

Positive Pay User Agreement

State Bank of Southern Utah (SBSU)

Revised 1/16/2026

Introduction

Positive Pay (Pos Pay) is banking's response to check fraud. Many people do not become aware they are victims until a vendor contacts them about a past-due account, although the check was mailed and cleared weeks ago. Only after the check is examined does it become apparent that it was altered and deposited by an impostor.

Reasonable Promptness is the window of time afforded to bank customers to shift liability for unauthorized transactions to the bank. To accommodate physical mail delivery, it has been historically defined as 30 days *after* statement generation. Yet it exceeds inter-bank check/item return deadlines by far and results in unacceptable losses for banks like SBSU.

Reasonable Promptness Change

To encourage the adoption of Positive Pay, the definition of *Reasonable Promptness* is changing. The window afforded customers to shift liability to the bank for unauthorized items will be measured in hours instead of days, and will be defined as follows:

Before 3:00 P.M. Mountain Time on the same banking day the transaction item (e.g., check) is posted to your account.

The new *Reasonable Promptness* definition for your Company is effective upon the earlier of either event, as follows:

- The date indicated in a notice from the bank, or
- The date of Positive Pay activation.

All Company Accounts Covered

All Company accounts are subject to the updated *Reasonable Promptness* definition even if Pos Pay processing is not activated on all Company accounts. You may add additional accounts to the process at your discretion. The feature that includes ACH items in the review process may also be enabled. However, Pos Pay for checks may be the only feature enabled at initial setup.

SBSU offers Positive Pay *at no charge*.

Default Settings

The following default settings will be utilized. Those settings may be changed by contacting us at the number listed at the end of this Agreement.

- Any **one** Authorized User may upload Check Data and approve exception items for payment (*this may be changed to require **two** authorized users to upload check data and dispose of exception items*).

- **Pay All:** Because fraudulent items are relatively few in comparison with legitimate items, exceptions that have not been reviewed within the specified deadlines (Item #10 below) will be **paid** by the bank against your account (*this may be changed, at your discretion, to **return** all unreviewed items*).

General Terms and Conditions

Users of Positive Pay, and their respective successors and assigns, agree to the following and any updates that may be posted by SBSU from time to time:

1. **Description of Service.** Positive Pay (PP or the “Service”) is designed to help identify and limit fraud losses or unauthorized transactions against Customer’s deposit account by comparing incoming items with a list of authorized checks and ACH originators provided by Customer. Exceptions will be electronically queued for review. Company or Customer is subject to the deadlines set forth in the **Schedule (item #10)**.
2. **Reasonable Promptness.** The definition of what constitutes *Reasonable Promptness* will apply to all accounts for Company on the earlier of Pos Pay activation or on the date indicated in written notice provided by SBSU and applies regardless of Company’s participation or non-participation in Positive Pay, or whether accounts are currently open or opened later. That definition is as follows:

Before 3:00 P.M. Mountain Time on the same banking day the transaction item (e.g., check) is posted to your account.

3. **Check Data.** These data consist of (a) issue date, (b) serial number, (c) amount and (d) payee of each check issued (the “Check Data”) against Participating Accounts.
 - For checks likely to be cashed at SBSU: Customer will *immediately* provide **Check Data** to SBSU to allow checks to be negotiated at Bank’s teller line.
 - For checks mailed to others: Customer will provide check data within the **Schedule’s** Data Submission deadline.
 - All Data: must be formatted and delivered to Bank in the manner specified by the Bank. It will be used to screen checks presented for payment. If payee information is not provided for any reason, Company must manually review checks for payee alterations within the **Schedule’s** Reasonable Promptness Deadline.
4. **Payment of Matching Items.** If a check or ACH item presented against the Account matches the Check Issue Data or ACH whitelist, Bank will make final payment and charge the item to the Account.
5. **Exceptions Report.** Customer login to Positive Pay is required each banking day to review Exception Items. Bank will attempt to notify Customer of exceptions that are queued for review, generally via E-mail or text. An item presented for payment that does not match the Check Data or ACH whitelist is an Exception Item.
6. **Return Instructions.** Customer must instruct Bank through the specified Online channel to pay or return the Exception Item (a “Pay/Return Decision”). Customer must review each exception item by payee, serial number, dollar amount, and date prior to

making the Decision. Bank must receive the Pay/Return Decision from Customer via the specified Online channel within the deadlines set forth in the **Schedule**.

- 7. Payment of Check or ACH Item.** If Customer fails to notify SBSU of an Exception Item's disposition (pay or return) within the deadline set forth in the **Schedule**, Bank shall refer to the default disposition setting, which is initially set to **Pay All**. If Customer wishes to change the disposition of an item after the Daily Decision Deadline set forth in the **Schedule**, SBSU shall seek to comply with Customer's request but shall have no liability to Customer for failure or inability to execute. Any decision to pay a check flagged for return may **not** be modified after the Daily Decision Deadline.
- 8. Limitation of Liability and Indemnification.** Any item that Bank returns in accordance with the terms of this Agreement will be deemed to be unauthorized and not properly payable. Any item drawn on the Account that Customer authorizes Bank to pay in accordance with this Agreement will be paid without Bank performing any other verification procedures. Once Customer has authorized the payment of an item against the Account utilizing Positive Pay, or Bank has followed Customer's instructions for Disposition of Unreviewed Exception Items, Bank will have no liability whatsoever for paying the item, regardless of whether the item was validly issued by Customer and/or whether Bank has performed any additional verification procedures for the item. Customer (i) agrees to indemnify and hold Bank harmless from any losses or liabilities it may suffer or incur as a result of Bank returning or paying an item against the Account based upon Customer's Pay/Return Decision, and (ii) releases and forever discharges Bank, its officers, directors, employees and agents, from any and all manner of action or actions, suits, claims, damages, judgments, levies, executions, expenses, costs, interest, attorney's fees and legal expenses, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, which Customer has, or ever can, may or shall have or claim to have against Bank regarding or relating to the payment or return of any item pursuant to the provisions of this Agreement. In no event shall the Bank be liable for any consequential, special, punitive, or indirect loss or damage which the Customer may incur or suffer in connection with this Agreement, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from the Bank's acts or omissions in performing its services under this Agreement. The Bank is not responsible for detecting any error contained in any Issued File, Pay Request or Return Request you send the Bank. Occasionally a Presented Check may appear on Exception File when it has been presented to the Bank on a previous Issued File. You, and not the Bank, are responsible for reconciling such reports and providing the Bank with appropriate instructions per this agreement. This Agreement does not apply to a check or ACH debit or credit Item that the Bank has already cashed, negotiated, or paid, or which is already committed to honor or pay under applicable laws, regulations or rules governing such items.
- 9. Stop Payment and Return Decisions.** The Positive Pay Service shall not be used as a stop payment service. Customer agrees to follow Bank's standard stop payment procedures if it desires to return a matching or other item that was validly issued. Nothing in this Agreement shall limit (i) Customer's right to stop payment on any matching or other item; (ii) Bank's right to return any matching or other item that

Customer has authorized Bank to pay if Bank determines, in its sole discretion, that the item is not properly payable for any reason; (iii) the right of the Bank to return any item when there are insufficient collected and available funds in the Account, or (iv) Bank's discretion to use Stop Payment as a return reason, such as when Customer fails to whitelist a payment the bank believes to be authorized. Nothing in this Agreement will be construed as obligating the Bank to perform any verification procedures on any item that Customer has authorized the Bank to pay, although the Bank may choose to perform certain item verification procedures if it so chooses in its sole discretion.

10. Schedule.

Time	Banking Day Event (All times listed in Mountain Time)
10:00 AM	Daily Decision Deadline: Deadline by which customer must notify Bank of its Return Decision for Exception Items on the same banking day that Bank has Exception Item(s). The default disposition will be utilized if Company fails to provide Decisions by this time.
3:00 PM	Reasonable Promptness Deadline at which Customer Accepts Liability: The time at which Customer accepts all liability for items paid to Customer's account(s) on the banking day the item posts to the account(s).
5:00 PM	Data Submission Deadline: Deadline for Customer to submit Check Data or ACH whitelisting via the specified Online channel to screen pending items and reduce next-day exception items. Files or updates received by the Bank after 5:00 PM will be processed on the next banking day. Customer may send more than one file per day.
Banking Day	A day the bank is open to the public for carrying on substantially all Banking (other than Saturday, Sunday, or listed holidays).

11. Non-Processing Holiday Days

New Year's Day
Martin Luther King, Jr. Day
Presidents' Day
Memorial Day
Juneteenth (June 19 th)
Independence Day
Pioneer Day (see note below*)
Labor Day
Columbus Day
Veteran's Day
Thanksgiving Day
Christmas Day

*Pioneer Day is considered a "Banking Day" for Positive Pay purposes. Decisions and data submission must be completed although the bank is closed to the public.

- 12. Security.** Customer understands the importance of its role in preventing misuse of Customer's Accounts through the Positive Pay Service. Customer agrees to protect the confidentiality of its Account and Account number(s), Password, and personal identification information, such as driver's license number and Social Security number. Customer understands personal identification information by itself, or together with information related to Customer's account, may allow unauthorized access to Customer's account. The Customer's password should never be communicated to the Bank. Customer accepts responsibility for the confidentiality and security of its password.
- 13. Software Setup.** Software setup is required prior to utilization of the Positive Pay service. Bank personnel will assist Company with (a) identifying authorized users, (b) assigning their access rights, (c) determining their preferred contact method(s), and (d) training. Company may modify such information at any time by contacting SBSU.
- 14. Employees.** Customer acknowledges and agrees that it is entirely responsible for all acts and omissions of Customer's employees, agents, officers, directors, and others in connection with the Pos Pay service the Bank provides under this Agreement. Customer further acknowledges that it is responsible for selecting, hiring, and monitoring the activities of such persons, including any activities relating to Pos Pay services. The Bank recommends that the individual who uploads the Check Data File be different from the individual who reviews Exceptions.
- 15. Termination.** Either Customer or Bank may terminate this Service by providing thirty (30) days' advance written notice to the other party. The Service will automatically terminate for the Company or account immediately upon the following conditions: (a) Online access is cancelled by either party, (b) Account is closed for any reason, or (c) Company fails to log in to Positive Pay within a 6-month period during which items are queued for Company review. Termination of the Service will not terminate Customer's or Bank's rights or obligations under this Agreement with respect to events or actions which occurred before such termination. The Reasonable Promptness deadline as defined above in the **Schedule** will remain in force and apply to any account that remains open and associated with Company and/or its EINs
- 16. Survival.** Section #8, **Limitation of Liability**, survives termination of the Service.
- 17. 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 the Agreement. This Agreement does not change the terms of any other agreement, including the Deposit Account Agreement, except as it relates to Positive Pay.
- 18. Fees.** There is no monthly fee to participate in Positive Pay. However, if Company fails to submit timely Check Data, SBSU reserves the right to charge \$5 per exception item,

up to a maximum of \$200 per month to the account initially enrolled in Positive Pay.
Fees are subject to change upon 30 days' notice.

Bank Contact Information

State Bank of Southern Utah

Attn: Positive Pay

377 N Main

Cedar City, UT 84721

(435)865-2394 / Online@sbsu.com (include Positive Pay in the Subject line)