ARROWBANK NATIONAL ASSOCIATION | 250 Glen Street • PO Box 307
Glens Falls, NY 12801
(518) 793-4121 • arrowbank.com

Positive Pay Agreement

General Company Information

Company Name Town of New Hartford Tax ID Number 15-1001062

Address 8635 Clinton St City, State, Zip New Hartford NY 13413

Contact Information

Contact Name Christina Lacy Contact Phone 315-338-3058

Contact Email clacy@townofnewhartfordny.gov Contact Fax 315-801-4407

Contact Name LeeAnn Wells Contact Phone (315)558-5033

Contact Email lwells@bonadio.com Contact ~~Fax~~ mobile (315)243-2123

* We strongly recommend an email distribution group to ensure multiple employees in your organization receive notifications about exception items. Group distribution email address: _____

Services Requested

Positive Pay for Checks service requires the company to upload a file of issued checks using Arrow Bank's Positive Pay System in the specified format. The system will compare any checks processed to the checks issued date, check number, dollar amount and the payee's name, and generate an exception if it does not match. The company is responsible to review the exceptions and decide to pay or return the check within established daily timeframes. Please note that all checks post to the account and are then returned if applicable. Complete the Positive Pay for Checks Application.

ACH Positive Pay service enables the company to set criteria to either filter/block or allow ACH transactions based on specified criteria determined by the company as allowed by the system. The system will compare any ACH transactions posted to the account to the filters/blocks and generate an exception if warranted by the specified criteria. The company is responsible to review the exceptions and decide to pay or return the transaction within established daily timeframes. ACH returns require the completion of a Written Statement of Unauthorized Debit (WSUD). The completed WSUD needs to be returned to the bank prior to the 10:00 am decision deadline. Please note: all ACH transactions post to the account and are then returned if applicable. Complete the Positive Pay for ACH Application.

Account Reconciliation is included with both services. Transaction reports are available.

You are requesting one or both services checked below:

□ ☑ Positive Pay for Checks □ ☐ ACH Positive Pay

_____ _____
Authorized Account Signer Date

James Messa Town Supervisor
Printed Name of Authorized Account Signer Title

AGREEMENT TO PERFORM POSITIVE PAY SERVICES

This Agreement to Perform Positive Pay Services ("Agreement") is made between Town of New Hartford, ("Company"), whose address is 8335 Clinton St New Hartford NY 13413, and Arrow Bank, 185 Genesee Street Utica, NY 13501 ("Financial Institution") on _____.

Financial Institution and Company agree as follows:

1. **SERVICE.** The Positive Pay Service ("Service") as described in this Agreement is to be performed by Financial Institution for Company for the following account number(s):

   ■ Account Number(s)

   1400715121

   _____

   _____

   _____

2. **DELIVERY ARRANGEMENTS AND TIMING.**

   2.1 **Delivery Arrangements.** Financial Institution and Company shall jointly establish written criteria under which ACH transactions and/or checks shall be paid. If an item is presented to the Financial Institution for payment against Company's account which does not for any reason meet the established criteria, such item shall be deemed an exception. Whenever checks are issued from the controlled account, Company shall upload an electronic check issue file using Positive Pay System Banking to Financial Institution in an agreed upon format that includes the check number(s), payee name and the amount of each issued check, excluding weekends and Financial Institution holidays. Company shall deliver the issue file as soon as and, in all events, no later than 5:00 pm of the business day that the check(s) are rendered to ensure legitimate items are not identified as exceptions due to a missing issue file. If the file is received after 5:00 pm the items will be presented for next business day processing.

   Financial Institution shall deliver an email to Company each weekday, except Financial Institution holidays, by approximately 8:30 am containing an electronic list (via the Positive Pay System) of such daily exceptions, if any. Company shall review this list of exceptions and specify which exceptions Company decides to pay or return using the Positive Pay System no later than 10:00 am of the same day such exception list is received. All items noted on the exception list shall be processed based on the Company's instructions on the Positive Pay application in the event the Company has not submitted decisions by 10:00 am on any business day. The Financial Institution is not responsible if any item is returned pursuant to the Company's instructions on the Positive Pay application or if the Company does not timely review and notify the Financial Institution as to the payment of any exception items or ACH transactions otherwise blocked pursuant to the instructions on the Positive Pay application.

   2.2 **Timing.** Company understands that Financial Institution will begin capturing items into the Service upon execution of this Agreement and the account setup.

3. **CHECK STANDARDS.**

   3.1 **Minimum Check Standards and Specifications.** Company will ensure that all issued checks will be of minimum American National Standards Institute with respect to character position and formation.

4. **ERRORS OR UNAUTHORIZED TRANSACTIONS; NOTICE OF CLAIMS. Company will be notified of debits to Company's account(s) listed in Section 1. By connection with Company's use of a service through the Company's periodic account statements (each such notice, whether provided through Company account statement(s) or electronically, by telephone, in writing or otherwise through Company's use of another service, a "Confirmation"), the Company agrees to regularly and promptly review and verify each Confirmation. If Company suspects an error, discrepancy or unauthorized transaction, Company shall immediately report the event by verbally contacting Financial Institution, and also submitting a written report detailing the problem as soon as possible, but in any event within 30 days of the earlier of (I) the closing date of the account statement(s) which first reflected the problem, or (ii) the day Financial Institution first electronically notified Company or otherwise make available (other than via account statement(s) a Confirmation to Company.**

   If Company fails to notify Financial Institution, Company will be precluded from asserting subsequent forgeries, alterations or unauthorized transactions by the same person or entity with respect to any of Company's account(s). Without regard to care or lack of care, Company failure to discover and report any suspected error, discrepancy or

unauthorized transaction in connection with any Service or Company's account(s) within sixty (60) days after a Confirmation or other documentation reflecting the problem was made available to Company will bar any claim against Financial Institution with respect to any such error, discrepancy or unauthorized transaction. Company will notify Financial Institution immediately of any claim against Company or Financial Institution made by a third party, that any act or omission by Financial Institution with any service has caused such third party to sustain any damage. Company acknowledges that the reconstruction of an event causing Company to suffer damages becomes difficult and may be inaccurate more than one (1) year following the occurrence of such event. Accordingly, Financial Institution and Company agree that any claim, action or proceeding against the other for damages arising from or in any way related to an act or omission of the other in connection with the Service or the performance of the Service, including any claim based on negligence, must be brought within one (1) year from the date of such act or omission. Company and Financial Institution will cooperate with the other in any loss recovery effort related to the performance of the Service and will assist the other in the defense or prosecution of any claim, action or proceeding brought by or against a third party related to the Service.

5. **LIABILITY OF FINANCIAL INSTITUTION; LIMITATIONS ON LIABILITY.**

5.1 **Performance of Financial Institution.** Financial Institution shall be responsible only for performing the Service it expressly agrees to perform in this Agreement. Financial Institution shall not be responsible for any acts or omissions of Company, including without limitation the amount, accuracy, timeliness of delivery or Customer authorization of any item or instruction received from Company, or any act or omission of any other person, including without limitation any transmission or communications facility, and data processor of Company, and no such person shall be deemed Financial Institution's agent. The Financial Institution has no liability for any failure in any communication system which results in the failure of the Company to timely receive emails, with the Company assuming all risk of any email delivery. Further, the Company acknowledges that the Services are not intended to be a substitute for stop payment orders on items suspected to be unauthorized. While the Services are an effective anti-fraud aid, the Services cannot prevent all fraud and will not always detect certain items as exceptions.

5.2 **Limit on Damages.** In no event, shall Financial Institution be liable for any consequential, special, punitive, or indirect loss or damage which Company may incur or suffer in connection with this Agreement, including without limitation loss or damage from subsequent wrongful dishonor resulting from Financial Institution's acts or omissions in performing its services under this Agreement.

5.3 **Force Majeure.** Financial Institution shall not be responsible for any failure to act or delay in acting if such failure is caused by legal constraint, the interruption of transmission or communication facilities, computer malfunction or equipment failure, war, emergency conditions, or other circumstances beyond Financial Institution's reasonable control. In addition, Financial Institution shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Financial Institution's having violated any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other governmental regulatory authority.

5.4 **Interest.** Subject to the foregoing provisions of this Section 5, any liability which Financial Institution may have for loss of interest for an error or delay in performing its services hereunder shall be calculated by using a rate equal to the average Federal Funds rate of the Federal Reserve Financial Institution of New York for the period involved, less any applicable reserve requirements.

6. **INDEMNIFICATION.** Company shall defend, indemnify, and hold harmless Financial Institution, and its officers, directors, agents and employees, from and against any and all actions, costs, claims losses, damages or expenses, including attorneys' fees and expenses, resulting from or arising out of (i) any breach of any of the agreements, representations, or warranties of Company contained in this Agreement, or (ii) any act or omission of Company or any other party acting on Company's behalf, including but not limited to parties described in Section 5.1 above.

7. **PAYMENT FOR FINANCIAL INSTITUTION SERVICES.** Company shall pay Financial Institution fees for the services provided by Financial Institution under this Agreement in accordance with fees outlined on the Application for Positive Pay for Checks and the Application for Positive Pay for ACH. Such charges do not include, and Company shall be responsible for payment of, and sales, use, or excise, value added, utility or other similar taxes relating to the services provided for in Company's agreement between Financial Institution and Company with respect to the Company Account (the "Account Agreement"). The fees for the services provided by Financial Institution under this Agreement automatically renew at the end of one (1) year at the prices and terms then in effect and shall continue after the initial contact period until terminated at the end of any calendar month, by either Company or Financial Institution giving the other at least thirty (30) business days prior written notice, stating the termination date. Company will be notified of any changes to fees in writing at least thirty (30) business days prior to the effective date of the change. Amendments to this Agreement shall be effective only when in writing and signed by the Financial Institution and Company.

8. **TERMINATION.** Financial Institution may terminate this Agreement immediately by notice to Company, or without notice if Company breaches any of its obligations under this Agreement or breaches any of the rules and provisions set forth in the Account Agreement. Company may terminate this Agreement at any time upon thirty (30) business days prior notice to Financial Institution. Termination shall not affect any of Financial Institution's rights or Company's obligations under this Agreement prior to such termination.

9. **CONFIDENTIALITY.** Company acknowledges that it will have access to certain confidential information regarding Financial Institution's execution of Service(s) contemplated by this Agreement. Company shall not disclose any such confidential information of Financial Institution and shall use such confidential information only in connection with the transactions contemplated by this Agreement.

10. **TAPES AND RECORDS.** All data and records used by Financial Institution for Service(s) contemplated by this Agreement shall be and remain Financial Institution's property. Financial Institution may, in its sole discretion, make available such information upon Company's request. Any expenses incurred by Financial Institution in making any such information available to Company shall be paid by Company.

11. **GENERAL PROVISIONS.**

11.1 **Entire Agreement.** This Agreement and the schedules attached hereto constitute the entire agreement between Financial Institution and Company regarding the Positive Pay Services. Also, to the extent not inconsistent, the Company agrees that it is subject to the terms and conditions of the Account Agreement. In the event performance of the Services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which Financial Institution is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and Financial Institution shall incur no liability to Company as a result of such violation or amendment. No course of dealing between Financial Institution and Company or usage of trade shall constitute a modification of this Agreement regardless of whatever practices or procedures Financial Institution or Company may use.

11.2 **Amendment.** Financial Institution may amend any part of this Agreement, including any schedule hereto, from time to time immediately upon notice to Company. The Company may amend the accounts to be covered by the Services upon ten (10) days prior written notice to the Financial Institution.

11.3 **Instructions and Notices.**

(i) Except as otherwise expressly provided herein, Financial Institution shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.

(ii) Financial Institution shall be entitled to rely on any oral or written notice, response, or other communication believed by it to be genuine and to have been provided by an authorized representative of Company whose name is set forth on Schedule B (each an "Authorized Representative"), and any such communication shall be deemed to have been provided by such person on behalf of Company. Company may add or delete any Authorized Representative by written notice to Financial Institution signed by an Authorized Representative. Such notice shall be effective on the second business day following the day of Financial Institution's receipt thereof.

(iii) Any Entry or other data or information received by Financial Institution from or transmitted by Financial Institution to the following data processor selected by Company shall be deemed to have been received from or transmitted to Company, and such processor shall be deemed the agent of the Company. Company may change such processor by written notice to Financial Institution signed by an Authorized Representative. Such notice shall be effective on the second business day following Financial Institution's receipt thereof. Financial Institution shall not be liable in any way for the acts or omissions, whether intentional or negligent, of such processor.

(iv) Except as otherwise provided herein, any notice under this Agreement must be in writing and delivered by express carrier, faxed, or sent by United States registered or certified mail and, if to Financial Institution, addressed to:

Arrow Bank
185 Genesee St
Utica, NY 13501
Attn: **Deposit Services**
Fax: **(315) 733-2504**

and, if to Company, addressed to the Company's address on file unless another address is substituted below:

_____
_____
_____
Attn: _____
Fax: _____

Except as otherwise expressly provided herein, any such notice shall be deemed given when received. Any change in any address or email address must be given in writing at least seven (7) days prior to afford the other party a reasonable opportunity to record such change in its records.

11.4 **Assignment.** Company may not assign its interest or rights under this Agreement without the prior written consent of Financial Institution, and any purported assignment in violation of this section shall be void.

11.5 **Successor and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties' hereto and their respective legal representatives, successors, and permitted assigns. The Agreement is not for the benefit of any other person, and no other person shall have any right against Financial Institution or Company hereunder.

11.6 **Headings.** Headings used in this Agreement are for convenience only and shall not be deemed a part of this Agreement.

11.7 **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of New York, Federal Reserve Regulations, NACHA Rules, and this Agreement.

11.8 **Counterparts.** This Agreement may be signed in counterparts, all of which shall constitute one agreement.

11.9 **Waiver.** A waiver by Financial Institution or Company of any term or provision shall not be construed as a waiver of such term or provision at any other time, or of any term or provision.

Town of New Hartford
Company

By _____

Title _____

Town of New Hartford
Company

By _____

Title _____

Arrow Bank Reviewed By
Financial Institution

By _____

Application for Positive Pay

EMPLOYEES RESPONSIBLE FOR EXCEPTION DECISIONS

	Individual Email or Group Email	Phone # with ext.	Cell # for Text Notices
Sr Administrator Name			
User Name			
User Name			
User Name			
User Name			

Text messaging for Positive Pay is an additional available service but is not required.

Text messages will be sent to cell phone numbers listed between the hours of 7 am - 7 pm (Mon-Sat).

Text message service will work in conjunction with the current email notifications. Email notifications will continue.

**** Please Note Message & Data rates may apply ****

SERVICE REQUESTING			
CHECK	[X] Yes	[ ] NO	Number of accounts _____
ACH	[ ] Yes	[ ] NO	Number of accounts _____

Check Positive Pay

List of Accounts to be added to the system

1	6	11	16
2	7	12	17
3	8	13	18
4	9	14	19
5	10	15	20

All Transactions will post prior to becoming exceptions

Exception Item Cutoff Time 10:00 am **Default Instructions: Return** [ ]

Exception Items are to be reviewed and a decision daily by **10:00 A.M.** Arrow Bank will adhere to the Default

Issued Check File Data

Please note: To initiate this service, a file containing a complete list of all outstanding checks is required.
A file of check issuance data needs to be provided to Arrow Bank every time Checks are issued.

Check File Format

Submitting a sample of a file to us, will allow us to build the format for your company. Excel or Standard Text accepted

Mandatory fields: Issued Date, Check Number, Dollar Amount, Payee Name *Check Disposition

*Check Disposition indicate Issued, Voided or Deleted check.

No headers or totals are required.

Example of Excel Check File

	A	B	C	D
1	Issued	Check #	Dollar Amount	Payee Name
2	6/24/2024	1002	$ 50.00	Costco
3	6/24/2024	1003	$ 76.00	Walmart
4	6/24/2024	1004	$ 33.00	Target
5	6/24/2024	1005	$ 46.50	Bed Bath and Beyond
6	6/24/2024	1006	$ 77.16	Frontier
7	6/24/2024	1007	$ 55.00	Bass Pro
8	6/24/2024	1008	$ 22.30	Maceys

ACH Positive Pay

List of Accounts are subject to the exceptions below

1	6	11	16
2	7	12	17
3	8	13	18
4	9	14	19
5	10	15	20

All Transactions will post prior to becoming exceptions

Exception Item Cutoff Time 10:00 am **Default Instructions: Return** ☐

Exception Items are to be reviewed and a decision daily by **10:00 A.M.** Arrow Bank will adhere to the Default Instructions above for any Exception Item that has not been decided on by the deadline.
Please note: all ACH returns require a Written statement of Unauthorized Debit form to be completed and submitted

☐ **NO ACH TRANSACTION** allowed. This option will cause all ACH transactions to create an exception.

ACH AUTHORIZATION EXCEPTIONS – The following transactions are <u>allowed.</u>
All others will create an exception and require a pay/return decision

Information needed for the allow list: Company Name, Debits / Credits or Both and a Max Amount if required.
* Highlighting a previous month or couple months of statements is a good way to create the allow list.

Example

Company Name that shown on statement	
ACH Credits	
ACH Debits	
Maximum $ Amount	

ACH FILTER EXCEPTIONS – The following transactions are <u>NOT allowed and will create and exception.</u>
These transactions require a pay/return decision, all others will be allowed.

Information needed for the NOT Allow list: Company Name, Debits / Credits or Both, and a Max Amount if required.

Example

Company Name that shown on statement	
ACH Credits	
ACH Debits	
Maximum $ Amount	

Completed by _____