for this contract.

#### A. Institution Profile and The City

1. Provide a general overview of the institution, customer service philosophy, and identification of the primary office or branch that the City will be assigned to. Describe the institution's experience in providing similar services for other public clients of similar size and transactional volume. Please include the number of public agency clients and the institution's knowledge of and adherence to the state and federal codes and other applicable laws.

Bank of the West is headquartered in San Francisco, California and the third-largest commercial bank based in California. As of December 31 2016, the Bank has \$83.8 Billion in Assets, over 10,000 employees serving the needs of 2.01 million customers with over 600 retail locations across our 23 state footprint. Bank of the West is a subsidiary of the holding company BancWest Corporation. BancWest Corporation is a wholly owned subsidiary of BNP Paribas. BNP Paribas is a European leader in banking and financial services. It is the fifth highest rated bank in the world according to Standard & Poor's rating agency.

**Customer Service** is the cornerstone of our business where we empower our employees to provide highly personalized customer service and promote community well-being. These qualities set us apart and allow us to build strong bonds with our customers. Our strategy is to create a customer centric, intelligent, energetic and caring customer service organization delivering personalized and quality customer service to our clients.

The closest branch to the City is located at 540 N. El Dorado Street, Stockton, CA 95202 just .11 miles from City offices.

As of February 28, 2017, Bank of the West has over 3,800 public funds accounts with more than \$3.5 Billion in deposits. We are a qualified depository of public funds in compliance with Section 53649 of the California Government Code and are capable of collateralizing public fund deposits in accordance with state regulations.

2. Provide the names of individuals, with phone numbers and e-mail addresses, who will be working on the proposed services and their areas of responsibility including their specific experience relative to the request for proposal requirements.

Following is the City's Bank of the West Relationship Team:



ORIGINAL

**Daniel Campbell**  
**Vice President**

**Sr. Govt Relationship Manager**



☎ (916) 552-4423 Direct

☎ (916) 213-0880 Cell

☎ (866) 235-9308 Fax

[daniel.campbell@botw.com](mailto:daniel.campbell@botw.com)

Daniel Campbell, Vice President and Senior Government Relationship Manager, will serve the City as its Relationship Manager and primary contact. Dan has twelve years of banking experience specifically focused on the government market. Dan has a Bachelor of Science in Business Administration from California State University, Chico and a Master's of Business Administration from the University of Phoenix.

- As the City's Primary Relationship Officer, Dan will coordinate and be responsible for service, performance and delivery of products by his support team
- He will be the City's escalation point and conduit to the various resources within the Bank
- Dan has served on the Education and Finance Committees of the California Special Districts Association

**Membership/Participation**

- CMTA, CSMFO, CACTTC, CSDA, SACA, CDIAC





ORIGINAL

**Lily Ng**  
**Director**

**Government Banking Manager**



☎ (916) 552-4404 Direct

☎ (213) 256-5693 Cell

☎ (866) 235-9308 Fax

[lily.ng@botw.com](mailto:lily.ng@botw.com)

Lily Ng, Director and Government Banking Manager, has over 30 years of experience in the financial industry. Since 2004, Lily has dedicated her time to serve the government sector working directly with various federal, state and local organizations.

An advocate of community involvement, Lily has served on various organizations. Currently, Lily is a member of 2017 CSMFO Host Committee, member of 2016 CSDA Fiscal Committee, CACTTC 2016 Associate Chair, CMTA 2016 Commercial Associate Liaison, and Board Advisor of San Gabriel Tennis Club. Previously, Lily served as the CACTTC 2014 Associate Chair, member of 2015 CSDA Fiscal Committee, member of the CSMFO 2011-15 Host Committee, member of PHRPD 2010 Measure E Bond Oversight Committee, and was presented the Women of Influence award in 2010 by the Pleasant Hill Chamber of Commerce.

Memberships with CSMFO, CMTA, CSDA, CACTTC, USTA, PHTC, SGTC, HTC, ACTA, Gold River RC and FORC.

In Dan's absence, Lily will be your backup banker.

**Kelvin Moss**  
**Vice President**

**Sr. Gov't Cash Mgmt.**  
**Sales Consultant**



☎ (925) 843-2466

☎ (323) 837-3052

[kelvin.moss@botw.com](mailto:kelvin.moss@botw.com)

Kelvin Moss, Vice President and Senior Cash Management Consultant, has over 23 years of banking experience with 20 of those years in Treasury Management. Kelvin joined Bank of the West in 1993. Prior to Bank of the West, Kelvin attended University at UC Santa Barbara, Major - Political Science.

- Kelvin supports all Government Accounts
- Kelvin is responsible for consulting with clients relative to the collection and disbursement of their depository accounts by offering various banking services.



ORIGINAL

CITY OF STOCKTON  
RFP FOR UTILITY BILLING REMITTANCE  
PROCESSING SERVICES  
(LOCKBOX SERVICES)

## B. Lockbox Services

The scope of services being requested includes but is not limited to the services listed below. The City of Stockton strongly encourages all institutions to propose new technological and other advancements to make current processes better for the city.

1. Utilizing the "Required Services Pricing Schedule", please indicate the vendor's costs with respect to base unit price.

Bank of the West can provide custom lockbox services to fit the needs of the City. If the City desires, Bank of the West can provide the most minimal functional required to process remittance items. This would entail a PO Box rental, a DDA account, processing of items and the physical return of all invoices and photocopies of checks. However, Bank of the West recommends using an online "exception" process which allows the City to identify payments online and input the missing information to be included in the daily data file that is uploaded into the City's accounting software, correctly posting all the payments as received. In addition, to the online Web Exceptions, it is recommended for the City to have online image access of all items received, which includes envelope, invoice, check copy and miscellaneous correspondence. For specific pricing, please refer to the Pricing Schedule.

2. The City is looking to use a web-based system to access lockbox deposits, check/stub(s) remittance advice and correspondence images which can be viewed online and printed via the browser.

Bank of the West can provide the City with online access to images of everything received by the lockbox. All images can be printed or saved as an image file, if desired.

3. Provide online and paper reporting, including the ability to download details and a summary of transactions with customer name, account number and payment amounts.

Bank of the West can provide both electronic and printable reporting of summary and detail information required by the City.

4. Provide a description of the following key items:

### a) Time and frequency of pickups

Multiple trips are made to the post office to pick up payments throughout the day (12:30 AM, 03:30 AM, 04:30 AM, 05:45 AM, 08:00 AM, 11:00 AM, and 12:00 PM). The last pick up for the same day processing is 12:00 PM (noon).





ORIGINAL

**b) Turn-around processing time**

Deposit information can be available at any time requested by the customer. Lockbox processing must be halted approximately 1.5 hours before total deposit information is required by the customer. WebDirect can be accessed throughout the day and balance reporting phone calls can be made throughout the day. Deposit and reporting times are customizable. Upon implementation of a lockbox, conversion representatives will work with you to meet your timing requirements.

**c) Deposit deadlines**

The lockbox processing cutoff time is based on when you request balance reporting information access, or when you request to receive your data transmission.

**d) Acceptance and rejection criteria for payments**

The criteria for acceptance and rejection are defined during implementation and are customized to the City's specific needs.

**e) Location of post office box & lockbox office**

The nearest lockbox facility to the City of Stockton is located in Los Angeles (Irwindale). In addition to Los Angeles, our Lockbox network also includes Chicago, Dallas and Pittsburgh that double as backup sites.

**f) Treatment of exception items**

The Bank offers several options for processing exception items:

Intraday Web Exception service allows the City to log on to a secure Bank of the West-hosted website through WebDirect. Once logged on to the website, the City can research and make decisions regarding their exception items on an intraday basis, allowing the exception items to be included in the deposit and accounts receivable transmission and eliminating the movement of paper from the lockbox to the customer.

For traditional check-only items, we offer "eMaster", an account look-up service that identifies the correct accounts for payments submitted without remittance documents. This service provides an effective, efficient method for researching and identifying check-only payments according to your requirements. Once an item is correctly identified, an electronic transaction is generated and included in your daily A/R transmission. A benefit of automated account look-up is a reduction of the number of exception items that the City must manage.



ORIGINAL

CITY OF STOCKTON  
RFP FOR UTILITY BILLING REMITTANCE  
PROCESSING SERVICES  
(LOCKBOX SERVICES)

**g) Ability to handle payments containing multiple remittance advices**

Bank of the West can provide the City with the ability to accept and process uniquely both multiple remittance advices as well as multiple checks. Instructions can include the ability to accept all payments or to reject the payment back to the City or to provide online for exception processing.

Single check/Multiple document - Paid as billed/Paid differently

- Check amount **MUST** balance to the sum of the amount preprinted or written on each document.
- Batch size is 250 items.

Multiple check/Single document - Paid as billed/Paid differently

- Check amount does or does not equal the total amount appearing on the document.
- Batch size is 250 items.

**h) Bonding requirement of lockbox personnel and others**

The lockbox personnel are bonded up to \$25,000,000 per occurrence or up to \$25,000,000 aggregate.

**i) Ability to accommodate a substantial increase in transaction volume**

All lockbox sites utilize internal lockbox staff, equipment and facilities to fine sort all lockbox mail. Automated handling is used in all sites, and the ability to read barcode, OCR and handprint off the envelopes is available. Peak volumes are absorbed in each of the sites due to our process of sorting mail directly upon delivery.

The Bank utilizes one of the largest bank-owned lockbox networks in the country, with sites in, Chicago, Dallas, Los Angeles, and Pittsburgh, and is one of the largest lockbox processors in the U.S. in terms of transactions and dollar volume. Peak volumes occur on Mondays and at the beginning of the month. Peak volume is accommodated through the use of flex staff and/or overtime.

**5. Describe how inquiries requiring research and adjustments are handled by the institution. Are there established turn-around times for research and adjustment items? Please specify.**

The Bank has a centralized Cash Management Services Department for cash management relationships. Your assigned Customer Service Specialist is responsible for all aspects of client service, including requests for research and adjustments and all other operational problem resolution.





ORIGINAL

The Bank strives to resolve all issues within the same day of the inquiry. The majority of inquiries and research requests on your account are fulfilled by your Customer Service Specialist, the same business day if received before 3:00 PM PT. If an outside entity is contacted for research purposes, additional time may be required for a resolution depending upon the nature of the request. For example, adjustment needs involving encoding errors or missing deposits are generally cleared within 48 hours of request, if not sooner.

**6. Security/protection measures: what security features are in place to minimize the risk of unauthorized transactions?**

Bank of the West will establish acceptable payee names (up to five) that are reviewed against all payments received to insure that only checks made payable to the City of Stockton are deposited into the City's account. In addition, all online access to information is password protected with a unique User ID and user-defined password to obtain access to payment information.

**7. Provide information on how your institution plans to keep your product line competitive. Describe what approach you are taking in the development of new services.**

The landscape of payment within the Receivables world is changing so rapidly. These changes are promoting enhancements to our Lockbox solution set. Through financial conferences and industry information, the Bank is looking at changes occurring in the banking marketplace, as well as direct feedback from existing client to the needs and capabilities they are looking for.

Bank of the West is currently in the pilot phase of providing Remote Lockbox. This service provides our Lockbox clients the ability to scan lockbox volumes remotely, at the City's location. Scanned payments will transmit to our lockbox for further processing. Information from scanned payments will be included in the daily Lockbox Deposit, Lockbox Reporting, Image Archives and Transmission Files if applicable.

**8. Disaster Recovery:**

**a) Describe your institution's formal disaster recovery plan.**

Bank of the West has established a Business Continuity Management (BCM) program based on generally accepted industry practices and principles covering critical bank operations. The program is consistent with FFIEC business continuity requirements and is led by an experienced team with full executive and Board support. It addresses the following core elements:

- Emergency Response (ER) – Life safety matters and immediate incident response
- Crisis Management (CM) – Extended management of incidents and recovery activities
- Business Continuity (BC) – Continued operation and restoration of critical business processes
- Technology Disaster Recovery (DR) – Continued operation and restoration of critical applications and technology



Within each of these core elements, specific strategies have been put in place to bolster the bank's ability to withstand and recover from business disruptions. These strategies include, but are not limited to:

- Documented and tested ER, CM, BC and DR plans, deployed at local and regional levels
- Geographically dispersed expertise, with remote networking capabilities through high-capacity, redundant VPN access channels, accessible via Internet
- A broad set of data backup and system redundancy solutions, including:
  - A thorough data backup strategy for data center servers including offsite storage
  - A geographically distant, back-up data center designed to address mission critical applications and core technology services
  - Periodic application assessment to align system recovery with business needs
  - Annual testing of key systems
- Periodic risk and impact assessments
- Local and national Crisis Management Teams

In the event of a disaster the Bank will employ Disaster Recovery procedures. The Bank plans to continue operations during and after catastrophic events impacting its marketplace. Bank of the West's current policy is not to discuss, disclose, infer or prepare *certain* information about disaster/disaster planning that can be used by third parties. As such, below we will describe the Disaster Recovery procedures in as much detail is allowed to protect the security of the Bank. The plan is **tested annually** and updated as needed by the Bank.

Information Reporting: WebDirect, our commercial banking platform is an internet based information reporting and transaction initiation product and is a licensed product securely maintained on servers within the confines of the Bank's service center. WebDirect maintains full redundancy and failover for minor issues. Our recovery time objective is 4 hours in case of disaster to reroute access to the backup facility.

Wire Transfer: Bank of the West's IntraNet Wire Transfer system is a server-based platform that is fault tolerant. As with WebDirect, a second "mirror" system located at an undisclosed location is kept in synch throughout the processing day. The automated interface between the production wire system and WebDirect also exists on the backup platforms.

ACH: Bank of the West's contingency plans for ACH transactions are similar to wire transfer, consisting of mirrored sites. Given sufficient ACH volume, the County may opt to initiate ACH transactions utilizing Direct Send. Direct Send mailboxes are backed up on a daily basis at Bank of the West's mirror sites.

**b) How quickly will back-up facilities be activated?**

The backup processing site can be activated within 30 minutes and can stay active as long as needed.





ORIGINAL

CITY OF STOCKTON  
RFP FOR UTILITY BILLING REMITTANCE  
PROCESSING SERVICES  
(LOCKBOX SERVICES)

- c) Describe your institution's operating capabilities to assist the City in the event of a disaster or declared emergency. Provide examples, if any.

The Bank's Retail and Wholesale Lockbox networks are backed by four levels of redundancy within each site's operating environment. This contingency system is designed to insulate you from a network system failure. A system failure is defined as any level of interruption in normal site operations. A failure can range from a workstation breakdown to total failure of an operating center. The following are details on the system redundancy:

#### **Level 1: Workstation Processing**

Workstation equipment backup exists within each of the lockbox operating centers. Each processing site is configured to operate with a level of excess capacity. This helps enable each primary workstation function to back up itself with standby capacity if either mail extraction or remittance processing equipment fails during normal operations. If this level of failure occurs, the affected piece of equipment is removed and replaced by redundant capacity in the same function. This backup process can be implemented within minutes of an initial workstation failure.

#### **Level 2: Information Capture, Storage and Retrieval**

This level of redundancy exists within each Lockbox site's data processing equipment to protect normal operations from the impact of workstation communication failure to the processing systems' servers and to insulate against storage device failure. Each remittance processing workstation normally functions in an online mode to the systems' servers at each site.

In this environment all processed transactions exist simultaneously on storage devices at both a workstation and at the central processing unit. In general, Level 2 backup can be implemented within 30 minutes of storage device failure and can be recovered within 30 minutes of the storage replacement and online availability.

#### **Level 3: Data Processing and Telecommunications**

This level of backup also is provided at all lockbox operation centers, which are configured with at least two system servers for our remittance processing platforms. Each server is compatible with the other's software and hardware functions. Also, each server is equipped for dual porting of storage discs.

This backup level enables each site to fully recover from loss of a server or server component due to hardware failure. With this type of failure the affected server would be removed from the active processing environment. The Local Area Network is redirected to the backup server and the storage discs from the primary server are reported to the backup unit.





ORIGINAL

#### Level 4: Full Operations Emulation

Operation emulation and site backup exist within the Retail Lockbox network, and this contingency is implemented in the event of a complete failure or incapacitation of a regional processing center. This backup level redirects remittances from the disabled processing center to one or more of the remaining processing centers. The Bank's Lockbox network uses consistent hardware, operating systems, workflows and operating procedures at all lockbox operation centers. In conjunction with a central software library maintained in Pittsburgh, this redundancy gives us the operating capacity to process each customer's remittance applications at any of our four nationwide Retail Lockbox locations.

Additionally, the Bank is firmly committed to its formalized Business Continuity and Resumption plan, headed by a senior officer, whose sole, full-time responsibility is to assist the Corporation's businesses in the development, testing and maintenance of their business recovery efforts in the event of a disaster or emergency. While there may be circumstances beyond our control that could prevent us temporarily from fulfilling all expectations of our clients, our commitment is to continue to test and improve recovery facilities and plans to minimize the disruption of vital customer services following a crisis.

In the event of a disaster the Bank will employ Disaster Recovery procedures. This procedure states that a "hot" backup site will be activated within 15-30 minutes and will have the capacity to run systems as long as needed. Evaluation of the service levels are performed annually for any changes to the defined performance level.

The Bank plans to continue operations during and after catastrophic events impacting its marketplace. Bank of the West's current policy is not to discuss, disclose, infer or prepare *certain* information about disaster/disaster planning that can be used by third parties. As such, below we will describe the Disaster Recovery procedures in as much detail is allowed to protect the security of the Bank. The plan is **tested annually** and updated as needed by the Bank.

In the event of a disaster situation to power, operational facilities and transportation, the Bank will partner with the City to determine the specific support needed and provide the necessary resources both locally and in our back office support.

#### 9. List the address and hours of operation of primary assigned lockbox office.

14005 Live Oak Street, Irwindale, CA

The Bank's lockbox network processes 24 hours a day, five days a week, plus two processing shifts each day on the weekend. Our processing day begins in the late afternoon and continues through the night, and into the day shift.





ORIGINAL

**10. Discuss any special conditions, other fees, other services, or deviations from the requested scope.**

**Exception Processing Solution**

The Bank provides a Same Day Web Exception process to help our clients' AR operations team apply payments and deposit checks faster and more efficiently. To accomplish this during lockbox processing, we identify these transactions based on your instructions, convert the transactions to images, and provide them online via WebDirect Information Reporting. Using Exception Processing, you can research the items and provide processing instructions to us online for completion of the transaction process. After updating the payment information, the Bank includes the exception payment detail in the daily remittance transmission. In summary:

- Our Web Exception will help you quickly address all exception items that we could not otherwise process.
- Our Web Exception will help you provide updated application instructions for exceptions on the same day that they are received in the lockbox, which will accelerate collections, improve the accuracy of A/R posting, simplify exception processing and minimize customer impact.

**11. Service Enhancements: Describe any enhancements, technological or otherwise, that the City should consider to improve operational or cash management efficiencies.**

**Image Based Retail Lockbox**

The Bank utilizes the Wausau ImageRPS High Speed platform, an image-based Retail Lockbox processing platform, across the Retail Lockbox network. This system provides our clients with high-speed, image-based processing technology. The Wausau Financial Systems Image RPS system (in conjunction with the OPEX Image Extraction Module (IEM), uses the latest image technology such as intelligent character recognition (ICR), courtesy amount recognition (CAR), and legal amount recognition (LAR) technology to process remittance payments, as well as offering Web-based access to images and an archival solution.

In the Retail Lockbox environment, the Bank images all checks, all remittance documents, or both, depending upon your preference. The Bank can provide daily images of all checks and remittance received in the Retail Lockbox. Images are currently available online in WebDirect, the Bank's online cash management system; on an encrypted CD-ROM; or via encrypted internet image transmission. The WebDirect image archive provides transaction images for viewing and downloading on the next business day after processing. The archive is available online for up to one year. The encrypted Image CD-ROM is burned daily and overnighed in the daily package. Each CD has the capacity for approximately 30,000 images (15,000 checks and documents). The software/index required to read the images is built into the CD itself. This software will allow you to view images without any additional software required. Using the internet image transmission, images are sent every processing day after processing has been completed.

Additional key differentiators in the Retail Lockbox network are the value-added services offered, including Web Exception, eMaster, eReturns, Accounts Receivable Check (ARC) conversion, CER (Consumer Electronic Receivables), CHADD (Change of Address).



### Intraday Web Exception

With "Intraday Web Exception" the City can log on to a secure Bank-hosted website via WebDirect and can research and make exception item decisions on an intra-day basis. This allows the exception items to be included in the deposit and accounts receivable transmission, eliminating the movement of paper from the lockbox to the City.

### eMaster

For traditional check only, not document suspense items, we offers a PC-based system known as "eMaster" to identify the correct accounts for those payments submitted without remittance documents (called "check-only payments") or unidentified payments. This application provides an accurate and efficient method for researching and identifying check-only payments according to your requirements. Once an item is correctly identified, an electronic transaction is generated and included in your daily A/R transmission. The benefits of automated account look-up include a reduction of the number of exception items that the City must manage.

### 12. Implementation Plan: Discuss and describe in detail the implementation plan you would coordinate with the City, including the timetable.

**Average Lead Time:** The current set-up and implementation lead time for Lockbox varies from two to eight weeks depending on the final lockbox requirements.

**Critical Factors:** The critical factors that impact lead time include obtaining agreements in proper and accurate form, finalization of the lockbox customer requirement documents by the City, file transfer configuration and initial testing, and overall resource availability and responsiveness. Any changes in business requirements during the implementation may result in a longer lead time.

### Implementation Process

Achieving a well-managed, seamless transition to Bank of the West is a key element of our approach to serving the City. The Bank's implementation process relies on structured but flexible project management methodology. Our approach is intended to clearly define a plan along a timeline, foster cooperation between organizations and monitor and report progress.

The first step in the process is to schedule an implementation-planning meeting with the City to discuss and strategize the conversion process, from beginning to end. Both the Bank and the City will discuss expectations, resource requirements, and task responsibility. From this meeting a formal Implementation Plan will be developed and will serve as a working document for both parties.

The Bank and the City will establish a schedule for implementation update meetings. The updates will be conducted via conference call in most cases unless otherwise agreed upon. The purpose of the update calls is:

- Identify information required to proceed with the implementation
- Monitor project progress
- Enable project team members to share information and seek guidance from the implementation project manager





ORIGINAL

- Solicit input and assistance as needed
- Answer any questions the City may have

Our goal is to keep the City informed and involved throughout the process to ensure that your needs are fully met. When the City becomes a client of Bank of the West, you can expect:

- To receive recommendations focused on your goals and needs because our financial solutions are strategically customized for the City
- To experience a relationship-driven culture and team servicing approach committed to providing you superior customer service

### Testing Plan

Testing plans are unique to each individual client and are based on the combination of products and service provided by the Bank, and how those services are delivered (online, transmission, etc.). The Bank understands that a detailed testing plan is critical to the planning and timing requirements of the implementation; therefore, the Bank will provide a testing plan during the initial phases of implementation for your review and consideration.

### Sample Implementation Schedule

Implementing service for a new cash management client begins with the receipt of executed legal agreements and implementation forms. As there are various elements that can impact a typical conversion, including the mix of products requested, we have provided an Implementation Schedule by individual product for the City's reference:

Responsible Party	Task Name - (most can run concurrent)	Duration (in business days)
	<b>TOTAL IMPLEMENTATION TIMEFRAME (SAMPLE ONLY)</b>	<b>45-60 days</b>
	<b>Legal Documentation</b>	<b>7 days</b>
CLIENT	Complete/Execute New Account Documentation	5 day
BOW	BOW receives Depository & CM Agreement - Review for completeness	2 day
	<b>Opening Depository Accounts (Multiple Accounts)</b>	<b>6 days</b>
BOW	Submit Request to Open Accounts	5 days
BOW	Add Accounts to Analysis	1 day
	<b>Order Supplies</b>	<b>15 days</b>
CLIENT	Client to provide order details	2 days
BOW	Submit Request to Order Supplies (checks, deposit tickets, stamps)	3 day
BOW	Printer to fulfill request (Note: Customization may take longer to	10 days



ORIGINAL

	process)	
	<b>WebDirect - Info Rptg, Wire Transfer, Stop Payment, Acct Xsfer</b>	<b>7 days</b>
BOW	Submit Request	1 day
BOW	Fulfillment Process - Assign Admins, link accounts to services, & QA	5 days
BOW&CLIENT	Training (Date can vary based on Client's availability)	1 day
	<b>Lockbox - Retail</b>	<b>15 days</b>
BOW	Submit P O Box Opening Request	2 days
BOW	P O Box Opening Process	13 days
	<b>Lockbox (Online Access, Data Capture, Transmission and CD Rom)</b>	<b>60 days</b>
BOW&CLIENT	Initial Communication Meeting	2 days
BOW	Submit Transmission & Data Capture Request	2 days
CLIENT	Client to Submit Invoice/Coupons/Envelopes Samples	2 days
BOW&CLIENT	Communication & File Layout Testing	up to 60 days
BOW&CLIENT	Training - Lockbox Online Navigation	2 days

## Training

Implementation services will be led by a dedicated implementation specialist, with additional assistance provided by your cash management team members. The implementation specialist is responsible for ensuring that the entire implementation process runs according to our agreed upon plan. Additionally, Bank of the West will provide comprehensive training for all systems and processes.

Most implementation tasks can be accomplished concurrently to facilitate a timely conversion process. Once the implementation process is complete you will be introduced to your dedicated customer service management team for on-going daily support.

Additional training after the initial implementation will be provided for new or existing employees needing a "refresher". Additional training will also be provided for new or upgraded systems and products.





ORIGINAL

**2.6 REQUIRED SERVICES PRICING SCHEDULE (include as Fee Schedule under separate cover)**

Please complete all items on this table below. If the institution does not or cannot provide a specific requested service, please indicate "No Proposal". If appropriate, recommend an alternative service and include that as a specified attachment. If the service is contracted to a third party, please mark this clearly. In addition to submitting proposal responses, this form must also be completed in its entirety.

Please refer to the separate envelope for Bank of the West's Fee Schedule.



ORIGINAL

**TAB 3: 3.0.2 REFERENCES**

Provide a list of references with current contact person, e-mail address and phone number who may be contacted regarding firm performance.

Ramona Castaneda, Revenue Manager, City of Fullerton,  
PH: (714) 738-6573; email: [ramonac@ci.fullerton.ca.us](mailto:ramonac@ci.fullerton.ca.us)

Judi Vincent, Deputy Administrative Services Director, City of San Clemente,  
PH: (949) 218-9601; email: [vincentj@san-clemente.org](mailto:vincentj@san-clemente.org)

Susan Sohal, Deputy Accounting Supervisor, Citrus Heights Water District,  
PH: (916) 735-7718; email: [ssohal@chwd.org](mailto:ssohal@chwd.org)





ORIGINAL

## TAB 4: 3.0.3 FINANCIAL STATEMENT

The proponent must be able to demonstrate a good record of performance and have sufficient financial resources to ensure that they can satisfactorily provide the services required herein.

Proponent shall submit a full and detailed presentation of the true condition of the proponent's assets, liabilities and net worth. The report should include a balance sheet and income statement. If the proponent is a new partnership or joint venture, individual financial statements must be submitted for each general partner or joint venture thereof. If firm is a publicly held corporation, the most current annual report should be submitted.

Any proponent who, at the time of submission, is involved in an ongoing bankruptcy as a debtor, or in a reorganization, liquidation, or dissolution proceeding, or if a trustee or receiver has been appointed over all or a substantial portion of the property of the proponent under federal bankruptcy law or any state insolvency, may be declared non-responsive.

Please refer to the inside the proposal package for our most recent audited annual financial statements.

Bank of the West's Annual Financial Statements can also be downloaded here:

<https://www.bankofthewest.com/about-us/our-company/annual-reports.html>

Bank of the West is a financially strong, well-capitalized and prudently managed FDIC-insured bank that customers have entrusted with their money for over 135 years. BancWest Corporation is the holding company for Bank of the West and First Hawaiian Bank. BancWest Corporation is wholly owned by BNP Paribas, ([www.bnpparibas.com](http://www.bnpparibas.com)) a global leader in financial services. BNP Paribas is one of the six highest rated banks in the world according to Standard & Poor's.

Following are our current statistics:







ORIGINAL

CITY OF STOCKTON  
RFP FOR UTILITY BILLING REMITTANCE  
PROCESSING SERVICES  
(LOCKBOX SERVICES)

### TAB 5: 3.0.3 CORPORATE STRUCTURE, ORGANIZATION

Describe how your firm is organized, noting major divisions and any parent/holding companies, as well as brief history of the firm and all personnel potentially to be involved in the project including all sub-consultants. Designate the Principal in Charge and other key personnel. Include résumés. Also provide a description of the experience your firm has had with similar processes.

Bank of the West is headquartered in San Francisco, California and the third-largest commercial bank based in California. As of December 31 2016, the Bank has \$83.8 Billion in Assets, over 10,000 employees serving the needs of 2.01 million customers with over 600 retail locations across our 23 state footprint. Bank of the West is a subsidiary of the holding company BancWest Corporation. BancWest Corporation is a wholly owned subsidiary of BNP Paribas. BNP Paribas is a European leader in banking and financial services. It is the fifth highest rated bank in the world according to Standard & Poor's rating agency.

We have a dedicated Government Banking Division, located in Sacramento, managed by Director, Lily Ng, and staffed with experienced professionals. These professionals have a combined total of over one hundred years of experience working in the government sector and have specialized knowledge on issues concerning government entities. These issues include California State Code, Local Agency Investment Fund (LAIF) transactions, subvention payments, collateral requirements, Tax and Revenue Anticipation Note (TRAN) funding, investment policy review, tax exempt lending, custody, investments and leasing. Having a wide-range of state-of-the-art services, a seasoned government/local banking staff and superior safety and soundness, has made Bank of the West the chosen financial partner for government agency clients such as the City of Stockton.

Your assigned Government Customer Service Specialist's toll free number is 800-676-4549 and is the City's first point of contact for all banking service inquiries and issues. Your Service Specialist will be the focal point on any issue escalation amongst the various bank departments and management.

Following is the City's Bank of the West Relationship Team:



ORIGINAL

**Daniel Campbell**  
**Vice President**

**Sr Govt Relationship Manager**



☎ (916) 552-4423 Direct

☎ (916) 213-0880 Cell

☎ (866) 235-9308 Fax

[daniel.campbell@botw.com](mailto:daniel.campbell@botw.com)



Daniel Campbell, Vice President and Senior Government Relationship Manager, will serve the City as its Relationship Manager and primary contact. Dan has twelve years of banking experience specifically focused on the government market. Dan has a Bachelor of Science in Business Administration from California State University, Chico and a Master's of Business Administration from the University of Phoenix.

- As the City's Primary Relationship Officer, Dan will coordinate and be responsible for service, performance and delivery of products by his support team
- He will be the City's escalation point and conduit to the various resources within the Bank
- Dan has served on the Education and Finance Committees of the California Special Districts Association

**Membership/Participation**

- CMTA, CSMFO, CACTTC, CSDA, SACA, CDIAC



<p><b>Lily Ng</b> <b>Director</b></p> <p><b>Government Banking Manager</b></p>  <p>☎ (916) 552-4404 Direct ☎ (213) 256-5693 Cell ☎ (866) 235-9308 Fax</p> <p><a href="mailto:lily.ng@botw.com">lily.ng@botw.com</a></p>	<p>Lily Ng, Director and Government Banking Manager, has over 30 years of experience in the financial industry. Since 2004, Lily has dedicated her time to serve the government sector working directly with various federal, state and local organizations.</p> <p>An advocate of community involvement, Lily has served on various organizations. Currently, Lily is a member of 2017 CSMFO Host Committee, member of 2016 CSDA Fiscal Committee, CACTTC 2016 Associate Chair, CMTA 2016 Commercial Associate Liaison, and Board Advisor of San Gabriel Tennis Club. Previously, Lily served as the CACTTC 2014 Associate Chair, member of 2015 CSDA Fiscal Committee, member of the CSMFO 2011-15 Host Committee, member of PHRPD 2010 Measure E Bond Oversight Committee, and was presented the Women of Influence award in 2010 by the Pleasant Hill Chamber of Commerce.</p> <p>Memberships with CSMFO, CMTA, CSDA, CACTTC, USTA, PHTC, SGTC, HTC, ACTA, Gold River RC and FORC.</p> <p>In Dan's absence, Lily will be your backup banker.</p>
<p><b>Kelvin Moss</b> <b>Vice President</b></p> <p><b>Sr. Gov't Cash Mgmt.</b> <b>Sales Consultant</b></p>  <p>☎ (925) 843-2466 ☎ (323) 837-3052</p> <p><a href="mailto:kelvin.moss@botw.com">kelvin.moss@botw.com</a></p>	<p>Kelvin Moss, Vice President and Senior Cash Management Consultant, has over 23 years of banking experience with 20 of those years in Treasury Management. Kelvin joined Bank of the West in 1993. Prior to Bank of the West, Kelvin attended University at UC Santa Barbara, Major - Political Science.</p> <ul style="list-style-type: none"> <li>• Kelvin supports all Government Accounts</li> <li>• Kelvin is responsible for consulting with clients relative to the collection and disbursement of their depository accounts by offering various banking services.</li> </ul>

**TAB 6: 3.0.5 PROPOSAL FEE (UNDER SEPARATE COVER)**

Provide detailed basic fee structure and break-down of any other charges related to your firm's proposal. Finalist's fee structure may be subject to negotiation.

3.0.6 The proposal must be submitted, typewritten on 8½" X 11" white paper and must be bound in a secure manner. Include Section 2.6 under separate cover.

3.0.7 Material and data not specifically requested for consideration, but which the proponent wishes to submit must not appear with the Proposal Form, but may appear only in an "Additional Data" section. This has specific reference to the following types of data:

Generalized narrative of supplementary information; and  
Supplementary graphic material

3.0.8 All proposals must be signed with the full name of the proponent, if an individual; by an authorized general partner, if a partnership; or by an authorized officer, if a corporation.

3.0.9 When proposals are signed by an agent other than an officer of a corporation or a member of a general partnership, a power of attorney authorizing the signature must be submitted with the proposal.

3.0.10 If the proposal is submitted by a partnership or joint venture, the Statement of Personal History attached to the Proposal Form must be completed by each general partner or joint venture thereof. If the proposal is submitted by a corporation, the Statement must be completed by each principal officer of said corporation.

3.0.11 The original proposal must have wet ink signatures. Modification to a proposal after the proposal submittal deadline will not be accepted by the City.

Please refer to the separate envelope for Bank of the West's Fee Schedule.

**TAB 7: EXHIBITS**

Please refer to the following pages for these exhibits:

1. Lockbox Cash Management Agreement
2. Retail Lockbox Processing Instruction/Requirements
3. Mod 6 (File Transmission Specifications)
4. eMaster Processing Instructions
5. Web Exceptions Processing Instructions





## AUTHORIZATION AND AGREEMENT FOR CASH MANAGEMENT SERVICES

This Authorization and Agreement for Cash Management Services (this "Agreement") is executed by each of the business organizations named below (collectively, the "Business Entities"). Each Business Entity acknowledges that it has received from Bank of the West ("Bank") the *Cash Management Terms and Conditions* ("Terms and Conditions"), *Deposit Account Disclosure for Business Accounts* ("Disclosure Booklet"), applicable Schedules of Fees and Charges, applicable User Materials, related documents and disclosures (collectively, the "Disclosure Agreement") pertaining to the provision of one or more Cash Management Services (collectively "Services") by Bank to the Business Entities. Each Business Entity agrees that the Services obtained from Bank are subject to this Agreement, the Terms and Conditions, and the Disclosure Agreement, as those documents currently exist and may be added to, deleted from or otherwise changed from time to time in the future. Each Business Entity expressly acknowledges and agrees that if it has any electronic services, amendments to the Terms and Conditions and the Disclosure Agreement may be delivered or posted electronically, as is further disclosed in the Terms and Conditions. Capitalized terms used in this Agreement, not otherwise defined, have the meanings given to them in the Terms and Conditions.

### Multiple Entity Cash Management Services Linking - Check if applicable ☐

Each of the undersigned Business Entities hereby authorizes the linking of its accounts with all of the below-named Business Entities for the selected Services. Each of the undersigned Business Entities hereby appoints the Business Entity first listed below ("Principal Business Entity") to act as the attorney in fact for such Business Entity with respect to all matters concerning Services with Bank, such authority specifically, but without limitation, including the right to: (1) establish, continue, modify, and terminate an account, Service or other banking arrangement made by or on behalf of Business Entity; (2) contract to procure other such Services available from Bank as Principal Business Entity considers desirable; (3) receive bank statements, vouchers, notices, and similar documents from a financial institution and act with respect to them; and (4) designate a person(s) ("Designee(s)") to act with respect to the Services. This power of attorney is coupled with an interest.

The undersigned intend that Bank treat all Business Entities as one entity for purposes of the Services provided pursuant to this Agreement. Specifically and without any limitation intended, each Business Entity specifically authorizes all deposit [and other] accounts of each Business Entity to be linked together for Account Analysis purposes, linked in the Deposit Concentration Service, linked in the Zero Balance Accounting Service, linked in access via our Online Banking Service through any website owned, operated, controlled, or maintained by Bank or any of its affiliates, without restriction. The accounts so linked may include, without limitation, deposit accounts (for example and without limitation, savings, checking, money market, certificates of deposit), credit accounts (for example and without limitation, lines of credit, credit cards, loans, leases), investment and brokerage accounts (for example and without limitation, mutual funds, stocks, securities, annuities) and any and all other accounts that we may now or in the future hold for or on behalf of any named Business Entity.

Each Business Entity represents with respect to the individual who executes this Agreement on its behalf ("Designee") that the Designee is an authorized signer for the Business Entity. Each Business Entity agrees that:

- Any Designee is authorized to access any account of any Business Entity named in this Agreement when such access is accomplished electronically via any Service provided in accordance with this Agreement.
- Each Designee shall further be entitled to access and control all such accounts singly via the Service without regard to any multiple signer designations, requirements, or restrictions that might otherwise be applicable to a specific account but for this Agreement. Such access includes, without limitation, the ability to: (1) control such accounts electronically; (2) view or initiate transactions including, without limitation, withdrawals; (3) deposit and transfer money; (4) generally perform all types of electronic transactions to and from each account of each Business Entity; and (5) further authorize other users to access the accounts to perform similar functions (under the control of such persons authorized hereunder).

Each Business Entity acknowledges and agrees that the linking of its business account(s) through the designated Services as contemplated in this Agreement could subject each of the Business Entities





(individually or collectively) to claims involving or arising out of the commingling of funds, and each Business Entity hereby assumes all of the risks involved. Each Business Entity further acknowledges and agrees that, for purposes of Online Banking, the granting of access to the deposit accounts of each Business Entity by way of a single identification number and password is provided by Bank only at the request and for the convenience of each Business Entity. Each Business Entity, individually and collectively, agrees to indemnify, protect, hold harmless and defend Bank from and against any and all claims, demands, damages, expenses, liabilities or costs (including attorneys' fees, professional fees and court costs), of whatever kind or nature whatsoever, in connection with or arising from allowing any of the accounts belonging to each Business Entity to be linked to one another for access via the Services or from the provision of the Services.

There are additional pages attached to this Agreement, which contain additional Business Entities whose accounts and services may also be linked to the accounts of the Business Entities reflected on this page.

#### Cash Management Service(s) Requested

- |  |   |
|--|---|
| <input type="checkbox"/> Account Analysis Service          | <input type="checkbox"/> ImageExpress Services                |
| <input type="checkbox"/> Account Reconciliation Services   | <input type="checkbox"/> Online Banking Services              |
| <input type="checkbox"/> ACH Blocked Service               | <input type="checkbox"/> Payment Orders ACH                   |
| <input type="checkbox"/> Assured Access Card TM Services   | <input type="checkbox"/> Payment Orders Wires                 |
| <input type="checkbox"/> Cash Vault Services               | <input type="checkbox"/> Positive Pay Services                |
| <input type="checkbox"/> Controlled Disbursement           | <input type="checkbox"/> RemittanceBanking Services (LockBox) |
| <input type="checkbox"/> Deposit Concentration Service     | <input type="checkbox"/> Remote Cashier's Check Service       |
| <input type="checkbox"/> Direct Delivery of Checks Service | <input type="checkbox"/> SecureDirect Banking Integration     |
| <input type="checkbox"/> DirectPay Manager                 | <input type="checkbox"/> Sweep Services                       |
| <input type="checkbox"/> Electronic Commerce Service       | <input type="checkbox"/> Tax Direct Services                  |
| <input type="checkbox"/> Electronic Deposit Service        | <input type="checkbox"/> Third Party Depository Services      |
| <input type="checkbox"/> Image Clearing Service            | <input type="checkbox"/> Zero Balance Accounting Services     |

Each Business Entity understands that use of any Service is subject to: (1) Bank's receipt of any required information and documentation; (2) Bank's approval; and (3) each Business Entity's completion of any testing or training requirements.

The undersigned Designee, and each of them, is an officer, owner, principal or other authorized individual of the Business Entity on whose behalf the Designee is acting. The undersigned Business Entity and Designee represent and warrant that the Business Entity on whose behalf the Designee is acting has taken all action required by its organizational or constituent documents to authorize the undersigned Designee to execute and deliver this Agreement and any other documents Bank may require with respect to a Service, and to provide to Bank instructions, and to designate employees and agents to act in the name of and on behalf of the Business Entity regarding the Services and any and all accounts affected by any Service obtained on behalf of the Business Entity.

#### **BUSINESS ENTITIES JOINING IN CASH MANAGEMENT SERVICES**

##### **PRINCIPAL BUSINESS ENTITY**

Tax Identification Number	
Business Entity Name	Printed Signer's Name
Authorized Signature	Title

Tax Identification Number:	
Business Entity Name	Printed Signer's Name
Authorized Signature	Title



## CORPORATE/ASSOCIATION RESOLUTION

RESOLVED: The \_\_\_\_\_, or \_\_\_\_\_  
 (Title) (Name) (Title) (Name) (Title) (Name)

of this Corporation is authorized to enter into any cash management services agreements with Bank of the West, to designate from time to time persons, in such number as may be directed, to manage any cash management service and otherwise give instructions regarding this organization's cash management service(s).

RESOLVED further that the authority conferred is in addition to any other authorizations in effect and shall remain in force until Bank receives written notice of its revocation at the office where the account is maintained or at such other location as Bank may direct.

## CERTIFICATION

I certify that this resolution was adopted by this organization in accordance with law and its charter documents at a meeting duly held by this organization's governing body, and is now in effect. I certify that all of the signatures on the reverse are genuine and are those of person(s) who are authorized to execute the form who has such title as is listed above. I further certify that I have full authority to execute this certification. Bank of the West is entitled to rely upon this certification until written notice of its revocation is delivered to Bank of the West.

\_\_\_\_\_  
 DATED SIGNATURE  
 \_\_\_\_\_  
 PRINT NAME/TITLE (Must be Secretary or Assistant Secretary)

For Bank Use Only

Bank of the West (Office/Unit)	Bank of the West (Cash Management Sales)
Name:	Name:
Title:	Title:
Office/Unit:	
Date:	Date:
Signature	Signature





# Cash Management Terms and Conditions

December 15, 2016



## Cash Management Terms and Conditions

GENERAL TERMS AND CONDITIONS .....	4
1. Amendments to Terms and Conditions .....	4
2. Binding Effect; Successors and Assigns .....	4
3. Compliance with Applicable Laws .....	5
4. Consent To Audit and to Verification of Identifying and Credit Information .....	5
5. Cutoff Hours.....	5
6. Duty to Review Statement and Items .....	5
7. Electronic Banking Services .....	5
8. Electronic Communications .....	5
9. Entire Agreement.....	5
10. Equipment; Software .....	5
11. Erroneous Reports.....	6
12. Funding Limits; Available Funds .....	6
13. General Representations and Warranties .....	6
14. General Security Procedure Requirements .....	6
15. Governing Law; Submission to Jurisdiction.....	9
16. Indemnity .....	9
17. Joint and Several Authority to Combine Funds .....	10
18. Lawful Use .....	10
19. Liability; Duty to Correct; Limitations of Liability; Statute of Limitations.....	10
20. No Advertising .....	11
21. No Implied Waivers; Remedies Not Exclusive.....	11
22. Non-Encrypted Transmissions via Computer .....	11
23. Notice of Claim.....	11
24. Notices .....	12
25. No Warranty.....	12
26. Our Agents.....	13
27. Payment for Services.....	13
28. Privacy .....	13
29. Proper Instructions.....	14
30. Proprietary Information .....	14
31. Recording and Use of Communications .....	14
32. Responding to Legal Process or Investigations.....	15
33. Severability .....	15
34. Termination.....	15
35. Training .....	15
36. Your Agents .....	15

## Cash Management Terms and Conditions

TERMS AND CONDITIONS FOR SPECIFIC SERVICES .....	15
37. Account Analysis Services.....	15
38. Account Reconciliation Services .....	16
39. ACH Blocked Service .....	16
40. Assured Access Card <sup>TM</sup> Services .....	17
41. Cash Vault Services .....	20
42. Controlled Disbursement Subscriber Service.....	22
43. Deposit Concentration Service .....	24
44. Direct Delivery of Checks.....	24
45. DirectPay Manager .....	25
46. Electronic Commerce Service (ECS).....	26
47. Electronic Deposit Services .....	26
48. Image Clearing Service.....	29
49. ImageExpress Services .....	32
50. Online Banking Services.....	32
51. Other Electronic Banking Service .....	35
52. Payment Orders (Wire Transfers and ACH) .....	35
53. Positive Pay Services .....	42
54. Remittance Banking Services (Lockbox).....	43
55. Integrated Solutions Services .....	44
56. Sweep Services .....	46
57. TaxDirect Services.....	48
58. Third Party Depository Services .....	49
59. Zero Balance Accounting Services.....	49
GLOSSARY.....	51

## Cash Management Terms and Conditions

Welcome to Bank of the West!

Thank you for selecting Bank of the West as your business bank. It is a pleasure to serve you.

Your agreement for cash management services (the "Services") is governed by your Authorization and Agreement for Cash Management Services, this Cash Management Terms and Conditions booklet ("Booklet"), the Deposit Account Disclosure for Business Accounts ("Disclosure Booklet"), any current Schedule of Fees and Charges, Analyzed Business Checking Schedule of Fees and Charges, any User Materials, and any confirmations or other documents and disclosures that pertain to the provision of one or more Services by us (collectively, "Terms and Conditions"). This Booklet and any of the documents and agreements that are included within the Terms and Conditions may be amended, restated supplemented, or otherwise modified from time to time or altogether deleted from the Terms and Conditions.

This Booklet contains general provisions that apply to any and all Services that we may provide to you and it also contains provisions that apply to specific Services that you may not wish to use. The general provisions are in all cases subject to more specific information in the specific provisions or in the User Materials or other referenced documents. For example, specific provisions about cutoff times for ACH transactions control for those Services in place of the general provisions about cutoff times. In some cases, we will need to obtain additional information from you regarding your eligibility for and continued use of specific Services. Depending on the Service, we may ask you to sign a certification or other form confirming such information and agreeing to additional terms and conditions that will apply to a specific Service. If we offer you special terms and conditions for a Service that differ from the terms and conditions set forth in this Booklet, we will give those terms and conditions to you in a written form that clearly specifies that those terms and conditions apply in place of contrary or conflicting terms and conditions contained in this Booklet or in our standard forms and other documents.

As part of our commitment to offering you a choice of Services that meet our high standards of excellence, we are constantly reevaluating, updating and upgrading our Services, including adding new Services, and those reviews and changes result in regular updates to the Terms and Conditions. You therefore understand and agree that the Terms and Conditions will evolve and change over time (including modifications, additions and deletions). You may view our current Terms and Conditions at any time by going to our website at [bankofthewest.com](http://bankofthewest.com) and clicking on the tabs/links for Cash Management Services and Terms and Conditions. By accepting or using any Services, you agree to all the Terms and Conditions, as in effect at the time you use the Services. Any changes in our Terms and Conditions will apply only to transactions effected after the date the changed Terms and Conditions are posted to our website. You acknowledge your acceptance of those changes by continuing to use the affected Service(s) after the time of posting of those changes.

In this Booklet, "BOW," "we," "us," "our," "Bank of the West" and "Bank" refer to Bank of the West. The words "you" and "your" refer to the person or entity identified on our records as the accountholder of the account. Any other defined terms in this Booklet will be capitalized. You may find the definitions within the terms and conditions of this Booklet and/or in the Glossary at the end of this Booklet.

### **GENERAL TERMS AND CONDITIONS**

#### **1. Amendments to Terms and Conditions**

We may amend, add, or delete any term and condition detailed in this Booklet and in the Terms and Conditions at any time. Generally, any additions, deletions or other amendments will be posted on the Bank's Website, [www.bankofthewest.com](http://www.bankofthewest.com). To the extent and in the manner and timeframes required by law, the Bank will notify you in advance of any changes that affect your rights and obligations. You indicate your acceptance of any change we make by continuing to use the Service after the change becomes effective.

#### **2. Binding Effect: Successors and Assigns**

The Terms and Conditions shall be binding upon and inure to the benefit of the parties hereto and their respective successors, administrators, liquidators, receivers, trustees, assignees, custodians, conservators or other similar officials. You may not assign your rights or delegate your duties under the Terms and Conditions without our consent, and any purported assignment in violation of this provision shall be null and void. With prior notice to you, we may assign or transfer any or all of our rights and obligations under the Terms and Conditions or your accounts to any parent entity, any affiliate, any direct or indirect wholly owned subsidiary of us or any other person which acquires all or substantially all of the custodial business of us. You hereby consent to any such assignment or transfer and agree to enter into any agreement which we may reasonably request to effect such assignment or transfer.



## Cash Management Terms and Conditions

**3. Compliance with Applicable Laws**

You agree to conduct your business and operations in accordance with all applicable laws, rules and regulations, and you agree to be bound by, and to comply with, the ACH Requirements and Wire Transfer Requirements, as defined in the Glossary and Section 52 of this Booklet.

**4. Consent To Audit and to Verification of Identifying and Credit Information**

**Consent to Audit** – At least annually, upon our request, you agree to make yourself, your premises, your documentation and due diligence processes and procedures available for audit by us for compliance with applicable laws, rules and regulations, and with the Terms and Conditions. We will provide you with not less than ten (10) days prior notice of any audit and agree to work with you to set a reasonable time for any audit.

**Verification of Identity and Credit** – In accordance with federal law, we must make a reasonable determination and verification of the profile information of our clients. Until verification is completed, we may not be able to service and maintain your account. By requesting any Services, you acknowledge and consent to us obtaining background and/or credit reports necessary to comply with any federal or state statutes or industry regulations.

**5. Cutoff Hours**

Each Service may have cutoff hours as set forth in various User Materials or other documentation. In general, transactions initiated or instructions received after the established cutoff hour shall be considered as having been made on our next Banking Day.

**6. Duty to Review Statement and Items**

See your Disclosure Booklet for additional information and details.

**7. Electronic Banking Services**

We offer various electronic banking services, some of which are accessible via the World Wide Web and others of which are software based. You hereby authorize us to offer our various electronic banking Services via licenses and/or third party servicers.

**8. Electronic Communications**

If you use any electronic banking Service or Internet banking Service, you agree that any and all disclosures and communications regarding those Services or the Terms and Conditions may be made electronically, including via email, or by posting to our Website in accordance with applicable law. Any electronic disclosure or communication we make will be considered made when transmitted by us and any disclosure or communication we make by posting to our Website will be considered made when posted by us.

**9. Entire Agreement**

The Terms and Conditions constitute the entire and complete understanding between and among the parties with respect to the Services, and no representations or agreements, expressed or implied, of any kind or character whatsoever have been made except as are expressly set forth in the Terms and Conditions.

**10. Equipment: Software**

You must provide and properly install all required Equipment and maintain the Equipment in good working order. You accept full responsibility for the security and confidentiality of all matters related to the Equipment. Any Equipment requirements are described in the User Materials or other referenced documents, as amended from time to time. Unless otherwise agreed between you and us, we are not responsible for the installation or setup of any Equipment. We do not guarantee access to any Services from all computers, modems or communication software packages. Should you choose

## Cash Management Terms and Conditions

to use equipment not listed in the User Materials or other referenced documents or not previously authorized by us in writing, we may not support such equipment and you may not be able to access the Services with such equipment.

### 11. Erroneous Reports

If you receive an Erroneous Report, you will immediately notify us by telephone and will return the original Erroneous Report to us by U.S. Mail or, if instructed by us, destroy the Erroneous Report in a commercially reasonable manner. You agree you will not disclose, use, review, copy, sell, disseminate, publish or distribute any Erroneous Report.

### 12. Funding Limits: Available Funds

In our sole discretion, we may establish a funding limit ("Funding Limit") from time to time with respect to any Service, including, without limitation, for the Controlled Disbursement Subscriber Service or for any Payment Orders originated through the ACH Service. We will have no obligation to you to fund any Service for amounts in excess of funds available in designated deposit accounts.

### 13. General Representations and Warranties

You represent and warrant that: (i) you have taken all necessary action to authorize the execution, delivery and performance of the Terms and Conditions; (ii) the person signing the documents establishing your account relationship is duly authorized to do so; (iii) you have obtained all consents, authorizations or instructions required in connection with your agreement to the Terms and Conditions, including those required by any government body, and such consent, authorizations and instructions are in full force and effect; (iv) your acceptance of the Terms and Conditions and your performance of your obligations under the Terms and Conditions will not violate any law, regulations, order, ordinance, rule, charter, bylaw, or other organizational document applicable to you or any agreement by which you are bound or by which any of your assets are affected; (v) the Terms and Conditions constitute a legal, valid and binding obligation, enforceable against you in accordance with their terms; and (vi) all information, documents, statements (written or oral), agreements and work papers furnished or to be furnished in writing to us by you relating to you ("Information"), including without limitation any Information containing any representation, warranty, covenant or agreement made in respect of you, your affiliates or your and their businesses and operations, is or will be at the time of delivery to us accurate and complete in all material respects. You understand that we may rely on such Information in connection with transactions effected for credit to your accounts.

### 14. General Security Procedure Requirements

#### (a) **General Security Procedures**

(a)(i) Introduction – The following general security procedure requirements apply to any Services provided. Certain Services require special security procedure requirements. The User Materials outline in detail the security safeguards that allow you to determine the holder of the security system for your company, Authorized Users, authorized transaction types and dollar limits on all transactions. For certain Services, you will be responsible for the administration, including the deletion of Authorized Users.

(a)(ii) Access – Most Services can be accessed and instructions and communications can be given by you to us by electronic means, such as a computer terminal. If we give you access to a secure system of communicating with us, such as our online banking services, you will be given or will select a user id and password, which shall become component of a Security Device. Each Authorized User must have a unique user id and password. You will be responsible for the confidentiality and use of each Security Device. You will be responsible for all instructions received by us through and under any authorized Security Device as more fully described herein. We reserve the right to require you to change any or all of the security procedures or codes at any time. We may require that you designate an individual (and, where applicable, we recommend that you have at least two individuals) who are authorized to take control of the security procedures inherent in the Service. Unless we are otherwise advised, the employee(s) (up to two), who execute the enrollment agreement are conclusively presumed to be the Designated Company Contact ("DCC"). The DCC is, or can assign to another(s), the role of System Administrator(s). The System Administrator(s) is responsible for assigning the levels of security necessary for you. The System Administrator(s) shall also be responsible for distributing the Security Device to



## Cash Management Terms and Conditions

Authorized Users and retrieving the Security Device from the Authorized User or disabling the Security Device upon revocation of an Authorized User's access rights.

(a)(iii) Default Password – Any initial default passwords are sent to the DCC under separate cover.

(a)(iv) Password Change – Any System Administrator(s) will be required to change the initial passwords the first time they login into the System. It is the System Administrator's responsibility to understand the security capabilities built into the Service and to assign and, as appropriate to your business and security needs, to restrict access to the various applications only to those employees who have a need to know, keeping in mind the importance of separation of duties as an important way of protecting your organization. You agree to change user id and passwords frequently in order to ensure the security of the user id and passwords. The System Administrator also maintains the responsibility of setting certain limits related to dollar or volume thresholds for Authorized Users.

(a)(v) Agreement to Comply – You agree to follow the security procedures we have established for your communications with us.

(a)(vi) Confidentiality – We do not publish these security procedures or make them generally available to the public because doing so would compromise the integrity of the security procedures. You are responsible for maintaining the confidentiality of any security procedures established. You agree to keep all security procedures and Security Devices protected, secure, and strictly confidential and to provide or make available the same only to Authorized Users. You agree to instruct each Authorized User not to disclose or provide any security procedures or Security Devices to any unauthorized person. If you or your agents have reason to believe that any security procedures or any Security Device (including any identification codes) have or may have become known by unauthorized persons (whether or not your employees), you shall immediately notify us by telephone. In the event of any actual or threatened breach of security, we may issue you a new Security Device or establish new security procedures as soon as reasonably practicable, but we shall not be liable to you or any third party for any delay in taking such actions.

(a)(vii) Our Reliance – Until you notify us and we have a reasonable opportunity to act on the notice, you shall remain responsible for any transactions and/or instructions given by use in accordance with the security procedure. You are solely liable for any transactions and/or communications initiated by us before we have received notice from you of the breach or potential breach of any security procedure and have had a reasonable opportunity to act on such notice.

(a)(viii) Breach of Security Procedures – You agree to notify us immediately if you become aware of: (i) any loss or theft of any Security Device; or (ii) unauthorized use of any Security Device, or of the Service or any information. You further agree to notify us immediately if we are required to take any action to terminate access to any Services by any Authorized User(s). You agree to confirm any oral notification in writing to us within 24 hours. You agree to cooperate with us to replace the security procedures (including any identification codes) in accordance with our security requirements. In the event of the breach of any applicable security procedure, you agree to assist us in determining the manner and source of the breach. Such assistance shall include, but shall not be limited to, providing us or our agent access to your systems, computer hardware and software, storage media and devices, and any other equipment or device that was used or may have been used in breach of the security procedure. You further agree to provide to us with any analysis of such systems, computer hardware and software, storage media and devices, and other equipment or devices, or any report of such analysis, performed by you, your agents, law enforcement agencies, or any other third party. Your failure to assist us shall be deemed an admission by you that the breach of the security procedure was caused by a person who obtained access to your transmitting facilities or who obtained information facilitating the breach of the security procedure from you and not from a source controlled by us.

(a)(ix) Change of security procedures – We reserve the right to modify, amend, supplement, or cancel any or all security procedures, and/or to cancel or replace any Security Device, at any time and from time to time in our discretion. We will endeavor to give you reasonable notice of any change in security procedures; provided that we may make any change in security procedures without advance notice to you if we, in our judgment and discretion, believe such change to be necessary or desirable to protect the security of our systems and assets. Your implementation and use of any changed security procedures and/or continued use of the Service after any change in security procedures shall constitute your agreement to the change and your agreement that the



## Cash Management Terms and Conditions

applicable security procedures, as changed, are commercially reasonable and adequate for the purposes intended.

(a)(x) **Your Security Responsibilities** – You are solely responsible for providing for and maintaining the physical, electronic, procedural, administrative, and technical security of your data and systems. You acknowledge that we do not control the Internet or other information systems operated by third parties and you will not hold us or our agents liable for any failures, acts, or omissions of any third party information system operator, including but not limited to, unauthorized access to, alteration, theft, or destruction of information and data. You agree that we are not responsible if your computer system, your internal controls or other operating software that causes interaction between us to operate poorly or slowly. You agree to audit your security practices and otherwise comply with our rules pertaining to Internet security as provided to you in writing. You acknowledge and agree that such rules may be modified by us, such modifications to be effective upon the giving of notice thereof by us to you. You agree that your email system will not block emails from our domain and that you are fully responsible if your email system blocks emails from our domain. You must take preventative action to scan all files for viruses.

We are not responsible for any computer viruses (including, without limitation, programs commonly referred to as "malware," "keystroke loggers," and/or "spyware"), problems or malfunctions resulting from any computer viruses, or any related problems that may be associated with the use of an online system. Any material downloaded or otherwise obtained through the use of any electronic Service is obtained at your own discretion and risk, and we are not responsible for any damage to your computer or operating systems or for loss of data that results from the download of any such material, whether due to any computer virus or otherwise. You are solely responsible for maintaining and applying anti-virus software, security patches, firewalls, and other security measures with respect to your operating systems, and for protecting, securing, and backing up any data and information stored in or on your operating systems. We are not responsible for any errors or failures resulting from defects in or malfunctions of any software installed on your operating systems.

You acknowledge and agree that it is your responsibility to protect yourself and to be vigilant against e-mail fraud and other internet frauds and schemes (including, without limitation, fraud commonly referred to as "phishing"). You agree to educate your Authorized Users, agents, and employees as to the risks of such fraud and to train such persons to avoid such risks. You acknowledge that we will never contact you by e-mail in order to ask for or to verify account numbers, Security Devices, or any sensitive or confidential information. In the event you receive an e-mail or other electronic communication that you believe, or have reason to believe, is fraudulent, you agree that neither you nor your Authorized Users, agents, and employees shall respond to the e-mail, provide any information to the e-mail sender, click on any links in the e-mail, or otherwise comply with any instructions in the e-mail. You should forward any suspected fraudulent or suspicious e-mail to us. You acknowledge and agree that you are aware of and are familiar with the concept of a "man-in-the-middle" or "man-in-the-browser" attacks and that you will be vigilant in detecting such attacks on your computer, access devices, and systems. Contact us immediately if you suspect that you may be the victim of such an attack. Contact us immediately if you experience any delays or receive any unusual messages, such as "system unavailable" or "try again later" after using a Security Device. You agree that we are not responsible for any losses, injuries, or harm incurred by you as a result of any electronic, e-mail, or internet fraud.

You acknowledge and agree that as an integral part of these security procedures, you will review transactions on your account daily and notify us immediately if you suspect an unauthorized transaction. You acknowledge and agree, to the extent allowed by law, that you will be liable for any unauthorized transactions that could have been prevented were it not for your failure to review transactions daily on your account.

### (b) **Special Security Requirements for Payment Orders**

You agree to comply with the following security procedure requirements with respect to all Payment Orders you originate and transmit to us. You understand and acknowledge that the purpose of these security procedures is to verify the authenticity of Payment Orders delivered to us in your name and not to detect errors in transmission or in the content of Payment Orders submitted to us. You agree to implement appropriate procedures to ensure the accuracy of all Payment Orders submitted to us and the integrity of the transmission of such Payment Orders. You represent that you have carefully considered the circumstances of your initiation of a Payment Order and the transactions and activity that you will effect through the Service, and you acknowledge and agree that the security procedure, including (without limitation) any Security Devices used in connection therewith, constitute commercially reasonable security procedures under applicable law for the transactions and activity you intend to effect through the Service. You authorize us to follow any and all instructions entered and transactions initiated using applicable

## Cash Management Terms and Conditions

security procedures unless and until you have notified us, according to notification procedures we prescribe, that the security procedures or any Security Device has been stolen, compromised, or otherwise become known to persons other than Authorized Users and until we have had a reasonable opportunity to act upon such notice. You agree that the initiation of a transaction using applicable security procedures constitutes sufficient authorization for us to execute such transaction notwithstanding any particular signature requirements identified on any signature card or other documents relating to your account, and you agree and intend that the submission of Payment Orders and instructions using the security procedures shall be considered the same as your written signature in authorizing us to execute such transaction. You acknowledge and agree that you shall be bound by any and all transactions and activity effected through the Service through the use of such security procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by Authorized Users, to the fullest extent allowed by law.

You further agree that we may act on any Payment Order that we have verified in accordance with the security procedures. If a Payment Order (or a request for cancellation or amendment of a Payment Order) received by us purports to have been transmitted or authorized by you, it will be deemed effective as your Payment Order and you will be obligated to pay us the amount of such Payment Order even though the Payment Order was not in fact authorized by you so long as we act in compliance with the following security procedures. If a Payment Order received by us was in fact transmitted or authorized by you, you will be obligated to pay the amount of the Payment Order regardless of whether we followed these security procedures. Regardless of the method you use to transmit files to us, you are strictly responsible for establishing and maintaining procedures to safeguard against unauthorized transmissions. You warrant that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards and that you will take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions. You agree to notify us as soon as possible if you believe or suspect that any unauthorized person has received access to any security information, but doing so will not affect your liability for any transactions processed by us in good faith prior to receiving such notification and acting within a reasonable time to prevent unauthorized transactions.

#### 15. Governing Law: Submission to Jurisdiction

EXCEPT AS OTHERWISE PROVIDED IN THE TERMS AND CONDITIONS, THE TERMS AND CONDITIONS AND THEIR ENFORCEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA (without regard to any principles of conflicts of law). In the event of any action by us to enforce the Terms and Conditions, you agree to pay the costs thereto, including, but not limited to, reasonable attorneys' fees and court costs. You hereby submit to the nonexclusive jurisdiction of the United States District Court for either the Central District of California or the Northern District of California and of the California Superior Court sitting in either the County of Los Angeles or the County of San Francisco for purposes of all legal proceedings arising out of or relating to the Terms and Conditions or the transactions contemplated thereby. You irrevocably waive, to the fullest extent permitted by law, any objection which you may now or hereafter have to the laying of the venue of any such proceeding brought in such court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum, and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner permitted by law.

#### 16. Indemnity

We shall not incur any liability with respect to any act or omission in reliance upon any document, including any written notice or instruction provided for in the Terms and Conditions. You agree to indemnify and hold us harmless for any and all actions we take in accordance with your instructions, even if we vary from our standard procedures in honoring such instructions. In the event that we or our respective officers, directors, shareholders, agents, representatives or affiliates, or any heirs, legal representatives, successors or assigns of the foregoing (each an "Indemnified Party" and collectively the "Indemnified Parties") become involved in any capacity in any action, proceeding or investigation brought by or against any person (including you) arising out of or based upon any false representation or warranty or breach or failure by you to comply with any covenant or agreement made by you herein or in any other document furnished by you to any Indemnified Party in connection with the Terms and Conditions or any transaction effected pursuant to the Terms and Conditions, or any claim arising directly or indirectly from your use of the Services, any Software, technical computer service, including Software installation or de-installation, or system, or any claim is otherwise made against any of the Indemnified Parties arising out of the performance by us of our duties and obligations under the Terms and Conditions, you will indemnify and hold harmless each of the Indemnified Parties from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses and disbursements (including, but not limited to, reasonable legal costs and expenses) of any kind or nature whatsoever (collectively, "Losses") incurred in connection



## Cash Management Terms and Conditions

therewith, other than such Losses that are ultimately determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from such Indemnified Party's gross negligence or willful misconduct.

#### 17. Joint and Several Authority to Combine Funds

If more than one party joins or participates in one or more Services, the contractual obligations shall be the independent obligations of each party, the obligations hereunder being joint and several. Each of such party agrees that there is no expectation of privacy between the entities that have joined and/or participated in the Services. Each party that participates in one of more Services hereby represents and warrants to us that any and all transfers and commingling of funds required or permitted by any Services, and all other aspects of the performance hereof by the parties, have been duly authorized by law and by all necessary parties, including, without limitation, the account holder of each account, and that each party has obtained and shall maintain in its regular business records and make available to us upon reasonable demand adequate documentary evidence of such authorization from the account holder of each account, executed by the duly authorized officer(s) of each such account holder in accordance with such account holder's organizational documents and board resolutions or other written consents. Each representation and warranty contained herein shall be continuing and shall be deemed to be repeated upon each use of the Services and our effecting each transfer and commingling of funds.

#### 18. Lawful Use

You agree that you shall not (and you shall have appropriate procedures and monitoring in place to assure that your employees and agents do not) use our Services for any purpose that is unlawful, abusive, harassing, libelous, defamatory, obscene, threatening or damaging in any way.

#### 19. Liability: Duty to Correct: Limitations of Liability: Statute of Limitations

We are not responsible for any loss, delay, cost or liability which arises, directly or indirectly, in whole or in part, from: (i) your actions or omissions, or those of third parties which are not within our immediate and reasonable control; (ii) your negligence, willful misconduct, bad faith or breach of any agreement with us; (iii) any ambiguity, inaccuracy or omission in any instruction or information provided to us; (iv) any error, failure, loss of information, disruption or delay in the transmission or delivery of data, records or items due to a breakdown in any computer, utility or communications facility; (v) any error or omission, willful or negligent by any third party, that which results in any equipment malfunction or any loss, cost, expense or damage to you in connection with any Software, system, technical computer service, including Software installation or de-installation, or the Bank's or you use thereof; (vi) circumstances beyond our reasonable control, including delays by third parties, unusually severe weather conditions, accidents, strikes or labor disputes, riots, acts of government, insurrection, war, civil unrest, sabotage, fire, explosion, flood, water damage (e.g., from fire suppression systems), acts of terrorism or acts of God; or (vii) the application of any government or funds-transfer system rule, guideline, policy or regulation. Our performance of our obligations shall be extended to include the period of time that we (or our third party processor, if any) were delayed or prevented from performing our obligations under the Terms and Conditions by reason of any of the above causes.

##### (a) **Duty To Correct**

If we make an error, upon written notice of the error, we will, to the extent reasonably possible, correct the error promptly.

##### (b) **Limitations of Liability**

(b)(i) Except for direct losses caused by our gross negligence or willful misconduct, our liability for every loss, cost, or liability arising from our errors, whether caused by acts or omissions, is limited to the average monthly charge for the Services in question for the six-month period preceding the date of loss. We shall not be responsible, under any circumstances for any loss of goodwill or for any punitive, special, consequential or indirect damages or loss profits that you incur in connection with the Terms and Conditions or the Services, any Equipment, Software or system, even if the Bank has been advised of the possibility of such damages. We shall not be liable for any failure to perform any of our obligations under the Terms and Conditions if such performance would result in us being in breach of any law, regulation, requirement or provision of any government, governmental agency, banking or taxation authority in accordance with which we are required to act, as we shall determine in our sole discretion.



## Cash Management Terms and Conditions

(b)(ii) You acknowledge that our fees for Services have been established in contemplation of: (a) the limitations on our liability set forth in the Terms and Conditions; (b) your agreement to review statements, confirmations, reports, and notices promptly, and to notify us immediately of any discrepancies or problems; and (c) the application of the alternative dispute resolution provisions set forth in the Terms and Conditions.

(c) **Statute of Limitations**

Any claim, action or proceeding to enforce the Terms and Conditions or to recover for any Services related loss must be commenced within one year from the date that the event giving rise to the claim, action or proceeding first occurs.

This Section shall survive termination of the Terms and Conditions and all Services.

**20. No Advertising**

No party hereto shall use the name of any other party hereto in any marketing or advertisement without the prior written consent of any such other party. You shall not advertise or promise any Service without the Bank's prior written consent.

**21. No Implied Waivers: Remedies Not Exclusive**

No failure by us to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under the Terms and Conditions shall operate as a waiver thereof; nor shall any single or partial exercise by us of any right or remedy under the Terms and Conditions preclude further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Terms and Conditions are cumulative and are not exclusive of any other rights or remedies provided by law. No course of dealing and no delay or failure of ours, our parent company, affiliates, subsidiaries, agents, successors in interest or assigns in exercising any right, power or privilege under the Terms and Conditions or any other agreement in connection with these Services shall affect future exercise thereof or the exercise of any other right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or any other right, power or privilege. Our rights and remedies, and those of our parent company, affiliates, subsidiaries, agents, successors in interest or assigns under the Terms and Conditions or any other documents or instruments pursuant to or in connection with the Services are cumulative and not exclusive of any rights or remedies which any such party would otherwise have.

**22. Non-Encrypted Transmissions via Computer**

You acknowledge that certain computer data transmissions or other communications between you and any other party may not be encrypted. You assume the risk of interception of unencrypted data transmitted between you and us or between us and any third party that represents you.

**23. Notice of Claim**

(a) **Reporting Period**

(a)(i) Thirty-Day Reporting Period – You agree to review, regularly and promptly, all reports, bank statements, Payment Order instructions, adjustments, charges, entries and other transactions. You shall immediately or, in any event, not later than thirty (30) calendar days following the date that we first mail or otherwise make available to you notification of the transaction ("Notice Period"), notify us of any error or discrepancy between your records and any notice or statement from us, or any transaction or transfer you believe was not authorized. You agree to notify us immediately of any claim you have or any claim that is made to you by a third party, that any of our acts or omissions in connection with any Service has caused you or the third party damage.

(a)(ii) Reporting Periods of Less than Thirty Days – In some cases, you are obligated to notify us of unauthorized activity or discrepancies within a shorter time frame. You shall notify us of errors in ACH or wire transactions as soon as possible, and not later than 24 hours after first discovering the unauthorized transaction or error. See ACH Services at Section 52.

## Cash Management Terms and Conditions

**(b) Failure to notify**

(b)(i) If you fail to notify us of discovery within the Notice Period, in the event of an erroneous Payment Order, you will be liable for all losses (including any loss of interest) up to the amount of the Payment Order which result from your failure to give us notice or which might have been prevented by giving us notice and, in the event of an unauthorized Payment Order, we will not be liable for any loss of interest which results from your failure to give us notice or which might have been prevented by giving such notice.

(b)(ii) Unless otherwise provided in the Terms and Conditions, if you fail to notify us of any error or discrepancy within 30 calendar days following the day we first mail or otherwise make available to you a notice, including notice via electronic format which may be available via the Internet, you are precluded from asserting and waive any such error or the discrepancy against us.

**24. Notices**

We are entitled to rely on any written notice or other written communication, including facsimile, electronic mail (i.e., email) or other messages delivered in electronic medium if we believe in good faith that the communication is genuine and has been signed or otherwise authenticated by a person designated by you as an authorized representative. Any person designated by an authorized representative in the corporate or organizational resolutions or consents, signature cards or statement of designated authorized signatories on any of your deposit accounts with us is deemed by us to be an authorized representative for all purposes of your deposit accounts. You may add or delete your designated authorized representatives in accordance with our established procedures for changing authorized representatives. We are entitled to act on any incomplete communication, where in our reasonable opinion, it contains sufficient information. We have no duty to discover, and shall not be liable for, errors or omissions made by you or the duplication of any communication made by you. We may refuse to execute any communication where we reasonably doubt its contents, authorization, origination or its compliance with our policies or procedures. You agree that we may require notices regarding specific Services to be given to us at a location and in a manner we so provide to you. For example, any notice to us with respect to ACH transactions must be given to the contact person we designate to you from time to time for your ACH transactions. You cannot give effective notice to any other personnel of the Bank or to any contact person designated to you for any other account purpose or in the manner provided below for general notices.

**(a) Notice Address**

Except as otherwise provided to you, all notices to BOW regarding any Services shall be sent to Bank (C/O Customer Service Support Unit) at:

Bank of the West  
SC-XRD-3E-D  
13300 Crossroads Parkway North  
City of Industry, CA 91746.

**(b) Proof of Delivery**

Notices to you will be deemed made when delivered orally, electronically, in person, or by mail at the address you designate for your bank statements unless you specify in writing another address for notices.

**25. No Warranty**

YOU ACKNOWLEDGE THAT THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, AS TO (I) THE VALUE, CONDITION, DESIGN OR FUNCTIONING OF ANY SERVICE; AND (II) THE USE, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, INCLUDING THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OF ANY SYSTEM, SOFTWARE, SOFTWARE OR OTHER RIGHTS TRANSFERRED HEREIN, FREEDOM FROM INFRINGEMENT OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER WITH RESPECT TO THE SYSTEM, SOFTWARE OR OTHER RIGHTS TRANSFERRED HEREIN. IN THIS REGARD, YOU ACKNOWLEDGE THAT BANK WILL NOT BE LIABLE TO YOU FOR ANY PUNITIVE, INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES, LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO HAVE BEEN CAUSED BY THE USE OF OR INABILITY TO USE THE SYSTEM, SOFTWARE OR OTHER RIGHTS TRANSFERRED HEREIN.



## Cash Management Terms and Conditions

**26. Our Agents**

In the event that any Service(s) are dependent on our ability to obtain or provide access to third party networks and distribution systems, you agree that if the network or system is unavailable, or in the event that we determine, in our sole discretion, that we are unable to continue providing third party network or system access, we may discontinue the related Service(s) or may provide the Service(s) through an alternate third party network or system. In any event, the Bank shall not be liable for the unavailability of any third party network or system.

**27. Payment for Services**

You will pay us for the Services at the current price we quote or cite plus, if applicable, additional fees and expenses for any taxes or extraordinary Services. With some exceptions, the amounts due for the Service(s) may be charged to Account Analysis. See Section 37 and the Deposit Account Disclosure for Business Accounts for a description of our Account Analysis terms and conditions. If your monthly analysis credits are insufficient to pay the amounts due, absent other written arrangements with us, you agree that we may debit any of your accounts for any and all fees and expenses. If you close your account or terminate any Service, you will owe us fees and charges for any unpaid Services and for the month in which your account was closed or in which any Service was terminated. You agree that we may debit any fees and charges from any funds of yours that we hold. We also may collect both actual and estimated fees and charges from you at the time you close your account or after your account is closed.

**28. Privacy**

You agree to comply with all privacy and data-security laws applicable to your activities in connection with the handling of personal financial information belonging to your employees or other consumers with respect to whom any Services may be offered. Without limiting the foregoing, you acknowledge that the Gramm-Leach Bliley Act ("GLBA") governs disclosures of "nonpublic personal information," as such term is defined in Title V of the GLBA and any state statutes adopted in compliance therewith, the FTC Regulations promulgated pursuant thereto (including 16 CFR Part 313, 16 CFR Part 314, 12 CFR Part 332 and 12 CFR Part 364), and any state regulations promulgated under such state statutes or in compliance with the GLBA (collectively, the "Privacy Act and Regulations"), about consumers. You agree to comply with the Privacy Act and Regulations to the extent applicable and with all applicable law relating to consumer information. To the extent necessary, required or advisable to maintain any personal financial information of any consumer, you agree to adopt and maintain a comprehensive privacy policy and information security policy with respect to the handling of personal information of individuals. You agree to comply with such privacy policy and information security policy.

**(a) Your Privacy Obligations**

You agree that with respect to nonpublic personal information, you will:

- (a)(i) Comply with the terms and provisions of the Privacy Act and Regulations, including the provisions regarding the sharing of nonpublic personal information;
- (a)(ii) Not use or disclose to any third party without our prior written consent any nonpublic personal information that you obtain from us except to carry out the purposes for which we provided such nonpublic personal Information;
- (a)(iii) Comply with all applicable information security standards established by requirements of applicable law; and
- (a)(iv) In the event of a security breach or any other violation relating to any personal information under your control or the control of a third party service provider with which you have contracted, you will pay any out-of-pocket expenses incurred by us if we are involved in responding to such security breach, including paying the cost of notifying individuals that information about them was subject to a security breach.



## Cash Management Terms and Conditions

**29. Proper Instructions****(a) Duty to Act**

Except as expressly provided in the Terms and Conditions, we will act for your account only pursuant to Proper Instructions provided to us and we will have no duty to act in the absence thereof. As used herein, "Proper Instructions" means your instructions or those of your authorized agent or attorney-in-fact designated by you on a form reasonably acceptable to us and in accordance with the security procedures or other operational procedures established by you and us in accordance with the Terms and Conditions, given orally either in person or by telephone, or by facsimile transmission or by electronic mail or any electronic service that provides access to our Services, setting forth in reasonable detail the specific transaction(s) involved and subject to such authentication procedures, if any, as we may determine. Any Proper Instructions given by you to us shall not be effective until they are actually received by us and we have had a reasonable opportunity to act upon such instructions. You agree that we may act upon and shall incur no liability in acting upon any such instructions as reasonably understood by us, provided that such instructions reasonably appear to be genuine to us. You agree that you are responsible for and we may rely upon the accuracy and authenticity of all data and other information furnished to you by your employees and agents. You acknowledge that we reserve the right to decline to accept any Proper Instructions or to execute any transaction(s) for your account in our sole discretion. We shall in no event have any responsibility to accept Proper Instructions or to otherwise act with respect to your account unless indemnified to our satisfaction. Nothing in this provision, however, obligates us to honor, either in whole or in part, any transaction or instruction that (i) is not in accordance with any condition agreed upon between you and us in the Terms and Conditions or in any other agreement between you and us; (ii) we have reason to believe may not be authorized by you; (iii) exceeds any transaction limit, Funding Limit, or daily limits imposed by us on your transactions; (iv) exceeds your collected and available funds on deposit with us; (v) involves funds that are subject to a hold, dispute or legal process which prevents their withdrawal; (vi) violates any provision of any applicable risk control program of the Federal Reserve Bank or any rule or regulation of any federal or state regulatory authority; or (vii) for the protection of you or any other party, we have reasonable cause not to honor.

**(b) Unauthorized instructions**

You agree that we are not obligated to follow any instructions purported to be from you or any person representing you or any other person unless such instructions are provided to us in accordance with the Terms and Conditions and any security procedures or other operational procedures we may put in place from time to time. You also agree that we are not obligated to provide any notices regarding transactions for you to any person other than the authorized representative designated by you to receive such notices in accordance with the Terms and Conditions and our procedures in place from time to time.

**30. Proprietary Information**

You acknowledge that all User Materials, any Software or systems (collectively, "Proprietary Information") used in providing the Services and all information relating thereto are our proprietary properties or properties which we are authorized to sub-license and have great commercial value. You acknowledge that you acquire no property or proprietary rights in the Proprietary Information as a result of your use of the Services. You agree to protect the confidentiality of these materials. You agree that you will not distribute, alter, recompile, disassemble, reverse engineer or make, publish or distribute any derivative work from the Proprietary Information, nor shall you obscure, alter or remove any copyright, trademark, service mark, patent notice or other proprietary notice that is placed on the Proprietary Information. You agree to destroy, delete or return to us such Proprietary Information upon our request or upon termination of the Services. You agree to promptly notify the Bank (with confirmation in writing) of any compromise or disclosure, or reasonable suspicion of compromise or disclosure of, or security breach involving any Proprietary Information.

**31. Recording and Use of Communications**

You agree that all communications or data transmissions between you (or your authorized representatives) and us may be monitored and/or electronically recorded and retained by us. You agree that we may produce such communications or data transmissions as evidence in any proceedings brought in connection with the Terms and Conditions or any Service.

## Cash Management Terms and Conditions

**32. Responding to Legal Process or Investigations**

If we receive a request for information regarding account activity or transactions from a third party with a legal right to request such information (such as a Federal Reserve Bank or ACH Operator, a state or federal banking regulator with jurisdiction over our operations, law enforcement officials with apparent legal authority to request or require such information or private parties with apparent authority to require disclosure of such information under legal process), you agree to reimburse us for any costs associated with responding to such request, including, but not limited to, the costs of production of such information (including research, copying and shipping, costs of appearing at depositions or interviews, costs of correspondence, and costs of court filings or appearances in the event we believe it is prudent to make such filings or appearances to protect your rights (or, in the case of Third-Party Senders of ACH Entries, the rights of your Originators). We may request your assistance with or participation in such response, and if we do so, you agree to assist us and cooperate with us as reasonably requested.

**33. Severability**

Should any term, condition or provision of the Terms and Conditions be found to be invalid, illegal or unenforceable, such finding shall in no way affect the validity or enforceability of the other terms and provisions of the Terms and Conditions which shall be construed as valid and enforceable as if the invalid or unenforceable term, condition or provision was never a part of the Terms and Conditions.

**34. Termination**

We may terminate any or all Services immediately upon providing notice of such termination to you and you may terminate any or all Services upon giving us not less than ten (10) days prior written notice of such termination. From and after the effective date of such termination, neither you nor we shall have any further rights or obligations to the other under the terms of this Booklet; provided, however, that any obligations or liabilities of either party to the other party which have accrued prior to the effective date of the termination shall continue to be enforceable against the party so bound until such obligations or liabilities have been fully paid or satisfied. The provisions in Sections 2, 9, 15, 16, 19, 20, 21, 23, 24, 25, 27, 30, 31, 32, and 33 shall survive the termination of the Service.

**35. Training**

We will provide you with our standard User Materials and other documents for the Services you request. These User Materials and other documents contain instructions for using the Services. We will not provide to you or your employees any specialized, customized or individualized training for the Services (except in accordance with special arrangements and subject to such fees and charges as we may mutually agree).

**36. Your Agents**

You assume sole responsibility for any actions performed on your behalf by your agents or contractors. You agree that we have no duty to monitor, detect or report any errors, omissions, or unlawful activities by your agents or contractors.

**TERMS AND CONDITIONS FOR SPECIFIC SERVICES****37. Account Analysis Services.****(a) Checking Account**

If you use Cash Management services, we reserve the right to require that you have an Analyzed Business Checking Account. The statement is generated based on a calendar month, although your account may settle other than monthly. The average monthly Available Balance in an Analyzed Business Checking account may earn an "Earnings Credit" which may be applied against that month's service fees for the account. An Earnings Credit in excess of the total monthly service fees cannot be credited to the account as interest. The Earnings Credit is calculated on a



## Cash Management Terms and Conditions

365/366-day year basis using an "Earnings Credit Rate" which is a variable rate established by us. As the factors used to determine the rate change, the Earnings Credit Rate will vary.

**(b) Thirty-Day Reporting Period**

You agree to promptly examine each Analyzed Business Checking Account statement received from us to promptly report any erroneous debit or credit. You further agree that within thirty (30) days after we mail or otherwise make your statement available, you will report to us any claim for credit or refund due. Within 30 days after we mail or otherwise make your statement available, you will report to us any claim for credit or refund resulting from a forged, unauthorized or missing endorsement. Without regard to care or lack of care on our part, if we do not receive notice within the time frames specified above, we are released from all liability for the item(s) charged to your account and for all other transactions or matters covered by your statement.

**38. Account Reconciliation Services**

If your business writes a significant number of checks each month, our Account Reconciliation Services may help simplify your bookkeeping procedures. Our Account Reconciliation Services also help you to increase audit control of your checking account(s) and, depending on the Account Reconciliation Services you request, provide you with tools to help authenticate that a check was issued by you prior to it being paid. Your enrollment in Account Reconciliation Services does not alter your obligations to keep your check stock safe and to adopt other security measures, or to promptly review account activity and report to us checks paid with missing signatures or with altered information, or to check the endorsement on paid checks.

**(a) Traditional Service**

This is our full Account Reconciliation Service for each account. You agree to provide us Issue Information on checks you have issued within the timeframes and in the manner described in the User Materials. At the end of each accounting period, such as we agree, we provide you with the status of all checks you have issued, including paid, outstanding, exception, stopped, voided, and cancelled checks. The previous month's outstanding checks are carried forward and the dollar amounts balanced for each period. You agree to add to your Issue Information all the items identified by us as not matching Issue Information.

**(b) Partial Reconciliation Service**

Under the Partial Reconciliation Service, each accounting period, we send you a report of all checks paid within that period.

**(c) Deposit Reconciliation Service.**

Under the Deposit Reconciliation Service, if you have multiple business locations depositing to a single deposit account, we will segregate deposits by location.

You may customize your Account Reconciliation Services by the manner in which you receive your paid check information. We offer images of paid checks on CD-ROM through our ImageExpress product or you may receive transmission or paper report.

**39. ACH Blocked Service**

The ACH Blocked Service is designed to permit you to protect your designated account(s) from ACH Credit Entries and/or ACH Debit Entries. For the security of your account(s) you may wish to block all ACH Entries or block ACH Entries originating from specifically designated Originators. You must identify, in a form satisfactory to us, the specific originators whose ACH Entries you wish to block and provide the information required by us. You may opt to restrict Entries to a maximum dollar amount. You may further opt to set an expiration date for permissible Entries and, if you do so, Entries received after that designated expiration date will be rejected and returned to the Originator as unauthorized. Blocked Entries are limited to those received by us from external sources not directly related to us. We may opt not to restrict Entries that are: internal Entries originated for payment of fees owed to us, charges for services provided by our vendors in connection with any Service provided to you, payments or transfers originated by us or by one of our vendors in connection



## Cash Management Terms and Conditions

with Services provided to you. You acknowledge that unless tax payments are specifically authorized through the Service prior to receipt by us, the Service will cause those payments to be rejected. The following Services are also available to you if you enroll in the ACH Blocked Service.

(a) **ACH Filters**

ACH Filters allows certain pre-authorized ACH Debit Entries by designate Originators to post against your deposit account. Pre-authorized ACH Debit Entries will flow through the normal ACH processing system and post to your deposit account(s). ACH Debit Entries that do not match the criteria of the ACH Filter will be prevented from posting to your deposit account(s) and will be returned to the Originator. ACH Filters do not expire as long as you are enrolled in the Service.

(b) **ACH Positive Pay**

This Service permits you to preauthorize ACH Entries by designated Originators and to view and decision (honor or reject) non-preauthorized ACH Entries each Banking Day through the Internet using a login available through the ACH Positive Pay URL. ACH Entries that you choose to pay will flow through the normal ACH processing system and post to your deposit account(s). ACH Entries that you choose to reject will not post to your deposit account(s) and will be returned to the Originator. Any ACH Entry for which you do not make a decision to pay or reject by 2:00 p.m. Pacific Time will be rejected automatically. Your System Administrator(s) has the authority to grant additional users access to the ACH Positive Pay system.

ACH Debit Entries received prior to the setup of the ACH Blocked Service (including ACH Filters and/or ACH Positive Pay) may be posted to your deposit account(s) in accordance with the NACHA Rules (as defined in this Booklet). **Enrollment in the ACH Blocked Service is required to use ACH Filters and ACH Positive Pay.**

**You acknowledge that your failure to use the ACH Blocked Service (including ACH Filters and/or ACH Positive Pay) could substantially increase the likelihood of undetected fraudulent activity on your deposit account(s) and that it is neither unreasonable nor unreasonable under the circumstances for us to require you to use our ACH Blocked Service (including ACH Filters and/or ACH Positive Pay) upon request. You agree that if you fail to implement the ACH Blocked Service (including ACH Filters and/or ACH Positive Pay) following our request that you do so, you will be precluded from asserting any claim against us for paying an unauthorized, altered, counterfeit or other fraudulent item that the ACH Blocked Service (including ACH Filters and/or ACH Positive Pay) was designed to detect or deter, and we will not be required to re-credit your deposit account or otherwise be liable to you for paying such item.**

**40. Assured Access Card™ Services**

The Assured Access Card Services are offered to qualifying employers and other persons that desire to offer individuals, such as employees or independent contractors ("Individuals"), the ability to have payments made through a debit card as an alternative to receiving pay or other disbursements by check or cash. We make the program ("Assured Access Card Program") available through a Website hosted by a vendor ("Vendor") as a service provider to us. This Service enables you to make disbursements into a Bank of the West deposit account held with us, such deposit account being eligible for FDIC insurance. The debit card (an "Assured Access Card" or "Card") can be used at automated teller machines ("ATMs") and at point of sale ("POS") terminals wherever the MasterCard® or Star Acceptance Mark is displayed or wherever the Debit MasterCard is accepted, to withdraw the funds as designated by you for allocation to the Individuals. Our provision of the Assured Access Card Program is subject to the following terms and conditions.

(a) **Solicitation for and Issuance of Cards**

(a)(i) You must offer to each of the eligible Individuals, on a non-discriminatory basis, the opportunity to receive payment of their disbursement payments by having such amount electronically loaded on a Card which an Individual may use to withdraw cash at electronic terminals, pay for goods and services at merchants that accept the Card, and to transfer funds to other Cards authorized by the Individual.

(a)(ii) You must not require any Individual to receive his or her disbursement payments through the Card and must offer to each Individual the option of receiving such payments by traditional paper check.

## Cash Management Terms and Conditions

**(b) Advertising**

(b)(i) You must display, in an appropriate and effective manner, any advertising or promotional materials provided or required by us to inform Individuals that Cards may be used, on a voluntary basis, to receive their regular disbursement amounts.

(b)(ii) You have the right to use or display the proprietary names and symbols associated with Cards only while we are providing the Assured Access Card Program to you or until you are notified by us to cease such usage.

(b)(iii) You must comply with all applicable rules and regulations concerning use of service marks and copyrights of others that may be associated with the Assured Access Card Program.

**(c) Cardholder Enrollment and Issuance of Assured Access Cards**

(c)(i) If an Individual wishes to enroll in the Assured Access Card Program, you must use the Vendor-hosted website to input all enrollment information into the system. By inputting an Individual's information in the system and enrolling that Individual, you represent, warrant and certify to us that you have verified that the name, address and other identifying information inputted are the true and correct name, address and other identifying information of that Individual. You understand and acknowledge that Individuals are prohibited under United States law from receiving Assured Access Cards or participating in the Assured Access Card Program if such persons are designated on certain United States Treasury lists of known or suspected terrorists, criminals or other prohibited persons (the "Treasury Lists"), and that we will check the names provided by you against those lists and bar any person whose name appears on any such list from participating in the Assured Access Card Program. You therefore acknowledge that accurate and complete identification of Individuals is a matter of vital national security, and you represent, warrant and covenant that you will use all necessary means to ensure that such identifying information provided to us is accurate and complete.

(c)(ii) After checking names of Individuals against the Treasury Lists and confirming that an Individual is not named on such Treasury Lists, we shall issue a BOW Assured Access Card to such Individual and send the Card to the Individual with a Cardholder Agreement. The Cardholder Agreement shall provide that use of the Card is subject to all the terms and conditions contained in the Cardholder Agreement. The Individual will also be informed that a personal identification number ("PIN") has been set for the Card, which PIN shall be the last four digits of the Individual's telephone number, as provided by you. The Individual shall be required to activate the Card by calling an 800 telephone number and changing the PIN to a number designated by the Individual. Once the Individual's Card is activated, the Individual shall be a "Cardholder." We may deliver the Card, Cardholder Agreement and any ancillary documents (the "Document Package") directly to the Individual or may deliver the Document Package to you to deliver to the Individual. You agree to provide the entire Document Package as provided by us to any Individuals if requested by us.

(c)(iii) The Assured Access Card will give the Cardholder electronic access to his or her Card funds, as described in our current schedule of fees and charges for the Assured Access Card Program.

(c)(iv) You must send funds to the Account via a deposit transaction and send information ("Allocations") to us with respect to the allocation of funds to each Cardholder. You must coordinate between us and the Cardholders all matters related to participation in the Assured Access Card Program.

(c)(v) We will issue all necessary new and replacement Assured Access Cards to the Cardholders, in such form as we determine, and with such ATM, POS and other marks or logos on them as we determine. We may change its affiliation with any ATM or POS networks at any time. In the event that it does so, however, we shall not be obligated to issue replacement Assured Access Cards to those existing Cardholders.

(c)(vi) In the event that any Cardholder terminates his or her participation in the Assured Access Card Program or such Cardholder's participation is terminated for any reason, you must cease funding the Account with funds for that Cardholder. The Cardholder will continue to have access to his or her funds on the Card or such funds will be disbursed to the Cardholder in accordance with the Cardholder Agreement.

## Cash Management Terms and Conditions

(c)(vii) If a Card has a negative balance or overdraft, we will apply the next available deposit to the Card to recover such overdrawn funds, if such deposit occurs. You will not be responsible for the amount of any overdraft on any Card, or for losses that result from fraud or from lost or stolen Assured Access Cards, except to the extent that such losses are caused by any negligent or intentional act or omission by you or any agent of yours.

(c)(viii) You will be bound by and comply with the Terms and Conditions and applicable state and federal laws and regulations, our policies related to Assured Access Cards and rules and regulations of any network or clearinghouse through which funds are transmitted in connection with the Assured Access Card Program.

(c)(ix) You must notify us of all Individuals that you have authorized to access the Assured Access Card Program website hosted by Vendor ("Authorized Users"). If an Authorized User's employment is terminated by you, or the Individual is otherwise no longer eligible to participate, you must immediately notify us and we will promptly terminate such Authorized Users access to the Assured Access Card Program website.

**(d) Credit of Allocations to Cards**

(d)(i) You must fund the Account via a deposit transaction and must transmit the Allocations to us for each deposit.

(d)(ii) In the event that you fail to deliver in a timely manner or otherwise, funds or Allocations to us, you will be solely responsible for notifying your Cardholders that funds may not be credited to their Cards until the funds and Allocations are received and fully reconciled.

(d)(iii) Subject to the terms and conditions of the Terms and Conditions, applicable laws, rules and regulations, and the respective Cardholder Agreement, we will credit the designated Card in the amount of each corresponding Allocation received by us. We will have no liability for failure to effect credit to the Account or the Cards due any failure of funds or Allocations to be delivered to BOW in a timely manner.

(d)(iv) We may reject any Allocations received on behalf of you. You shall have no right to reverse an Allocation after we have received such Allocation, except in accordance with applicable laws, rules and regulations.

(d)(v) You will use the format as provided to you by us for transmission of Allocations.

(d)(vi) You will have the ability to access information regarding the Cards and deposits to the Account through the Vendor-hosted website.

(d)(vii) Individuals will have the ability to access information regarding debit and credit transactions on their Cards via voice response unit ("VRU") hosted by Vendor, through live telephone customer service hosted by Vendor, and by access through the Vendor-hosted website. Vendor will provide a written record of Card transactions to a Cardholder covering the most recent 60-day period upon the Cardholder's oral or written request.

(d)(viii) You will provide to each Cardholder, on each applicable disbursement date, a written, itemized disbursement statement showing the Cardholder's gross payment for the payment period in question, all required and authorized deductions, and the Cardholder's net payment for such payment period.

(d)(ix) You must at all times comply with all applicable laws regarding payment of each Cardholder's disbursement and related matters.

(d)(x) You must set up and maintain a system in accordance with all applicable legal requirements, to store and maintain Cardholder payroll records in such a manner so as to allow you to forward, within twenty four (24) hours, copies of any backup material requested by us regarding amounts authorized by you to be loaded on a Card.

**(e) Correction of Errors**

We will make reasonable efforts to act upon your request to cancel or amend an Allocation but shall have no liability for failure to do so in any specific timeframe or before funds are withdrawn from a Card. You will remain liable to us, which may seek immediate payment from you, for any Allocations already credited to a Card.



## Cash Management Terms and Conditions

(f) **Your Warranties**

You warrant that each Allocation shall be for an amount (i) due to the Cardholder and not subject to any claims by you or (ii) duly authorized to be disbursed to the Cardholder. If the BOW Payroll Card is used for the payment of wages, you further warrant that it is in compliance with all applicable Rules governing the payment of wages.

(g) **Individual Validation**

You certify that Individuals have completed and complied with all appropriate Enrollments and associated procedures, and that you have verified each Individual's identification. We have the right to audit Cardholder files for purposes of verifying how you conducted the identity verification at a mutually agreeable time and location.

**41. Cash Vault Services**

Under our Cash Vault Services, we offer both Traditional and Remote Cash Capture Cash Vault Services.

(a) **Traditional Cash Vault Service**

The Traditional Cash Vault Services allow you to make withdrawals of cash and deposits of cash and items to one or more designated cash vault locations approved by us. You agree to make any such deposits in accordance with any User Materials we may provide to you, and that any failure to follow our instructions may result in delay in posting of your deposit.

(a)(i) Armored Courier Service – You must arrange with an armored courier for the delivery of deposits to us and/or for the pick-up and delivery of currency and/or coin from a designated cash vault location for each of your location(s). Each of your locations must be established with the Bank and have a profile in the system before deposits will be accepted at any of our designated cash vault location(s). The armored courier acts as your legal agent. You agree that all currency, coin, checks and other property that is in the possession of the armored courier legally remains in your possession until it is physically released to and accepted by one of our designated cash vault location(s). You agree to work with your courier should there be any discrepancy between what you believe you delivered to the courier and the amount accepted by us.

(a)(ii) Credit To Your Account – Any credit to your accounts prior to our verification of a deposit is provisional credit only and may be corrected. Our verification of deposits is conclusive and binding on you. You waive any discrepancy between your records and our records if your claim is not made within thirty (30) days of the original assumed deposit date.

(a)(iii) Tampered Bags – We do not knowingly accept bags that display evidence of tampering. Should we accept a deposit bag and notice any evidence of tampering, we will open the bag using our established security procedures (including opening the bag in dual custody), but you agree that we are not liable for any shortage within any shipment that is not distinctly and securely sealed in accordance with our instructions.

(a)(iv) Traditional Cash Vault Cash Order Service – In connection with any coin and currency you order from our cash vaults, you authorize us to debit your account (i) on the day that such coin and currency are available for release from such cash vault to your armored courier, or (ii) on the day that we deliver such coin and currency to another location for pickup by your armored courier, as applicable. Each time you use our Traditional Cash Vault Cash Order Service, you represent and warrant that you have sufficient collected and available funds in your account for each change order requested by you. We have no obligation to release any coin and currency ordered by you unless there are sufficient collected and available funds in the designated account or sufficient funds under a line of credit to pay for such order at the time scheduled for release of the coin and currency to the armored courier.

(b) **Remote Cash Capture Service**

Remote Cash Capture Service (the "RCC Service") allows you to receive provisional credit for currency placed into and validated by a smart safe (the "Safe"). Currency placed into and validated by the Safe shall be referred to as "Safe Currency." You agree that for the Safe to be eligible for the RCC Service, it must be installed at a location designated and approved by us ("Safe Location"). Subject to cutoff times and other provisions contained in this

### Cash Management Terms and Conditions

Booklet, we may provide you with provisional credit for Safe Currency; such provisional credit will be subject to subsequent verification and/or adjustment by us at our designated branch or cash vault location ("Designated Location"). You agree that Safe Currency and non-currency items contained in the Safe legally remain in your possession until physically released to and accepted by us or our agent at the Designated Location. The RCC Service shall be governed by this Booklet, except as otherwise provided herein.

(b)(i) Your Responsibilities Concerning RCC Safe and Armored Courier Provider – You are solely responsible:

- For the procurement, whether by lease, sale or otherwise, of the Safe from one of the Bank's approved armored couriers;
- For the installation and servicing of the Safe;
- For any subsequent removal of the Safe;
- For complying with all terms and conditions of your agreement with the armored courier that provides the Safe;
- For registering your Safe's location with Bank;
- For preparing deposits for non-currency items placed in the Safe's manual drop; and
- For engaging an armored courier to remove the Safe Currency and any manual drop items from the Safe and to transport the same to the Designated Location not less than each seven (7) days.

We expressly disclaim any responsibility or liability for your arrangement with the armored courier. Each of your Safe Locations must be reported to the Bank and have a profile in our system before electronic deposit information will be accepted for processing by the Bank or before Safe Currency will be accepted at any of our Designated Location(s). You are not required to prepare deposit and/or duplicate deposit slips with respect to Safe Currency, as deposit information regarding such Safe Currency will be securely transmitted to us in an electronic file from the Safe. Manual drop items will be picked up when your Safe is serviced and delivered with the Safe Currency to us at a Designated Location for processing as a traditional deposit. You will not receive provisional credit for any items (including currency) placed in the Safe's manual drop. You agree that the armored courier you engage to transport your currency and items to us will meet the requirements set by the Designated Location; and further agree that the armored courier is at all times your agent, not ours, except as otherwise provided herein.

(b)(ii) RCC Cutoff Times – The Bank's end of day cutoff time for Safe Currency is 10:00 pm Pacific Time ("End of Day Cutoff"). Safe Currency reported to the Bank on the Banking Day prior to the End of Day Cutoff will be provisionally credited to your deposit account the same Banking Day. Safe Currency received after the End of Day Cutoff, or on a non-Banking Day, will be provisionally credited to your deposit account as of the next Banking Day.

(b)(iii) Provisional Credit – Until final verification at the Designated Location, any credit provided for Safe Currency is provisional credit which is the amount credited to your designated deposit account when the Safe sends its electronic updates to us upon your deposits of currency into the Safe. Safe Currency will be available to you for all purposes subject to the End of Day Cutoff. Safe Currency may be the subject of legal process.

(b)(iv) Settlement – Upon receipt of the Safe Currency at the Designated Location, the Safe Currency will be verified and, at that point, the provisional credit for the Safe Currency shall be deemed final credit. In the event of a discrepancy (regardless of the reason for the discrepancy) between the Safe Currency amounts transmitted in the electronic file from the Safe and the Safe Currency amounts verified at the Designated Location, an adjustment shall be made to your deposit account. Information concerning such adjustments will be reflected in your deposit account statements and, in some cases, in written or electronic advices and reports produced through our Internet Banking Service.

(b)(v) Armored Courier Scheduled Pickups – Each Safe Location requires a minimum of one armored courier pick-up per a rolling seven (7) calendar day period. You agree to establish and maintain an armored courier pick-up schedule that minimizes the aggregate amount of Safe Currency kept across all of your Safes.

(b)(v) Limitations of Liability – YOU ASSUME ALL RISK OF LOSSES FOR ANY SAFE CURRENCY UNTIL SUCH CURRENCY IS RECEIVED AND VERIFIED BY US AT A DESIGNATED LOCATION. YOU ACKNOWLEDGE THAT WE DO NOT PROVIDE, NOR DO WE MAKE ANY RECOMMENDATIONS REGARDING THE SAFE. WE HAVE NOT MADE AND DO NOT MAKE ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OF NATURE, DIRECTLY OR INDIRECTLY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING THE SUITABILITY OF THE SAFE, ITS' DURABILITY, ITS' CONDITION, ITS' QUALITY, AND/OR ITS' RELIABILITY. ACCORDINGLY, WE ALSO DISCLAIM ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR PARTICULAR PURPOSE WHETHER ARISING BY



### Cash Management Terms and Conditions

OPERATION OF LAW OR OTHERWISE. WE SHALL NOT BE LIABLE TO YOU OR OTHERS FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY BY THE SAFE OR ANY FILE TRANSMITTED FROM THE SAFE, HOWEVER ARISING OR THE USES THEREOF OR THE FAILURE OF ANY OPERATION THEREOF, NO REPRESENTATION OR WARRANTY AS TO THE SAFE OR ANY OTHER MATTERS BY OTHERS SHALL BE BINDING UPON US OR IMPOSE ANY LIABILITY UPON US NOR SHALL THE BREACH OF SUCH RELIEVE YOU OR IN ANY WAY AFFECT ANY OF YOUR OBLIGATIONS TO US HEREIN.

IF THE SAFE IS NOT SATISFACTORY FOR ANY REASON, YOU SHALL NOT MAKE ANY CLAIM ON ACCOUNT THEREOF AGAINST US. REGARDLESS OF CAUSE, YOU WILL NOT ASSERT ANY CLAIM WHATSOEVER AGAINST US FOR LOSS OR ANTICIPATORY PROFITS OR ANY OTHER INDIRECT SPECIAL OR CONSEQUENTIAL DAMAGES.

(b)(vi) Supplemental Representations and Warranties – In addition to the representations and warranties set forth in this Booklet, you represent and warrant to us that (a) you have given or procured, as the case may be, all necessary consents and approvals for our accessing of your information and/or information of the armored courier, as we deem appropriate, for purposes of this Booklet; and (b) you and/or the armored courier as your agent shall safeguard all Safe Currency and non-currency items until delivery of the same at the Designated Location and commencement of verification.

(b)(vii) Security Breach or Loss of Safe Currency – In the event that (a) the security of the Safe is breached prior to such delivery and commencement of verification at the Designated Location; (b) delivery of the Safe Currency to the Designated Location is delayed; and/or (c) the Safe Currency never reaches the Designated Location (regardless of the reason), we may reverse and/or adjust any credit, provisional or otherwise, provided with respect to such Safe Currency. You agree to notify us promptly in the event of any such security breach, delay, or loss of Safe Currency.

(b)(viii) Supplemental Termination Provisions – In addition to our termination rights in Section 34 of this Booklet, we may immediately terminate your use of the RCC Service in the event: (a) you breach, or permit the breach of, the security of the Safe; (b) we determine that you have failed to maintain a financial condition that we deem to be reasonably satisfactory to minimize any credit or other risks to us in providing the RCC Service or we deem immediate termination to be necessary or appropriate to prevent a financial loss to us; (c) you breach any provision of this Section 41; and (d) we, in our sole discretion, determine that the RCC Service is no longer feasible or desirable for us to continue to offer.

#### (c) General Terms and Conditions Applicable to All Cash Vault Services

The use of the Cash Vault Service to make bulk shipments of currency is strictly prohibited. This includes bulk shipments of currency from both foreign and domestic locations. Bulk shipments of currency means the use of common, independent, or Postal Service air/land/sea carriers to transport large volumes of bank notes (U.S. or foreign) from sources, which often take the form of containerized cargo, either inside or outside the United States to a bank in the United States.

#### 42. Controlled Disbursement Subscriber Service

Under the Controlled Disbursement Subscriber Service, we act as your agent to open and maintain a deposit account with our servicer ("Servicer") ("Controlled Disbursement Account"). Writing checks on the Controlled Disbursement Account is the only activity permitted on the Controlled Disbursement Account. You must also maintain a funding account ("Funding Account") with us and must maintain sufficient funds in the Funding Account to fund all activity in the Controlled Disbursement Account. So long as there are sufficient funds in the Funding Account, we will make deposits to the Controlled Disbursement Account in an amount adequate to meet each day's presentments.

##### (a) Required Documentation

You must complete and return to us account application documents to open an account with Servicer. You agree to provide whatever information and authorizations are necessary to allow us to act as your agent in opening and controlling the Controlled Disbursement Account, including obtaining all account records on the Controlled Disbursement Account. As your agent, we have the exclusive right to make deposits to and to manage the Controlled Disbursement Account. This includes, without limitation, the right to issue return or stop payment instructions with respect to checks written on or presented against the Controlled Disbursement Account.



## Cash Management Terms and Conditions

**(b) Information Reporting**

The Servicer requires that you must agree to subscribe to and maintain a subscription to one of our electronic information reporting Services. On each Servicer's Banking Day which is also a Banking Day, we will receive information from Servicer regarding the funding requirements on your Controlled Disbursement Account. We will make this information available to you by 7:45 a.m. Pacific Time on each of our Banking Days. We will determine the collected balance in your Funding Account as of 11:00 a.m. Pacific Time. If there is a sufficient positive collected balance to cover the day's presentments or if other acceptable arrangements have been made with us to cover presentments against the Controlled Disbursement Account, we will instruct Servicer to allow the checks to be paid. We will then debit the Funding Account for that day's presentments. If, however, the collected balance in your Funding Account is insufficient, we may instruct Servicer to dishonor one or more of the checks presented against the Controlled Disbursement Account that day. You understand and agree that Servicer will follow our instructions regarding payment or dishonor of checks presented against the Controlled Disbursement Account. If we instruct Servicer to honor any check for payment against insufficient funds or if Servicer honors any checks presented based on either instructions from us or if there are insufficient funds to honor the checks or if the check does not pass the Servicer's check verification procedures, you agree to hold us harmless from any and all losses, claims or damages you may have or assert as a result of the dishonor of the check(s).

**(c) Pre-Fund**

In the event that we are closed on one of Servicer's Banking Days, you agree to pre-fund the amount which we reasonably determine to be your average daily disbursement activity amount. We will notify you of the pre-funding amount prior to our closed Banking Day. The pre-funding amount and actual amount needed to fund the Servicer (shortages owed by you to us and overages owed by us to you), shall be settled on our next Banking Day. You agree you are not entitled to and will make no claims for compensation from either Servicer or us for excess prefunding amounts.

**(d) Returned Checks**

We reserve the right to instruct Servicer to return unpaid any check presented for payment against the Controlled Disbursement Account in the event that (i) there are insufficient positive collected funds in the Funding Account to cover the checks presented on the Controlled Disbursement Account, (ii) debits cannot be posted because the Controlled Disbursement Account is closed or because of any other condition or (iii) any communications failure or other condition prevents us from monitoring the checks presented for payment at Servicer. If we should instruct Servicer to pay those checks, you must pay us in immediately available funds.

**(e) Stop Payments**

You shall notify us no later than 1:45 p.m. Pacific Time each Banking Day of any checks drawn on the Controlled Disbursement Account upon which you request a stop payment. We will notify Servicer of any stop payment orders in the manner and within the time limits as have been established between us and Servicer. Stop payment orders received by us after 1:45 p.m. Pacific Time will be effective beginning on our next Banking Day or, if applicable, on Servicer's next Banking Day. You agree to give us written confirmation of all verbal or telephonic stop payment orders within 14 Banking Days after the day upon which the order is made, and you understand and agree that failure to give timely written confirmation may cause the stop payment order to expire. Should you fail to furnish timely written confirmation of a verbal or telephone stop payment order, we may in our absolute discretion either cancel the stop-payment order or leave it in place.

**(f) MICR Encoding**

All checks to be used in connection with the Controlled Disbursement Account shall be magnetically encoded to include serial number, transit routing number (043301601 for Servicer Pittsburgh accounts) and account number. We shall provide you with Servicer's encoding specifications for checks prior to the initial order. You must supply us with a group of fifty (50) voided checks from the initial order and from each reorder. These checks are for testing purposes and will be returned to us with Servicer's findings. Servicer has the right to approve the form of all checks utilized in connection with the Service.

**(g) Liability**

You and we both acknowledge and agree that Servicer is not obligated to and will not verify or confirm the propriety

**Cash Management Terms and Conditions**  
or correctness of any action or omission by either you or us.

**(h) Special Rules Governing Controlled Disbursement Account with Servicer**

The terms and conditions outlined in our current Deposit Account Disclosure for Business Accounts shall be deemed to apply to all Controlled Disbursement Accounts. The following provisions shall also apply. In the event of a conflict between this Booklet and the Deposit Account Disclosure for Business Accounts the terms in this Booklet and the User Materials shall control.

(h)(i) If you authorize action by any form of communication, such as telephone, online or in person, or if an applicable security procedure calls for authorization by any form of communication, Servicer can rely on persons identifying themselves by the designated form of communication as authorized individuals.

(h)(ii) Servicer reserves the right to charge any of your accounts with it if an item deposited is dishonored, returned or not paid even if Servicer has not sent to you notice of the dishonor.

(h)(iii) Stop Payment requests on items issued from a Controlled Disbursement Account may be placed through us or via the Web and must be received prior to the cutoff hour established from time to time. Both Servicer and we require a reasonable time to act on stop payment requests. Reasonable time shall mean at least until the next Banking Day following receipt of the stop payment request.

(h)(iv) The terms and conditions regarding the Controlled Disbursement accounts shall be governed by the laws of the Commonwealth of Pennsylvania.

**(i) Alternative Check Storage Service**

With this Service, you may receive a CD-ROM of checks presented against your Controlled Disbursement Account(s).

**43. Deposit Concentration Service**

With this Service, you may initiate Payment Orders to transfer funds from your deposit accounts at other U.S. financial institutions to your deposit accounts with us. You must meet any conditions on these transfers imposed by the other financial institutions.

**44. Direct Delivery of Checks**

We make available the ability to make deposits to a processing center rather than to one of our branches. All deposits made pursuant to this Service must meet the standards set in the User Materials. Deposits not prepared in accordance with the User Materials may be rejected or delayed and we may impose additional fees for handling non-conforming deposits.

**(a) Courier**

You must arrange with a courier for the pick up and delivery of your non-cash deposits to a designated location. The courier acts as your legal agent. All items in the possession of the courier legally are considered to be in your possession until physically released to one of our authorized locations.

**(b) Deposit Recreation**

You should be prepared to recreate your deposits in the unlikely event that your items are lost in transit. We will not be responsible for items lost in transit.

## Cash Management Terms and Conditions

**45. DirectPay Manager****(a) Service**

Our DirectPay Manager Service is an application which allows you to perform multiple functions as a merchant to initiate both ACH debit Entries and credit Entries to consumer or business accounts using an automated system. You may initiate one-time or recurring entries. The service also enables you to initiate transactions to Debit or Credit Cards. Entries may be made using an online tool called Virtual Terminal, add a 'Pay Now' button to a website, scan checks for ACH Conversion and swipe Debit/Credit Cards for various Card transactions.

**(b) Compliance**

When using this service and initiating ACH or Card Entries, you must remain in compliance with the operational rules of the National Automated Clearing House Association ("NACHA"), any card issuer rules, such as VISA® International and MasterCard® International rules; all Federal, State and Local laws, rules and regulations that govern ACH Entries, including but not limited to the NACHA Rules, Federal Reserve Regulation E, all applicable Federal Reserve Operating Circulars, Title 31 of the Code of Federal Regulations Part 210 and regulations and requirements of the Office of Foreign Assets Control ("OFAC").

**(c) Authorization**

You shall obtain authorization from each Receiver prior to requesting an Entry to that Receiver's account. You shall retain proof of each Receiver's authorization for a period of two (2) years after receipt or termination of the authorization, whichever comes later, or for the appropriate period designated by the Rules and Regulations.

**(d) Submitting Entries**

You shall submit, by facsimile, email or regular mail, fully executed Receiver's authorization forms in accordance with the specifications and forms provided by us from time to time; (ii) Check Conversion-Merchants shall, through the use of a check reader and POS terminal, create a Debit Entry that will be transmitted to us (iii) All others shall create a file or electronic message containing any Entry(ies) in accordance with the specifications and forms provided by us from time to time, depending upon the specific format, and deliver the file or message to us via a pre-approved method, which could include, electronic transmission. You will be responsible for the correctness, both as to content and form, of all Entries submitted to us. If any Entry is not readable, out of balance, or unprocessable, it is your responsibility to correct and resubmit the Entry to us. You must deliver each ACH Entry or file of Entries to us no later than [5:00 PM PT] of the second business day before the Effective Entry Date or in accordance with the schedule we provide. With respect to On Us Entries, the relationship between you and us will be governed by the Rules and, to the extent applicable, we agree to assume all the rights and obligations of both an ODFI and a RDFI, and you agree to assume the obligations of an Originator and to make the same warranties to us as the RDFI as we would be required to make pursuant to the Rules where we are the ODFI.

**(e) Initiate Transmission of Reports and Entry Files**

You are solely responsible for communicating with us to receive daily reports and/or Entry files. We are under no obligation to initiate a transmission of data to you.

**(f) Processing Limits**

We may impose a limit on the dollar amount of Entries we will process for you. This limit may be changed by us from time to time, upon notice to you. The notice is effective when given or at such later time as is provided in the notice. If you exceed the established limit, we may suspend Entry processing.

(f)(i) In some cases, our DirectPay Manager Services allow you to act as a Service Bureau Merchant, which means you are originating ACH Entries on behalf of another merchant as Originator, as a Check Conversion Merchant, which means you are a merchant originating ACH Debit Entries by means of a check as a source document, or as a processor of credit card and ATM/debit card transactions. These Services are subject to the terms and



## Cash Management Terms and Conditions

conditions for Third-Party Senders under a separate agreement. If you are processor of credit card and ATM/debit card transactions, you will also need to sign an agreement with a credit card processing third-party service provider.

#### 46. Electronic Commerce Service (ECS)

Using electronic information processing Services, the Electronic Commerce Service automates the exchange of business and financial information. You must provide us the accounts and information about which you wish information transmitted, the receiving vendor, and such other information as we may reasonable request. Information through ECS may be provided to you via fax, secure data transmission or on our Online Cash Management platform. You acknowledge that the data provided to you by us contains the information sent by the Originator. We are not responsible for data omitted by the Originator.

#### 47. Electronic Deposit Services

Our Electronic Deposit Services ("EDS") allow you to use software provided by us to create electronic images of paper checks and drafts ("Items") as described in the Terms and Conditions and in the User Materials and other guidelines as we may communicate from time to time (each, an "Electronic Image") and to transmit an electronic file of such Electronic Images and other information (collectively, the "Electronic File") to us for deposit to your checking account with us ("EDS Account"). After we receive your Electronic File, we, at our sole option, use the Electronic File either: (a) to create substitute check(s), that we present to the bank on which the Paper Item is either: (i) drawn or (ii) payable at or through (each, "Paying Bank"); or (b) to generate one or more electronic files (from the original Electronic File) for presentment directly or indirectly to Paying Bank.

##### (a) **Conditions to Provision of the Service**

As conditions to our providing the Electronic Deposit Services, you agree that you will: (a) maintain your EDS Account and any other deposit accounts with us in good standing; (b) meet credit standards established by us from time to time and provide financial information as requested by us from time to time; and (c) comply with the User Materials and other guidelines and restrictions regarding the Electronic File as we may communicate to you from time to time. You also agree that, absent our express written consent, you (i) will not deposit to any personal account any item that is made payable to any business, (ii) will only deposit items in your EDS Account that are made payable in the name in which your EDS Account is titled, and (iii) will not deposit items in your EDS Account that are payable jointly to two or more persons or to any business in which two or more persons hold an interest unless the same persons hold the same interests in the account in which the items are deposited.

##### (b) **License Grant**

As part of the Service, Bank will provide guides, and other information about the Service ("Documentation"), the hardware and Licensed Software. Customer is granted a non-exclusive, royalty-free (except for any Bank fee for the Service), non-transferable, limited and revocable right to use the Documentation and Licensed Software solely as a component in the Service. The Documentation and Licensed Software be used solely as contemplated by this Terms and Conditions and shall at all times remain the sole and exclusive property of Bank and Customer shall have no right, title or interest therein except as expressly provided in this Terms and Conditions. Bank and any third party claiming through Bank reserve the right to protect its rights, title and interest in and to the Documentation and Licensed Software by enforcing its rights against Customer directly. This license shall terminate when the Terms and Conditions is terminated.

##### (c) **No Grant**

Nothing in this Terms and Conditions shall be construed as a grant of any rights under any patent, mask work right, copyright, trademark, service mark or license.

## Cash Management Terms and Conditions

**(d) Creating Electronic Images and Transmitting Your Electronic File to Us.**

You will use hardware meeting our specifications and our Electronic Deposit Service software to scan Items that you wish to deposit to your EDS Account by means of EDS and to transmit your Electronic File to us. The format of your Electronic File must meet our Electronic Check File specifications as established by us from time to time.

**(e) Disposition of Imaged Checks**

You agree that all Items belong to you and not to us and that those items shall be handled in accordance with the Terms and Conditions and any User Materials. After receipt by us of any transmission by you to us of imaged Items for deposit to your EDS Account, we will acknowledge by electronic means receipt of your transmission. Your electronic transmission is subject to proof and verification. If you do not receive an electronic notice of receipt within one (1) hour of your transmission, you agree to contact your Bank representative. You agree to retain the originals of all imaged items after validation in accordance with commercially reasonable standards and with your internal procedures for not less than fourteen (14) calendar days or for such time as is required by and in accordance with applicable law, statute, or regulation. Thereafter, in a commercially reasonable manner, you will destroy the originals of all such imaged Items. You agree to take commercially reasonable steps to safeguard the originals of such imaged Items until such time as they have been destroyed.

**(f) Responsibility for Multiple Deposits of the Same Item**

You agree to implement commercially reasonable procedures to ensure that no Item is deposited more than once via electronic or other means, either with us or with any other financial institution, whether intentionally or unintentionally, whether as a result of fraud for any other reason whatsoever. You agree that the aggregate amount of any Items which are deposited more than once will be debited from your EDS Account, and to the extent funds in your EDS Account are insufficient to cover such amount, any balance shall be debited by us from any of your other deposit accounts as determined by us in our sole discretion. You further acknowledge that you, and not we, are responsible for the processing and handling of any original items which are imaged and deposited utilizing EDS and you assume all liability to the drawer of any item imaged using EDS or liability arising from our printing of any substitute check from those images.

**(g) Adjustments**

You agree that in the event that an electronically captured Item is captured for an incorrect amount, we may make a credit or debit adjustment to your account in order to correct the error. In the event that the adjustment amount is \$50 or less, the correction cannot be made through the electronic system, and you agree to reconcile the correct amount directly with the maker of the item.

**(h) Processing Your Electronic File**

If you transmit your Electronic File to us before the cut-off time we separately disclose to you on any day which is a Banking Day, we will review and, if appropriate, process your Electronic File on that Banking Day. If you transmit your Electronic File to us after the cut-off time on any Banking Day, we will review and, if appropriate, may process your Electronic File on the next Banking Day.

**(i) Exception Items**

When we review and process your Electronic File, we may reject any Electronic Image that we, in our sole discretion, determine to be ineligible for EDS (each, an "Exception Item") including, without limitation, Electronic images of any item not payable to you or as identified in above, Electronic Images of Items drawn on banks located outside the United States, items drawn on U.S. banks in foreign currency, Electronic Images that are illegible (due to poor image quality or otherwise), Electronic Images of Items previously processed, Electronic Images previously converted to substitute checks, and Electronic Images with unreadable MICR information. Each Banking Day on which we review and process your Electronic File, we will notify you of all Exception Items. You agree that if you wish to attempt to deposit any Exception Item to any of your deposit accounts with us, you will only do so by depositing the original Paper Item on which the Exception Item is based. You acknowledge and agree that even if we do not initially identify an Electronic Image as an Exception Item, the substitute check created by us therefrom may nevertheless be

## Cash Management Terms and Conditions

returned to us because, among other reasons, the Electronic Image is deemed illegible by Paying Bank. Our failure to identify an Exception Item shall not preclude or limit the obligation of you to us. In the event an Electronic Image is an Exception Item because it is illegible or otherwise unusable by us, you must either provide a usable original or copy or, if the original or copy is unusable, obtain a usable document from the maker and submit that usable document to us. Failure to provide a usable version will result in the Exception Item being debited from your EDS Account.

### (j) **Your Special Representations and Warranties for Each EDS Deposit**

You represent and warrant to us for each EDS deposit:

(j)(i) You will use EDS only for Items that are payable to or endorsed or deposited by you and that are not ineligible for any of the reasons described above as Exception Items.

(j)(ii) You will maintain control over and responsibility for retention and destruction of original Items. In that regard, you are responsible for the safekeeping of all original Items and other sensitive information in accordance with applicable law and commercially reasonable industry standards.

(j)(iii) You will destroy original Items from which you have previously created and submitted to us an Electronic Image in accordance with the rules stated in the Disposition of Imaged Checks section.

(j)(iv) You will maintain control over and responsibility for any and all sensitive electronic data relating to consumer information. Said data includes but is not limited to consumer names, addresses, and account numbers. Pursuant to the previous paragraph, You are responsible for the safekeeping of all electronic data and notification of any compromise of such data.

(j)(v) You will not submit any duplicate Electronic Images to us.

(j)(vi) You will not deposit to your EDS Account or otherwise negotiate any original Item from which you have previously created and submitted to us in an Electronic File or which was previously presented at another bank, and shall not deposit to any account or otherwise negotiate at another bank any original Item which you have previously submitted to us an Electronic File, unless we have notified you that the Electronic Image is an Exception Item.

(j)(vii) You will transmit to us only Electronic Images that are suitable for processing, including, but not limited to, Electronic Images that are legible and contain readable MICR data.

(j)(viii) You agree to notify us immediately if duplicate items are transmitted to us using EDS or if a duplicate deposit is made either to us or to any other financial institution. You agree to cooperate with us in identifying duplicate items.

(j)(ix) You agree to not reverse, decompile or reverse engineer the Licensed Software.

(j)(x) You agree to use commercially reasonable efforts to protect and secure the Documentation and Licensed Software against, and prevent any improper use and/or theft thereof,

(j)(xi) You shall not, without our consent, combine into any system, the hardware or Licensed Software, and that the hardware and Licensed Software shall be used exclusively in accordance with the Documentation.

(j)(xii) You agree to, upon our request following termination of the Service, return to us the Licensed Software and Documentation at a time and in the manner agreed upon by us.

### (k) **Availability of Items; Rules Governing Items**

(k)(i) You agree that Items deposited to your EDS Account will be made available to you on the schedule provided to you in your User Materials.



## Cash Management Terms and Conditions

(k)(ii) You agree that Items deposited to your EDS account are governed by the Uniform Commercial Code just as if the Items had been deposited to your account in paper form.

**48. Image Clearing Service.**

**(a) Description of Service.**

Our Image Clearing Service ("ICS") allows you to use your own hardware and software to create electronic images of paper checks and drafts (paper checks and drafts shall be called "Paper Items") as described in these Terms and Conditions and in the User Materials and other guidelines as we may communicate from time to time (each, an "Electronic Image") and to transmit an electronic file of such Electronic Images and other information (collectively, the "Electronic File") to us for deposit to your checking account with us ("ICS Account"). After we receive your Electronic File, we, at our sole option, use the Electronic File either: (a) to create substitute check(s), that we present to the bank on which the Paper Item is either: (i) drawn or (ii) payable at or through (each, "Paying Bank"); or (b) to generate one or more electronic files (from the original Electronic File) for presentment directly or indirectly to Paying Bank.

**(b) Conditions to Provision of the Service.**

As conditions to our providing the Image Clearing Services, you agree that you will:

- (b)(i) maintain your ICS Account and any other deposit accounts with us in good standing;
- (b)(ii) meet credit standards established by us from time to time and provide financial information as requested by us from time to time;
- (b)(iii) use the Service for you alone and not for any third party, absent our express written consent, and
- (b)(iv) comply with the User Materials and other guidelines and restrictions regarding the Electronic File as we may communicate to you from time to time.

You also agree that you

- (b)(v) will not deposit to any personal account any item that is made payable to any business (without pre approval by your Relationship Manager,
- (b)(vi) will only deposit items in your ICS Account that are made payable in the name in which your ICS Account is titled, and
- (b)(vii) will not deposit items in your ICS Account that are payable jointly to two or more persons or to any business in which two or more persons hold an interest unless the same persons hold the same interests in the account in which the items are deposited.

**(c) Creating Electronic Images and Transmitting Your Electronic File to Us.**

- (c)(i) You will use your hardware and software to scan Items that you wish to deposit to your ICS Account by means of the ICS Services and to transmit your Electronic File to us. The format of your Electronic File must meet our Electronic Check File specifications as established by us from time to time.
- (c)(ii) You are responsible for ensuring the Electronic Image is a legible, accurate representation of the front and back of the eligible check. Electronic Images must meet the image standards, as outlined in our Image Clearing Services File Specifications document. You also are responsible for ensuring the MICR line information from the original check is accurately scanned, entered or repaired for each Electronic Image.
- (c)(iii) You recognize that a Electronic Image may not capture or include all security features contained in the original check, such as watermarks. You are responsible for any loss or failure to collect a Electronic Image that

## Cash Management Terms and Conditions

results from an inaccurate or illegible Electronic Image or your failure to provide full and correct MICR data or dollar amount for a Electronic Image.

(c)(iv) You will transmit Electronic Images to us according to the transmission deadlines provided to you by us from time to time. A Electronic Image file shall not be deemed received by us until we receive the Electronic Image file.

**(d) Disposition of Imaged Checks.**

You agree that all Paper Items belong to you and not to us and that those Paper Items shall be handled in accordance with these Terms and Conditions and any User Materials. After receipt by us of any transmission by you to us of imaged Items for deposit to your ICS Account, we will acknowledge by electronic means receipt of your transmission. Your electronic transmission is subject to proof and verification. If you do not receive an electronic notice of receipt within one (1) hour of your transmission, you agree to contact your Bank representative. Generally, the rejection of any Item will be posted within one business day but, we reserve the right to post a rejection of any Item at any time. You will retain the original of all original checks which you image through the Service for a reasonable period of time as determined by you and in accordance with all applicable state and federal laws and regulations, but in no event less than fourteen (14) calendar days. This 14-day retention requirement is a minimum requirement and may not offer you the legal protection you need. You should consult with your own legal counsel in establishing a minimum retention procedure. You agree to safeguard the originals of such imaged checks until such time as they have been destroyed.

**(e) Responsibility for Multiple Deposits of the Same Item.**

You agree to implement commercially reasonable procedures to ensure that no Item is deposited more than once via electronic or other means, either with us or with any other financial institution, whether intentionally or unintentionally, whether as a result of fraud for any other reason whatsoever. You agree that the aggregate amount of any Items which are deposited more than once will be debited from your ICS Account, and to the extent funds in your ICS Account are insufficient to cover such amount, any balance shall be debited by us from any of your other deposit accounts as determined by us in our sole discretion. You further acknowledge that you, and not we, are responsible for the processing and handling of any original items which are imaged and deposited utilizing the ICS Services and you assume all liability to the drawer of any item imaged using the ICS Services or liability arising from our printing of any substitute check from those images.

**(f) Adjustments.**

You agree that in the event that an electronically captured Item is captured for an incorrect amount, we may make a credit or debit adjustment to your ICS Account in order to correct the error. In the event that the adjustment amount is \$50 or less, the correction cannot be made through us, and you agree to reconcile the correct amount directly with the maker of the item.

**(g) Processing Your Electronic File.**

If you transmit your Electronic File to us before the cut-off time, as set forth in the User Materials, on any day which is a Banking Day, we will review and, if appropriate, process your Electronic File on that Banking Day. If you transmit your Electronic File to us after the cut-off time on any Banking Day, we will review and, if appropriate, may process your Electronic File on the next Banking Day.

**(h) Exception Items.**

When we review and process your Electronic File, we may reject any Electronic Image that we, in our sole discretion, determine to be ineligible for the ICS Services (each, an "Exception Item") including, without limitation, Electronic Images of Items drawn on banks located outside the United States, items drawn on U.S. banks in foreign currency, Electronic Images that are illegible (due to poor image quality or otherwise), Electronic Images of Items previously processed, Electronic Images previously converted to substitute checks, and Electronic Images with unreadable MICR information. Each Banking Day on which we review and process your Electronic File, we will notify you of all Exception Items. You agree that if you wish to attempt to deposit any Exception Item to any of your deposit accounts

## Cash Management Terms and Conditions

with us, you will only do so by depositing the original Paper Item on which the Exception Item is based. You acknowledge and agree that even if we do not initially identify an Electronic Image as an Exception Item, the substitute check created by us therefrom may nevertheless be returned to us because, among other reasons, the Electronic Image is deemed illegible by Paying Bank. Our failure to identify an Exception Item shall not preclude or limit the obligation of you to us. In the event an Electronic Image is an Exception Item because it is illegible or otherwise unusable by us, you must either provide a usable original or copy or, if the original or copy is unusable, obtain a usable document from the maker and submit that usable document to us. Failure to provide a usable version will result in the Exception Item being debited from your ICS Account.

**(i) Funds Availability.**

We shall make funds from accepted Electronic Files available according to our funds availability schedule and the Deposit Account Disclosure Agreement for Personal or Business Accounts, as appropriate. Our funds availability schedule will be provided to you upon request and may be amended by us from time to time.

**(j) File Suspension**

(j)(i) The Bank may request to suspend the submission of files with at least twenty-four (24) hours written notice to you if continued submission of files is or will be commercially unviable. Such notice shall provide in reasonable detail the reasons that the submission of files has been suspended. Upon receipt of such notice and request, you shall consent or object to the suspension in writing as promptly as possible; provided that the Bank shall consent if based on the request it can reasonably be expected that continued submission of files would have material adverse impact on check processing.

(j)(ii) The foregoing notwithstanding, you shall have until the end of the 24-hour period to propose a remedy to the stated problem, and the Bank will give due consideration to the solution and consent or object to implementation of such solution, consent not to be unreasonably withheld. The parties agree to use commercial best efforts to resolve any problem and end any suspension of the submission of image files as promptly as possible. The Bank shall process paper items until image submission is resumed. The Bank shall give 24 hours notice of the intention to resume image submission processes, which period shall exclude weekends and holidays

**(k) Your Special Representations and Warranties for Each ICS Deposit.**

You represent and warrant to us for each ICS deposit:

(k)(i) You will ensure the image is an accurate representation of all information on the front and back of the original check at the time the original check was converted to an image, and the image contains all endorsements from the original check;

(k)(ii) You will maintain each image (or related electronic data file) contains a record of all MICR line information required for a substitute check and otherwise satisfies all of the requirements of Check 21 and Regulation CC for the creation and/or transferring of a substitute check created from that Electronic Image;

(k)(iii) You will use an image format that adheres to industry standards, as those standards are changed from time to time. The current standards will be outlined in the Bank of the West's Image Clearing Service File Specifications document.

(k)(iv) You will use the ICS Services only for Items that are payable to or endorsed or deposited by you and that are not ineligible for any of the reasons described above as Exception Items.

(k)(v) You will maintain control over and responsibility for retention and destruction of original Items. In that regard, you are responsible for the safekeeping of all original Items and other sensitive information in accordance with applicable law and commercially reasonable industry standards.

(k)(vi) You will destroy original Items from which you have previously created and submitted to us an Electronic Image in accordance with the rules stated in the Disposition of Imaged Checks section.



## Cash Management Terms and Conditions

(k)(vii) You will maintain control over and responsibility for any and all sensitive electronic data relating to consumer information. Said data includes but is not limited to consumer names, addresses, and account numbers. Pursuant to the previous paragraph, You are responsible for the safekeeping of all electronic data and notification of any compromise of such data.

(k)(viii) You will not submit any duplicate Electronic Images to us.

(k)(ix) You will not deposit to your ICS Account or otherwise negotiate any original Item from which you have previously created and submitted to us in an Electronic File or which was previously presented at another bank, and shall not deposit to any account or otherwise negotiate at another bank any original Item which you have previously submitted to us an Electronic File, unless we have notified you that the Electronic Image is an Exception Item.

(k)(x) You will transmit to us only Electronic Images that are suitable for processing, including, but not limited to, Electronic Images that are legible and contain readable MICR data.

(k)(xi) You agree to notify us immediately if duplicate items are transmitted to us using the ICS Services or if a duplicate deposit is made either to us or to any other financial institution. You agree to cooperate with us in identifying duplicate items.

(l) **Testing**

The parties will agree upon testing to be performed whenever software or hardware modifications or enhancements, initiated by either party, may affect the creation and processing of ICS files. Both parties will make their best effort not to impact the accuracy of the ICS file formats.

**49. ImageExpress Services**

Our ImageExpress product provides you with copies of paid checks, either online or by CD-ROM. ImageExpress CDROM offers the convenience of check storage of your paid check images on CD-ROM. ImageExpress Remote Inquiry offers on-line viewing of paid and deposited check images from our image archive within 24 hours of the pay date of an item.

**50. Online Banking Services**

Our Internet Banking Services enable customers to use the World Wide Web to access account balances and transaction information and to store this information on their personal computers. We also have available a Service that permits you to initiate certain electronic transfers. Your deposit account information that is accessible via the Web is updated each Banking Day and is current as of the end of the previous Banking Day and will include any current Banking Day activity that has been memo posted to the account. You agree that application for and use of our Internet Banking Services is subject to all terms and conditions applicable to your deposit agreement(s) with us to the extent they are not inconsistent with the Terms and Conditions. You agree that your request for and acceptance of the Service(s) shall be for bona fide and lawful purposes permitted under the Terms and Conditions (including the Service procedures) and to update your software and hardware if necessary to use the Service.

(a) **Balance Reporting**

The Balance Reporting Service provides you with online access to linked account balances, transaction, and investments. The Service may be customized to the Services you receive and the information you need.

(b) **Online Bill Payment Services**

(b)(i) Our online Bill Payment Services allow you to make payments from any Bank of the West checking account (called the "Bill Payment Account"), as follows: (a) A bill payment may be made or scheduled from the Bill Payment Account you designate at a time up to 365 days in advance of the date the payment is to be made (called a "Single Payment"). Alternatively, a bill payment may be set up as automatic recurring payments to be made at substantially regular intervals (that is, monthly, quarterly, etc.) in the same amount and to the same payee (called a "Recurring Payment"). The Bill Payment Account must be a checking account against which you are permitted

## Cash Management Terms and Conditions

to write an unlimited number of checks during each statement cycle. (b) The maximum amount of any one bill payment is the lesser of the current available deposit balance in the Bill Payment Account (plus any available credit in an associated line of credit) or \$25,000.00. We reserve the right, at our sole discretion, either to complete or reject any attempted bill payment that exceeds the applicable limit or available balance. Regardless of our decision in that regard, your Bill Payment Account may be subject to an overdraft/returned item fee, as stated in the Terms and Conditions. In addition, we reserve the right to further limit the dollar amount or the frequency of transactions from any of your deposit accounts for security reasons, without liability to you. (c) Each bill payment must be made in United States Dollars and directed to an Eligible Payee as directed below.

(b)(ii) Eligible Payees - All payees you properly select are Eligible Payees except for the following: (a) a federal, state or local government agency, taxing authority or court, (b) a securities broker, (c) a payee located at an address that is not within the United States; and (d) a payee on the Specialty Designated Nationals List as published from time to time by the Office of Foreign Assets Control. We reserve the right to add to the list of payee categories that are not Eligible Payees without prior notice when required by law or regulation. If, despite this Agreement, you direct us to make a bill payment payable to a payee that is not an Eligible Payee, you authorize us, at our absolute discretion, either to (a) decline to make the bill payment, (b) make or attempt to make the bill payment and charge the Bill Payment Account against which your bill payment is drawn for the full amount of the payment; or (c) charge the Bill Payment Account against which your payment is drawn for the full amount of the bill payment and freeze the bill payment subject to legal requirements.

(b)(iii) Payment Instructions - You must enter your bill payment instructions no later than four (4) Banking Days before the payment due date. Do not include any grace period. If there is not enough time to process your bill payment to reasonably expect the payment to be received by the Payee on or before that date, as determined by the Online Bill Payment Service, you will be so advised and the system will not confirm the payment. In such instances, you must either select another due date or make arrangements to make your payment outside of the bill payment system. Any due date you designate that falls on a weekend or holiday will be considered to have been designated to be the previous Banking Day. Neither we nor our Service Provider or any of our other agents are or will be responsible for any late charges, extra interest or other charges imposed on you by a payee because of a late payment. When you have entered and transmitted a bill payment instruction, you authorize us to deduct the amount of the bill payment from the Bill Payment Account on the process date. We reserve the right to refuse to honor bill payment requests that we believe or suspect (rightly or wrongly) are fraudulent or erroneous. You understand, however, that our exercise of this right will be at our sole discretion, and you should not rely upon us to discover or prevent loss as a result of a fraud or erroneous bill payment.

(b)(iv) Bill Payments - Your bill payment will be made, at our sole discretion, either by electronic funds transfers to the payee through the automated clearing house ("ACH"), or by preparing and sending a check to the payee, at the address you specify. Regardless of the method we use to forward the bill payment to the payee, will determine when the amount of the bill payment will be deducted from the Bill Payment Account. Payments issued by direct check will clear your Bill Payment Account just as a check you wrote yourself. The check will post to your Bill Payment Account and an image will be available via the Information Reporting module of our online Cash Management platform. For payments delivered via electronic funds transfer, the Bill Payment Account will be debited on the scheduled due date. Your periodic statement will reflect the deduction and will show the date, amount and the name or abbreviated name of the payee. It is important that you include with each bill payment instruction the account number assigned to you by the payee. This number will be included on the check or with the ACH payment we send to the payee. Without this number, the payee may not know or may have difficulty determining which account is to be credited properly, as the payee will not be receiving a traditional payment coupon along with your payment. If the account number at the payee is either omitted or incorrect in any way, we will not be liable for any fees or charges incurred if the payment is not processed in a timely manner. Payees may require return of a payment stub or coupon with your payment and may delay or refuse to process online bill payments because they will not conform to their internal or contractual payment requirements. We are not responsible for any delay in or refusal with regard to the processing of your bill payment by any payee. Our only responsibility is to assure that we process your payments in accordance with the Terms and Conditions. If a payee, for any reason, refuses to accept your bill payment or if, for any other reason, a bill payment cannot be completed, we will reverse the bill payment by re-crediting the amount of the bill payment to the Bill Payment Account unless we notify you otherwise. We are not responsible or liable for any late charges or extra interest or other charges or costs or expenses that may result from the payee's delay in accepting and processing, or the payee's non-acceptance or return of any payment.

## Cash Management Terms and Conditions

(b)(v) Canceling Bill Payments - You can cancel any Single Payment or Recurring Payment by using the Online Bill Payment Service to cancel the payment. In the case of a Recurring Payment, you can skip any next scheduled payments or cancel all Recurring Payments to the same payee. You must transmit your request to skip or cancel payments before the Cutoff Time on the process date for the bill payment. If you do not meet that deadline, the Online Bill Payment Service will not process your cancellation instructions and the bill payment will be sent as previously instructed. This is because, even though the bill payment may not have reached the payee, it will be too late to stop the process of debiting funds for the payment from the Bill Payment Account and issuing our ACH instructions or check in favor of the payee.

### (c) Check Printing Services

(c)(i) Our Check Printing Services allow you to issue checks ("CPS Checks") from any Bank checking account (called the "Check Payment Account") using the facsimile signature of an authorized signer. The Check Payment Account must be a checking account which permits the issuance of an unlimited number of checks during each statement cycle. CPS Checks will bear your Check Payment Account number, the Check Payment Account's owner name and the facsimile of the signature of any authorized signer on the Check Payment Account as selected by us at our sole discretion or as you and we may agree. We reserve the right, at our sole discretion, either to complete or reject any your request to issue a CPS Check if that CPS Check exceeds any applicable limit or the available balance in the Check Payment Account. Without regard to our decision in that regard, your Check Payment Account may be subject to an overdraft/returned item fee, as stated in the Account Agreement. In addition, we reserve the right to further limit the dollar amount or the frequency of transactions from any of your deposit accounts for security reasons, without liability to you.

(c)(ii) You may not issue a CPS Check payable to a payee on the Specialty Designated Nationals List as published from time to time by the Office of Foreign Assets Control. If, despite this agreement, you issue a CPS Check payable to a payee that is on the Specialty Designated Nationals List, you authorize us, at our absolute discretion, either to (a) decline to make the payment, (b) make or attempt to make the payment and charge the Check Payment Account against which your payment is drawn for the full amount of the payment; or (c) charge the Check Payment Account against which your payment is drawn for the full amount of the payment and freeze the payment subject to legal requirements.

(c)(iii) CPS Checks issued pursuant to this Check Printing Service will be mailed by us or our Service Provider using United States Postal Service (the "USPS") first class postage or by other mail courier services. Neither we nor our Service Provider will be responsible or liable for delays in the delivery of any CPS Check by the USPS or a mail courier service. Neither we nor our Service Provider or any of our other agents are or will be responsible for any late charges, extra interest or other charges imposed on you by a payee because of a late payment. When you have entered and transmitted a CPS Check request, you authorize us to pay the amount of the CPS Check from the Check Payment Account upon presentment. We reserve the right to refuse to honor any CPS Check requests that we believe or suspect (rightly or wrongly) are fraudulent or erroneous. You understand, however, that our exercise of this right will be at our sole discretion, and you should not rely on us to discover or prevent loss as a result of a fraud or erroneous CPS Check. CPS Checks issued pursuant to this Service will clear your account just as any check you wrote yourself. The CPS Check will post to your Check Payment Account and an image will be available via the Information Reporting module of our online Cash Management platform. Your periodic statement will reflect the deduction and will show the date, amount and the name or abbreviated name of the payee. Payees may require return of a payment stub or coupon with a payment, including a CPS Check, and may delay or refuse to process the CPS Check because the CPS Check does not conform to their internal or contractual payment requirements. We are not responsible for any delay in or refusal with regard to the processing of your CPS Check by any payee. Our only responsibility is to assure that we process your payments in accordance with the Terms and Conditions. We are not responsible or liable for any late charges or extra interest or other charges or costs or expenses that may result from the payee's delay in accepting and processing, or the payee's non-acceptance or return of any CPS Check.

(c)(iv) CPS Check requests received by us prior to the established cut-off time will be issued and mailed on the same Business Day. CPS Check requests received by us after the established cut-off time will be issued and mailed on the next Business Day. For more specific information on cut-off times, required CPS Check information and reporting features, please refer to the User Materials.



## Cash Management Terms and Conditions

(c)(v) By using the Check Printing Services, you authorize us to pay from funds on deposit with us in the Check Payment Account all CPS Checks and other orders for payment of money signed with a facsimile or mechanical signature of an authorized signer which reasonably resembles the form provided to us or as you and we may agree from time to time. We may do so regardless of under what circumstances, by whom or by what means the purported facsimile signature may have been affixed. You shall be responsible for the amount of each CPS Check or any check signed with your authorized signer's facsimile signature. You agree to indemnify and hold us (including our correspondent banks), our parent company, affiliates, and our or their respective directors, officers, employees, or agents thereof, harmless from and against any and all losses, claims, liability, demands and expenses, including attorney's fees, incurred or arising in connection of payment of CPS Checks by us in accordance with this Section. This facsimile agreement shall remain in effect for so long as you use the Check Printing Services.

(d) **Stop Payment Service**

(d)(i) You agree to place any stop payment within the time frames and subject to the terms described in the User Materials. We will validate the clearance of paid checks up to one statement cycle in arrears. Any item that clears prior to the current statement cycle requires you to review your records. A stop payment may be placed for an item paid prior to the current statement cycle.

(d)(ii) A stop payment request will not be effective until we conduct a review for the time period specified in the applicable User Material and we determine that the check has not been paid during that period and if so, we will respond to you with an online status of your request as accepted. A stop payment request terminates at the end of the period designated in the applicable User Materials, unless the Stop Payment Request is renewed or canceled earlier. A stop payment Request is canceled automatically when the account on which the check is drawn is closed even if you maintain other deposit accounts with us.

(e) **Commercial Loan Reporting**

The commercial loan reporting function allows you to access commercial loan information via the Internet Banking Services. Accessible information includes, without limitation, commercial loan balances for the current Banking Day as well as loan invoice history information; however, the accessible information is for informational purposes only and is not designed or intended to provide authoritative financial, accounting, investment, or other professional advice which may be relied upon by you for lending transactions nor does it replace your official bank statement. Certain restrictions apply and some commercial loans may not be eligible to be accessed via the Internet Banking Service. For more information on non-eligible commercial loans and accessible information available through the commercial loan reporting function, please refer to the User Materials.

**51. Other Electronic Banking Service**

We offer a line of other online cash management Services that are accessible with software via computer/modem.

**52. Payment Orders (Wire Transfers and ACH)**

This Service permits you to request and send domestic and international funds transfers. As used in this Booklet, the term funds transfer is equivalent to the term "funds transfer" as defined in Uniform Commercial Code, Article 4A. As used in this Booklet, "Payment Orders" include, without limitation, a funds transfer, and amendments and cancellations to a funds transfer. A Payment Order may be requested for either the same business day or may be dated for a future day (called a value-dated Payment Order).

(a) **Payment Order**

You may request Payment Orders from those of your accounts as we agree, in the format, times, and following the restrictions as we may impose from time to time. We may require you to designate whether you wish to conduct repetitive Payment Orders, non-repetitive Payment Orders, or both repetitive and non-repetitive Payment Orders. Our online Cash Management platform allows you to initiate domestic ACH transactions and ACH transactions to

## Cash Management Terms and Conditions

certain foreign countries and wires and international wires in U.S. dollars or take advantage of the exchange rates for foreign currency money transfers.

**(b) Rejection of Payment Orders**

You acknowledge that we may reject any Payment Order that does not comply with the Terms and Conditions or with the parameters as are set by us from time to time for Payment Orders. We may reject, without liability, any Payment Order, including a "Value-Dated" Payment Order, if you fail to maintain sufficient collected funds in a designated account or sufficient available funds in a credit line we have made available to you for the amount of each Payment Order you request.

**(c) Cancellation or Amendment of Payment Order**

A Payment Order may be canceled or amended only if we have not transmitted the Payment Order or credited the Beneficiary's account. To be effective, the communication canceling or amending the Payment Order must (i) comply with the agreed upon security procedures and with such other terms and conditions as we set; and (ii) be received by us at a time and in a manner that gives us a reasonable opportunity to act on the communication. We will have no liability if cancellation or amendment is not effected.

**(d) Foreign Currency Transactions**

You acknowledge that foreign currency Payment Orders must be based on a currency that we trade and that all rates of exchange will be the rate in effect at the time the Payment Order is received by us or at any other rate as is agreed to by the parties. Outgoing foreign currency wires are given a Value Date, typically two days ahead of the send date. We require the setting of a Value Date earlier than the settlement date to ensure that the funds can be obtained in the designated currency prior to settlement. If the Payment Order is returned for any reason, you agree to accept any foreign money credit refund in United States Dollars, based on our then-current buying rate converting the currency to United States Dollars on the date of refund, less any charges and expenses incurred by us.

**(e) Cross Border Entries**

You acknowledge that Cross-Border payments must be based on a currency traded by us and that all rates of exchange will be the rate in effect at the time the Payment Order is received by the Bank or at any other rate as is agreed to by the parties. If the Payment Order is returned for any reason, Company agrees to accept any foreign money credit refund in United States Dollars, based on Bank's then-current buying rate converting the currency to United States Dollars on the date of refund, less any charges and expenses incurred by the Bank.

**(f) Inconsistency of Name and Number**

You acknowledge and agree that if a Payment Order identifies a Beneficiary or Receiver with a name and account number that do not match, payment of the Payment Order may be made on the basis of the account number even if the name of the account holder for that account does not match the name specified in the Payment Order, and you will be obligated to pay the amount of the Payment Order in such event.

**(g) Customer Only Transactions**

You shall not submit a Payment Order on behalf of a third party without our prior written consent.

**(h) Special Security Procedures**

Special security procedures apply to Payment Orders. Please see Section 14(b)

**(i) Terms and Conditions Applicable to Payment Orders through ACH Services**

These Services permit qualifying customers to initiate credit entries or payments to a third party ("Credit Entries") and/or debit entries or collections from a third party ("Debit Entries") all in accordance with this Booklet, the ACH

## Cash Management Terms and Conditions

Rules, and the ACH Requirements. All ACH Services are provided subject to the ACH Requirements, and in the event of any conflict between anything contained in the Terms and Conditions or any Bank policy, procedure, statement or representation, on the one hand, and the ACH Requirements, on the other hand, the ACH Requirements shall prevail and govern. You agree to comply with the ACH Requirements whether or not the Entry is sent through the ACH system (for example, where we are the Receiver's bank in addition to being your bank and the transfer is made solely within our own institution and not through the external ACH system, the requirements for authorization under the ACH Requirements must still be followed). You agree to comply with the ACH Requirements as are in effect from time to time, including any requirements governing the proper formatting of Entries. Defined terms used herein are to be defined in accordance with their definitions in the ACH Requirements. Definitions of such terms are provided herein for convenience only, and the definitions in the ACH Requirements shall control. We may suspend or terminate any ACH Services, including Third-Party Sender Services, at any time upon notice to you in the event we make a determination, in our sole discretion, that continuation of the Services subjects us to unacceptable risks. Suspension or termination of Services does not affect either your or our rights or obligations with respect to Entries initiated prior to such suspension or termination.

(i)(i) Originator - When you initiate a Credit Entry or a Debit Entry, you are acting as an Originator of an Entry under the ACH Rules, and we are the Originating Depository Financial Institution ("ODFI") under the ACH Rules. When you originate a Credit Entry to or a Debit Entry from a third party, the third party is a Receiver under the ACH Rules, and the bank that holds the deposit account from which the Entry is debited or to which the Entry is credited is the Receiving Depository Financial Institution ("RDFI") under the ACH Rules.

(i)(ii) Transmittal of ACH Entries - If approved for the ACH Service, you shall transmit Credit Entries and/or Debit Entries, as appropriate, to us to the location(s) and in compliance with the formatting and other requirements provided to you by us. You agree that your ability to originate Entries under this Booklet is subject to exposure limits in accordance with any Funding Limits set by us.

(i)(iii) ACH Transaction Exposure Limits - Our internal risk control procedures include a determination of ACH credit exposure limits for all ACH customers. ACH debit exposure limits are also established for customers approved by us for originating Debit Entries. These ACH exposure limits can include, but are not necessarily limited to: (i) total dollar value of individual ACH files transmitted to us; (ii) dollar value or number of individual ACH Entries within each file; (iii) frequency of origination of ACH files; and (iv) consideration of total exposure to us over multiple settlement dates related to all unsettled files originated by you. You agree to comply with the exposure limits we establish for you from time to time. You understand and agree that any file or file Entry received by us that would exceed any of the exposure limits established for you may, in our sole discretion, be delayed or rejected, and we will have no liability to you for any damages or losses you may incur arising from our election to delay or reject such files or Entries.

(i)(iv) Processing, Transmittal and Settlement of ACH Entries - We will process Debit Entries and Credit Entries received from you that conform to our established file specifications, transmit such Entries as ODFI to the ACH Operator and settle such Entries, all in accordance with the ACH Rules. We will use reasonable efforts to transmit such Entries to the ACH Operator in accordance with the file receipt cutoff times and transmission timeframes set forth in our ACH Processing Schedule, as amended from time to time. Ask us for a copy of our current ACH Processing Schedule. In the event Entries are not transmitted on the date of receipt, we generally will transmit such Entries on the next Banking Day on which we and the ACH Operator are open for business. **We cannot guarantee the day of settlement of any Entries, including On-Us Entries.**

(i)(v) On-Us Entries - If an Entry is received for debit from or credit to an account maintained with us, it is considered an "On-Us Entry." On-Us Entries often settle sooner than other Entries. Please see our ACH Processing Schedule. Settlement of all Entries is in accordance with and subject to the ACH Rules.

(j) **Payment for Services; Settlement Options**

(j)(i) Payment for ACH Services - You agree to pay us the charges for ACH Services we provide to you in accordance with our current Fee Schedule, as that schedule is added to, deleted from or otherwise amended from time to time. In addition, you agree to pay us the amount of any sales, use, excise, value added, utility or other similar taxes imposed on such Services (other than taxes imposed on us based upon our income), as well as any fees for related Services at our standard rates for such Services to the extent such Services are incurred in connection with providing ACH Services.



## Cash Management Terms and Conditions

(j)(ii) Settlement Options - You must pay us the amount of each Credit Entry and each reversal of a Debit Entry on or before the settlement date (the "Settlement Date" as specified in the ACH Rules) for the transaction.

(j)(iii) Payment Account - We may, without prior notice or demand, obtain payment of any amount due and payable to us for ACH transactions by debiting the accounts designated by you for such transactions (the "Designated ACH Accounts"). Unless we make alternative arrangements with you, the Designated ACH Accounts will also be the accounts to which Credit Entries are credited. You are required to maintain a sufficient balance in the Designated ACH Accounts at all times to cover expected transaction dollars originated by you. In the event there are not sufficient funds in the Designated ACH Accounts to cover your obligations for submitted transactions, including amounts owed to us for reversals and for fees and other amounts owed to us, we may set off or debit such amounts from any other accounts you have with us (including any accounts in which you hold an interest with any other person or entity or in another capacity), whether established at the time the Designated ACH Accounts are established or established at some later time. You further agree that we may, at any time, require you to establish a reserve account (the "Reserve Account") into which we may deposit funds withdrawn by us from those other accounts to ensure that you will have sufficient funds to cover your payment obligations for ACH transactions. We will notify you if we require a Reserve Account and if we require any increase in the Reserve Account from time to time. You agree that we are not liable for nonpayment of any checks drawn against accounts from which we withdraw funds in order to fund the Reserve Account. Transactions submitted to us may be delayed until we are able to satisfy ourselves that the funds in the Designated ACH Accounts will be sufficient to satisfy any funding needs. In the event you terminate your relationship with us or otherwise close Designated ACH Accounts, in our sole discretion, we may continue to hold funds in the Designated ACH Accounts or Reserve Account up to three (3) years or until all outstanding transactions or returns have cleared and the timeframe for rejection or return has expired.

(j)(iv) Funding Limits - We offer both Credit Guidance and Pre-Funding as two methods to providing you with Funding Limits.

(j)(v) Credit Guidance - - If you are approved for a Credit Guidance, we will settle to your account on the effective date (an "Effective Entry Date" as defined in the ACH Rules) of the items originated. In the case of Credit Entries, we will debit your account on the Effective Entry Date. In the case of Debit Entries, we will fund your account on the Effective Entry Date.

(j)(vi) Pre-Fund. - In the event you are not approved for a Credit Guidance, you may be approved to initiate entries on a pre-funded ("Pre-Funded") basis. Under this option, before we will transmit Credit Entries to Receivers, your designated deposit account must have sufficient available funds to cover the amount of those Credit Entries. We will utilize the Presentment Date for settlement and will debit funds directly from your designated account on the day Entries are received. You must present Credit Entries to us not less than one banking day prior to the Effective Settlement Date of such Credit Entries. As to Debit Entries, we will fund your designated account for the offsetting amount of those Debit Entries on the Effective Settlement Date. We may place all or a portion of the funds represented by the Debit Entries on hold for a pre-determined number of Banking Days following the Effective Settlement Date. We will provide you with hold terms for Pre-Funded Debit Entries in writing. The pre-determined number of hold days and portion(s) of hold(s) may be adjusted periodically based on your originations and returns. We will advise you if the hold portions and number of days are adjusted.

(j)(vii) Debit Entries on the Effective Settlement Date. - We may place all or a portion of the funds represented by the Debit Entries on hold for a pre-determined number of Banking Days following the Effective Settlement Date. We will provide you with hold terms for Pre-Funded Debit Entries in writing. The pre-determined number of hold days and portion(s) of hold(s) may be adjusted periodically based on your originations and returns. We will advise you if the hold portions and number of days are adjusted.

(j)(viii) Credit Guidance Conversion - We reserve the right to convert you from a Credit Guidance status to a PreFund status at any time, with or without cause and with or without prior notice.

(j)(ix) Your Representations and Warranties Regarding ACH Entries - Each time you originate an Entry, you represent and warrant to us that: (i) each person showing as the Receiver on an Entry has authorized the transaction and the debiting or crediting of the designated account in the amount shown and on the Effective Entry Date designated on the Entry; (ii) such authorization is in writing and signed by or similarly authenticated for all Debit Entries; (iii) you have taken commercially reasonable measures to authenticate the Receiver; (iv) such

## Cash Management Terms and Conditions

authorization is operative at the time of transmittal to us; (v) Entries transmitted to us by you are in accordance with all requirements of this Booklet and the ACH Requirements; (vi) you will perform all your obligations hereunder in accordance with all the ACH Requirements and all other applicable laws and regulations, including the sanctions and laws administered by the federal Office of Foreign Assets Control; (vii) for all Credit Entries, you are bound by and will comply with the ACH Requirements in effect from time to time, including without limitation the provision of the ACH Rules that makes payment of an Entry provisional until final settlement, and you specifically agree that if settlement is not received, we will be entitled to reverse such transaction. You further agree to indemnify us from and against any losses or expenses we may incur as a result of any breach of these representations and warranties. In the event you violate any applicable Rules or regulations and a fine is imposed on us due to your negligence, whether caused willfully, by negligence or otherwise, we may charge, and you agree to pay, such fine, including fees for research, attorney's charges and other related costs to the violation.

(j)(x) Rejection of Entries - We may reject any Entries that do not conform to the requirements set forth herein and in the ACH Requirements and any other standards, guidelines or procedures we may establish from time to time. We may also reject any Entry that specifies an Effective Entry Date that is more than 30 calendar days after the date of receipt of the Entry by us. You agree that if we elect in our discretion to process a file or file Entry that would be subject to rejection for any reason, such action does not result in a waiver of our right to reject future files or file Entries that are otherwise subject to rejection. We have the right to reject On-Us Entries that would be subject to rejection or return under the ACH Rules if processed through an ACH Operator. We also have the right to reject any Entry or file that we believe in our reasonable judgment might be contrary to applicable law or that might subject us to unacceptable risk. We will notify you by telephone or by another method of such rejection no later than the close of business on the Banking Day on which we would otherwise transmit such file or Entry. We will notify you of such rejections no later than the Banking Day such Entry would otherwise have been transmitted by us to the ACH Operator or, in the case of an On-Us entry, the Effective Entry Date. Notices of rejection will be effective when given. We will have no liability to you for any rejection of an Entry or file as provided herein or for failure to provide timely notice of rejection to you.

(j)(xi) Disputes with Receivers - In the event that we become involved in any dispute between you and any Receiver(s) relating to any Entry, you agree to hold us harmless and to indemnify us, our officers, directors, employees, and agents against claims, liabilities, and expenses arising out of the dispute.

(j)(xii) Cancellation or Amendment of Entries - You have no legal right to cancel or amend any Entry after we receive it, but we will generally use reasonable efforts to act on a request by you for cancellation or amendment of an Entry if we can do so prior to its transmission to the ACH Operator or, in the case of an On-Us Entry, prior to debiting or crediting the Receiver's account. We are not able to cancel or amend any Entry after it has been transmitted to the ACH Operator.

(j)(xiii) Permissible SEC Codes - Once approved as an ACH Originator, upon review of your business needs, you will be approved to transmit Entries using specific Standard Entry Class (SEC) Codes. Should you transmit Entries to us using SEC Codes other than those previously approved, at our sole discretion, your file may be rejected and may not be transmitted by us to the ACH Operator or may be transmitted. In either case, you are obligated to comply with all applicable ACH Requirements and applicable laws.

(j)(xiv) Returned ACH Entries - We will notify you either by phone, electronic transmission or by mail of the receipt of a returned Entry from an ACH Operator no later than one Banking Day after the Banking Day of such receipt. Except for an Entry retransmitted by you in accordance with the ACH Rules, we shall have no obligation to retransmit a returned Entry to the ACH Operator if we complied with the terms of this Booklet with respect to the original Entry.

(j)(xv) Notices - We will provide you with all information, as required by the ACH Rules, with respect to each Notification of Change (NOC) Entry or Corrected Notification of Change (Corrected NOC) Entry received by us relating to Entries transmitted by you. We will provide such information to you within two Banking Days of the Settlement Date of each NOC or Corrected NOC Entry. You are obligated to ensure that changes requested by the NOC or Corrected NOC are made within six (6) Banking Days of your receipt of the NOC information from us or prior to initiating another Entry to the Receiver's account, whichever is later. Should you receive notice that any ACH pre-notification has been rejected, you agree not to initiate any Entry until the cause for rejection has been corrected and another pre-notification has been submitted and accepted by the RDFI. You shall cease initiating

## Cash Management Terms and Conditions

Entries immediately upon receipt of any actual or constructive notice of Receiver's termination or revocation of authority.

(j)(xvi) Returns will be monitored for excess activity. You agree to work with us should you have returns that are deemed excessive or if we receive notice from any regulatory or governing body of excessive returns. ,

(j)(xvii) Reconciliation of the Designated ACH Account - Entries transmitted by us or credited to a Receiver's account maintained with us will be reflected on your periodic statement for the Designated ACH Account. You agree to notify us within thirty (30) calendar days of any discrepancy between your records and the information shown on your periodic statement. If you do not notify us within thirty (30) calendar days after the first periodic statement on which a discrepancy appears, you agree that we are not liable for any and all losses and/or other discrepancies that result from your failure to give notice within such timeframe. You agree that you waive any right to dispute a transaction in the event you fail to notify us of the discrepancy within thirty (30) days after your receipt of the first periodic statement on which the discrepancy appears.

(j)(xviii) ACH File Transmissions - You may transmit ACH files directly to our ACH department from a personal computer controlled by you or by use of third-party processor engaged by you. You also may transmit ACH files to us through our online Cash Management platform. If you use our online Cash Management Platform, then the procedures for that platform will be provided to you separately, and those procedures will apply. If you do not use our online Cash Management Platform, then the following procedures will apply. In the event you transmit files through a third-party processor, the third-party processor will be acting as your authorized representative and you will be responsible for ensuring that the third-party processor complies with all of the following requirements on your behalf.

(j)(xix) Authorized Computers - We will authorize and license you to use one or more computers for transmitting your ACH files to us. You are solely responsible for access by your employees or other authorized representatives to the authorized computers and to the data files maintained on the computer. Your authorized representative will be able to access the ACH system by utilizing prearranged logon procedures consisting of user identification names and passwords. Your authorized representative will provide us with verification of the totals contained in the transmission by communicating totals via telephone to our automated voice response system ("VRS"). Procedures and personal identification numbers for use of the VRS will be provided to you separately. In the event you or your authorized representatives are unable to communicate totals to us in this manner, your authorized representative may send a facsimile notification to us containing the file totals. Facsimile notifications should be provided on your company letterhead, reference the exact name contained in our records as accountholder and contain an authorized signature.

(j)(xx) ACH Scheduling Service - If you use our ACH Scheduling Service, we will anticipate the receipt of an ACH file transmission from you on each scheduled processing date identified by you in writing on our form of ACH File Transmission Calendar (subject to our acceptance and approval). You are responsible for ensuring that we receive a transmission on each scheduled processing date or for notifying us if a transmission will not take place on a scheduled processing date. You are also solely responsible for ensuring that we receive any new or updated processing schedules as required. We are not responsible for untimely or erroneous ACH file transmissions that occur as a result of changes to your established processing schedule if not communicated to us in a timely manner and accepted and approved by us.

(j)(xxi) ACH Totals - We will verify that the file totals agree with the information given to us by you by telephone or facsimile transmission or other previously agreed upon media. In the event of a discrepancy in the totals, we will contact your specified authorized representative. If an authorized representative is not available, we will not process the file until an authorized representative can be contacted on the following Banking Day.

(j)(xxii) ACH Data Integrity - You are solely responsible for the accurate creation, modification, and deletion of the account information maintained on your personal computer and used for ACH transactions. You agree to comply with any written procedures provided to you by us for the creation, maintenance and initiation of ACH transactions.

(j)(xxiii) Retention of Records - You must retain data on all files adequate to permit us to recreate all Entries for a period of at least thirty (30) calendar days following the date you transmit the files to us for processing, and you must provide copies to us upon our request. You must retain all written authorizations for ACH Entries for a period of at least two years following the date on which such authorizations expire. For recurring Entries, you must retain



## Cash Management Terms and Conditions

authorizations for a period of not less than two years following termination or revocation of the original authorization. If you originate RCK Entries, authorizations must be maintained for at least seven years following the settlement date.

(j)(xxiv) Reversing ACH Entries - In the event of duplicate or erroneous files, as defined in the ACH Rules, we will allow you to send reversing Entries. Reversals must be made within five (5) days of the original settlement date per the ACH Rules. You must notify the Receiver by the end of the day on the settlement date for any reversed Entry submitted by you. You may make this notification by any reasonable method you choose.

(j)(xxv) Duty to furnish Documents - From time to time, we may be required to obtain Receiver authorizations. You agree to furnish us with copies of Receiver authorizations or other documents within five (5) business days of our initial request. Documents shall be provided by you to us at your own expense.

### (k) Money Transfer Service

You can initiate the transfer of funds from your accounts with us using our Online Cash Management platform. Using this online Money Transfer Service, you can transfer funds and adjust balance levels in your accounts and shall pay Bank charges for the Services provided herein according to the Bank's current fee schedule. You must provide information to us regarding the transaction and recipient as requested by us in order to comply with legal and regulatory requirements and our internal policies and procedures. Note: i) Intermediary and beneficiary institutions may also assess a fee with the result that the payee/beneficiary may receive an amount that is less than the face value of a money transfer. ii) Beneficiary's complete International Bank Account Number (IBAN) is required for wires sent to Europe. An incomplete/missing IBAN may result in a wire reject or return with additional charges assessed by the receiving bank. iii) wires sent to Mexico require an 18-digit CLABE as the beneficiary's account number.

### (l) Terms and Conditions Applicable to Wire Transfers

These Services permit qualifying customers to initiate wire transfers in accordance with this Booklet and applicable state and federal laws and regulations and other applicable legal requirements (collectively, the "Wire Transfer Requirements"). All Wire Transfer Services are provided subject to the Wire Transfer Requirements. You agree to comply with the Wire Transfer Requirements.

The Wire Transfer Services are also subject to the requirements described above under "Money Transfer Service."

### (m) Security Procedures for SWIFT Payment Orders

You may have executed (or may in the future execute) an agreement with us for SWIFT messaging services, an Authority Letter appointing an agent to act on your behalf under a separate SwiftNet Agreement, or another form of authorization (collectively, "SWIFT Arrangements") authorizing us to act on instructions received from you or others through the BNP Paribas or Bank of the West data transfer networks or the SWIFT network (collectively, the "Networks"). If you have made a SWIFT Arrangement with us, any Payment Order we receive with reference to you or your accounts through the Networks shall be considered a "Swift Payment Order". We may act on any Swift Payment Order that our computer system receives through the interface we maintain with the Networks. Our determination that a Swift Payment Order was received through the interface we maintain with the Networks shall constitute the mutually agreed security procedure for Swift Payment Orders (the "Swift Security Procedure"). The Swift Security Procedure shall be the controlling manner of authenticating all Swift Payment Orders notwithstanding any other security procedure that may now or hereafter be agreed to with respect to other funds transfers. Except as set forth in the preceding sentence, all other provisions of the Terms and Condition relevant to security procedures and Payment Orders shall apply to the Swift Security Procedure and Swift Payment Orders, respectively.

### (n) International ACH Transactions

Financial Institutions are required by law to scrutinize or verify any International ACH transaction ("IAT") that they receive against the Specialty Designated Nationals (SDN) list of OFAC. This action may, from time to time, cause us to temporarily or permanently suspend processing of one or more IAT's and may affect the settlement and/or availability of such payments. At our sole discretion and without liability to you or any third party, we reserve the right to refuse to initiate or receive ACH transactions for any or no reason, including, without limitation, any ACH transfer to or from any person or entity located in a country with which the Bank has determined not to engage.

## Cash Management Terms and Conditions

(o) **Reservation of Rights on Payment Orders**

At our sole discretion and without liability to you or any third party, we reserve the right, for any or no reason, to reject, impose conditions on, cancel, delay or suspend any instructions to initiate any Payment Order on your behalf (even if previously accepted); similarly, at our sole discretion and without liability to you and without prior notice, we reserve the right to refuse to receive any Payment Order on your behalf. If we take any such action described in the previous sentence, we will use reasonable efforts to notify you of such action by communicating with you in a method allowed by these policies or in some other commercially reasonable manner, including verbally notifying you or your designated representative, but we shall have no liability to you or any third party if we are unable to give such notice to you. In the event we take any such action as described above in this paragraph, you agree that you will indemnify us and hold us harmless from all loss, cost or expense arising from such action, including without limitation, with respect to claims by third parties.

**53. Positive Pay Services**

Under our Positive Pay Service, you have three options.

(a) **Traditional Positive Pay Service**

With the Traditional Positive Pay Service, you agree to provide to us the following Issue Information for each Item: (i) Item serial number; (ii) dollar amount of the Item; and (iii) Item issuance date. Using your Issue Information, we

will deliver to you on each Banking Day a Reported Item List that allows you to return unauthorized Items. Items which do not match the Issue Information will be flagged and made available to you, so that you can make a pay/no-pay decision on each flagged Item. Under the Traditional Positive Pay Service, you will receive account reconciliation reporting; however, you must agree to have our Account Reconciliation Service (Traditional Service) to receive such reporting. For more information on how the Traditional Positive Pay Service works including, without limitation, delivery and cutoff times, reporting features, and each party's responsibilities and obligations, please refer to the User Materials.

(b) **Stand-Alone Positive Pay Service**

With the Stand-Alone Positive Pay Service, you agree to provide to us the following Issue Information for each Item: (i) Item serial number; (ii) dollar amount of the Item; and (iii) Item issuance date. Using your Issue Information, we will deliver to you on each Banking Day a Reported Item List that allows you to return unauthorized Items. Items which do not match the Issue Information will be flagged and made available to you, so that you can make a pay/no-pay decision on each flagged Item. There will be no account reconciliation related reporting available with the Stand-Alone Positive Pay Service. For more information on how the Stand-Alone Positive Pay Service works including, without limitation, delivery and cutoff times, reporting features, and each party's responsibilities and obligations, please refer to the User Materials.

(c) **Payee Positive Pay Service**

With the Payee Positive Pay Service, you agree to provide to us the following Issue Information for each Item: (i) the payee name(s) on the Item; (ii) Item serial number; (iii) dollar amount of the Item; and (iv) Item issuance date. You will provide us with pay or return instructions for Items that either do not have a payee match or that have a payee match but that do not match the MICR information provided to us by you. Account reconciliation related reporting is available for the Payee Positive Pay Service if you agree to have our Account Reconciliation Service (Traditional Service). For more information on how the Payee Positive Pay Service works including, without limitation, delivery and cutoff times, reporting features, and each party's responsibilities and obligations, please refer to the User Materials.

(d) **General Terms and Conditions Applicable to All Positive Pay Services**

(d)(i) If the Issue Information you provide does not precisely match the information captured from the Item during the course of processing operations, then we or our Servicer will create a Reported Item List. From time to time in advance, we or our Servicer may permit you to establish parameters for Items you wish to appear on your Reported Item List.

(d)(ii) You agree to tell us whether you want the Items listed on the Reported Items List to be paid or rejected from



## Cash Management Terms and Conditions

payment. You must advise us of your wishes in the manner and in the timeframes established in the User Materials. You shall provide us with standing instructions that we will implement in the event we do not hear from you within the required timeframes. Those instructions shall be either to "pay all" or "return all." You agree that in the event you fail to place standing instructions on file with us, we will adopt the "pay all" approach. We will then pay all Items subject to the availability of funds on deposit. In our sole discretion, we may overdraw your account. We are entitled to conclusively rely on your "pay" or "return" instructions. Further, in the event we receive no instructions from you and adopt the default "pay all" approach, the default approach shall be conclusively deemed to be the equivalent of your express instruction to "pay all" Items.

(d)(iii) If an Item on the Reported Items List is paid, either by you or by your standing instruction, the issue information will be updated by the information from the Item.

(d)(iv) Any Items rejected under a Positive Pay Service will be marked 'Refer to Maker.' You agree to respond promptly to any inquiries regarding those Items. You understand that you may have liability for the payment of any Item to a party, including us or Servicer, who is a holder or holder in due course under the Uniform Commercial Code.

(d)(v) You agree that our duty (and the duty of Servicer, as applicable) to you is to provide the Reported Items List. We shall have no responsibility or liability for payment of any check or draft which precisely matches the issue data on file for any Item or account; except that if you claim an Item is not properly payable due solely to a forged endorsement or material alteration to the payee information, then the rights and responsibilities with regard to the forged endorsement or material alteration shall be determined under applicable law. Further, you understand and agree that we cannot return Items that have been cashed over-the-counter or otherwise paid prior to the time that you: (i) instruct us to pay or return the Items and (ii) we have a reasonable time to act upon such instruction.

(d)(vi) Other than the duties specifically undertaken, as described above, you relieve us (and our Servicer) of all liability, including liability related to obligations arising under applicable law, or otherwise concerning examination of Items presented for payment, and you hold us (and Servicer) harmless from any and all claims made by anyone (including, but not limited to claims regarding our refusal to honor Items presented for payment at any of our offices, if we did not have accurate issue information regarding the Item at the time of presentment for payment) for loss or damage, or for breach of security, or for breach of confidentiality of our data or records which may arise in connection with the performance of the Positive Pay Services. We reserve the right to require you to place a stop payment order on any Item to be returned. Any such stop payment orders will be subject to our customary stop payment fees.

(d)(vii) You acknowledge that our Positive Pay Service is intended to be used to identify and return Items which you suspect, in good faith, are fraudulent. The Positive Pay Service is not intended to be used as a substitute for your placing stop payment orders on Items which you do not wish to be paid and which are not suspected as being fraudulent. If we suspect or conclude, in our sole discretion, that you are using the Positive Pay Service in violation of the previous sentence, we may require you to provide evidence that Items we return pursuant to your instructions were in fact fraudulent. We will hold you liable for losses we sustain on Items returned under the Positive Pay Service which are not established as fraudulent Items.

**(d)(viii) You acknowledge that your failure to use the Positive Pay Service could substantially increase the likelihood of undetected fraudulent activity on your deposit account(s) and that it is neither unreasonable nor unreasonable under the circumstances for us to require you to use our Positive Pay Service upon request. You agree that if you fail to implement the Positive Pay Service following our request that you do so, you will be precluded from asserting any claim against us for paying an unauthorized, altered, counterfeit or other fraudulent Item that the Positive Pay Service was designed to detect or deter, and we will not be required to re-credit your deposit account or otherwise be liable to you for paying such Item.**

#### **54. Remittance Banking Services (Lockbox)**

You may direct your debtors and/or customers to forward their payments by check, or other paper item, to the post office address we designate ("Designated Address"). We and any servicer we engage, acting on your behalf, shall have exclusive and unrestricted access to mail directed to the Designated Address. We will endorse, on your behalf or at your reasonable request, checks and other deposited items that were sent to the Designated Address and appear to be for deposit to your credit, even if you are a joint payee on the check. Items received at the Designated Address shall be processed as agreed to both you and us and credited to the account you designate. Unless otherwise agreed to by both parties, all collected funds shall be deemed to be your funds for all purposes e.g., adjustments, bankruptcy, levy, attachment, and other forms of legal process. The crediting and collection of checks and other deposited items will be handled under the terms and



## Cash Management Terms and Conditions

conditions as agreed upon by both parties.

### 55. Integrated Solutions Services

Our Integrated Solutions suite of Services provides you access to your designated accounts at Bank of the West using a Bank of the West interface as a single point of entry through which you may directly conduct banking transactions using your computer and your compatible third-party accounting system provider or software. Integrated Solutions allows you to provide data and to make payments directly from your accounting systems without manually entering information. The Integrated Solutions suite of Services includes Integrated Payables, Information Reporting, and Receivables as such Services are made available by us.

Our provision of the Integrated Solutions Service to you is subject to, and you shall be bound by, all applicable terms, provisions, or conditions of any service provider agreement between us and any service provider, and in the event of a conflict between the terms of the Terms and Conditions and the applicable terms of any service provider agreement, the terms of such the service provider agreement shall govern and control. You acknowledge and agree that you are not a third party beneficiary of any service provider agreement and shall not have any direct claims or recourse against any service provider, except to the extent expressly permitted by the terms of the service provider agreement and subject to all limitations and disclaimers provided in such service provider agreement.

You acknowledge that the Integrated Solutions Service may involve the transmission of confidential consumer information that may be subject to federal and/or state privacy laws and regulations. You shall comply with all federal and state privacy laws and regulations including, without limitation, any breach notification requirements. Further, you agree to notify us if a Integrated Solutions Request or any other information provided by you to us contains protected health information subject to the federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder by the U. S. Department of Health & Human Services.

You shall comply with all security procedures established by us for the Integrated Solutions Service. The specific security procedures are set forth in Section 14 of this Booklet and the Integrated Solutions Security Procedures Addendum attached hereto and included in this Booklet and the Terms and Conditions by this reference. Such security procedures shall be amended from time to time in accordance with this Booklet. You agree that all Integrated Solutions Requests contain sensitive banking information and shall only use secure transmission options provided by us. For some Payment Orders and Services such as ACH, Wire Transfers and Online Banking, other established security procedures are utilized when accessing such Services through the Integrated Solutions Service. You are solely responsible for developing and maintaining your own internal security procedures to prevent errors and unauthorized access to your computer systems and the Integrated Solutions Service by unauthorized employees, agents, vendors and customers. You understand that while we determine the third-party accounting systems and software compatible with the Integrated Solutions Service we are not responsible for these systems or software or computer hardware you choose. We will not be liable or responsible to you for any errors or loss or unauthorized access to your accounts attributable to the third-party accounting system or software or computer hardware.

You acknowledge that we have no obligation to maintain back-up copies of or your request for us to initiate a Integrated Solutions transaction or any other information provided by you to us. You shall preserve all records relating to the Integrated Solutions Service as required by law and as specified for the Integrated Solutions Services you use. You shall permit us to examine, verify and copy such records upon our reasonable request and notice to you.

You agree that you (i) shall use the Integrated Solutions Service only in the ordinary course of your internal business operations, (ii) shall not use the Integrated Solutions Service in violation of the terms of the Terms and Conditions, (iii) shall not use the Integrated Solutions Service to conduct any type of service bureau or time-sharing operation or to provide remote processing, network processing, network telecommunications or similar services to any person, whether on a fee basis or otherwise, and (iv) shall ensure that the Integrated Solutions Service is used only by your authorized users in accordance with any documentation we provide to you. In the event of any error in connection with the Integrated Solutions Service or any Integrated Solutions transaction, you shall provide to us detailed documentation and explanation, together with underlying data, to substantiate any error and to assist us in diagnosing, reproducing and correcting the error. You shall use any modifications, revisions, and updates in the Integrated Solutions Service, including changes in programming languages, rules of operation and screen or report format, as and when they are implemented and/or made available by us or our service provider. You agree to devote all equipment, facilities, personnel and other resources reasonably necessary to implement the Integrated Solutions Service and to be trained in the use of the Integrated Solutions Service, and we shall not be responsible for any delays or additional fees and costs associated with your failure to timely perform

## Cash Management Terms and Conditions

such obligations.

(a) **Integrated Payables**

Integrated Payables is a service within the suite of Integrated Solutions Services. Our Integrated Payables Service offers customers a solution to automate their accounts payable processing. The Integrated Payables Service creates a secure gateway to exchange machine-to-machine payment information between the customer and Bank of the West. The specific banking transactions available through Integrated Payables are more fully described in the Integrated Payables User Materials which shall be amended from time to time in accordance with this Booklet. The Integrated Payables Service works in conjunction with third-party accounting systems or software determined compatible by us in our sole discretion. Not all third-party accounting systems or software will be compatible with the Integrated Payables Service.

You agree that your requests to initiate payments utilizing the Integrated Payables Service shall be governed by this Section 55, the sections of the Terms and Conditions governing the applicable payment mechanism, and all applicable laws, rules and regulations governing the applicable payment mechanism. When the Integrated Payables Service is used to access other the Bank's services, products, or payment facilities (including, without limitation, the wire transfer service, check printing, ACH or credit card services when available), the terms, conditions, and agreements governing such other services, products, and payment facilities remain in full force and effect, except as expressly modified or amended by this Section 55. You agree to promptly execute and deliver to us any documentation we require to evidence your agreement to our terms and conditions for services, products, and payment facilities accessed and used by you through the use of the Integrated Payables Service; provided, that your use of the Integrated Payables Service to use, access, and/or perform other Bank services, products, or transactions automatically constitutes your acceptance of and agreement to any and all terms, conditions, and provisions in effect and imposed by us at the time of your use or performance of such services and transactions without the execution of any related documentation by you. You agree to be bound by and to comply with any and all documentation, instructional materials or technical information relating to the use of the Integrated Payables Service that is made available to you by us or our service providers in connection with the Integrated Payables Service, as amended from time to time.

You authorize us to execute all payment requests and settle to your account all payment requests delivered to us in compliance with the Terms and Conditions and the applicable security procedures. You may from time to time request that we initiate electronic payments using electronic payment channels such as the ACH, SWIFT and credit card networks, wire transfer system, and other available electronic funds transfer systems (**Please refer to the Integrated Payables User Materials for available electronic payment channels as not all electronic payment channels may be available through the Integrated Payables Service**). For certain payment requests, you will have the option of including an email address of the beneficiary/payee in the payment request to us, and if you provide such email address, we will generate an email to the beneficiary/payee advising them of the incoming payment.

You must submit Integrated Payables transactions at or prior to the established deadline for processing on the Business Day of receipt. Integrated Payables transactions received after the established deadline will be processed on the next Business Day. All established deadlines are set forth in the Integrated Payables User Materials and subject to change. We will notify you of any rejected Integrated Payables transactions in accordance with our standard procedures. You represent and warrant to us that all information in each Integrated Payables transaction delivered to us shall be accurate, timely and authorized and shall be in compliance with all applicable laws, rules and regulations. Accordingly, any inaccuracy in the Integrated Payables transaction or information provided by you may result in unintended processing by us. We are not responsible for detecting or reporting any error or inaccuracy in information provided by you and we shall not be liable to you for any information or Integrated Payables transaction which is incorrect or incomplete.

You are solely responsible for scheduling and initiating any and all Integrated Payables Service transactions sufficiently in advance of applicable due dates. We disclaim any and all representations or warranties, express or implied, that any transaction executed through the Integrated Payables Service will be timely and/or properly received, processed, and applied by any counterparty to such transaction. You assume all risk relating to the timely and proper scheduling, initiation, processing, transmission, receipt, and application of Integrated Payables Service transactions, and you release us from any and all claims, liabilities, and/or damages related thereto or arising or resulting therefrom. Except for those losses caused directly by our gross negligence or willful wrongful acts, you agree to indemnify, defend, and hold us and our service provider harmless from and against any and all losses, costs, suits, damages, claims, liabilities, and expenses (including, without limitation, reasonable attorneys' fees) arising from or related in any way to any relationships, claims, or disputes between you and any and all counterparties to transactions executed by you through the Integrated Payables Service (including, without limitation, payees of payment transactions executed through the Integrated Payables Service).

We shall have no obligation to permit you to amend, modify, cancel, or stop payment on an Integrated Payables



## Cash Management Terms and Conditions

transactions after you have initiated or submitted such transactions for execution through the Integrated Payables Service. In the event we shall permit you to amend, modify, cancel, or stop payment on an Integrated Payables transactions, you must act within applicable deadlines established by us for such purposes and otherwise afford us a reasonable opportunity to respond to instructions to amend, modify, cancel, or stop payment on such Integrated Payables transaction; provided, that in no event shall we have any liability to you or any counterparty to your Integrated Payables transaction if we shall fail to execute or timely execute any instruction to amend, modify, cancel, or stop payment on such Integrated Payables transaction.

Additional terms apply to Payment Orders. Please see Section 52.

## 56. Sweep Services.

### (a) **Deposit Sweep Service**

Our Sweep Services allow you to transfer unused balances from your demand deposit account into a Federal Funds deposit or used to purchase an interest in government securities (subject to an agreement by us to automatically repurchase such securities on a set maturity date).

### (b) **Establishment of Investment Accounts**

At your request, and with the Bank's approval, we will establish for you a non-FDIC insured account for your Federal Funds deposit ("Federal Funds Account") or your government securities repurchase account ("Repo Account") in accordance with the information you provide to us.

### (c) **Rules Governing Federal Funds Account**

The Federal Funds Account will consist of United States dollar-denominated overnight time deposits held in our account at the Federal Reserve Bank.

### (d) **Rules Governing Repo Account**

The Repo Account will consist of securities that will be purchased by you from us from time to time, subject to our agreement to repurchase such securities at a stated maturity date at the original purchase price plus interest at a stated interest rate. You must execute a master securities repurchase agreement ("Master Repo Agreement") in order to have a Repo Account. The terms of the Master Repo Agreement will govern our relationship with respect to funds in the Repo Account, pursuant to the terms of the Master Repo Agreement.

### (e) **Automatic Investment**

We will monitor the balance of the deposit account (the "Sweep Account") that you designate for funds to be swept into the Federal Funds Account or Repo Account, as the case may be. At the close of business on each Banking Day, we will automatically transfer all collected funds from the Sweep Account in excess of the target balance you designate to us (the "Target Balance") into the Federal Funds Account or Repo Account, as you have designated. On the following Banking Day, the principal amount in the Federal Funds Account or Repo Account, plus any interest, will be automatically transferred by us from the Federal Funds Account or Repo Account to the Sweep Account.

### (f) **Interest Rates**

The interest rate on the Federal Funds Account shall be the Federal Funds Target Rate as computed by the Federal Open Market Committee. This rate is found in the official press statement by the Federal Open Market Committee that follows their most recent regularly scheduled monetary policy meeting and is available online at the Federal Reserve Board website. The interest rate on the Repo Account will be calculated by subtracting the number of basis points quoted by us at the time the Repo Account is established as the Initial Interest Discount from the overnight Federal Funds rate set by the Federal Reserve Bank. Interest on the Federal Funds Account or Repo Account will be calculated on a simple and daily basis using a 360-day year. This means that the per annum rate will be divided by 360 to arrive at a daily rate, which is then applied to the balance for each calendar day and credited to the Sweep Account on the following Banking Day. For the Repo Account, interest as described above will be deemed to include all payments of Pricing Differentials as described in the Master Repo Agreement, and we will pay the quoted rate



## Cash Management Terms and Conditions

regardless of any fluctuation in the market price of underlying securities purchased under the Master Repo Agreement. By requesting a Repo Account, you acknowledge and agree that the interest rate on your Repo Account will not be related to the yield on any underlying securities in the Repo Account.

### (g) Repo Account Securities Management

Pursuant to the Master Repo Agreement, you will purchase an interest in securities from us to be automatically repurchased by us from you on a stated maturity date. For each securities purchase transaction, you will receive an undivided interest in all securities held by a custodian bank for a portion of all of our repurchased transaction customers. These securities will be investment-grade debt securities and will always have a market value that equals or exceeds the stated balance of funds in your Repo Account. Your interest in those securities may be subject to liens of third parties, may be used by us for deliveries on other securities transactions, and shall be subject to our ability to satisfy any lien or to obtain substitute securities without prior notice to you.

### (h) Repo Account Maturity

Your Repo Account will mature at the close of business one Banking Day following the effective day of each securities transaction. However, on each Banking Day, the maturity date shall be automatically extended one additional Banking Day (until the close of the immediately succeeding Banking Day) unless we give you notice to close the Repo Account and to pay all amounts due as of such extended maturity date. You may close the Repo Account at any time, effective on the tenth day after you give us written notice thereof, so long as you have paid us all amounts then due. You will then receive any accrued but unpaid interest earned on the Repo Account through the date of closing, but any fees debited to the Repo Account before the closing date, including monthly fees, will be nonrefundable. On the date of closing of the Repo Account, we will reacquire all of your rights in the securities held in the Repo Account.

### (i) Security Interest in Securities Held in Repo Account

We will maintain the securities in the Repo Account with the custodian we select pursuant to the terms of the Master Repo Agreement. We intend to transfer full ownership of your interest in the securities to you. However, in the event that the transfer of full ownership is invalidated for any reason, we here grant to you a security interest in such securities to the extent of the ownership interest we intended to transfer, together with any proceeds, and while we intend this security interest to be perfected by possession, we make no representation or warranty to you regarding the perfection of your security interest or your ability to recover your funds by selling your interest in the securities.

### (j) Statements/Confirmations

An account statement detailing the activity between the Sweep Account and Federal Funds Account will be sent to you each month.

### (k) Fees and other terms

The monthly fee for our Sweep Services is listed in our pricing schedule and will be automatically deducted each month from your Sweep Account.

### (l) Limitation of liability

In the event that we are unable to sweep funds into your Federal Funds Account on any day for any reason, we will not charge you fees for the Sweep Services for that day but we will not be liable to you for any lost interest you may suffer.

### (m) FDIC Eligibility

No FDIC Insurance of Federal Funds Account or Repo Account. Your Sweep Account is insured by the Federal Deposit Insurance Corporation up to the current maximum insurance limit (currently generally \$100,000), but your Federal Funds Account or Repo Account is NOT INSURED BY THE FDIC. This means that funds that are swept out of your Sweep Account and into your Federal Funds Account or Repo Account are not federally insured by the FDIC for the period of time they are in the Federal Funds Account or Repo Account. When the funds are swept back

## Cash Management Terms and Conditions

into the Sweep Account, they are again insured by the FDIC.

**(n) Loan Sweep Services**

Our Loan Sweep Services allow you to automatically transfer funds between a revolving line of credit identified by you (the "Loan Account") and a demand deposit account you maintain with us (the "Loan Sweep Deposit Account").

**(o) Transfer Between Loan Sweep Deposit Account and Loan Account**

Each Banking Day, after all transactions for the day have been posted to the Loan Sweep Deposit Account and the Loan Account, we will transfer funds between the Loan Sweep Deposit Account and the Loan Account as follows:

First, we will transfer any positive Available Balance or Ledger Balance (depending upon which you designate to us in the setup of your Loan Sweep Services) that exceeds the Target Ceiling (also as designated by you in the setup of your Loan Sweep Services) from the Loan Sweep Deposit Account to pay down the outstanding balance of the Loan Account and to bring the Loan Sweep Deposit Account back to the Target Balance. If there is no outstanding balance on the Loan Account, no transfer will be made. If the balance in the Loan Sweep Deposit Account is less than the Target Floor, we will transfer from the Loan Account to the Loan Sweep Deposit Account an amount sufficient (up to the maximum available credit limit) to bring the Loan Sweep Deposit Account balance back to the Target Balance.

**(p) Payment**

Payment of any item presented against the Loan Sweep Deposit Account which would create an overdraft in the Loan Sweep Deposit Account will only be made to the extent of the available credit limit in the Loan Account.

**(q) Insufficient funds**

You agree that if at any time the Available Balance or Ledger Balance, as applicable, in your Loan Sweep Deposit Account is insufficient to pay items presented to the Loan Sweep Deposit Account for payment, we may pay or dishonor items in our sole discretion and in any order as we may determine, and you specifically waive any claims against us for the same. Items paid or dishonored pursuant to this Section will be subject to any applicable fees and charges. Other than as provided in this Section, no separate loan advances may be made from the Loan Account. You will sign a separate Loan Agreement and pay interest on advances according to that Loan Agreement. You hereby assign and grant to us a security interest in the Loan Sweep Deposit Account and any future additional deposit accounts you may have with us as security for the performance of your obligations under the Loan Agreement and the Terms and Conditions. Your rights in the Loan Sweep Deposit Account and any other deposits you have with us are subordinate and junior to our rights to reimbursement for any withdrawals or items paid from the Loan Sweep Deposit Account. Our rights and remedies as described herein are in addition to all other rights and remedies that we may have under the Loan Agreement or any other applicable law.

**57. TaxDirect Services**

Our TaxDirect Services allow you to use touch-tone telephone or Internet to initiate Federal, State and certain local tax deposits. Our performance of TaxDirect Services are conditioned upon your furnishing all requested data, authorizations, and written instructions at the times and in the manner specified by us in the User Materials. We are entitled to rely on the accuracy of any data furnished by you to us. When initiated via touch-tone telephone or Internet, you are responsible for electronically inputting relevant data in accordance with the procedures and instructions established by us from time to time, and such data will subsequently be processed by us.

**(a) Deposit Account; Sufficient Funds**

You agree to maintain with us a commercial bank account ("the TaxDirect Deposit Account") with sufficient funds to cover all tax deposits and other fees and charges related to the TaxDirect Services. You hereby authorize us to charge the TaxDirect Deposit Account for the amount of each tax deposit, as related by you to us. In the event you fail to maintain sufficient funds in the TaxDirect Deposit Account, we shall have no obligation to perform the TaxDirect Services or make any tax deposit for you even if we have received instructions to do so. In the event we, in our discretion, overdraft the TaxDirect Deposit Account to make tax deposit disbursements, we shall not be obligated to do so in the future, regardless of the number of times we have previously allowed such overdrafts. You are liable

## Cash Management Terms and Conditions

for the payment of any disbursement made by us for TaxDirect Services even though there are insufficient funds in the TaxDirect Deposit Account at the time the disbursements are made.

**(b) Duty to Maintain Records**

Nothing herein shall relieve you of any duty imposed by law or contract regarding the maintaining of records or from employing adequate audit, account and review practices customarily followed by similar businesses. You agree to promptly review for accuracy all records and information delivered from time to time to you by us and promptly notify us of any errors. You will retain a copy of all of your source documents, including without limitation your completed TaxDirect Service Application, any User Materials, the Terms and Conditions, completed state and federal tax agency authorization forms for you, tax payment information needed to make each tax deposit, acknowledgment numbers generated after you initiate a tax payment request, and audit information or receipts acknowledging or confirming the payment of your tax deposits. We may retain copies of any of the foregoing documents, information or receipts, but we are not required to do so under the Terms and Conditions or any other contract or other obligation to you.

**(c) Service Limited to You**

Only you may use the TaxDirect Services. You may not provide your access code or personal identification number to any third party, nor may you initiate a tax deposit on behalf of any other consumer or entity.

**(d) We Are Acting Only as Your Agent**

In performing the TaxDirect Services, we are acting only as your agent. Any tax deposit funds received from you by us will remain a deposit liability of us to you and will not be trust funds until we deposit the same to the credit of the appropriate governmental agency on the tax due date or otherwise makes such funds available to the governmental agency. Funds held by us for you will not bear interest and may be invested by us solely for our own benefit, but any such investment shall be at our risk. You will be entitled to recover any funds held by us prior to the time such funds are credited or otherwise made available to the governmental agency upon written notice to us given in time for us to act thereon.

**58. Third Party Depository Services**

Our Third Party Depository Service provides a delivery channel for you to make cash or check deposits at branches or processing centers of a third party with whom we have a contractual arrangement. This service enables your out-of-market or out-of-state locations that are not in close proximity to a BOW branch to make deposits. You must use specified deposit documents for the Service. The Service does not include check cashing at the third party locations. Deposits submitted prior to the established cutoff hour will be posted to your BOW account our next banking day.

**(a) Your responsibilities**

You agree to make any such deposits under the Service in accordance with the form, format, and instructions provided to you, and that any failure to follow these instructions may result in a delay in the posting of your deposit.

**(b) Deposit Discrepancies**

Any deposit discrepancy, such as an adjustment or a returned check, will be reported to us by the third party and will be debited or credited to your account in the usual manner.

**(c) Notifications**

You agree to contact us regarding any questions or other issues that may arise under the Service. Any notice to the third party regarding the Service does not constitute notice to BOW.

**59. Zero Balance Accounting Services**

If your company disburses funds from multiple accounts or maintains a number of different depository accounts, the Zero



## Cash Management Terms and Conditions

Balance Accounting Service may assist you. Under this Service you designate a primary demand deposit account, called the "Concentration Account," and secondary accounts, called "Tier Account(s)". You authorize us to transfer funds between the Concentration Account and Tier Accounts in order to bring the respective balance of the Tier Account(s) to (1) the target balance or (2) the balance that you have selected as of the close of each Banking Day. Any debits to the Tier Accounts that reduce the balance in the Tier Account to a sum less than the target balance will be funded automatically from the Concentration Account. You may draw checks (or arrange for other debits) against the Concentration and/or Tier Accounts. We will pay those checks up to the collected and available balance on deposit in the Tier and/or Concentration Account. You agree that we are not acting as a fiduciary with respect to funds in either the Concentration Account or in any Tier Account. If any Concentration Account or Tier Account is under different ownership, all owners must join in the Terms and Conditions and each accepts any financial liability for co-mingling and/or for the movement of funds between Concentration and Tier Accounts.

## Cash Management Terms and Conditions

**GLOSSARY**

**Account Agreement** means your signature card, the Deposit Account Disclosure for Business Accounts (Disclosure Statement and Agreement), and the current Schedule of Fees and Charges for Business Deposit Accounts.

**Access** shall include (i) retrieval and/or storage or processing of you Data on the Bank System, (ii) retrieval or receipt of you Data by the Bank System, and (iii) physical access to the components of the Bank System.

**ACH** shall mean the automated clearinghouse.

**ACH Operator** means either the Federal Reserve ACH Operator or the EPN (Electronic Payments Network) private ACH Operator.

**ACH Requirements** means the Uniform Commercial Code, applicable state and federal laws and regulations, including, without limitation, the Electronic Funds Transfer Act and Federal Reserve Regulation E, all applicable Federal Reserve Bank operating circulars, including without limitation Operating Circular No. 4, applicable Federal Reserve Bank procedures, and the Internal Revenue Code and Internal Revenue Service regulations (with respect to federal tax payments made through the ACH system) and including the ACH Rules.

**ACH Rules** means the current rules, regulations, operating procedures and guidelines of NACHA.

**ANSI X9.37 Standards** refers to the Accredited Standards Committee X9 standards and technical guide Specifications for Electronic Exchange of Check and Image Data.

**Authorized User** means any person or entity you authorize to use any Service or to access any your accounts, or reasonably believed by Bank to have been authorized by you to use any Service or to access any of your accounts, including (without limitation) any person or entity to which you have provided or disclosed a Security Device or made available or disclosed any Security Procedures, or any person or entity knowing or in possession of a Security Device or Security Procedure without regard to whether such person or entity gained access to or possession of the Security Device or Security Procedure from you, and/or any person or entity expressly authorized to use any Service or access any of your accounts. Any Authorized User shall continue to be an Authorized User unless and until you have notified us, according to notification procedures prescribed by us, that such person or entity is no longer an Authorized User and until we have had a reasonable opportunity to act upon such notice.

**Banking Day** means Monday through Friday, excluding weekends and Federal holidays, even if we are open for business.

**Beneficiary** means the person to be paid on a Payment Order by the beneficiary's bank.

**Business Day** means a day on which a person is open for transaction of general business.

**Cashier's Checks** means checks drawn by the Bank on itself.

**Check Image** means an electronic image of an original check (including a substitute check) and the accompanying MICR data information created by you in connection with the Service.

**Check 21** means the Check Clearing for the 21st Century Act (12 U.S.C. 5001–5018) as it may be amended from time to time.

**Equipment** means equipment, hardware, software, including, without limitation, PCs, modems, phone lines, hardware, and any attachments necessary to perform the requested Service.

**Erroneous Transmission** means a facsimile transmission sent to you that, on its face, is not intended for you or a data transmission received by you that was corrupted during transmission resulting in incomplete or missing data as determined by a mismatch between the record count which is available following the end of the transmission.

**Expedited Funds Availability Act** (EFA Act-12 U.S.C. 4001–4010) requires banks to disclose their funds availability policies and requires standardization of hold policies. The act is implemented through Regulation CC as it may change from time to time.

## Cash Management Terms and Conditions

**Funding Account** means the account you have designated for funding withdrawals from the Controlled Disbursement Account.

**ICL File** means an **Image Cash Letter File**, an electronic transmission of check images and MICR line data sent to the Bank.

**Issue Information** means the information you provide to us regarding Items issued on your deposit account. Depending on the Service, Issue information may include (i) payee name(s) on the Item; (ii) Item serial number; (iii) dollar amount of the Item; and (iv) the Item issuance date.

**MICR** data means **Magnetic Ink Character Recognition** information in compliance with various ANSI X9 standards covering MICR placement, quality and image replacement documents **NACHA** means the National Automated Clearinghouse Association.

**Original Check** means the paper check that you scan to create a check image.

**Payment Orders** has the same definition as given in Division 11 of California's Commercial Code, "an instruction of a sender to a receiving bank, transmitted orally, electronically, or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if all of the following apply: (a) The instruction does not state a condition to payment to the beneficiary other than time of payment; (b) The receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; (c) The instruction is transmitted by the sender directly to the receiving bank or to an agent, funds transfer system, or communication system for transmittal to the receiving bank."

**Regulation CC** means Federal Reserve Board Regulation CC: Availability of Funds and Collection of Checks, 12 C.F.R. Part 229, as it may be amended from time to time.

**Reported Item List** This term applies with respect to a Positive Pay Service and means a transmission from us which includes either: (i) all Items which have been presented but which do not "match" your issue information by serial number, payee name, and/or dollar amount of paper checks or drafts issued; or (ii) a "nil" report if all presented Items match the serial numbers, payee name, and dollar amount on your issue information or if no paper checks or drafts were presented for payment.

**Security Device** means, without limitation, any code, password, personal identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure.

**Servicer's Banking Day** shall refer to any day a servicer's principal office is open to perform services.

**Services** means any cash management service which you obtain through us.

**Services Account Disclosure** means the disclosure provided to those customers that use the Controlled Disbursement Service through a servicer.

**Software** means the executable code version of a computer software product that is supplied to or licensed to you by or through us in connection with any Service (and shall include without limitation, all software supplied as part of any update, enhancement, patch, bug fix, maintenance release, customization, upgrade, or modification of that software).

**Substitute Check or IRD (Image Replacement Document)** means a copy of an original check, created from a check image, which is similar in size to an original check with a slightly reduced image of the front and back of the original check. Substitute checks should meet ANSI X9.90 standards. The term substitute check shall have the meaning set forth in Check 21 and Regulation CC, as it may be amended from time to time.

**User Materials** means any set up forms, user manuals, reference cards or other product description materials, including online messages.



**CLIENT PROGRAMMING REQUIREMENT DOCUMENT****NATIONWIDE RETAIL LOCKBOX****RETAIL SETUP****MODULE 1 – BASIC LOCKBOX INFORMATION**

Company Name:

Legal Title:

(CIP Request Approval Must Be Attached)

Lockbox Number:

Site(s):

Depository Bank Name:

Demand Deposit Account No.:

Affiliate No.:

Requested Start Date:

Anticipated Monthly volume:

Customer Contact (for ongoing operational issues):

Name:

Telephone:

Email:

Customer Implementations Administrator:

Ext.:

Marketing Rep:

Ext.:

Client Support Administrator:

Ext.:

Analyst:

Ext.:

Client/Job Number:

System Test:

PCN Number:

Ops Test:

Live Date:

**MODULE 2 – BASIC PROCESSING REQUIREMENTS**

Transaction Types	Processing Options						Batch Information			
	Process	Suspense	EMaster Lookup	Forced Balance	Web Exception	Not Processed	Doc Group	Input Batch Range	Batch Size	Test Cases
SD\SC – even\odd										
SD\MC – even\odd										
MD\SC – even\odd										
MD\SC -unbalanced										
MD\MC –even\odd										
MD\MC -unbalanced										
Check Only										
Check & List										
Credit Card										
CER										
Web Exception										
Agency										

1) Logical Batching will be utilized. Yes ☐ No ☐

Detailed logical batching requirements will be specified in Special Output Requirements.

2) Written On's returned? Yes ☐ No ☐

**MODULE 3 – INPUT REQUIREMENTS****A. SCANLINE DEFINITION/MARK SENSE REQUIREMENTS**

- Analyst, insert electronic image of sample doc below and indicate front and rear mark sense requirements.
- Define each mark sense field indicated.



**SCANLINE DEFINITION/MARK SENSE REQUIREMENTS (cont.)****Field Types = N (num) A/N (alpha numeric) A (alpha) S (space) or Ex (Extended)**

Field Name	Scanline Start Position	Scanline End Position	Field Length	Field Type	Additional Comments <edits are defined in the preceding pages, not here>

**1) Output/Archive field definition & prioritization**

- A1 must be defined. &lt;Primary Search field that is indexed on the Web &amp; CD&gt;

- Other fields &lt;A2 -&gt; A5&gt; need defined only if client needs to search these fields on Web &amp; CD

Output/Archive field in order of priority	Scanline field to populate archive	Scanline start Position	Scanline end Position	
A1				
A2				
A3				
A4				
A5				

**SCANLINE DEFINITION/MARK SENSE REQUIREMENTS (continued)**

2) Required Scanline Edits:

3) Payment Limitations:

- Overpayment
- Underpayment
- Other

**B. SCANLINE CHARACTERISTICS**Font: OCR-A ☐ OCR-B ☐Type: Numeric ☐ Alpha/Numeric ☐

Document Dimensions:

Length: \_\_\_\_ inches

Width: \_\_\_\_ inches

SCANLINE MASK: - To be provided if scanline contains alpha characters

Key:

A to Z = Numeric

\* = Numeric ,or Space

% = Alpha ,Space, or Numeric

\$ = Alpha, or Numeric

&amp; = Alpha ,Space ,Numeric, or Extended

# = Alpha

? = Extended

b = Space

- = Alpha,Space, or Extended

@ = Alpha ,Numeric, or Extended

Value &lt;%,/, \, -, +, \$, #&gt; = Extended

**C. CHECK DIGIT(S)**

## 1) Alpha Conversion Table:

ALPHA CONVERSION TABLE							
LETTER	NUMBER		LETTER	NUMBER		LETTER	NUMBER
A			J			S	
B			K			T	
C			L			U	
D			M			V	
E			N			W	
F			O			X	
G			P			Y	
H			Q			Z	
I			R			Space	

**Account Number Check Digit**

CD Position: Concerned Fields:

CD Method: Sum of Digits: ☐ Ones Digit: ☐ Product addition: ☐ Custom: ☐CD Modulus: Weights: Left ☐ Right ☐ CD Weight Pattern: Compliment:CD Ignore Spaces? No ☐ Yes ☐

For Mod 11 routines:

If Remainder is 10, Replace with: If Remainder is 11, Replace with:

**Scanline Check Digit**

CD Position: Concerned Fields:

CD Method: Sum of Digits: ☐ Ones Digit: ☐ Product addition: ☐ Custom: ☐CD Modulus: Weights: Left ☐ Right ☐ CD Weight Pattern: Compliment:CD Ignore Spaces? No ☐ Yes ☐

For Mod 11 routines:

If Remainder is 10, Replace with: If Remainder is 11, Replace with:

**Other Check Digit**

CD Position: Concerned Fields:

CD Method: Sum of Digits: ☐ Ones Digit: ☐ Product addition: ☐ Custom: ☐CD Modulus: Weights: Left ☐ Right ☐ CD Weight Pattern: Compliment:CD Ignore Spaces? No ☐ Yes ☐

For Mod 11 routines:

If Remainder is 10, Replace with: If Remainder is 11, Replace with:



**D. SPECIAL INPUT REQUIREMENTS**

## 1) MICR Repair

DDA Yes ☐ No ☐  
 Check Number Yes ☐ No ☐

2) Extra Dollar Amount Fields Required Yes ☐ No ☐ If **Yes** show required fields:

Field 1 - \_\_\_\_\_

Field 2 - \_\_\_\_\_

Field 3 - \_\_\_\_\_

Field 4 - \_\_\_\_\_

Field 5 - \_\_\_\_\_

3) Receive Date Processing Yes ☐ No ☐

Receive date: - \_\_\_\_\_ (number of days)

+ \_\_\_\_\_ (number of days)

## 4) Customer Specific Pocket Cut Information (Los Angeles site only);

## 5) Additional requirements (Detail Below)

**E. OPEX 3690 Requirements -****Which doc groups should be available for processing on the 3690? <List Doc Groups>****List of documents expected to be imaged in lockbox.****Note:** Any piece of paper other than a check with an account number printed on it is considered a remittance document.

		<b>Yes</b>	<b>No</b>
Checks	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Remittance Documents	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Other Correspondence Items	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Envelopes	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>

**Special Requirements – List any special imaging requirements here**

**F. AUDIT TRAIL DEFINITIONS**

**BACK OF CHECK & DOC PROCESSED ON  
iTRANS OR OPEX FOR PASS 1 AND PASS 2.  
ONLY CHECKS FEATURE PASS 2 AUDIT INFO.**

111111 222 333333 4444 EEE FF 666666666666  
5555555555555555 666666  
6666666666 777 8888888 666666  
mmddyy 999999 AAA BBB CCC DD

**FRONT OF CHECK PROCESSED ON  
iTRANS FOR PASS 2.**

MELLON TEST CHECKS 81001

DATE

PAY TO THE ORDER OF \$

DOLLARS

Mellon Bank 11111 22222 333 444444

10430002612 12345678 1001

Definition	Origin	Definition	Origin
1 – Customer Batch # (6 digits)	iTrans Pass 2	1 – Batch Date (6 digits) mmddyy	iTrans Pass 2
2 – Sequence # (3 digits)	iTrans Pass 2	2 – Customer Batch # (6 digits)	iTrans Pass 2
3 – Process Date (6 digits) mmddyy	iTrans Pass 2	3 – Transaction # (3 digits)	iTrans Pass 2
4 – Client # (4 digits)	iTrans Pass 2	4 – Customer Account # (variable number of digits)	iTrans Pass 2
& – Bank Endorsement (alpha numeric)	iTrans Pass 2		
5 – Customer Account # Note: maximum 15 digits, unless otherwise defined, this field will be the primary keyed field (A1)	iTrans Pass 2		
6 – Check Amount (10 digits-RJZF)	iTrans Pass 2		
7 – Site (3 characters)	iTrans Pass 2		
8 – Return Field (variable number of digits)	iTrans Pass 2		
mmddyy – Process Date (6 digits)	iTrans Pass 1		
9 – System Batch ID (6 digits)	iTrans Pass 1		
A – Transaction # (3 digits)	iTrans Pass 1		
B – Sequence # (3 digits)	iTrans Pass 1		
C – iTrans Operator ID (3 digits)	iTrans Pass 1		
D – iTrans Machine # (2 digits)	iTrans Pass 1		
E – iTrans Operator ID # (3 digits)	iTrans Pass 2		
F – iTrans Machine # (2 digits)	iTrans Pass 2		



**MODULE 4 – OUTPUT REQUIREMENTS**

**A SPECIAL OUTPUT REQUIREMENTS**

**B. TRANSMISSION RECORD LAYOUTS**

- |                           |     |                          |    |                          |
|---------------------------|-----|--------------------------|----|--------------------------|
| 1. File Header Record     | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 2. Batch Header Record    | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 3. Check Detail Record    | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 4. Document Detail Record | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 5. Batch Trailer Record   | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 6. File Trailer Record    | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| 7. Null File*             | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

- If yes, please provide null file layout.

- Include sample file if available

**RECORD LAYOUT GRIDS****File Header Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**Batch Header Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**Check Detail Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**Document Detail Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>



**Batch Trailer Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**File Trailer Record**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**NULL FILE LAYOUT**

<u>Field Number</u>	<u>Field Name</u>	<u>Start position</u>	<u>End position</u>	<u>Field Length</u>	<u>Field Type</u>	<u>Justify</u>	<u>Comments</u>

**C. HOST FILE (TRANSMISSION) COMMUNICATIONS – (continued)****SITE IDS**

- 1) CI will provide the applicable Site IDs and attach File Transfer Setup form.

Test ID's:

In-going to FTP server: \_\_\_\_\_

Out-going to Customer: \_\_\_\_\_

Live ID's:

In-going to FTP server: \_\_\_\_\_

Out-going to Customer: \_\_\_\_\_

Others:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**D. REPORTS**

- 1) Are any special reports required? Yes ☐ No ☐ If yes, provide mockups.

**The inclusion of any check information on a report constitutes a special report.**

- 2) How would the customer like to receive the reports?

Please place an X in the appropriate column for Electronic reports.  
For CD or Hardcopy, indicate quantity desired.

REPORT NAME	ELECTRONIC	CD-ROM	HARDCOPY	MOBIUS SETUP (Provide Z Record Identifier)	SITE HARDCOPY
Lockbox Detail Report – standard					
Batch Summary – standard					1

- 3) List any **Invoice Fields** from the scanline you would like printed on the Lockbox detail report other than account number and amount paid.

INVOICE FIELDS



**MODULE 5- SUMMARY OF VALUE ADDED PROCESSING REQUIREMENTS**

ARC	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
CER	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
CHADD	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
CHECK ONLY PROCESSING	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
CREDIT CARD	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
e-MASTER	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
e-RETURNS	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
IMAGE CD-ROM	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
IMAGE TRANSMISSION	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
INTELL-A-CHECK	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
STOPFILE (EIP)	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
SUSPENSE PROCESSING	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
UNBALANCED MULTI DOCUMENT PROCESSING (FORCE BALANCING)	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
WEB ACCESS	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)
WEB EXCEPTION PROCESSING	YES <input type="checkbox"/>	NO <input type="checkbox"/> (Setup Form Required)



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## Module 6 – File Layout

(To be used in the absence of Customer Record Layouts)

I hereby authorize and approve the usage of the following record layouts to be used by \_\_\_\_\_.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

BANK Implementation Specialist:

Telephone #:

**Select each Record type that you will need in the transmission.**

Immediate Address Header (1) <input type="checkbox"/> Page 5	Lockbox Detail Overflow Record (4) <input type="checkbox"/> Page 9
Service Record (2) <input type="checkbox"/> Page 6	Lockbox Batch Total Record (7) <input type="checkbox"/> Page 10
Lockbox Detail Header (5) <input type="checkbox"/> Page 7	Lockbox Service Total Record (8) <input type="checkbox"/> Page 11
Lockbox Detail Record (6) <input type="checkbox"/> Page 8	Destination Trailer Record (9) <input type="checkbox"/> Page 12

THE FOLLOWING **PAGES** (GRIDS) DISPLAYS THE FORMAT THAT WILL BE USED FOR EACH RECORD TYPES OF 1, 2, 5, 6, 4, 7, 8 and 9.

IF YOUR TRANSMISSION DEVIATES FROM THE STANDARD RECORD LAYOUTS THAT FOLLOWS, PLEASE INDICATE YOUR REQUIREMENTS AT THE BOTTOM OF THAT RECORD LAYOUT, IN THE OPEN AREA GRIDS. CONSULT WITH YOUR IMPLEMENTATION SPECIALIST FOR ASSISTANCE.



## Module 6 – File Layout Overview

**Module 6 - File Layout** is issued for use in the Design, Creation, Testing and Implementation of Lockbox Processing of Cash Receipt Data [Remittance Data]. **Module 6 – File Layout** is based on earlier generation of computer programming where the length of the Record within the File Layout is "Fixed" at 80 Characters (Based on the Hollerith 80-Character Punched Card | © IBM 1929-1931, created for business in the 1960s-1970s).

**Module 6 – File Layout** contains eight (8) different Record Layouts. The ordered sequence of the Records is absolutely important when reading these Records into another "computer system". The eight (8) different Record Layouts are:

### Record

#### Type    Record Type Name, Ordered Sequence and Description of each of the 8 Record Types

- 1**    **Immediate Address Header** = The First Record -- only one (1) per Transmission File.
- 2**    **Service Record** = The Second Record -- only one (1) per Transmission File.
- 5**    **Lockbox Detail Header** = It is the Third Record, and there is always one (1) per Transmission of the Module 6 – File Layout; and, there may be multiple Record Type 5s. This Record contains the Lockbox Number. The use of multiple Record Type 5s provides the transmission of data with multiple Lockbox Numbers and their respective remittance information -- included within the Record Type 6s and 4s that follow this record Type 5. Additionally, the Batch Number is located in this record, allowing the subsequent Record Type 6s and 4s to contain the same, sequentially ordered, Batch Numbers. A selection by the Customer is required for either; (a) one Record Type 5 per Batch; or, (b) one Record Type 5 per Lockbox (see Record Type 5 detail).
- 6**    **Lockbox Detail Record** = This Record Type 6 is the record that contains the Remittance Amount (Check Amount). When a Check is processed through a Lockbox, the Record Type 6 is created. It is recommended to also include the Check Number if the Customer requires a reconciliation of Check Numbers within their Accounting Systems. If, for an example, one Check Number always pays one Invoice Number, then, it would be possible to include an Invoice Number in this Record Type 6. If, in another example, the Check Number can pay multiple Invoice Numbers, then it would be possible to utilize Lockbox Detail Overflow Record(s), Record Type 4, to accommodate this Invoice Remittance Information. Variable Field columns 18 through 80 (63 characters) are definable by the Customer.
- 4**    **Lockbox Detail Overflow Record** = This Record Type 4, when included in the Lockbox Transmission, always follows a previous, corresponding Record Type 6. And, Multiple Record Type 4s may exist following the previous, corresponding Record Type 6. This is an Optional Record Type. If, for example, the Check Number can pay multiple Invoice Numbers, then it would be required to utilize this Record Type 4, to accommodate this Invoice Remittance Information. Variable Field columns 12 through 80 (69 characters) are definable by the Customer.
- 7**    **Lockbox Batch Total Record** = This Record Type 7, ends the Batch Number Records that started with a Record Type 5; including the Record Type 6s and 4s that followed the Record Type 5. This Record Type 7 provides Totals on the Number of Remittances and the Total of the Dollars of the Remittances.
- 8**    **Lockbox Service Total Record** = This Record Type 8, ends the Lockbox Number that started with a Record Type 5; for that particular Lockbox Number (Field 4 of Record Type 5). If there were only one Lockbox Number per a Module 6 – File Layout, then, this would be the only Record Type 8 within this file. If Multiple Lockbox Numbers existed within this one file transmission, then, there would be multiple sequences of "sets of records" that started with a Record Type 5; including 6s and 4s (optional), totaled-up with a Batch Total-Record Type 7s and eventually ending with a Record Type 8.





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- 9 **Destination Trailer Record** = The Last Record Type of the File Transmission containing Total Number of Records and Total Dollars transmitted in the Module 6 – File Layout. This indicates a complete file was received.



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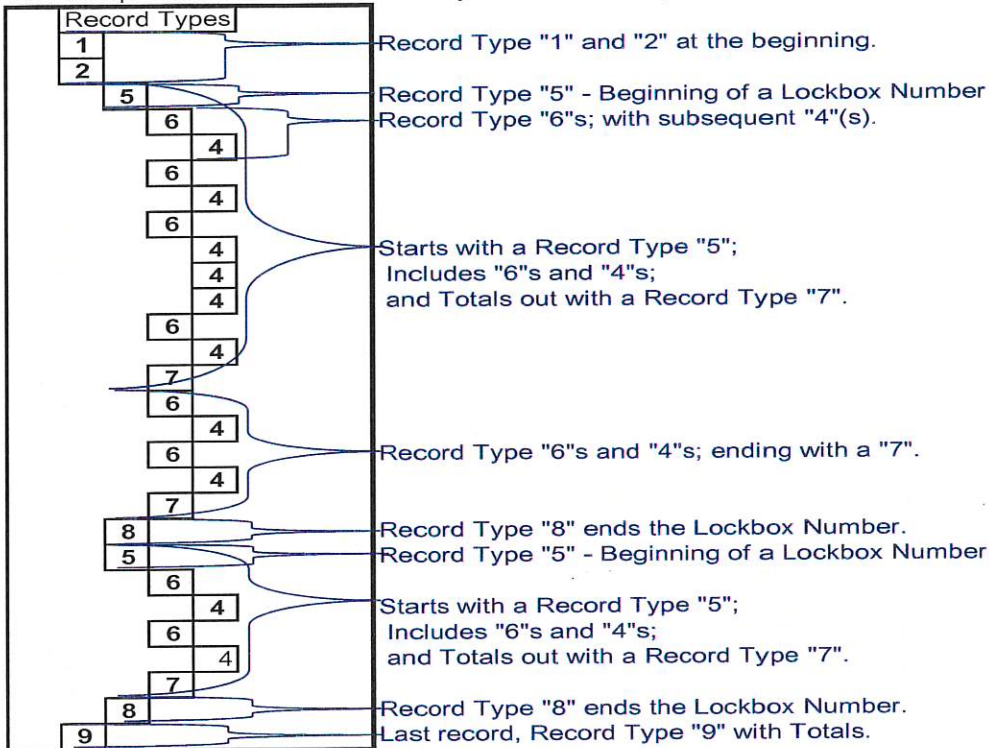
## Module 6 – File Layout

### Ordered Sequence

### Methods of Telecommunications

The Ordered Sequence of these 80-Character Records is an important aspect of the Telecommunication of this Remittance Data. One must understand the sequential order of these Record Types as they are represented below in the example.

An Example of the Module 6 - File Layout Ordered Sequence of records



Unlike Excel Spreadsheet Data, where each Field (Column) is the same representation in each and every Record (Row), Lockbox Data Record Types are defined in Column One of each Record (Row). The content of the Record (Columns 2 thru 80 - Fields) are defined based on one of the eight Record Types. So, a Record Type "1" data fields are not the same as Record Type "2" data fields, etc. Each Record Type Number in Column One allows unique positional reference for the data fields (Field Size, Positions, Justification, Contents, etc.).

The Transmission of **Module 6 – File Layout** Record Types is in the **ASCII (text) Format**, Fixed at 80-Characters. The Transmission of **Module 6 – File Layout** can be electronically transmitted/transferred to the client.

#### Methods of Telecommunications:

- 3780/2780 RJE
- Dedicated Communications Link
- Dial-up
- Internet using Encrypted FTP "get" command

**On the following pages, the Module 6 – File Layout Record Types of 1, 2, 5, 6, 4, 7, 8 and 9 are illustrated in detail by Field Representations and Field Attributes.**



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## Immediate Address Header

Record Type 1

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '1'		Numeric
2	2	02-03	Priority code: '00' (Unused)		Numeric
3	10	04-13	Destination identification for (Customer)		Alpha/Numeric
4	10	14-23	Originating bank's 9 digit TRN- "Transit Routing Number" (RJZF-"Right Justify, Zero Fill")	RJZF	Numeric
5	6	24-29	Processing date (YYMMDD format)		Numeric
6	4	30-33	Processing time (HHMM format – 24 hour clock)		Numeric
7	47	34-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents





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## Service Record

Record Type 2

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '2'		Numeric
2	20	02-21	Ultimate destination and origin (Same as Immediate Address Header, fields 3 and 4)		Alpha/numeric
3	10	22-31	Reference code: '0000000000' (Unused)		Numeric
4	3	32-34	Service type: '400'		Numeric
5	3	35-37	Record size: '080'		Numeric
6	4	38-41	Blocking factor: '0080'		Numeric
7	1	42	Format code: '1'		Numeric
8	38	43-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents



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## Lockbox Detail Header

Record Type 5

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '5'		Numeric
2	3	02-04	Batch number - <i>CHOOSE ONE</i> <input type="checkbox"/> One Record type 5 per batch, OR, <input type="checkbox"/> One Record type 5 per lockbox		Numeric
3	3	05-07	Reference code: '000' (Unused)		Numeric
4	7	08-14	Lockbox number	RJZF	Numeric
5	6	15-20	Deposit date (YYMMDD format)		Numeric
6	20	21-40	Ultimate destination and origin Codes (Same as immediate address header record, fields 3 and 4)		Alpha/Numeric
7	40	41-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents



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## Lockbox Detail Record

Record Type 6

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '6'		Numeric
2	3	02-04	Batch number (Sequentially numbered each batch beginning with '001' daily)		Numeric
3	3	05-07	Item number (Sequentially number each item in each batch beginning with '001')		Numeric
4	10	08-17	Remittance amount (\$\$\$\$\$\$CC - 9(8)V99 format)	RJZF	Numeric
5	63	18-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents





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## Lockbox Detail Overflow Record

Record Type 4

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '4'		Numeric
2	3	02-04	Batch number (Same as corresponding Lockbox Detail Record)		Numeric
3	3	05-07	Item number: (Same as corresponding Lockbox Detail Record)		Numeric
4	1	08	Overflow Record type: '6'		Numeric
5	2	09-10	Overflow sequence number (Begin with '01' for each overflow record)		Numeric
6	1	11	Overflow indicator (Use '9' if this is the last overflow record, otherwise use '0')		Numeric
7	69	12-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents



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## Lockbox Batch Total Record

Record Type 7

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '7'		Numeric
2	3	02-04	Batch number (Same as corresponding Lockbox Detail Record)		Numeric
3	3	05-07	Item number '000' (Unused)		Numeric
4	7	08-14	Lockbox number (Same as corresponding Lockbox Detail Header, field 4)	RJZF	Numeric
5	6	15-20	Deposit date (YYMMDD format)		Numeric
6	3	21-23	Total number of remittances for this batch	RJZF	Numeric
7	10	24-33	Remittance dollar total of batch (\$\$\$\$\$\$CC - 9(8)V99 format)	RJZF	Numeric
8	47	34-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents



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## Lockbox Service Total Record

Record Type 8

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '8'		Numeric
2	3	02-04	Batch number '000' (Unused)		Numeric
3	3	05-07	Item number '000' (Unused)		Numeric
4	7	08-14	Lockbox number (Same as corresponding Lockbox Detail Header, field 4)	RJZF	Numeric
5	6	15-20	Deposit date (YYMMDD format)		Numeric
6	4	21-24	Total number of remittances for this lockbox	RJZF	Numeric
7	10	25-34	Remittance dollar for this lockbox (\$\$\$\$\$\$CC - 9(8)V99 format)	RJZF	Numeric
8	46	35-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents





Enterprise Cash Management  
A Mellon Financial Company™

## Destination Trailer Record

Record Type 9

Field No.	Field Size	Positions	Description	Justification	Contents
1	1	01	Record type: '9'		Numeric
2	6	02-07	Total number of records for this transmission	RJZF	Numeric
3	73	08-80	Filler		Blanks

If you need a variation to the above highlighted standard format – please detail below

Field No.	Field Size	Positions	Description	Justification	Contents

## Enterprise Cash Management

### Customer Requirement Document

#### NATIONWIDE LOCKBOX - EMASTER PROCESSING

#### Module 1 - Basic Lockbox Information

Company Name (Lockbox Client Name):

Lockbox Number:

Site(s):

Demand Deposit Account No:

Requested Start Date:

Anticipated Monthly volume:

Enterprise Bank Name:

Enterprise Bank Affiliate No.:

Enterprise Bank Contact:

Enterprise Contact Phone Number:

Customer Contact (for ongoing operational issues with Bank participation):

**This section is to be completed by Enterprise.**

Customer Implementations Administrator:

Ext:

Client Support Administrator:

Ext.:

Marketing Rep:

Ext:

Job Number:

Site:

## Module 2 eMASTER SETUP FORM

1. Check the type of output that will be used:

1. ☐ 3480 IBM Cartridge (18 Track, Non-Compressed)
2. ☐ 3490 IBM Cartridge (36 Track, Non-Compressed)
3. ☐ CD ROM
4. ☐ 3.5 inch Diskette
5. ☐ Magnetic Tape (9 Track – 1600/6250 BPI)
7. ☐ 8MM Cartridge
8. ☐ FTP

2. Check one of the following options for A,B, and C:

- |                   |                          |    |                  |                          |   |
|-------------------|--------------------------|----|------------------|--------------------------|---|
| A. ASCII          | <input type="checkbox"/> | or | EBCDIC           | <input type="checkbox"/> | (Applies to Item 1 output options 1, 2, 5 and 7 only) |
| B. Non-Compressed | <input type="checkbox"/> | or | Compressed       | <input type="checkbox"/> | (Applies to all Item 1 output options)                |
| C. No Labels      | <input type="checkbox"/> | or | Label Processing | <input type="checkbox"/> | (Applies to Item 1 output options 1, 2, 5 and 7 only) |

3. List the expected values on each of the following selections:

• Number of Records

• Record Length

• Block Size\*

• Block Count\*

*Note: \* For tapes and cartridge use only*

4. List the name of person at the company who will send the data to Bank of NY Mellon after eMaster has been implemented.

Contact Name:

Phone Number:

5. How often will a refreshed file be sent?

- Weekly ☐
- Twice a month ☐
- Monthly ☐

6. What information will be contained in each record? *(Please complete Attachment 1 with your input file record layout)*

*Note:*

- An eMaster File must contain all fields necessary for Bank of NY Mellon to obtain all of the information contained in the OCR scanline.
- Standardized format of all fields is required. Multiple segment fields such as Name and Address must be delimited by a space. (Example: Name Field = Last name First name Middle Initial)
- Files must contain only alpha/numeric characters. (Examples: A-Z, 0-9)
- All alpha fields in the file must be **ALL UPPER CASE LETTERS**.
- Files cannot contain compressed fields or signed fields of any type.
- Do not include header and/or trailer records in file. All information for a specific customer must be included in one record.

7. List the primary fields (red fields) used to search the database. These fields will be used as the indexes to 'search' the database for check only transactions. Information such as name, address or any notation that your customer may write on the memo line of the check can be selected as indexes to search the database. (Examples: Account #, Policy #, Address, SS#)

A.

B.

C.

D.

E.

8. Name, Address, and Account number are primary fields (black fields) that are used by Bank of NY Mellon to 'validate' a lookup. In the absence of these primary fields, which combination of fields listed in item #7 are required to determine a 'valid' lookup?

A.

B.

C.

D.

E.

9. Are there any 'related' fields on the database (same information contained in more than one place)? (Example: customer name and co-buyer name) If yes, provide details:

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10. A unique batch range is required to process eMaster items. To accommodate proper eMaster processing, the batch range must follow the 'Regular' batch range(s) and precede the 'Suspense' batch range(s). (Batch range is subject to approval at the processing site.)

eMaster Batch Range From: \_\_\_\_\_ To: \_\_\_\_\_

eMaster Batch Size \_\_\_\_\_ (Maximum of 300)

TRP Batch Range 'Changes':

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## THE BANK OF NEW YORK MELLON

## Programming Requirements Document

### NATIONWIDE RETAIL LOCKBOX - WEB EXCEPTIONS SPEC

#### Module 1 - Basic Lockbox Information

Company Name:

Lockbox Number: Site(s):

Demand Deposit Account No.:

Affiliate No.

Requested Start Date:

Anticipated Daily volume:

Customer Contact (for ongoing operational issues):

Name:

Telephone:

This section is to be completed by Bank NY Mellon.

Customer Implementations Administrator:

Ext:

Client Number:

Analyst:

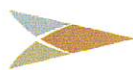
PCN Number:

Ext:

System Test Date:

Ops Test Date:

Live Date:



## THE BANK OF NEW YORK MELLON

**Module 2****WEB EXCEPTIONS SETUP FORM****A. What types of transactions do you want to see on Web Exceptions?**

- ☐ Payment Amount
- ☐ Unbalanced Multi Docs (scanable documents)
- ☐ Check Only w/o Account Number or Invalid Account Number (includes check and list transactions)
- ☐ All Check Onlys

What images in addition to the check stub/ check skirt do you need to see to complete Check Only/ Check & List transactions?

- ☐ Correspondence
- ☐ Envelope
- ☐ Stop/Accept File Reject
- ☐ Other (Please define below; further discussion will be required).



## THE BANK OF NEW YORK MELLON

**Reason 1: Payment Amount****Details –****Viewing Screen – Payment Approval**

Web Exc Doc ID – 82 (from Sect C). If client has multiple DOC ID's, list here and insert additional fields tables to accommodate additional DOC ID's.

List the fields in the order they are to appear on this Web Exceptions screen. If any fields require A/N conversion, please provide explicit details.						
Sequence	Field Name	Modify (Yes/No)	Min Field Length	Max Field Length	Field Type	Please provide detailed information as to what you will key in Web Exceptions.
1	Check Amount	No	10	10	Numeric	N/A - Check amount can be viewed but not altered in Web Exceptions. This will always be the first field displayed on the screen.
	Applied Amount	Yes		10	Numeric	
	Is Payment Valid	Yes		1	Alpha	Valid values Y,y,N,n. Default to space.

**Subjob Name – Payment Approvals**

(Can be changed to meet customers requirements)

If a stub is inserted, will the same fields need to be completed? If not, please list the fields to be completed providing all the same detail as above. Yes ☐ No ☐

**List the edits to be applied.**

**Note:** Fields defined in Web Exceptions need to be clearly mapped to the fields that are in the output file. Defaults will be required for any field on the output that is not keyed in Web Exceptions.





# THE BANK OF NEW YORK MELLON

## Reason 2: Unbalanced Multi Docs (Scannables)

### Details –

Web Exc Doc ID – 83

### Viewing Screen – Balancing

List the fields in the order they are to appear on this Web Exceptions screen. If any fields require A/N conversion, please provide explicit details.

Sequence	Field Name	Modify (Yes/No)	Min Field Length	Max Field Length	Field Type	Please provide detailed information as to what you will key in Web Exceptions.
1	Check Amount	No	10	10	Numeric	N/A - Check amount can be viewed but not altered in Web Exceptions. This will always be the first field displayed on the screen.
	Applied Amount	Yes		10	Numeric	

### Subjob Name – Balancing

(Can be changed to meet customers requirements)

If a stub is inserted, will the same fields need to be completed? If not, please list the fields to be completed providing all the same detail as above. Yes ☐ No ☐

### List the edits to be applied.

**Note:** Fields defined in Web Exceptions need to be clearly mapped to the fields that are in the output file. Defaults will be required for any field on the output that is not keyed in Web Exceptions.

Unbalanced check and list transactions will be included in Account Completion not Balancing.



## THE BANK OF NEW YORK MELLON

### Reason 3: Check Only – Account Completion (includes check and list transactions)

#### Details –

Web Exc Doc ID – 81

#### Viewing Screen – Account Completion

List the fields in the order they are to appear on this Web Exceptions screen. If any fields require A/N conversion, please provide explicit details.						
Sequence	Field Name	Modify (Yes/No)	Min Field Length	Max Field Length	Field Type	Please provide detailed information as to what you will key in Web Exceptions.
1	Check Amount	No	10	10	Numeric	N/A – Check amount can be viewed but not altered in Web Exceptions. This will always be the first field displayed on the screen.
	Applied Amount	Yes		10	Numeric	

#### Subjob Name – Account Number Completion

( Can be changed to meet customer requirements)

If a stub is inserted, will the same fields need to be completed? If not, please list the fields to be completed providing all the same detail as above. Yes ☐ No ☐

#### List the edits to be applied.

**Note:** Fields defined in Web Exceptions need to be clearly mapped to the fields that are in the output file. Defaults will be required for any field on the output that is not keyed in Web Exceptions.



# THE BANK OF NEW YORK MELLON

## Reason 4: Stop/Accept File

### Details –

Web Exc Doc ID – 82

### Viewing Screen – Approval

List the fields in the order they are to appear on this Web Exceptions screen. If any fields require A/N conversion, please provide explicit details.

Sequence	Field Name	Modify (Yes/No)	Min Field Length	Max Field Length	Field Type	Please provide detailed information as to what you will key in Web Exceptions.
1	Check Amount	No	10	10	Numeric	N/A – Check amount can be viewed but not altered in Web Exceptions. This will always be the first field displayed on the screen.
	Applied Amount	Yes		10	Numeric	
	Is Payment Valid	Yes		1	Alpha	

### Subjob Name – Stop/Accept Approval

( Can be changed to meet customer requirements)

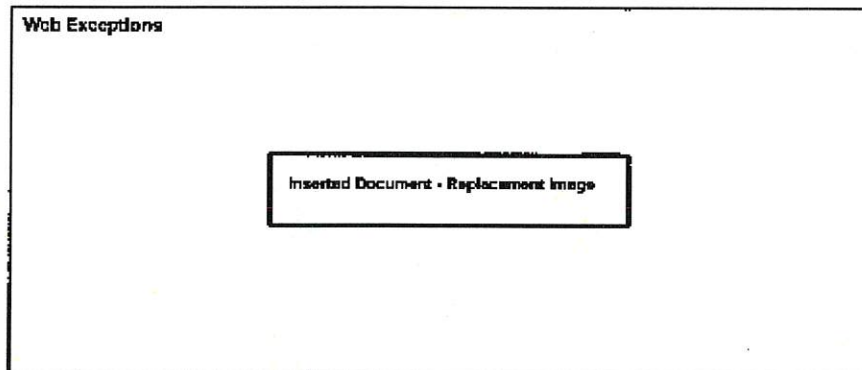
If a stub is inserted, will the same fields need to be completed? If not, please list the fields to be completed providing all the same detail as above. Yes ☐ No ☐

### List the edits to be applied.

**Note:** Fields defined in Web Exceptions need to be clearly mapped to the fields that are in the output file. Defaults will be required for any field on the output that is not keyed in Web Exceptions.

**B. Insert Stubs:**

Below is the standard insertable default image:



1. List the reason(s) for inserting docs (to balance an unbalanced multi doc transaction, check only, etc.)

**Note:** These images are what the customer will see on the Web, image CD and image transmission.

**C. Special Reject Handling:**

A. Please describe in detail any new or special handling required as a result of Web Exceptions:





## THE BANK OF NEW YORK MELLON

### D. Web Exception Doc IDs:

Populate this table with Original DOC ID, Sub Job Number and Client supplied name, and assign Web Exc DOC ID.		
Original DOC ID	Sub Job	Web Exc DOC ID
11	71 – Account Completion	81
	72 – Stop Approvals	82
	73 – Balancing	83
	74- Payment Approvals	82
If Client has multiple Original DOC ID's, Complete the Section below for each additional unique document. If not needed, please remove		
12	71 – Account Completion	
	72 – Stop Approvals	
	73 – Balancing	
	74- Payment Approvals	

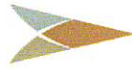
### E. Standard Web Exceptions Reports:

				BNY MELLON USE ONLY	
REPORT NAME	ELECTRONIC*	CD-ROM	HARDCOPY	MOBIUS SETUP (Provide Z Record Identifier)	Site Hardcopy
Web Accept Report					
Web Reject Report					
Web Holdover Report (Only used if customer elects to have Holdover Processing)					
Web Stat Report					
Web Billing Report (Internal Use Only)					

\* If you currently get reports electronically, are Web Ex reports to be sent electronically? Yes ☐ No ☐

If so, are Web Ex reports to be sent the same file or in a separate file? Same ☐ Separate ☐

Site ids are required for electronic transmissions: \_\_\_\_\_



## THE BANK OF NEW YORK MELLON

**F. Web Exceptions Batch Range:**

Web Ex Input Batch Range:

Web Ex Output Batch Range:

- Notes:
- 1) **Input Batch Range of 800 – 899 is recommended. However, the batch range must be unique and not conflict with batch ranges setup for other Doc Groups.**
  - 2) **Unless customer has logical batching requirements, output batch range will equal the input batch range.**
  - 3) **In Web Exceptions, we are physically re-batching the transactions.**

**G. Holdover Processing:**

Is holdover processing required?

Yes ☐No ☐

If yes, how many days from the first Web Ex presentment do you want to hold over transactions?

1 ☐ 2 ☐ 3 ☐ 4 ☐

Note: Holidays and weekends are excluded from the date calculation for holdovers.

**H. Reject Stub Reasons:**

Allow the following "reject reasons" to be available from the drop down menu when a document is deleted from a transaction:

- ☐ Deleted in EXC (Deleted in Web Exceptions)
- ☐ Duplicate Document
- ☐ Invalid Document
- ☐ Other

List any additional reasons that should be displayed. (Add these reasons to be displayed on the Web Reject Report).



## I. Weekday/Non-Holiday Operational Requirements:

1. Cut off time for the client/lockbox:

**Note: Weekends and Holidays:** Unless a customer receives a weekend transmission, Web Ex items will be held until Monday or the first business day after the holiday.

## J. Required transmission file changes:

## K. Client K Number:

*ITelecash supplied K number.*

**Test Operator Group:**

**Live Operator Group:**

Work Review Option ☐ Product Approval must be obtained for Work Review.

## OTHER PROGRAMMING REQUIREMENTS:

- Ensure that the POST SETUP EDIT – OPEXONLY.DLL is setup for the iTrans. This will prevent a Pass 1 Operator from selecting Web Exceptions Doc Groups during pass 1 processing.

✓ Parameters for this edit are:

**Test Case X.X**

c1 = Not Used  
c2 = Not used  
d1 = Not used  
d2 = Not used  
i1 = Not used  
i2 = Not used

- Ensure that the rejtran>0 edit is not setup on the Web Exceptions Doc Group.

**Test Case X.X**

- Make necessary changes to the Mobius.ini file so that all Web Exceptions reports are sent to Mobius for viewing. Use the information in Section D to develop correct Z Record names for the reports.

**Test Case X.X**





THE BANK OF NEW YORK MELLON

**Attachment 1*****Check Only OPEX 3690 Requirements – BNY MELLON Use Only*****Which doc groups should be available for processing on the 3690?****List of documents expected to be imaged in lockbox.**

		<b>Yes</b>	<b>No</b>
Checks	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Remittance Documents	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Other Correspondence Items	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>
Envelopes	Imaging required.	<input type="checkbox"/>	<input type="checkbox"/>

**Workflow requirements/adjustments:**



**Exhibit "D"**  
**Insurance Requirements for Professional Services**

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

**MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. *(Not required if consultant provides written verification it has no employees)*
4. **Professional Liability (Errors and Omissions)** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, \$2,000,000 aggregate. (If Claims-made, see below.)
5. **Crime Coverage or Fidelity Bond:** covering the dishonest acts of employees furnished by Consultant. The limit shall not be less than **\$1,000,000** each occurrence.

If the Consultant maintains higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to coverage for the higher limits maintained by the consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

**Other Insurance Provisions**

The insurance policies are to contain, or be endorsed to contain, the following provisions:

**Additional Insured Status**

**The City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are to be covered as additional insureds** on the CGL policy and AL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (**at least as broad as** ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

#### **Primary Coverage**

For any claims related to this contract, the Contractor's insurance coverage shall be endorsed as **primary** insurance as respects the *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers*. Any insurance or self-insurance maintained by the *City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers* shall be excess of the Contractor's insurance and shall not contribute with it. The City of Stockton does not accept endorsements limiting the Contractor's insurance coverage to the sole negligence of the Named Insured.

#### **Notice of Cancellation**

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City of Stockton.**

#### **Waiver of Subrogation**

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

#### **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

#### **Acceptability of Insurers**

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII if admitted to do business in the State of California; if not admitted to do business in the State of California, insurance is to be placed with insurers with a current A.M. Best's rating of no less than A+:X.

#### **Claims Made Policies**

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. If Claims Made policy form is used, a three (3) year discovery and reporting tail period of coverage is required after completion of work.

**Verification of Coverage**

Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. Failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time, for any reason or no reason.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its Declarations Page and Endorsement Page for each of the required policies.

**Certificate Holder Address**

Proper address for mailing certificates, endorsements and notices shall be:

- City of Stockton
- Attention: Risk Services
- 425 N El Dorado Street
- Stockton, CA 95202

City of Stockton Risk Services Phone: 209-937-5037

City of Stockton Risk Services Fax: 209-937-8558

**Maintenance of Insurance**

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

**Subcontractors**

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

**Special Risks or Circumstances**

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**MEMORANDUM**

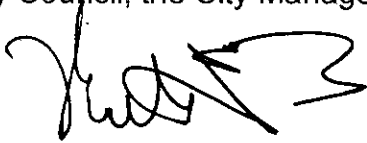
May 11, 2017

TO: Kurt O. Wilson, City Manager

FROM: Matt Paulin, Chief Financial Officer

SUBJECT: **5-YEAR AGREEMENT WITH BANK OF THE WEST TO PROVIDE  
UTILITY BILLING REMITTANCE PROCESSING SERVICES (LOCKBOX)**

On May 9, 2017 the above item was approved by City Council by resolution or motion number 2017-05-09-1402. The contents of this item remain the same, of which, no changes have been made since its adoption by City Council. With the action taken by the City Council, the City Manager is authorized to execute the attached document (s).



\_\_\_\_\_  
Matt Paulin, Chief Financial Officer

5/11/17

\_\_\_\_\_  
DATE

MP:js

Attachments



**14.1 17-3597 AUTHORIZE THE CITY MANAGER TO EXECUTE A 10-YEAR CONTRACT WITH BANK OF THE WEST (BNP PARIBAS GROUP) TO PROVIDE COMPREHENSIVE BANKING SERVICES**

**NOTE:** This item was heard and voted on concurrently with agenda item 14.2

Legislation Text

Attachment A - Professional Services Agreement - Bank of the West

PowerPoint Presentation - Item 14.1 Banking Services

Approve **Motion 2017-05-09-1401** authorizing the City Manager to execute a 10-year contract with Bank of the West to provide comprehensive banking services and authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this motion.

**Moved by:** Susan Lenz, seconded by Christina Fugazi .

**Vote:** Motion carried 7-0

**Yes:** Jesús Andrade, Christina Fugazi , Elbert Holman, Susan Lenz, Susan Lofthus, Michael Tubbs, and Daniel Wright.

Approve **Motion 2017-05-09-1402** authorizing the City Manager to execute a 5-year agreement with Bank of the West to provide utility billing remittance processing services (also known as lockbox services) and authorizing the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this motion.

**Moved by:** Elbert Holman, seconded by Daniel Wright.

**Vote:** Motion carried 7-0

**Yes:** Jesús Andrade, Christina Fugazi , Elbert Holman, Susan Lenz, Susan Lofthus, Michael Tubbs, and Daniel Wright.

**14.2 17-3598 AUTHORIZE THE CITY MANAGER TO EXECUTE A 5-YEAR AGREEMENT WITH BANK OF THE WEST (BNP PARIBAS GROUP) TO PROVIDE UTILITY BILLING REMITTANCE PROCESSING SERVICES (LOCKBOX SERVICES)**

**NOTE:** This item was heard and voted on concurrently with agenda item 14.1

Legislation Text

Attachment A - Professional Services Agreement - Bank of the West

PowerPoint Presentation - Item 14.2 Lockbox Services



# City of Stockton

## Legislation Text

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File #: 17-3598, Version: 1

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### **AUTHORIZE THE CITY MANAGER TO EXECUTE A 5-YEAR AGREEMENT WITH BANK OF THE WEST (BNP PARIBAS GROUP) TO PROVIDE UTILITY BILLING REMITTANCE PROCESSING SERVICES (LOCKBOX SERVICES)**

#### RECOMMENDATION

It is recommended that the City Council approve a motion to authorize the City Manager to execute a 5-year agreement with Bank of the West to provide utility billing remittance processing services (also known as lockbox services).

It is also recommended that the motion authorize the City Manager to take appropriate and necessary actions to carry out the purpose and intent of this motion.

#### Summary

On February 2, 2017, a Request for Proposal (RFP) for lockbox services was released, and award of the contract to Bank of the West as the most responsive bidder is recommended. Staff recommends entering a 5-year contract with no extensions (Attachment A). The annual cost of this contract is estimated to be \$64,500, which is \$30,000 less per year than current lockbox services. Additional reductions to the contract cost are anticipated, but are dependent on the amount of money the City keeps on deposit with the bank. The services provided by Bank of the West will add technological advances and bring significant efficiencies to the City's current operations.

#### DISCUSSION

##### Background

The City of Stockton receives approximately 24,000 utility bill payments each month. To efficiently process these payments and enable the City to receive the funds promptly, the City requires an automated, full-service lockbox system. The lockbox system must have the capability to receive and process mailed remittances, deposit funds into a City account daily, send a daily electronic file of payment information, provide an online platform to view reports, and provide an electronic image of agreed upon documents.

On August 2005, the City entered an agreement with First National Bank of Omaha, to provide lockbox services. Under this contract, customers were required to mail payments to Nebraska. This agreement expires June 30, 2017.

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**File #: 17-3598, Version: 1**

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### Present Situation

On February 2, 2017, a RFP for lockbox services was released. The RFP process ensured a fair and competitive procurement of cost-effective lockbox services. The City specified that the successful firm would provide high quality services and support continued technological enhancements to further improve the City's operations.

The City received ten responses from prospective firms. The City invited the four most qualified firms to be interviewed. Interview rankings were based on each respondent's demonstrated breadth of service, experience, overall presentation, and pricing.

The review panel unanimously determined that Bank of the West is the best fit to provide lockbox services for the City of Stockton. Some key deciding factors found in the Bank of the West's proposal include:

1. Local Presence: Bank of the West has five banking locations within the City of Stockton. Its main branch is located close to City Hall at 540 N. El Dorado Street. Lockbox payments will be received and processed by Bank of the West in California. Customer payments will no longer be received out of state.
2. Fixed Pricing and Transition offer: Bank of the West agreed to offer fixed pricing for the life of the contract and agreed to waive its fees for the first six months.
3. Online platform: Bank of West offers a strong online platform to meet all the City's current lockbox needs and provide efficiencies to City operations, such as: reporting, secure transmittal of payments, dual custody for transfers, reviewing rejected items, online decision of rejected items, viewing other exceptions, uploading files, self-administration, end user management, and security.
4. Implementation: Bank of the West will complete implementation within a 40 day to 60 day timeframe.
5. Termination: While the term of the contract is for an extended period, the City can terminate the agreement at any time through written notice.

Staff recommends entering a 5-year contract with Bank of the West at an annual cost of \$64,500. The proposed contract does not include an option to extend, and the City would reserve the right to terminate that contract if necessary.

### FINANCIAL SUMMARY

The average annual contract cost is expected to be approximately \$64,500 for services based on estimated transaction volume. It is possible that some or all contract costs may be offset by an earnings credit provided by the bank based upon the average monthly balance maintained by the City. Staff will work with Bank of the West to maximize its earnings credits while considering the City's cash needs.



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**File #: 17-3598, Version: 1**

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The lockbox fees are recorded to the Utility Billing Fund account 498-1350-510. The City currently pays approximately \$94,000 annually for lockbox services. The 5-year agreement with Bank of the West, inclusive of new and enhanced services, is anticipated to result in a savings of approximately \$148,000 over the 5-year term of the contract. We do not recommend revising the budget until we have completed contract implementation.

Attachment A - Professional Services Agreement with Bank of the West (BNP Paribas Group)

City Manager  
Date Received**CONTRACT ROUTING FORM**City Clerk  
Date ReceivedContract Number \_\_\_\_\_  
(For Clerk's Use)**CONTRACT TYPE (select one)**
☒ Original   ☐ Amendment/Renewal/Change Order   ☐ Grant  
☐ Subdivision Agreement   ☐ Other \_\_\_\_\_
**CONTRACT INFORMATION**Contract Amount: \$ 64,500Contract Title: Professional Services Contract to Provide Utility Billing Remittance Processing Services (Lockbox)Vendor/Other Party: Bank Of The WestContract Start Date: \_\_\_\_\_ Contract End Date: June 30, 2022 Contract Term: 5**COUNCIL APPROVAL REQUIRED?** ☒ Yes ☐ No (provide account # if no) \_\_\_\_\_Council approval required for contracts over \$ 75,000for FISCAL YEAR: 2017Motion/Resolution/Ordinance No: 2017-05-09-1402Must be Attached ☒**REQUIRED DOCUMENTS** (The following documents shall be submitted with the signed contract when required):

Business License Required? ☒ Yes ☐ No Business License No. 18-00120505  
 Bonds Required? ☐ Yes ☒ No  
 Insurance Required? ☒ Yes ☐ No  
 Notary Required? ☐ Yes ☒ No Recordation Required? ☐ Yes ☒ No

**Routing Order****2 DEPARTMENT:** \_\_\_\_\_DEPARTMENT HEAD APPROVAL \_\_\_\_\_ date: 5/11/17Project Mgr: Jayden Sangha ext: 8330 Staff: N/A ext: N/AForwarded to: Risk on: May 10, 2017 by: Jayden Sangha**1 VENDOR/OTHER PARTY**Signed ( ) originals on: May 8, 2017Forwarded to: ASD on: May 10, 2017 by: Jayden Sangha**3 RISK SERVICES**

Insurance approved on: \_\_\_\_\_ by: \_\_\_\_\_ Bonds approved on: \_\_\_\_\_ by: \_\_\_\_\_

Forwarded to: \_\_\_\_\_ on: \_\_\_\_\_ by: \_\_\_\_\_ RM #: \_\_\_\_\_

**4 CITY ATTORNEY**

Approved as to Form and Content on: \_\_\_\_\_ by: \_\_\_\_\_

Forwarded to: \_\_\_\_\_ on: \_\_\_\_\_ by: \_\_\_\_\_

**5 CITY MANAGER**

Signed by City Manager on: \_\_\_\_\_ Forwarded to: \_\_\_\_\_ on: \_\_\_\_\_ by: \_\_\_\_\_

**6 CITY CLERK**

City Clerk attested on: \_\_\_\_\_ Returned ( ) original(s) to dept. on: \_\_\_\_\_ by: \_\_\_\_\_

Retained ( ) original(s) for City's file. Hard Copy on file? Yes ☐ No ☐ OB # \_\_\_\_\_**7 ORIGINATING DEPARTMENT:** \_\_\_\_\_

Requisition No. \_\_\_\_\_ Original sent to vendor on: \_\_\_\_\_ by: \_\_\_\_\_

**Copy of contract to be retained by department. Original on file in the Clerk's office.**

Copy of contract sent to Purchasing on: \_\_\_\_\_ by: \_\_\_\_\_

**8 PURCHASING: Purchase Order No.** \_\_\_\_\_

PUR No. \_\_\_\_\_



RECEIVED

City Manager  
Date Received

City of Stockton  
City Manager's Office

# CONTRACT ROUTING FORM

Contract Number 2017-05-09-1402 NIP  
(For Clerk's Use)



## CONTRACT TYPE (select one)

☒ Original ☐ Amendment/Renewal/Change Order ☐ Grant  
☐ Subdivision Agreement ☐ Other \_\_\_\_\_

## CONTRACT INFORMATION

Contract Amount: \$ \_\_\_\_\_

Contract Title: Professional Services Contract to Provide Utility Billing Remittance Processing Services  
Vendor/Other Party: Bank of the West  
Contract Start Date: \_\_\_\_\_ Contract End Date: \_\_\_\_\_ Contract Term: 5 years

## COUNCIL APPROVAL REQUIRED? ☒ Yes ☐ No (provide account # if no)

Council approval required for contracts over \$ 322,500 for FISCAL YEAR: 2017-2018  
Motion/Resolution/Ordinance No: 2017-05-09-1402 Must be Attached ☐

## REQUIRED DOCUMENTS (The following documents shall be submitted with the signed contract when required):

Business License Required? ☒ Yes ☐ No Business License No. \_\_\_\_\_  
Bonds Required? ☐ Yes ☒ No  
Insurance Required? ☒ Yes ☐ No  
Notary Required? ☐ Yes ☒ No Recordation Required? ☐ Yes ☒ No

## Routing Order

### 2 DEPARTMENT: Matt Paulin

DEPARTMENT HEAD APPROVAL \_\_\_\_\_ date: \_\_\_\_\_  
Project Mgr: Jayden Sangha ext: 8330 Staff: N/A ext: N/A  
Forwarded to: Vendor on: May 5, 2017 by: Jayden Sangha

### 1 VENDOR/OTHER PARTY

Signed ( ) originals on: May 8, 2017  
Forwarded to: Risk on: May, 2017 by: Jayden Sangha

### 2 RISK SERVICES

Insurance approved on: 5-19-17 by: RCC Bonds approved on: \_\_\_\_\_ by: \_\_\_\_\_  
Forwarded to: electronically on: 05-19-17 by: RCC RM #: 17-235

### 3 CITY ATTORNEY

Approved as to Form and Content on: 5-23-17 by: fmy  
Forwarded to: cm on: 5-23-17 by: EHart

### 4 CITY MANAGER

Signed by City Manager on: 5/24/17 Forwarded to: Clerk on: 5/25/17 by: NIP

### 5 CITY CLERK

City Clerk attested on: 5-30-17 Returned (pdf) original(s) to dept. on: 5/30/17 by: cmu  
Retained ( 1 ) original(s) for City's file. Hard Copy on file? Yes ☒ No ☐ OB # \_\_\_\_\_

### 6 ORIGINATING DEPARTMENT:

Requisition No. \_\_\_\_\_ Original sent to vendor on: \_\_\_\_\_ by: \_\_\_\_\_  
Copy of contract to be retained by department. Original on file in the Clerk's office.  
Copy of contract sent to Purchasing on: \_\_\_\_\_ by: \_\_\_\_\_

### 7 PURCHASING: Purchase Order No. \_\_\_\_\_

PUR No. \_\_\_\_\_

