



Positive Pay User Guide



Montecito
Bank & Trust®

Member
FDIC
Rev. 04/26

Welcome

Welcome to Positive Pay from Montecito Bank & Trust! We are excited that you have chosen to protect your account from ACH and check fraud and streamline your reconciliation process with this all-in-one solution. Each section of this guide provides an overview and steps to help you use the Positive Pay system to its full advantage.

For additional support with Positive Pay, please contact our Service Center and one of our associates will be happy to assist you.

Service Center

Monday – Friday • 8:00 AM – 6:00 PM
(805) 963-7511

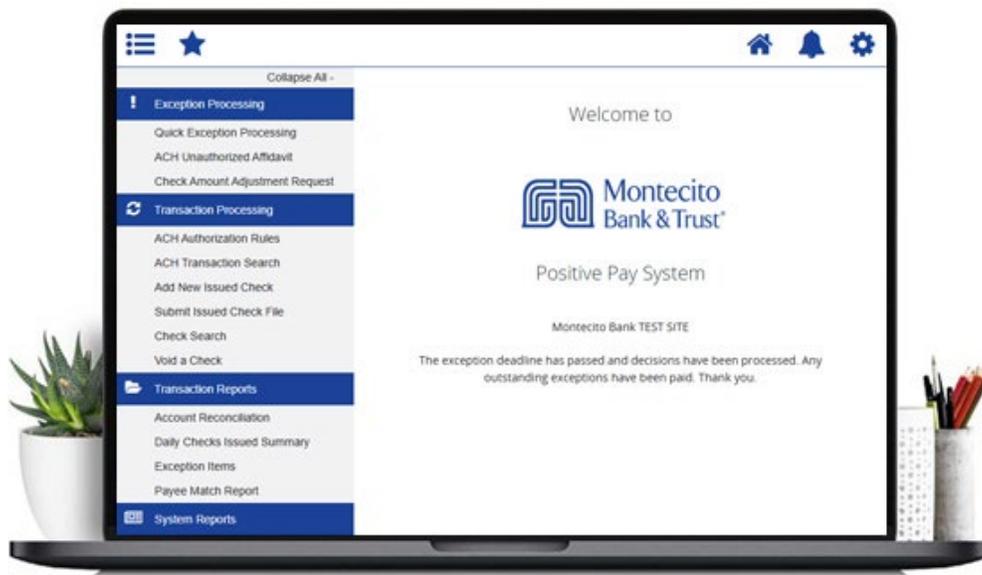


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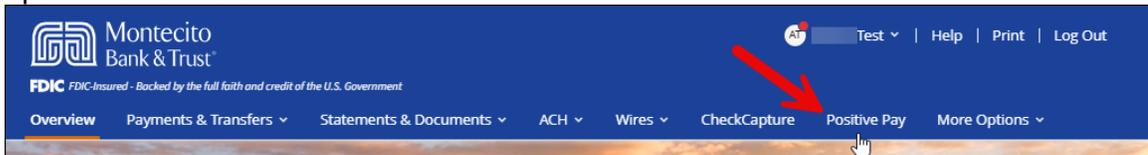
Positive Pay

Accessing Positive Pay

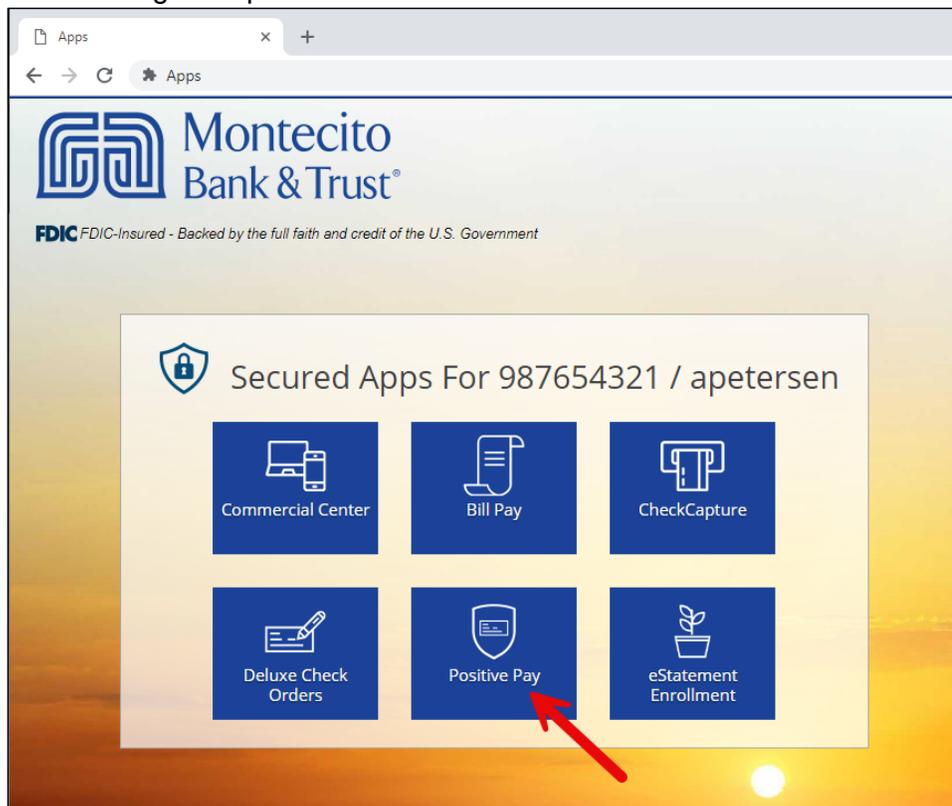
MB&T's **Positive Pay** system can be accessed within MB&T Business Online Banking or Commercial Center. Separate credentials are not required.

1. Log In to **Business Online Banking** or **Commercial Center** using your credentials.
2. Access **Positive Pay**.

Business Online Banking: Select Positive Pay from the main menu. Positive Pay will open in a new tab.



Commercial Center: Select the **Positive Pay** tile on the Secure Browser homepage. Positive Pay will open in a new tab.



Cutoff Times

11:00 a.m. PT: Decisions to pay or return exception items must be made by 11:00 a.m. PT or the item will automatically be PAID.

3:00 PM PT: ACH transactions returned as unauthorized require an affidavit to be submitted by 3:00 p.m. PT the day of the return.

- Business Online Banking users – refer to **ACH Unauthorized Affidavit - Business Online Banking Users Only**
- Commercial Center users – refer to **Commercial Center Unauthorized ACH Affidavit**



Note: If an ACH transaction with a CCD Entry Class Code is processed a day after it is received due to a reject or NSF, it cannot be returned due to the 24-hour return window mandated by NACHA rules. In this instance, we would not be able to honor a return request submitted through the Positive Pay system.

Check Formatting

The following formatting guidelines are essential for Positive Pay to function as designed.

Magnetic Ink Character Recognition (MICR)

The MICR specifications found on our website must be followed.

<https://montecito.bank/documents/micr-spec-sheet>

Font/Characters

- Payee name in all capital letters is recommended.
- Font size is 12-14 points.
- Bold, italics, and underlines are not recommended.
- Sans serif fonts (such as Arial or Verdana) are preferred.
- The words **PAY TO THE ORDER OF** or acceptable variations must be printed in machine-readable style and not script and should be to the left of the payee names.

Check Stock

- Check background must be light in color and plain (no pictures or lines) to ensure the payee name can be easily viewed.
- The check stock should be consistent for each account.
- Watermark/pantograph features are not acceptable in the **PAY TO THE ORDER OF** or **PAYEE NAME** area of the checks. When checks are image captured, these features may “bleed” through the document, causing background interference in reading the payee name.

Printing and Placement

- Letters must have enough space between them so that they are not touching each other.
- Additional lines of data below the payee name should be spaced such that the characters do not touch the payee name.
- The number of spaces between words should not be more than two spaces. For the payee block, use only one space between words.
- Do not add characters and names close to the valid payee name information. Any special codes or character included on the same line as the payee name should be at least two inches away.
- Print the Payee name only once in the check, including in the payee block.
- If including the name and address, do not split the payee block into two non-adjacent parts.
- The payee block should consistently use single-line spacing, be left-justified, and be a minimum of two empty lines away from other information.
- Check printing should have consistent locations for the payee information per account.
- Special codes, characters, or bar codes should not be in proximity of the **PAY TO THE ORDER OF, PAYEE NAME, or ADDRESS** fields.
- The payee name may not be in the top one inch of the check.
- Leave minimal amount of space (two to eight characters) between the **PAY TO THE ORDER OF** field and the payee name. The payee name must not touch the **PAY TO THE ORDER OF** text on the check.
- The payee name must be located not more than 15 characters (one inch) from the last word of the **PAY TO THE ORDER OF** text.

Check File Setup Requirements

To use the **Submit Issued Check File** feature, provide a sample file of outstanding checks from your accounts payable software to your Treasury Management Officer. MB&T will configure your File Mapping Format based on this sample. All uploaded files must match the approved sample format exactly. If your file format changes, contact your Treasury Management Officer for reconfiguration.

Acceptable File Types:

- Delimited Text
- Fixed Length File
- Microsoft Excel

Required Fields (in any order):

- Check Date
- Check Number
- Check Amount
- Payee Name (e.g., Jane Doe)

- Account Number (if using a single issued check file for multiple accounts)

File Requirements

- The issued payee names must match exactly to the printed payee name.
- Words or symbols used in conjunction with the payee name (such as **MR.**, **MRS.**, **MISS**, **OR**, **&**, or **AND**) must be included in the issued check file.
- If more than one payee name is printed on more than one line, make sure there is at least a space between line items.

Email Notifications

Authorized users with access to Positive Pay will receive email notifications for:

1. Issued check file processing statuses:
 - a. Issued file count/amount mismatch
 - b. Issued file loaded successfully
 - c. Issued file partially loaded
 - d. Issued file processing loaded no items
 - e. Issued file rejected
2. Exception Notifications – transactions that have posted to your account:
 - a. Duplicate paid item
 - b. Duplicate paid item with amount mismatch
 - c. Filtered/blocked transaction
 - d. Paid item not issued
 - e. Paid item with amount mismatch
 - f. Paid item with zero check number
 - g. Payee match additional name detected
 - h. Payee name mismatch
 - i. Stale-dated item paid
 - j. Unauthorized ACH transaction
 - k. Void item paid

Exception Processing

Quick Exception Processing

Use the Quick Exception Processing page to manage exception activity. You can make pay and return decisions on all items from this page.



Note: Decisions on exceptions must be made by 11:00 AM PST. Any items left undecided will be PAID. All Positive Pay users are placed into a read-only mode after the cut-off time to prevent changes.

To select an individual account for which to process exceptions, use the **All Account Nicknames** dropdown menu.

1. In the **Decisions Needed** section, select the exception reason row for each transaction. The transaction information (including check images will load). Possible exceptions include:
 - a. **AMOUNT MISMATCH** – The item posted with a mismatched amount.
 - b. **BLOCKED TRANSACTION** – The item meets the filter requirements specified on the Transaction Filters/Blocks page.
 - c. **CHECK NUMBER IS ZERO** – The item posted with a check number of zero.
 - d. **DUPLICATE PAID ITEM** – The item posted twice on the same day.
 - e. **PAID NOT ISSUED** – The item was never loaded into the system as an issued check.
 - f. **PAYEE NAME MISMATCH**– The payee name detected by the system does not match the payee name provided by client.
 - g. **PREVIOUSLY PAID ITEM POSTED** – The item was previously paid through Positive Pay on a previous date but is appearing again.
 - h. **STALE-DATED ITEM PAID** – The item is a stale-dated check. A check is considered stale dated if the item was issued more than 180 days ago.
 - i. **UNAUTHORIZED ACH TRANSACTION** – The item is an ACH transaction that was flagged as an exception by the ACH authorization rules defined for the account on the ACH Authorization Rules page.
 - j. **VOIDED ITEM** – The item was previously voided.
2. Choose to either:
 - a. **Pay** the transaction.
 - b. **Return** the transaction. A return reason must be specified:



Note: The ACH transactions that are returned require an Unauthorized Affidavit. This affidavit must be submitted before 3:00 PM PST the day of the return for the return request to be honored.

- c. ACH transactions provide an option to **Add Rule**. Use this to add new **ACH**

Authorization Rules for the transaction. The information for the transaction used to **Add Rule** will automatically populate.

- To **Pay all** or **Return all** items, select the ellipsis in the Decisions Needed section. Options to **Pay all** and **Return all** will display.

The screenshot displays the 'Quick Exception Processing' window. On the left, a table lists exceptions under 'Decisions Needed (3)'. The first exception is 'Payee name mismatch' with an amount of \$0.01 and ID #163, highlighted with a red '1' callout. A dropdown menu is open for this exception, showing 'Pay all' and 'Return all' options, with a red '3' callout. Below the table, there is a section for 'ACH Transactions Only' with three buttons: 'Add Rule', 'Pay', and 'Return', with a red '2' callout. To the right, there is a preview of a check for \$0.01, with a red '3' callout pointing to the 'Pay' button in the dropdown menu.

ACH Return Reasons

- Unauthorized Debit** - The item was never authorized by your business. Use for debits only. An **Unauthorized ACH Affidavit** must be completed.
 - Business Online Banking customers, refer to **ACH Unauthorized Affidavit**
 - Commercial Center customers, refer to **Commercial Center ACH Unauthorized Debit or Credit Claim**
- Unauthorized Credit** - Use for any ACH Credit you wish to return for any reason. An **Unauthorized ACH Affidavit** must be completed.
 - Business Online Banking customers, refer to **ACH Unauthorized Affidavit**
 - Commercial Center customers, refer to **Commercial Center ACH Unauthorized Debit or Credit Claim**

Check Return Reasons

- Altered/Fictitious** – the check has been modified after it was issued.
- Duplicate Presentment** – a check with the same check number has been processed and paid previously.
- Endorsement Missing** – The required payee signature on the back of the check is absent.
- Post Dated** – The check is being presented for payment before the date written on it.

5. **Refer to Maker** – A general instruction to the person that negotiated the check to contact you.
6. **Signature Irregular** – The signature of the person who wrote the check (the maker) does not match the authorized signature on file.
7. **Stale Dated** – The check is being presented past its expiration (180 days after it was written).

Payee Match Decision Learning

If you choose to **Pay** a Payee Name Mismatch exception, the system will remember that decision, reducing unnecessary exceptions in the future.

ACH Unauthorized Affidavit - Business Online Banking Users Only

Business Online Banking users have an option to navigate to the **ACH Unauthorized Affidavit** service request form in Business Online Banking. Commercial Center users, please refer to **Commercial Center Unauthorized ACH Affidavit**.

The image shows two screenshots. On the left is a menu titled 'Exception Processing' with four options: 'Quick Exception Processing', 'ACH Unauthorized Affidavit' (highlighted with a blue bar), and 'Check Amount Adjustment Request'. On the right is a form titled 'Submit Request' for 'ACH Unauthorized or Revoked Affidavit'. The form includes a note '* Fields are required' and several input fields: 'Select the Account:' (dropdown menu), 'Business Name:' (text box), 'Amount of Transaction:' (text box), 'Date of Transaction:' (text box), 'Originating Company Name:' (text box), and 'Entry Type Class Code:' (dropdown menu).

1. Enter the following information:

- **Select the Account** – Select the account to which the item was posted.
- **Business Name** – Enter the business name for the account above.
- **Amount of Transaction** – Enter the amount of the transaction.
- **Date of Transaction** – Enter the **Paid Date** of the transaction.
- **Originating Company Name** – Enter the name of the company originating the item. The company name can be found in the **Exception Type Description** in Positive Pay.
- **Entry Type Class Code** – Choose from the dropdown. The **Entry Type Code** can be found in the **Entry Type Description** in Positive Pay.



Note: The **Originating Company Name** and **Entry Class Code** can be found by reviewing the transaction in **Quick Exception Processing:**

Unauthorized ACH transaction		
Decision: Return	Reason: Unauthorized ACH Transaction	Decided By: <input type="text"/>
Account Nickname: <input type="text"/>	Amount: \$100.00	Paid Date: <input type="text"/>
WEB: XXXXXXXXXX / DR		
ORIGINATING COMPANY NAME		
Add Rule	Pay	Return

2. Choose the appropriate return reason from the list. Only choose one.
3. When the form is complete, select **Submit**.

If you have multiple returns that require affidavits, select the form link on the **Service Requests** page.

Service Requests

ACH Positive Pay Return Forms

[ACH Unauthorized or Revoked Affidavit](#) Use this form to report an ACH transaction that you did not authorize or has been revoked.

Check Amount Adjustment Request - Business Online Banking Users Only

Business Online Banking users have an option to navigate to the Check Amount Adjustment Request service request form in Business Online Banking. Commercial Center customers should call our Service Center at (805) 963-7511.

Transaction Processing

ACH Authorization Rules



Note: We strongly recommend that you create rules during **Quick Exception Processing** when ACH transactions are presented as exceptions rather than adding them manually on this page. Adding rules while you are making exception decisions will prefill the ACH Company ID and identifies the SEC code used in the transaction, making adding rules accurate and efficient.



Note: Two rules will be automatically established for your company:

1. Any ACH item originated by your business through Business Online Banking or Commercial Center.
2. All ACH Credits. This Rule may be removed/modified by contacting the Service Center at (805) 963-7511.

If you wish to make a global rule that would apply to all ACH items, such as “only allow CCD items” or “only allow Debits up to \$5,000.00”, contact our Service Center at (805) 963-7511.

The **ACH Authorization Rules** page displays a listing of all pre-authorized rules for ACH transactions. Adding an ACH rule allows ACH transactions to post to your account without triggering an exception.

1. Rules can be added by clicking on the add rule icon in the top right of the list () and provide the rule information:
 - **Account Nickname** – This is the account to which the rule will apply
 - **Rule Name** – This is the freeform name for the rule
 - **Company ID** – This is the identifier for the originator of the ACH transaction
 - **SEC Code** – This is the SEC code used for the rule
 - **Notification Type** – This will default to **Create Exception**
 - **Debits or Credits** – This will control whether the rule will apply to Debits, Credits, or both
 - **Max Allowable Amount** – Amounts that exceed this value will trigger an exception
 - **Transaction Description** – Allows for more specific control using the transaction description. If **Transaction Description** is used, the **Account Nickname** field is required.
2. Select **Save Changes** or **Save and Add More**

Rules can be edited or deleted by clicking on the ellipse icon () next to the applicable rule and selecting **Edit record**.

ACH Transaction Search

The ACH Transaction Search page can be used to search for specific ACH transactions. Search results can be viewed on the page or downloaded (in Excel, PDF, or CSV file formats).

Add New Issued Check

Use this page to add individual checks that are not included in your issued check file. To upload multiple checks using a check issuance file, see **Submit Issued Check File**.

1. Using the **Account Nickname** dropdown, select the account from which the issued check was drawn.
2. Provide the **check number, amount, issued date, and Issued Payee** (payee name) into the provided fields.
3. Select the **Add Check** button. A confirmation displays at the top of the page, and a table of newly issued checks appears at the bottom.



Note: Use the **Auto-Increment Check Number** checkbox when adding sequential checks.

The screenshot shows a web application interface for adding a new issued check. On the left is a sidebar with a 'Collapse All' button and several menu items: 'Exception Processing', 'Transaction Processing', 'ACH Authorization Rules', 'ACH Transaction Search', 'Add New Issued Check' (highlighted in orange), 'Submit Issued Check File', 'Check Search', 'Void a Check', 'Transaction Reports', and 'System Reports'. The main content area is titled 'Add New Issued Check' and contains the following fields: 'Account Nickname' (a dropdown menu with '9500' selected), 'Check Number' (an empty text box), 'Amount' (an empty text box), 'Issued Date' (a text box with '02/25/2026' entered), and 'Issued Payee' (an empty text box). Below these fields is an unchecked checkbox labeled 'Auto-Increment Check Number' and a blue 'Add Check' button.

Submit Issued Check File

Once your File Mapping Format has been configured by MB&T:

1. Select the **Choose File** button, locate the file on your computer, and choose **Open**.
2. Select the account from which the checks are drawn using the **Account Nickname** dropdown menu.
3. Select your **File Mapping Format**.
4. Use the **Process File** button. The file processing status displays at the bottom of the page.

Check Search

The **Check Search** page can be used to search for specific check transactions. Search results can be viewed on the page or downloaded (in Excel, PDF, or CSV file formats).

Void a Check

The **Void a Check** page can be used to remove an issued check that has already been added to the system.

1. Search for the check by providing the check information in the applicable fields:
 - a. Choose the applicable account using the **Account Nickname** from the dropdown menu
 - b. Enter the **Check Number**
 - c. Enter the **Check Amount**
 - d. Enter the and **Issued Date**
2. Select the **Find Matching Check** button to find the check.
3. Review and select the **Void Check** button.

Transaction Reports

Account Reconciliation

The **Account Reconciliation** feature allows your business to simplify the reconciliation process by providing a comprehensive report with detailed information on transaction activity. The report can be downloaded for use with your accounting software or incorporated into your reconciliation process.

1. To start a new reconciliation, make your desired selections and select **Search**.
 - a. **Account Nickname** – The last 4 digits of the business account number will be listed. If there are multiple accounts, a dropdown menu will appear.
 - b. **Reconcile Through Date** – This is the end date of the reconciliation period. The beginning date of the reconciliation period is based upon the last reconciliation performed on the account.
 - c. **Last Reconcile Through Date** – This is the date to which the account was last reconciled to.



Note The first time an account is reconciled, all activity up until the **Reconcile Through Date** will be included.

A **Transaction Summary** of activity will display.

2. Use the **Show Transaction Detail** button to view transaction details.
3. Within **Balance Summary**, enter the **Statement Balance** and select **Finish Reconciliation** to reconcile the account and generate the reconciliation report. Once completed, the report will be added to the **Reconciliation History**. The information can be downloaded in Microsoft Excel or PDF format.

Daily Checks Issued Summary

The **Daily Checks Issued Summary** provides a report that summarizes checks that you've issued on any given day. This includes both checks added individually via **Add New Issued Check** and checks uploaded using **Submit Issued Check File**. Results can be downloaded as Microsoft Excel, PDF, or CSV files.

Exception Items

Exception Items provides a report of items that were flagged as exceptions (both ACH and check exceptions). Report results can be downloaded as Microsoft Excel, PDF, or CSV files.

Multiple filters are provided to assist in locating specific exception items.

Payee Match Report

The **Payee Match Report** page provides information about check exceptions specific to Payee Match. In addition to the check added to the system, the report will include (but not limited to):

- **Payee Match Confidence** – This is the level of confidence that the payee match process returned for this check. The level will fall between 0 (no

confidence) and 1000 (perfect score). The confidence level will show as blank if there was no image found during the payee match process.

- **Found Payee** – This is the name that was read from the check image

Report results can be downloaded as Microsoft Excel, PDF, or CSV files.

System Reports

Issued Check Processing Log

The **Issued Check Processing Log** provides details about all issued check files that have been submitted using the **Submit Issued Check File** feature. Report results can be downloaded as Microsoft Excel, PDF, or CSV files.

Commercial Center Unauthorized ACH Affidavit

Commercial Center users can access the Unauthorized ACH Affidavit form and submit it securely through Commercial Center.

1. Navigate to the **My Settings** and select **File Vault**:
2. Download the **Unauthorized ACH Affidavit**.
3. Complete the **Affidavit** (instructions on Page 2 of the Affidavit).
4. Send the completed form to us by sending us a **Secure Message**:
 - a. Navigate to **My Settings > Secure Messaging**
 - b. Select **Compose** to start a new message.
 - c. Select the **Subject ACH Return**, set the **Urgency** to **High** and add the **Affidavit** as an attachment. Then select **Send**.