

Positive Pay Agreement

Drawee Financial Institution
Name & Address

Drawer
Name & Address

Agreement Date:

The Harbor Bank of Maryland
25 W Fayette St
Baltimore, MD 21201

Account Number:

Definitions:

We, us, and our refer to the Drawee Financial Institution.

You and your refer to the Drawer Company.

Account refers to your checking or share draft account with us identified by the Account Number.

Issued List refers to a list you will provide to us pursuant to the Agreed Method for Your Submissions (set forth below) by the Issued List Deadline (set forth below) of each Banking Day after the Agreement Date of the amounts and numbers of the checks or share drafts drawn on the account that you have issued since the Agreement Date that have not been included on a previous Issued List.

Banking Day refers to one of our banking days as defined in Reg. CC, 12 CFR 229.2(f).

Checks or share drafts include substitute checks as defined by Reg. CC, 12 CFR 229.2(aaa).

Exception List refers to a list we will provide to you pursuant to the Agreed Method for Our Submissions (set forth below) by the Exception List Deadline (set forth below) of the amounts and numbers of checks or share drafts Received for Payment since the Agreement Date or since the last Exception List, whichever is later, that are not identical to the amounts and numbers of checks or share drafts on Issued Lists we have received from you. If the We Will Not Pay Unless You Direct Us To Do So option is selected, the Exception List also will state the date and time of the Exception Pay Order Deadline for the checks or share drafts listed (under the formula set forth below). If the We Can Pay Unless You Direct Us Not To Do So option is selected, the Exception List also will state the date and time of the Exception Do Not Pay Order Deadline for the checks and share drafts listed (under the formula set forth below).

Received for Payment refers to checks or share drafts that we have received for payment from the account by any means, except that it does not include those received by our tellers unless this option is chosen below.

Exception Pay Order refers to a direction by you to us given pursuant to the Agreed Method for Your Submissions to pay a check or share draft that is on, or is required to be on, an Exception List.

Exception Do Not Pay Order refers to a direction by you to us given pursuant to the Agreed Method for Your Submissions not to pay a check or share draft that is on, or is required to be on, an Exception List.

A means the provision immediately following is part of the agreement if, but only if, the box is marked.

Except as otherwise provided in this agreement, terms have the meanings provided in the Negotiable Instruments and Bank Deposits and Collections articles of the Uniform Commercial Code.

Payment Options (one must be chosen):

We Will Not Pay Unless You Direct Us To Do So. If you choose this option, we will not pay any checks or share drafts Received for Payment that are listed on, or are required to be listed on, an Exception List unless you direct us to do so in an Exception Pay Order received by the Exception Pay Order Deadline. If we receive such an Exception Pay Order, we can pay such checks or share drafts and charge them to the account.

We Can Pay Unless You Direct Us Not To Do So. If you choose this option, we can pay and charge to the account any checks or share drafts Received for Payment that are listed on, or are required to be listed on, an Exception List unless you direct us not to do so in an Exception Do Not Pay Order received by the Exception Do Not Pay Order Deadline, in which event we will comply with the Exception Do Not Pay Order.

Agreed Method for Your Submissions:

Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders will be provided to us by Internet Email Fax

It is not required that you have any type of accounting software to utilize this service as you also have the ability to manually upload a Positive Pay file to our system. If you do have software that will create a Positive Pay file, our system can be customized to fit your software formatting requirements. We do ask that if you are going to use software to upload a Positive Pay file to our system that you send us a test file created by your software so that we can input your software's format into our system to allow you to upload. Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders will comply **with any and all Security Procedures** and Authorizing Signature Requirements selected below.

Security Procedures:

Your circumstances, if any, that are relevant to the establishment of commercially reasonable security procedures are as follows:

We have offered the following security procedures if the boxes preceding them are marked, and you have accepted or refused the offered security procedures by marking the appropriate boxes:

Code. Accepted. Refused. Your Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders will be accompanied by your code, which is as follows: _____

Authorizing Signature Requirements:

In order to participate in Positive Pay, you must have at least one **Demand Deposit (checking) Account**. If you are applying for Positive Pay with another person or persons, at least one signer must have full signing authority on the accounts listed on the application. All authorized signers (including users with access who are not authorized signers) on the account must sign the application for Positive Pay. If there is any change of ownership or signing authority on any of the account(s), notification must be immediately provided to The Harbor Bank of Maryland. By signing this agreement, the account holder(s) gives authority for other applicants/authorized users listed below to have full access and privileges to the account(s) to which this agreement applies.

Your Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders will be accompanied by at least _____ of the following Authorizing Signatures:

Print Name: _____ Print Name: _____ Print Name: _____

Agreed Method for Our Submissions:

Exception Lists will be provided to you by Internet Email _____
Exception Lists will be in such format as we deem appropriate.

At the time we provide you with an Exception List, we will also provide you by Internet Email Access Harbor Biznet with an image or copy of the front and, back of each check or share draft listed.

Received for Payment by Teller Option:

Received for Payment includes checks or share drafts received for payment from the account by our tellers.

Deadlines:

The Positive Pay file must be uploaded or manually uploaded to our system by 4:30 pm on the date the check is issued. Positive Pay files can be uploaded or manually uploaded into our system on a monthly, weekly, daily, and/or hourly basis. Positive pay verifies your Positive Pay file against checks being presented to Harbor Bank for payment. Any item presented to Harbor Bank for payment that does not match the Positive Pay file will be an exception or violation. The following sets forth the description of an exception or violation:

- a. Items presented for payment through The Harbor Bank of Maryland's in-clearings (deposited items) not matching your issue file will be exceptions. You will have an automated option within Harbor Bank of Maryland's Online to review with your exceptions as they arise. It is your responsibility to review your Positive Pay Exceptions daily between the hours of 8:00 am (ET) and 10:00 am (ET).
- b. Items presented to Harbor Bank for immediate payment (cashing a check at the bank) not matching your issue file will be a violation, Harbor Bank will refuse to honor these items, unless client has given specific payment options.

Fees:

You will pay us fees for our performance under this agreement as follows, and we can debit the account for such fees without notice to you: _____

One time set up fee: \$50.00

Monthly fee: \$10.00 (may apply)

Other Provisions:

Execution:

By signing, you and we agree to be bound by this agreement, including the Terms and Conditions, which are incorporated by reference, and you acknowledge receipt of a copy.

X _____
Print Name & Title: _____

X _____
Print Name & Title: _____

Signed: _____ for Drawee Financial Institution

The Harbor Bank of Maryland

Terms and Conditions:

No Further Obligation. Unless prohibited by law, we will have no obligation or liability to pay, or for paying, checks or share drafts Received for Payment except as provided in this agreement, and you will indemnify us and hold us harmless from any further obligation or liability.

Circumstances Beyond Our Control. We will not have any liability or obligation for failure to act or delay in acting under this agreement if the failure is the result of circumstances beyond our control, including (but not limited to) legal constraint, interruption of transmission or communication facilities, equipment failure, or war emergency conditions.

Limitation of Damages. Unless prohibited by law, we will not under any circumstances be liable or obligated for attorneys' fees; litigation expenses; or consequential, special, incidental, indirect, or punitive damages.

Purpose of Security Procedures and Authorizing Signature Requirements. The purpose of the Security Procedures and Authorizing Signature Requirements is solely to corroborate that Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders are yours, and not for the purpose of detecting errors in transmission or content, which is your sole responsibility. Unless prohibited by law, you will be bound by the information contained in your Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders, even if we don't follow the Security Procedures and Authorizing Signature Requirements, and even if an error would have been discovered if we had followed the Security Procedures and Authorizing Signature Requirements.

Unauthorized Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders. You are solely responsible for avoiding unauthorized Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders received by us in accordance with this agreement. You are bound by all Issued Lists, Exception Pay Orders, and Exception Do Not Pay Orders purporting to be yours, even if they are not authorized by you, if we received them in accordance with this agreement.

If you order or print checks from any check-printing vendor other than The Harbor Bank of Maryland, you agree to insure the MICR encoding ink is of high quality. Not using

high quality MICR ink could result in a large number of Positive Pay violations.

Authorizing Signatures. Any requirement in this agreement of an Authorizing Signature will be satisfied, even if the Authorizing Signature is not genuine, if we compare it to a genuine Authorizing Signature and reasonably believe it to be genuine.

Irreconcilable Conflicts. This agreement supersedes the Uniform Commercial Code and your account agreement to the extent of any irreconcilable conflicts.

Fees. We can change the fees you are required to pay under this agreement and the amounts thereof by giving you 10 days advance written notice.

Notices. All notices under this agreement will be in writing addressed to the party's address stated in this agreement, unless such address has been changed by 1,0 days advance written notice actually received, in which event the changed address will be used.

Duration and Termination. This agreement will continue until it is terminated. Either party can terminate this agreement without cause by giving 30 days advance written notice to the other.

Waiver. We can waive rights under, and violations of, this agreement without affecting other rights under, or violations of, this agreement.

Assignment. You are not entitled to assign this agreement or your rights and obligations under this agreement without our consent.

Benefit. This agreement is only for your benefit and our benefit, and no other entities have rights under this agreement.

Invalidity. The invalidity or illegality of any provision of this agreement will not affect the remainder of this agreement.

Governing Law. This agreement will be governed by the laws of the United States and the state or jurisdiction referred to in our address.