

# Reverse Positive Pay Agreement



**Reverse Positive Pay Service Agreement**, ("Agreement") governs your and our rights and responsibilities concerning the Reverse Positive Pay Service ("Service" or "Positive Pay Service") offered to you by iQ Credit Union ("Credit Union"). Your use of the Service is subject to the terms and conditions of this Agreement and any amendments made from time to time, and to any additional manuals, instructions, requirements, procedures, or specifications (collectively "Documentation") provided to you within the service, which are incorporated by reference herein. In this Agreement, the words "we" and "us" refer to iQ Credit Union. The words "you" and "your" refer to the Business Member ("Member") that is using the Service.

1. **Service Description.** To help prevent the clearing of unauthorized fraudulent checks the Credit Union provides the Reverse Positive Pay service. If you sign up for the Reverse Positive Pay service, you will log onto Digital Branch daily and reject incoming checks clearing your designated accounts if you believe the check to be unauthorized.

2. **Reverse Positive Pay Definitions.** The following terms shall have the meaning provided below:

*Authorized Account.* The term "Authorized Account" means the account(s) of the Member, maintained at the Credit Union, to which the positive pay services rendered by the Credit Union apply.

*Available Funds.* The term "Available Funds" means funds on deposit in an Authorized Business Account and available for withdrawal and the Credit Union's applicable funds availability schedule and policies provided for within the Business Membership and Account Agreement between Credit Union and the Member.

*Exception Check.* The term "Exception Check" means a Presented Check that does not match the Business Member's records.

*Presented Check.* The term "Presented Check" means a check drawn on an Authorized Account and presented to the Credit Union for payment through the check collection system.

*Return Request.* The term "Return Request" means the instructions of the Member to the Credit Union ordering the Credit Union not to pay Exception Check.

3. **Reverse Positive Pay.** This service does NOT require Business Members to provide a list of issued items. Business Members will need to login every business day to view checks presented for payment and select the checks they want to return no later than 10 am Pacific Time. With this service, the concept of an exception check is created if a check posting to your account does not match your records. As there is no list for the Credit Union to compare checks to, only the Business Member can determine if a check presented for payment was not authorized.

4. **Pay Default.** The Reverse Positive Pay default setting is to pay all items unless the Business Member instructs iQ not to do so, by the required time frame. If no instruction is received by the required time frame in the specified manner, payment of a properly payable check is not considered wrongful honor.

5. **Notifying the Credit Union of Exception Items.** The Business Member will review checks presented for payment against your accounts no later than 10am Pacific Time the next business day to determine if any of the checks presented for payment were unauthorized. If an unauthorized check

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is discovered, Business Member will notify the Credit Union through the service by the specified time. If the Member selects a return reason indicating fraudulent activity, the Member will digitally sign an Affidavit document provided by the Credit Union within the Digital Banking module. If no exception items are reported to the Credit Union, all properly payable checks will be paid.

- 6. Payment and Dishonor of Exception Checks.** You are responsible for viewing checks presented for payment no later than 10am Pacific Time the business day the checks are presented for payment. If you do not make a decision prior to that time, the Credit Union will pay the Checks as presented. Member will complete a Monetary and Negotiable Item Affidavit of Dispute in person at a local branch, when requested to do so, if the affidavit is required as a result of the return of a fraudulent item. The Credit Union shall return to the depository Financial Institution any Exception Check that the Member instructs the Credit Union to return as provided above.
- 7. Return Request.** Credit Union shall pay any Check drawn on the Authorized Business Account unless the Member instructs the Credit Union to return such check in a timely Return Request. The Return Request shall identify each Exception Check that you desire to be returned and shall instruct the Credit Union to return such Exception Check. The Return Request shall be submitted to the Credit Union within the Digital Banking module by 10am Pacific Time the business day following the day the check was presented for payment. The Credit Union shall finally pay and charge to the Authorized Account any Exception Check that you did not direct the Credit Union to return as provided above.
- 8. Member and Credit Union Communications.** The Business Member will utilize the Digital Branch Business Fraud Prevention Module to decision checks that have been presented for payment. Business Member will communicate with Credit Union through this module by selecting return and the appropriate reason for any checks that were presented and determined to be unauthorized. The decisions have to be made by 10 am PST the day after the check is presented. Return requests made after this timeline must be made in accordance with our Business Membership and Account Agreement.
- 9. Remedies.** To the extent applicable, the liability provisions of UCC Articles 3 and 4 shall govern this Agreement, except as modified below.
- 10. Wrongful Honor.** The Credit Union's payment of an Exception Check shall not constitute wrongful honor by the Credit Union unless the Member issued a Return Request within the required timeframe. If there is wrongful honor the Credit Union shall be liable to the Member for the lesser of the amount of the wrongfully paid Exception Check or the Member's actual damages resulting from the Credit Union's payment of the Exception Check. The Credit Union expressly waives any right it may have to assert that the Member is liable for the wrongfully honored Exception Check on the grounds that the Exception Check was properly payable under UCC section 4-401. The Credit Union retains the right to assert the Member's failure to exercise reasonable care under UCC sections 3-406(a) and 4-406(c). The Credit Union's wrongful honor shall constitute a failure of the Credit Union to have exercised ordinary care under the loss allocation provisions of UCC sections 3-406(b) and 4-406(e). The Credit Union retains the right to assert the defense that the Member has sustained no actual damages because the Credit Union's honor of the Exception Check discharged for value an indebtedness of the Member.
- 11. Wrongful Dishonor.** The Credit Union's liability for wrongful dishonor of an Exception Check shall be limited to the damages for wrongful dishonor recoverable under UCC Articles 3 and 4. The Credit Union shall have no liability to the Member for wrongful dishonor when the Credit Union, acting in good faith, returns an Exception Check: (a) that it reasonably believed was not properly payable; or (b) if there are

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insufficient Available Funds on deposit in the Authorized Business Account; or (c) if required to do so by the service of legal process on the Credit Union or the instructions of regulatory or government authorities or courts.

- 12. Rightful Payment and Dishonor.** Except as provided in this Section, if the Credit Union honors an Exception Check in accordance with the Agreement, agreed to by the Member, such honor shall be rightful, and the Member waives any right it may have to assert that the Exception Check was not properly payable under UCC Section 4-401; if the Credit Union dishonors an Exception Check in accordance with a Return Request issued by the Member, the dishonor shall be rightful, and the Member waives any right it may have to assert that the dishonor was wrongful under UCC Section 4-402; the Member agrees that the Credit Union exercises ordinary care whenever it rightfully returns an Exception Check consistent with this Agreement.
- 13. Faulty Information.** The Credit Union shall be liable for any losses, other than consequential damages, proximately caused by its honor of a check that was not properly payable, or its dishonor of a check that was properly payable, if the honor or dishonor occurred because the Credit Union, in accordance with this Agreement: should have shown the item as presented for payment but referenced the wrong check number, unless the Credit Union provided the Member with timely information that disclosed the error.
- 14. Assignment.** To the extent that you suffer a loss under this Agreement, the Credit Union assigns to you any claim that the Credit Union would have against a depository or collecting institution to recover the loss, including any claim of breach of warranty under UCC Sections 4-207, 4-208, and 4-209.
- 15. Limitation of Liability.** Except as otherwise expressly set forth herein, the Credit Union shall have no liability to you for any loss, damage, cost, or expense arising out of this Agreement, except for the Credit Union's willful misconduct and bad faith actions or as provided by applicable law for any error or delay in performing the Services in this Agreement.
- 16. Service Interruptions.** The Service may be unavailable at certain times for required maintenance and system upgrades, as well as unforeseen maintenance, natural disasters or extreme weather events, court orders, acts of war, hardware/software failures, electrical outages, and/or internet provider outages. iQ makes commercially reasonable efforts to ensure the ongoing availability of the Service and attempt to notify you of any outage lasting more than 1 hour through a message on the [iqcu.com](http://iqcu.com) website. However, iQ is not liable for the unavailability or interruption of any portion of the Service. The Business Member shall have reasonable procedures in place to ensure the continuity of its business needs, which could include the issuance of paper checks or utilization of wire transfers to facilitate necessary payments. When and where possible, iQ will assist with portions of the Business Member's continuity plan by providing support through our Member Contact Center, which can assist in finding alternative methods for handling the needs of any impacted account(s).
- 17. Termination of Services.** You agree that we may terminate this Agreement if you, or any authorized user of the Service breach this or any other agreement with us; or if we have reason to believe that there has been an unauthorized use of your accounts or Password. In addition, either you or we may terminate this Agreement by notifying the other in writing. Termination of service will be effective on the first Business Day following receipt of written notice. However, monthly fees will apply for any partial month with no prorating. Termination of this Agreement will not affect the rights and responsibilities of the parties under this Agreement for transactions initiated before termination.

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- 18. **Amendments.** The Credit Union reserves the right to change the terms and conditions upon which this service is offered. The Credit Union will notify you, by mail, at least thirty (30) days before the effective date of any change, as required by law. The use of this service is subject to existing regulations governing the Credit Union account and any future changes to those regulations.
  
- 19. **Force Majeure.** The Credit Union shall not be responsible for liability, loss, or damage of any kind resulting from any delay in the performance of or failure to perform its responsibilities hereunder due to causes beyond the Credit Union's reasonable control.
  
- 20. **Enforcement.** This Agreement shall be governed by and construed under the laws of Washington. In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled to payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. Should any one or more provisions of this Agreement be determined illegal or unenforceable in any relevant jurisdiction, then such provision be modified by the proper court, if possible, but only to the extent necessary to make the provision enforceable and such modification shall not affect any other provision of this Agreement.
  
- 21. **Monthly Fees.** Monthly service fees are detailed in the Business Services Fee Schedule. Your acceptance of this agreement authorizes the Credit Union to debit the associated fees for the service.

By signing below, such person certifies you are at least eighteen (18) years of age, and are additionally an owner, shareholder, officer, director, member, manager, or partner of the Company with the authority to bind the Company to the terms of the Treasury Management Service disclosure(s) or other similar documents.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date