

1ST SECURITY BANK

POSITIVE PAY SERVICES AGREEMENT

This 1st Security Bank Positive Pay Services Agreement ("Agreement") provides the terms and conditions governing positive pay services offered by 1st Security Bank. As used in this Agreement, the words "**Bank**," "**we**," "**us**" and "**our**" refer to 1st Security Bank of Washington. The words "**you**" and "**your**" refer to each person or entity that uses the Bank's positive pay services. Each time we provide positive pay services to you, you agree to abide by the terms and conditions of this Agreement (as applicable, and as amended from time to time), and all other terms, conditions, agreements, security procedures, fee schedules and disclosures applicable specifically to positive pay services we offer. In all other respects, the terms and conditions of the Deposit Account Agreement apply to this Agreement. If there is a conflict among these Agreements, this Agreement will control with respect to positive pay services. If there is a conflict between a provision of this Agreement and the UCC, the provision of this Agreement will prevail.

1. Definitions.

- a. "*ACH Policy*" means the parameters established by you through ACH Positive Pay to allow payment of ACH withdrawals or acceptance of ACH deposits. The ACH Policy is also referred to as ACH Filter.
- b. "*ACH Positive Pay*" means the service described in Section 4 below that includes the use of established ACH Policies to dictate what ACH debit and credit items require further review before posting. Unless indicated elsewhere in this Agreement, all terms and conditions of this Agreement apply to ACH Positive Pay Service.
- c. "*Agreement*" means this Positive Pay Services Agreement as it may be amended from time to time.
- d. "*Authorized Account*" means each account you maintain with us to which our Check Positive Pay and ACH Positive Pay services will apply.
- e. "*Available Funds*" means funds on deposit in an Authorized Account and available for withdrawal pursuant to applicable law and our funds availability schedule and policies.
- f. "*Banking Day*" means our regular business days, which are Monday through Friday except for holidays observed by the Federal Reserve Bank.
- g. "*Decision*" means a Pay Request or a Return Request.
- h. "*Exception Item*" means:
 - i. for Positive Pay Service, a Presented Check that does not match a check described in an Issue File.
 - ii. for Reverse Positive Pay, a Presented Check for which you wish to submit a Return Request.
 - iii. for ACH Positive Pay, any debit or credit that does not match your established ACH Policy.
- i. "*Exception File*" means an electronic report or list we transmit to you that describes Exception Items.
- j. "*Issue File*" means an electronic file you transmit to us that describes checks drawn by you on a specific Authorized Account.
- k. "*Pay Request*" means your instruction to us to pay an Exception Item.
- l. "*Check Positive Pay*" means the service described in Section 3 below that includes the use of Issue Files and Exception Files. Unless indicated elsewhere in this Agreement, all terms and conditions of this Agreement apply to Check Positive Pay Service.
- m. "*Presented Check*" means a check drawn on an Authorized Account and presented to us for payment through the check collection system.

- n. "Presented ACH Entry" means an ACH debit or credit entry presented to us for payment from an Authorized Account.
- o. "Return Request" means your instruction to us not to pay an Exception Item.
- p. "Reverse Positive Pay" means a positive pay service that allows you to log in and review all Presented Checks drawn on your Authorized Account. You are not required to submit an Issue file, and we do not create or transmit any Exception Files. Sections 2(a) and 2(b) below do not apply to Reverse Positive Pay. We will pay all Presented Checks in accordance with the Pay Option described in Section 2(c)(i) below unless we receive a Return Request from you instructing us not to pay an Exception Check.
- q. "UCC" means Article 3 and 4 of the Washington Uniform Commercial Code, as amended, a law that governs check deposits and collections.

2. General Terms of Positive Pay

UCC Liability. To the extent applicable, and except as modified below, the liability provisions of the UCC will govern this Agreement.

Report and Returned Request Transmittal. All Exception Files, Issued Files, and Pay/Return Requests will be and must be transmitted electronically using the Positive Pay Service, Reverse Positive Pay, or ACH Positive Pay.

In the event of a system failure at the Bank that results in an Exception File, Issues File, Pay Request or Return Request that cannot be received, made available or processed by us, we will attempt to contact you through commercially reasonable methods. If we cannot reach you, we will act pursuant to your default selection. In the event of your system failure please contact the Business Services team at 877-372-4249 to provide us with instructions. If you do not contact us before the applicable cut-off time, we will act pursuant to your default selection.

Errors. We are not responsible for detecting any error contained in any Issues File, Pay Request or Return Request you send us. Occasionally a Presented Check may appear on Exception File when it has been presented to the Bank on a previous Issues File. You, and not the Bank, are responsible for reconciling such reports and providing us with appropriate instructions per this agreement.

Not Covered. This Agreement does not apply to a check or ACH debit or credit Item that we have already cashed, negotiated, or paid, or which is already committed to honor or pay under applicable laws, regulations or rules governing such items.

Wrongful Honor. It will constitute wrongful honor by us if we pay an Exception Item unless you did not issue a Return Request. If there is wrongful honor: (i) we will be liable to you only for the amount of the wrongfully paid Exception Item or your actual damages resulting from our payment of the Exception Item, whichever amount is less; (ii) we retain the right to assert that you failed to exercise reasonable care under the UCC; and (iii) we retain the right to assert the defense that you have sustained no actual damages because our honor of the Exception Item discharged an indebtedness of yours for value.

Wrongful Dishonor. Except as provided below, it will constitute wrongful dishonor by us if we dishonor an Exception Item and you have not properly submitted a Return Request. Our liability for wrongful dishonor of an Exception Item will be limited only to the damages for wrongful dishonor recoverable under the UCC, as limited by Sections 3(f) and 3(g) below. Notwithstanding, we will have no liability to you for wrongful dishonor when we, acting in good faith, return an Exception Item: (i) that we reasonably believed was not properly payable; or (ii) if there are insufficient Available Funds on deposit in the Authorized Account; or (iii) if required to do so by the service of legal process on us or the instructions of regulatory or government authorities or courts.

Rightful Payment and Dishonor. Except as provided below, if we honor an Exception Item in accordance with the Pay Option, such honor will be rightful, and you waive any right you may have to assert that the Exception Item was not properly payable under the UCC. If we dishonor an Exception Item in accordance with a Return Request you submitted, the dishonor will be rightful, and you waive any right you may have to assert that the dishonor was wrongful under the UCC. You agree that we exercise ordinary care whenever we rightfully pay or return an Exception Item consistent with the provisions of this Agreement.

Assignment. To the extent that you suffer a loss under the Agreement, we assign to you any claim that we would have against a depository or collecting bank to recover the loss, including any claim of breach of warranty under the UCC.

General liability limitation. We will be responsible only for performing the services expressly provided for in this Agreement, and we will be liable only for our negligence in performing those services. Unless specifically provided for in this Agreement, we will not be responsible for your acts or omissions (including without limitation acts or omissions relating to the amount, accuracy, timeliness of transmittal or due authorization of any information received from you). You agree to indemnify, defend, and hold us harmless from and against any loss, liability, claim or expense (including attorneys' fees and expenses) resulting from (i) any claim of any person against us arising out of or relating to this Agreement, except to the extent caused by our own negligence, or (ii) any act or omission by you or any other person. Unless specifically provided for in this Agreement, we will not be liable for any consequential, special, punitive, or indirect loss or damage which you may incur or suffer in connection with Agreement, including without limitation losses or damage from wrongful dishonor resulting from our acts or omissions under this Agreement. Our liability, if any, to you for loss of interest resulting from our error or delay will be calculated by using a rate equal to the average Federal Funds rate at the Federal Reserve Bank of New York for the period involved. At our option, payment of such interest may be made by crediting the Authorized Account. You and we explicitly agree that (i) any item we pay as provided in this Agreement will be deemed "properly payable" as that term is used in the UCC, and (ii) any item we return consistent with this Agreement will be deemed a rightful dishonor for purposes of the UCC, and you will bear any loss resulting from such payment or dishonor. The liability limitations in this paragraph apply notwithstanding any other provision of this Agreement.

Employees. You acknowledge and agree that you are responsible for all acts and omissions of your employees, agents, officers, directors, and others in connection with the positive pay services we provide under this Agreement. You further acknowledge that you are responsible for selecting, hiring, and monitoring the activities of such persons, including any activities relating to positive pay services. You understand that for security purposes, we recommend that you separate the person(s) responsible for uploading Issue Files and reviewing Exception Files.

Communications. We will deem any communication or File purporting to have been sent by you or under your username and password to have been sent by and authorized by you, and you authorize us to act without liability in reliance on such communication or File, even if it was unauthorized.

3. Check Positive Pay

- a. **Issue File.** You agree to transmit to us an Issue File in the file format we specify. The Issue File must accurately state the check number, the issue date, and the exact amount of each check drawn on each Authorized Account since the last Issue File was transmitted. Each Issue File must be transmitted via SANDeCRM no later than **6:00 p.m. Pacific time** on a Banking Day. We will compare each Presented Check by check number and amount against the Issue Files we have received.
- b. **Payment of Presented Checks; Reporting of Exception Items.** On each Banking Day, we will do the following: (i) pay and charge to the Authorized Account each Presented Check that matches (by check number and amount) a check shown in any Issue File; (ii) create an Exception File that indicates whether we have received any Exception Items and, if so, specifies the check number and amount of any such Exception Items; and (iii) transmit the Exception File to you via SANDeCRM by **7:00 a.m. Pacific time** on the next Banking Day following our creation of the Exception File.
- c. **Payment of Exception Items.** We will pay Exception Items in accordance with the default option applicable to each Authorized Account.
 - i. **Pay Option – Payment of Exception Items - Return Requests.** Where the Pay Option applies to an Authorized Account, we will finally pay and charge to the Authorized Account any Exception Items drawn on that Account, unless we received a timely Return Request instructing us to return the Exception Item. Your Return Request must identify each Exception Item by the complete check number and amount specified in the Exception File and must specifically instruct us to return the Exception Item. You must transmit the Return Request to us electronically via SAND eCRM. For Positive Pay Service, the Return Request must be received by us no later than **11:00 a.m. Pacific time** on the same Banking Day we transmit an Exception File. For Reverse Positive Pay Service, the Return Request must be received by us no later than **11:00 a.m. Pacific time** on the Banking Day following the Banking Day on which the Exception Item is presented for payment. We will return to the depository bank any Exception Item consistent with your proper and timely Return Request. You understand that the use of a Return Request is not the same as a stop payment order, and you agree

that you will not use a Return Request as a substitute for a stop payment order. Please see your Deposit Account Agreement for information on stop payments.

- d. **Revised files.** Each Issue File or Decision (together, "File") you transmit to us will be considered final, correct, and complete upon receipt. You have no right to revoke or amend a File once we have received it. However, upon your request, we may, but are not required to, use reasonable efforts to act on a request to revoke or amend a File. We will have no liability if your request to revoke or amend a File is not affected. We retain the right to impose a reasonable handling charge in connection with any such request, or if we receive a duplicate or otherwise erroneous File. We may, at our discretion, revise any Exception File we send to you. We may transmit the revised Exception File in the form of a complete replacement file or a partial amendment to the Exception File originally sent. We will transmit any such replacement or amendment so that it is received by you prior to the deadline for the original Exception File as set forth above. We will use only Issue Files that comply with Section 3(a) when we prepare Exception Files under this Agreement. You will use Exception Files transmitted in accordance with Section 3(b), including any revisions under this section, when you prepare Decisions. We will not be obligated to comply with any Decision received after a deadline under this Agreement but may instead treat such a Decision as though we had not received it. We are not responsible for detecting any error contained in any File you transmit to us.

4. ACH Positive Pay

- a. **ACH Policies.** ACH Policies dictate which ACH debit and credit entries are paid or marked as an exception requiring review when presented against an authorized account enabled for ACH Filter. ACH Policies are configured by you and can be added, amended, and deleted through the SAND eCRM platform at your discretion and must be in place by 6:00 PM Pacific Time the Business Day prior to an item's payment date to ensure that the system will recognize it once presented. The Bank will not define ACH Policies on your behalf and is not responsible for any errors which may occur from establishing ACH Policies to pay ACH debit or credit entries which are presented against your account.
- b. **Payment of Presented ACH Entry, Reporting of Exception Items.** If a Presented ACH Entry matches an ACH Policy, it is processed normally and paid from the Authorized Account. If a Presented ACH Entry does not match the criteria defined in an ACH Policy, or if there is no ACH Policy in place, it will present as an Exception Item. You will be sent an Exception File by email each Banking Day which includes the Exception Items for the Presented ACH Entries that do not match the criteria defined in the ACH Policies established by you. The Exception Items will be reviewed by you in the SAND eCRM system, and you shall issue a Pay Request or Return Request no later than 11:00 AM on the Banking Day on which they are presented. If a Pay Request or Return Request is not received by 11:00 AM the item will be returned. You assume full responsibility for the completeness and accuracy of all information furnished to us. We assume no responsibility for detecting or correcting ambiguous, incomplete, untimely, or inaccurate information provided by you. Our willingness to process Exception Items will not be considered a waiver of any requirement of this agreement, and we may discontinue processing Exception Items without prior notice.
- c. **Payment of Exception Items; Submission of Pay or Return Instruction.** You agree to deliver the Decision for your Exception Items no later than 11:00 AM on the same Business Day that the Exception File was delivered to you by email. All Decisions submitted using SAND eCRM shall be conclusively presumed to have been submitted by an Authorized Representative and is authorized to constitute Decisions authorized by you. The Bank is unable to fulfil instructions to block or filter ACH Debit Entry items which are being presented for the reason of a reversal or a return regardless of the instructions provided by you through the SANDeCRM system.
- d. **ACH Block.** You understand that with ACH Block, all ACH Debits and ACH Credits are blocked and presented to you to be reviewed as an Exception Item. If the items are not decisioned upon by the designated cutoff time of 11:00 AM on the same Banking Day which the Exception File was delivered to you, the system will return the Exception Items by default. Furthermore, you understand that with a block in place, the Bank cannot process any unauthorized ACH Debit or ACH Credit on the account.

5. General Provisions

- a. **Governing law.** This Agreement will be governed by the laws (excluding the law of conflicts) of the State of Washington and applicable Federal law.
- b. **Fees and costs.** You agree to pay our current fees and charges for positive pay services. Our current fee schedule is available upon your request and is subject to change at our discretion. Your Internet service provider may charge you additional fees.
- c. **Payment for Services.** We may, on a monthly basis, debit the Authorized Account for payment of any fees or charges due, unless you arrange another payment procedure acceptable to us. We reserve the right to charge any Authorized Account or any other account of yours, in our sole discretion, if an Authorized Account is not specified on the addendum, or if the specified Authorized Account has insufficient funds or is no longer active.
- d. **Severability.** If any court or tribunal of competent jurisdiction determines that any provision of this Agreement is illegal, invalid, or unenforceable, the remaining provisions of this Agreement will remain in full force and effect.
- e. **Amendments.** We may amend this Agreement or any Addendum at any time by giving you written notice or by sending a copy of the amended Agreement or Addendum to your address as listed on our records.
- f. **Assignment.** Subject to Section 2(j), neither party may assign or transfer any of its rights or obligations under this Agreement, but the provisions of this Agreement will be binding upon and inure to the benefit of any legal successor to us or to you, whether by merger, consolidation or otherwise.
- g. **Termination.** Either party may terminate this Agreement by providing written notice to the other sent at least five (5) calendar days prior to the termination date specified in such notice. We may also terminate this Agreement immediately without prior notice if we, in good faith determine that (i) continued performance of the Agreement poses a security threat or risk of loss to us, (ii) the Authorized Account is closed by you or by us for any reason, or (iii) you use the Positive Pay services in lieu of stop payment orders or otherwise in a manner inconsistent with its intended purpose. Notwithstanding any such termination, this Agreement will remain in full force and effect as to all Presented Checks that have been presented to us prior to the date of termination.
- h. **Waiver.** Neither party waives any rights by delaying or failing to exercise them at any time.
- i. **Entire Agreement.** This Agreement is the entire agreement and understanding between the parties related to the subject matter of this Agreement as of the date hereof and supersedes all prior agreements and understandings between the parties relating to the subject matter of this Agreement.
- j. **Headings.** Headings to sections of this Agreement or any Addenda are included for ease of reference and will not be deemed to create rights, remedies, claims, or defenses arising under this Agreement.
- k. **Beneficiaries.** This Agreement is only for the benefit of you and us and is not intended to and will not be construed as granting any rights to or otherwise benefiting any other person. We will not be liable for any losses or claims of persons who are not parties to this Agreement.
- l. **Force Majeure.** Except as otherwise provided by the UCC, we will not be liable for our inability to perform our obligations under this Agreement when such inability arises out of causes beyond our control, including, without limitation, any act of God, accident, equipment failure, system failure, labor dispute, or the failure of the Internet or any third party electronic or telecommunication service (a "Force Majeure event"). If any Force Majeure event occurs and as a result, we do not receive or are unable to process an Issue File, Decision or verify any existing ACH Policies, the Issue File or Decision will be deemed to have not been received by us, even if we have actually received it, and Presented ACH Entries may be returned or paid regardless of the criteria outlined in the ACH Policy.
- m. **Taxes.** You are responsible for all tariffs, duties, or taxes (excluding U.S. federal, state, and local taxation on our income) imposed by any government or governmental agency in connection with any payment order executed pursuant to this Agreement.

- n. **Security.** You understand the importance of your role in preventing misuse of your Accounts through the Service. You agree to protect the confidentiality of your Account and Account number(s), your Password, and your personal identification information, such as your driver's license number and Social Security number. You understand personal identification information by itself, or together with information related to your account, may allow unauthorized access to your account. Your Username, Password, and Company (Realm) are intended to provide security against unauthorized entry and access to your accounts. The identity of your password is not, and should not, be communicated to us. You accept responsibility for the confidentiality and security of your password. Your password must utilize at least eight characters with at least one number, one letter, and one special character. Your password should not be associated with any commonly known personal identification, such as Social Security number, or names of children, and should be memorized rather than written down. Data transferred via the service is encrypted in an effort to provide transmission security. To use SAND eCRM, you will need a computer or mobile device that has access to the internet through a web browser that supports a 128-bit encryption, also known as "Domestic" or "U.S." grade encryption. Examples of supported browsers are Google Chrome, Microsoft Edge, and Internet Explorer. Notwithstanding our efforts to ensure the service is secure, you acknowledge the Internet is inherently insecure and that all data transfers, including electronic mail, occur openly on the Internet and potentially can be monitored and read by others. We cannot and do not warrant all data transfers utilizing the service, or email transmitted to and from us, will not be accessible by others.
- o. **Service Interruptions, Viruses, and the Internet.** SAND eCRM may be unavailable at certain times when required maintenance or upgrades are necessary, unforeseen maintenance is required, or unforeseen events occur, such as earthquakes, fires, floods, and computer failures, interruptions in internet or telephone service, or electrical outages. We will make commercially reasonable efforts to ensure the availability of SAND eCRM. However, we are in no way liable for the unavailability of all or any portion of SAND eCRM. It is possible to contract an electronic virus by using the internet or materials downloaded from it. We make every attempt to keep SAND eCRM virus-free, but we cannot assure you that the website and any software or other information downloaded from it will be virus free. We are not responsible for any virus or viruses that you may encounter, including, without limitation, any virus-related problems that may be associated with the use of SAND eCRM. Data transferred via SAND eCRM is encrypted to provide transmission security. Notwithstanding our efforts to ensure that SAND eCRM is secure, you acknowledge that the internet is inherently insecure and that all data transfers, including e-mail, occur openly on the internet and potentially can be monitored and read by others. We cannot and do not warrant that all data transfers utilizing SAND eCRM or email transmitted to or by us will not be monitored or read by others.