Positive Pay Service Description

1. Positive Pay Service

Montecito Bank & Trust ("Bank") hereby offers its Client and Client hereby accepts the Positive Pay Service (the "Service"). Subject to Bank's approval, Client may enroll in the Positive Pay Service which includes Check Positive Pay with Payee Match, ACH Positive Pay, and Account Reconciliation Reporting. References to the "Positive Pay" Service in this Service Description will collectively refer to Check Positive Pay with Payee Match, ACH Positive Pay, and Account Reconciliation Reporting, unless expressly provided otherwise.

2. Master Treasury Management Services Agreement; Supporting Documents

This Service Description forms part of the Master Treasury Management Services Agreement ("Master Agreement") agreed to by Client. In the event of conflicts between the terms of this Service Description and the terms of the Master Agreement, the terms of this Service Description shall control. Defined terms in this Service Description shall have the meaning provided in the Master Agreement, unless otherwise defined in this Service Description.

3. Supporting Documentation; Related Service Description

Each applicable Service is effective as of a start date which will be communicated separately by Bank to Client. If the Client chooses not to request enrollment in one of the Services, or if Bank in its sole discretion chooses not to approve Client for a requested Service, the terms of the applicable Service will not apply and the Service will not be performed by Bank. Bank systems used in the delivery of Services (the "System") may include, but are not limited to, a browser based online application which permits Client personnel to add, modify, and delete information and to review and take action on information processed by the System. Client's use of each of the Services must be facilitated through Bank's Business Online Banking Service or Commercial Center Service, and Client's use of the Services will also be subject to the separate Business Online Banking Service Description or Commercial Center Service Description, based on the Services used.

4. Account Designation

Throughout the term of this Service Description, Client will maintain the deposit account (the "Account") with Bank designated in the Supporting Documents, or otherwise in writing, to which the Services will be made available. Client acknowledges that this Service Description covers the Positive Pay Service to be provided by Bank and, except as specifically provided in this Service Description, does not cover the handling of the Account or the processing of checks or electronic funds transfers against the Account. As a result, the Account will be subject to, and Bank's operation of the Account will be in accordance with, the terms and provisions of Bank's deposit account agreement governing the Account, a copy of which Client acknowledges having received.

5. Exception Decisions

All exceptions must be reviewed and decided by Client by the applicable deadline or the System will apply the pay/return default, as applicable, to the entire file. If Client's exception decision is to return a check or reject an ACH entry, Client must select an applicable reason code. Returns or rejections made absent a specific reason code applied by Client may be returned with any reason code determined in Bank's discretion. Client agrees to promptly provide Bank upon request with Client's affidavit in support of returns or rejections for reason unauthorized.

6. Check Positive Pay Service.

A. The Check Positive Pay Service provides certain account services through an automated check matching system. Client's lists of checks reflected in Client's Issued Check File (defined below) will be compared against the amounts, check numbers, and payee names ("Payee Match") of presented items. Client agrees that Bank will only be obligated to match the check number, dollar amount, and payee name from the Issued Check File and that Bank may in its sole discretion, but is not obligated to, match additional data provided in the Issued Check File ("Additional Data"). Regardless of whether Bank decides to match against Additional Data, and notwithstanding the fact that Additional Data may be included in the Issued Check File, Client further agrees that Bank will not be liable to Client and Client agrees to hold

Bank harmless from loss or liability resulting from Bank's action or inaction with respect to Additional Data. Bank's determination to match Additional Data in any case will not obligate Bank to continue to do so in other instances. Notwithstanding the foregoing, Bank and Client may agree to Bank's review of Additional Data, subject to additional terms, fees and conditions.

B. "Payee Match" refers to the Check Positive Pay feature whereby Bank agrees to attempt to compare the payee name as provided in Client's Issued Check File on items that present against Client's account. Payee Match will not apply to checks presented for cash at a Bank branch. Client expressly agrees that Bank will only make a reasonable attempt to compare the payee name and that in any event, Bank will not be liable to Client and Client agrees to hold Bank harmless from loss or liability resulting from Bank's action or inaction with respect to the Payee Match feature. Client further agrees that Bank's ability to more accurately attempt to compare payee names will be dependent on Client's compliance with Bank's requirements and strong recommendations enumerated in Supporting Documentation, including but not limited to, typing payee names in all uppercase with 12-point font size. Furthermore, Client acknowledges that payee names listed on checks must match exactly the name listed in the Issued Check File (for example, payee on check "JOHN DOE" cannot be listed on the Issued Check File as "DOE, JOHN").

C. Client must submit a file ("Issued Check File") to Bank prior to the cut-off time specified in the Cutoff Hours section below, on the day of issuance of any checks, including Bill Pay Drafts, against accounts that are subject to the Check Positive Pay Service. The Issued Check File must be in the format and contain the information specified by Bank in the Supporting Documentation.

D. The term "presented item(s)" shall mean checks that are presented for payment against Client's Account through the normal check collection system. Presented items that do not match an item included in a Issued Check File, pursuant to this Service Description, will be identified as "error" ("Exception Check") and will appear on a record describing the Exception Checks ("Exception Check Report") which Bank will provide to Client under this Service Description. Client must submit a "pay", or "return request" decision for each item to Bank on the same business day by the deadline specified in the Cutoff Hours section below.

E. Client may research suspect items in the System by viewing the check image.

F. Bank will not be required to otherwise examine checks, or seek to confirm that they are properly signed, completed or encoded, or otherwise unmodified. Client agrees that Bank may rely on such a process and that the process will be deemed an acceptable standard of care for this Service and Client's Account. Client understands that the Service may not identify altered, counterfeit or duplicate checks or checks with forged or unauthorized signatures. As such, Client agrees to review promptly all statements, returned checks, reports and other check and transaction information Bank makes available to Client.

G. Client grants Bank full authority to honor all checks that match the check numbers, amounts, and payee names corresponding to Client's Issued Check File.

H. Unless the parties agree to other default provisions, Bank shall default to a "pay" decision for any Exception Check for which Client has not submitted a decision on the same business day by the cutoff hour specified in the Cutoff Hours section below.

I. Client agrees not to reuse check numbers that have previously been issued or negotiated from the Account. If Client orders or prints checks from any check-printing vendor other than a Bank selected vendor, Client agrees to meet the Bank's MICR encoding specifications.

J. The Service applies to checks that are presented for payment to Bank through normal interbank automated clearings. Client acknowledges that the Services do not cover checks which are (collectively "ineligible checks"): (i) presented by mail for collection, (ii) mis-encoded or duplicate items, (iii) items which Bank has already cashed, negotiated or paid or which Bank is already committed to honor or pay under applicable laws, regulations; or (iv) materially damaged, lost or destroyed. Bank may, in its sole discretion, attempt to compare Issued Check File data, as otherwise provided in this Service Description, against ineligible checks, but Bank will not be liable for its failure or refusal to do so.

7. **ACH Positive Pay Service.**

A. Client may use the ACH Positive Pay Service to review and confirm incoming ACH debit and credit transactions that post to Client's Accounts.

B. Client shall establish (and update from time to time) through the System its ACH policies ("ACH policies") which govern permissible transactions by: Originating Company ID; Standard Entry Class transaction code (SEC); Transaction Type Debit/Credit/Both; Dollar Range; and Minimum or Maximum Dollar, as applicable.

C. Bank shall compare incoming ACH debit and credit transactions against Client's ACH policies and accept those transactions which are authorized under Client's ACH policies as established by Client in the System.

D. Incoming entries that do not match against Client's ACH policies ("ACH Exceptions") will be reflected on an exception list made available by Bank ("ACH Exception Report"). Client shall review ACH Exceptions it receives from Bank through email notifications made through the System and/or online through the System, and determine if the ACH Exceptions will be treated as authorized or unauthorized ACH transactions.

E. Bank shall default to a "pay" decision for any ACH Exception for which Client has not submitted a decision on the same business day by the applicable deadline provided in the Cutoff Hours Section below.

F. Client acknowledges that the Services do not cover ACH debit or credit items which Bank has already paid or finalized or which Bank is already committed to pay or honor under applicable laws, regulations or the ACH Operating Rules.

G. Client acknowledges that the posting of ACH transactions may be delayed by restrictions on the account or non-sufficient funds. Requests to return these items through Positive Pay may be rejected by the Bank if the return falls outside of the return timeframe for the transaction per ACH Operating Rules.

8. Account Reconciliation Reporting

A. The Account Reconciliation Reporting Service enables the Client to obtain a transaction activity report to assist with reconciling a designated Account. Client will select the reconciliation period for the designated account. Client will be provided a summary report that is accessed through the Positive Pay Service containing a listing of all deposits, checks paid, outstanding checks, ACH debits and credits, miscellaneous debits and credits, service charges, and paid interest during the selected reconciliation period. Please refer to the user documentation for this Service for further detail on reports.

B. Client acknowledges that the posting of transactions may be delayed by restrictions on the account or non-sufficient funds. This may delay these items from being listed on the transaction activity report during the reconciliation period.

9. Cutoff Hours

Client's Issued Checks File received by Bank no later than 6:00 p.m. Pacific Time will be effective for Bank's review pursuant to this Service Description not later than the following business day. Client shall review, process, and deliver to Bank all pay/return decisions for Exception Check(s) as well as for ACH Exceptions by 11:00 a.m. Pacific Time on the same business day Bank makes the Exception Check Report and/or ACH Exception Report, as applicable, available to Client.

10. System Interruption or Failure

In the event of system interruption or failure, either that of Client's or Bank's system, resulting in Bank's inability to receive or process Client's Issued Check File or other communication, the Issued Check File or other Client communication will be deemed as having not been sent by Client, even if Bank has possession of the Issued Check File or other Client communication.

11. Limitation on Liability

In addition to any other limitation on liability in the Master Agreement, Client agrees that if Bank pays or rejects checks, items or ACH entries in accordance with this Service Description, Client releases Bank and holds it harmless from any claim that the checks, items or ACH entries were not properly payable, or for wrongful dishonor, as applicable. Client agrees that Bank exercises ordinary care whenever it rightfully pays or returns a Presented Check or ACH entry consistent with the provisions of the Service Description. Without limiting the foregoing, to the extent Bank has any liability under this Service Description for wrongful honor, it will be limited liability to Client for the lesser of the amount of the wrongfully paid Exception Check or ACH entry or Client's actual damages resulting from Bank's payment of the Exception Check or ACH entry, but for no other damages suffered as a result of the wrongful honor. Notwithstanding the improper payment of an Exception Check, Bank expressly reserves the right to assert that Client is liable for the amount of the wrongfully honored Exception Check on the grounds that the Exception Check was properly payable under Section 4-401(a). Bank further retains the right to assert Client's failure to exercise reasonable care under Sections 3-406(a) and 4-406(c). Bank retains the right to assert the defense that Client has sustained no actual damages because the Bank's honor of the Exception Check discharged for value an indebtedness of Client.