



# Harmony Bank

Better Happens Together®

## REMOTE DEPOSIT SERVICES AGREEMENT

Please review, complete, sign in INK, and return all 26 pages. Digital signatures will not be accepted.

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### A. Introduction

This Remote Deposit Services Agreement (the "Agreement") governs the use of Bank Remote Deposit Services (the "Service"). The Service allows you to operate an image scanner device specified by the Bank to scan paper checks to create an image cash letter file to send to Bank through the System. This Agreement establishes the terms and conditions for electronic access to the remote deposit capture system (the "System"). When you use any of the Service(s) described in this Agreement, you agree to the terms and conditions of this Agreement.

For purposes of this Agreement, the words "we," "our," "us," "Bank" and other similar terms mean Bank. "You," "Your," "User," "Customer," "Company" and other similar terms refer to the account holder named below and anyone else authorized by that account holder to exercise control over account holder's deposits through the Service. "Account" or "accounts" means your accounts at the Bank.

### B. Rules, Laws and Regulations

You agree to abide by and comply with all local, state, and federal rules, laws and regulations, including but not limited to, Regulation CC - "Expedited Funds Availability Act", its Subparts B, C and D (Subpart D implements the Check Clearing for the 21st Century Act (Check 21 Act), Bank Secrecy Act (BSA), the rules of the National Automated Clearing House Association (NACHA), sanctions laws administered by the Office of Foreign Assets Control (OFAC), and laws administered by the United States of America in existence as of the date of this Agreement and as amended from time to time (herein collectively referred to as the "Rules"). It shall further be the responsibility of the Company to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline.) The specific duties of the Company provided in the following paragraphs of this agreement in no way limit the foregoing undertaking. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules.

### C. Other Agreements

The terms and conditions of the deposit agreements and disclosures for each of your Bank accounts, in addition to your other agreements with the Bank, continue to apply notwithstanding anything to the contrary in this Agreement.

### D. Using Remote Deposit Service

To use the System, you must have at least one checking account at the Bank, acquire the computer hardware and software required to access the System, Internet access via a secure Internet Service Provider (ISP), an Internet browser that supports a minimum 128 bit encryption standard, anti-virus software, and a valid e-mail address. Multifactor authentication used to access the system will require a smartphone or tablet for push notifications or phone to accept SMS messages or robo phone call. Once we have received your signed Remote Deposit Services Enrollment Form, and approved your application, you will be given access to the RDC service. The System can be used to send check images for deposit to only the Bank accounts designated for access by the System in your Remote Deposit Capture Merchant Questionnaire (Attachment B). Contact us if you need to add, change or delete any of your Bank accounts or User access from this Agreement. Remote deposit access to your accounts through the System will be based upon the identification of users specified by you in your Remote Deposit Capture Merchant Questionnaire (Attachment B). We undertake no obligation to monitor transactions through the System to determine that they are made on behalf of the accountholder.

### E. Your Responsibility When the User ID, Password and Authentication Method are Used

In your electronic communications with us, you must use your User ID, Password and Authentication Method to initiate a secure System session with us. You may then use the tools provided by us within the System.

When we commence your ability to access the System, we will establish access for you using a temporary Password. You will be required to change your Password upon your first login and periodically thereafter. You agree that you will not under any circumstances disclose your Password to anyone, including anyone claiming to represent Bank.

Your Password should be at least 8 characters in length and consist of both alpha and numeric characters for purposes of security. We recommend that you create a Password that utilizes both upper and lower case characters. Your Password should not be associated with any commonly known personal identification, such as social security numbers, address, date of birth, names of children, and should be memorized rather than written down. Each user is to have their own unique ID and password.

We are entitled to act upon instructions we receive with respect to the Service under your User ID, Password and Authentication Method, and you are liable for all transactions made or authorized with the use of your User ID, Password and Authentication Method. We have no responsibility for establishing the identity of any person who uses your User ID, Password and Authentication Method. You agree that if you give your User ID, Password and Authentication Method to anyone or fail to safeguard its secrecy, you do so at your own risk since anyone with your User ID, Password and Authentication Method will have access to the Service.

You agree to take appropriate steps to ensure that all User ID's, Passwords, Authentication Methods and any other applicable security procedure issued to its agents, representatives, employees or officers are protected and kept confidential. You acknowledge and agree that the security aspects of the System are appropriate and provide a commercially reasonable degree of security against unauthorized use.

You agree to indemnify and release the Bank from any and all liability, and agree not to make any claim against the Bank or bring any action against the Bank, relating to its honoring or allowing any actions or transactions that were conducted under your User ID, Password and Authentication Method or acting upon messages or authorizations provided to us using your User ID, Password and Authentication Method.

You agree that we shall not be responsible for any loss, property damage or bodily injury arising out of or resulting from the failure of any person to provide you with access to the System, whether caused by the equipment, software, the Bank, Internet service providers, Internet browsers, or the parties providing communication services to or from us to you. We are not liable for war, acts of government that may restrict or impair use of System services, hurricanes, floods or other disasters, nor shall we be responsible for any direct, indirect, special or consequential, economic or other damages relating in any way to the foregoing.

By directing us, through the use of the System, the Service used in conjunction with your User ID, Password and Authentication Method, you authorize Bank to complete the transaction. Any requests or instructions we receive from you through the System using your User ID, Password and Authentication Method shall constitute writings with your signature as provided under all applicable law, and shall have the same force and effect as a writing signed by you. This includes, but is not limited to, inquiries, deposit transactions, items deposited, check images, changes to accounts or Service or any other communication you provide us through the System using your User ID, Password and Authentication Method.

Your access to the System will be blocked in the event your User ID, Password and Authentication Method is entered incorrectly on 3 consecutive attempts. If this happens, please call the Customer Service Department at (972) 494-9800.

#### G. Responsibility for Administrators

You are required to designate at least one Administrator (Primary User). You will provide us with your Administrator's name and contact information in this Agreement. You may also authorize additional users and are required to provide contact information for those users. Primary User and any other additional users are authorized by you to act on your behalf and you will accept responsibility for any actions of those users. You must notify us if you terminate or change the Administrator or any other users. You must also notify us if you wish to add or delete accounts or functionalities.

You can use the System seven days a week, twenty-four hours a day, although some or all System options may not be available occasionally due to emergency or scheduled system maintenance. We will attempt to post notice of any extended periods of non-availability through the System or website screens.

The Bank will not control or oversee the Administrator function. You agree to this and all action taken by your Administrator, and all such persons are your agent for purposes of use of the System or the Services. You further agree to assume all risks associated with providing User ID's, Passwords and Authentication Methods to your agents, representatives, employees or officers, and to limit the number of User ID's, Passwords and Authentication Methods issued to only those who have a specific need to use the Service.

#### H. Data Protection

You understand the importance of your role in preventing misuse of your accounts through the System and you agree to promptly examine your statement for each of your Bank accounts as soon as you receive it. You agree to protect the confidentiality of your

account and account number, and your personal identification information, such as your driver's license number and social security number. You understand that personal identification information by itself, or together with information related to your account, may allow unauthorized access to your account. Your User ID, Password and Authentication Method are intended to provide security against unauthorized entry and access to your accounts. Notwithstanding our efforts to insure that the System is secure, you acknowledge that the Internet is inherently insecure and that all data transfers, including electronic mail, occur openly on the Internet and potentially can be monitored and read by others. We cannot and do not warrant that all data transfers utilizing the System, or e-mail transmitted to and from us, will not be monitored or read by others.

The bank will provide you with a security recommendations document that contains additional security best practices that you are expected to implement. In addition we will provide you with instructions on accessing the system, scanning, and submitting items.

We strongly recommend that you implement segregation of duties whereby no one person has complete control of the process: scanning items, performing reject/re-entry/correction to items, reviewing scanned images, transmitting, and balancing. At a minimum, bank statements and any RDC transmission reports should be independently and frequently reviewed.

#### I. Services

You can use the System to access these Services:

1. Scan checks into imaged items and make deposits into your accounts designated on the Remote Deposit Services Enrollment Form; and

2. View deposit history, check images and reports.

Imaged Items sent to the Bank or the Bank's designated processor will be cleared as Substitute Checks, Image Exchange Items, or ACH Entries in accordance with this Agreement.

Some of the Services may appear on your screen that have not been approved for you and, therefore, will not be available to you. Also, the Bank may, from time to time, introduce new Services. We shall update this Agreement to notify you of the existence of these new services. By using these services when they become available, you agree to be bound by the terms and conditions in this Agreement and any updates thereto.

#### J. Equipment

You will obtain your own equipment from the list of approved scanners (Panini mI:Deal/EverneXt/i:Deal/VisionX: Windows and macOS, DigitalCheck Smartsources Series scanners: Windows, Canon CR 25/55/50/80/120/150/L1: Windows, DigitalCheck CX30/ TellerScan Series: Windows, Epson Capture One: Windows), which will be necessary to use the System. The Bank is not responsible for the purchase, servicing, or repair of the Equipment. The Bank is not responsible for any errors or failures relating to any malfunction of the Equipment, nor for any computer virus or related problems that may be associated with the use of the Equipment. The Bank has the right, in its discretion and at any time, to make changes to the Service that may result in the incompatibility of certain Equipment. The Bank shall have no duty or obligation to update or replace any Equipment purchased by you in the event of such a change. In no event shall the Bank be liable to you for any damages, including lost profits, lost savings, or other direct, indirect, incidental, special, or consequential damages arising out of the Banks use, or inability to use, or installation of, the Equipment, or for any claim by another party relating thereto.

#### J. Posting of Deposits

The deadline (Receipt Deadline) for our receipt of Remote Deposits is **3:00 PM** on a Banking Day. Any Remote Deposits not received on a Banking Day or not received in their entirety by the Receipt Deadline on a Banking Day will be considered to have been received on the next Banking Day. The System will provide you with automated deposit confirmations in the form of a unique transaction confirmation number from successful transmissions at the time a deposit is transmitted to the Bank. It is your responsibility to understand and build into your Company's transmission schedules the appropriate deadlines necessary to meet the availability schedules of the Bank as set forth in the Deposit Account Agreements or as otherwise established by the Bank. In addition, you are responsible for understanding and building into your Company's transmission schedule the changes in transmission windows required by time changes associated with Daylight Savings Time.

You agree to communicate this information with any other persons with authorized access to your accounts concerning any transfers, payments, or other transactions from your accounts in order to avoid overdrafts.

#### K. Your Operational Responsibilities

1. Maintaining at least one or more checking accounts at the Bank eligible for the receipt of deposits of digitized images of checks.
2. Performing initial installation procedures in accordance with the Bank's Remote Deposit Capture Operating Manual.

3. Using the System only for your internal business purposes.
4. Agreeing to implement appropriate internal controls in accordance with the Bank's Remote Deposit Services User Guide, or those specifically mandated by the Bank from time to time, at all of your locations where the Service is used, including providing any information regarding operational audits or additional information required or requested of the Bank.
5. Implementing separation of duties and other compensating controls to help mitigate the risk of one person having responsibility for end-to-end Service processing.
6. Exercising due care in preserving the confidentiality of any User ID, Password, test key, or other code or Authentication Method provided by the Bank and to prevent the use of the System by unauthorized persons, in addition assuming full responsibility for the consequences of any missing or unauthorized use of or access to the System or disclosure of any confidential information or instructions by the customer, its employees and agents.
7. Installing and implementing any changes and upgrades to the System as required by the Bank within 30 days to ensure compliance with regulatory changes or developments, or to protect the integrity and security of the System.
8. Using only equipment authorized and approved by the Bank as outlined in the Remote Deposit Services User Guide.
9. Ensuring equipment is clean and operating properly at all times.
10. Inspecting and verifying the quality of images, thus ensuring that the digitized images of the front and back of original checks (defined as a check for any amount in U.S. Dollars drawn on or payable through a U.S. financial institution that has not been previously presented and paid) are legible for all posting and clearing purposes by the Bank. Specifically, you are representing and warranting that:
  - A. The check image is an accurate representation of all information on the front and back of the original check at the time the original check was converted to a check image, and the check image contains all endorsements from the original check that permits financial institutions to:
    - Acquire rights of a holder in due course in the collection process of Items;
    - Handle, process, maintain and destroy original checks; and
    - Ensure that no financial institution (depository, collecting or payor), drawee, drawer or endorser receives presentment or return of, or otherwise is charged for an Item more than once in any form.
  - B. Each check image (or related electronic data file) contains a record of all MICR line information required for a substitute check and otherwise satisfies all of the requirements of the American National Standards Institute (ANSI) X9.37 standards for image quality required by Check 21 and Regulation CC for the creation and/or transferring of a substitute check created from that check image;
  - C. The original check, a duplicate check image, or any copy of the original check or check image will not be deposited by you with the Bank (unless the Bank instructs you to do so) or under any circumstances with any other bank; and
  - D. The original check, a duplicate check image, or any copy of the original check or check image will not be presented, transferred or returned such that the Bank or any other person (such as the drawer of the check) will be asked to make payment based on a check or check image that the Bank or the other person already paid.

In addition, your account(s) will be charged for any deposited check that is later returned to the Bank owing to an actual or alleged breach of any such representation or warranty.

11. Using the System and equipment to enter, process, and transmit original checks in accordance with procedures and transmission deadlines outlined in the Bank's Remote Deposit Capture Operating Manual or in this agreement. You will create a check image of an original check using scanning equipment to scan the front and back of each original check, including the responsibility for entering the correct dollar amount of each check image. In addition, you are responsible for ensuring the MICR line information from the original check is accurately scanned, entered or repaired for each check image;

**NOTE:** A check image is considered received by the Bank at a licensed location of the Bank, and the Bank is not responsible for any losses arising directly or indirectly from damage or alteration to the check image prior to its receipt by the Bank.
12. Any loss or failure to collect a check image that results from an inaccurate or illegible check image or failure to provide full and correct MICR data or dollar amount for a check image.
13. Complying with the following security procedures and those outlined in the Bank's Remote Deposit Capture Operating Manual and agreeing not to bypass, override or disable any security mechanisms in the software or processing equipment:
  - A. You will comply with the instructions for using the Service contained in the Bank's Remote Deposit Capture Operating Manual and those provided online when using the Service by taking reasonable steps to safeguard the confidentiality and security of any Passwords, Authentication Methods, equipment, and other proprietary property or information provided in connection with the Service.

- B. The person assigned as your Administrator has the authority to determine who will be authorized to use the Service on your behalf. You assume sole responsibility for the actions of the Administrator, the authority the Administrator provides to others to act on your behalf, and the actions of the persons designated by the Administrator to access and use the Service.
  - C. You are solely responsible for establishing, maintaining and following security protocols as deemed necessary to ensure that imaged items transmitted directly to the Bank are intact, secure and confidential until received by the Bank.
  - D. You agree to implement security procedures that the Bank may offer from time to time to verify the authenticity of any imaged item transmitted to Bank in the name of your Company. You agree that the Bank may rely on and you are obligated on the imaged item transmission file, whether or not the file was authorized by you regardless of the security procedures implemented by you. In addition, if an imaged item transmission file was authorized by you, you are obligated on the file even if the Bank did not verify its authenticity using the security procedures and even if the security procedures would have prevented error. You agree that the security procedures are intended to verify authenticity and not to detect error (e.g., duplicate transmissions of imaged items or errors in information provided to Bank). The Bank is not obligated to detect errors by you.
  - E. You are required to limit access to any Passwords, Authentication Methods, and equipment to persons who have a need for such access, closely and regularly monitor the activities of employees who access the Service, immediately notify the Bank if you have any reason to believe the security or confidentiality provisions required by this Agreement have been or may be breached, and immediately change the Password or Authentication Method if you know or suspect the confidentiality of the Password or Authentication Method has been compromised in any way.
  - F. You agree to periodically change the Password(s) including whenever anyone who has had access to the Password is no longer employed or authorized by you to use the Service. The Bank may elect to verify the authenticity or content of any transmission by placing a call to any authorized signer on your account or any other person designated by you for that purpose at the Bank's discretion. The Bank may deny your access to the Service without prior notice if it is unable to confirm any person's authority to the access the Service or if the Bank believes such action is necessary for security reasons.
14. Maintaining qualified, trained and experienced personnel sufficient to perform the overall use of the Service, including the supervision and auditing of your employees' use of the Service by designated administrative staff.
15. Verifying Bank's receipt of your transmission(s) by verifying that deposits have been posted to the appropriate accounts, in addition to cooperating in any investigation and resolving any unsuccessful or lost transmission with the Bank.
16. Retaining each check for at least 90 days after the check has been digitized and processed, and promptly (but in all events within 2 days) providing any retained check (or, if the check is no longer in existence, a sufficient copy of the front and back of the check) to the Bank as requested to aid in the clearing and collection process or to resolve claims by third parties with respect to any check. You are responsible for taking appropriate security measures to ensure that:
- A. Only authorized personnel have access to the original checks; and
  - B. The information contained on the original checks or on any corresponding imaged items is not disclosed to third parties.
17. Using commercially reasonable method(s) to destroy original checks after the required retention period of 90 days has expired. You agree to destroy and dispose of the original checks with a high degree of care, including selecting and implementing appropriate destruction and disposal procedures. You are required to implement such procedures to ensure that the original checks are not accessed by unauthorized persons during the destruction and disposal process and, once destroyed, the original checks are no longer readable or capable of being reconstructed (e.g., through the use of competent shredding equipment).
18. Cooperating with the Bank in providing information in the event of lost, mistaken, incomplete or unusable electronic items, or in the event of claims of fraud, alteration, counterfeit or otherwise, including access to such records.
19. Agreeing not to use the System to deposit or otherwise process:
- A. Noncash items;
  - B. Items for which the customer is not a holder in due course;

- C. Third party checks;
- D. Substitute checks, except those which have been returned to the customer for any reason. Any previously truncated and reconverted substituted check must be physically deposited with the Bank.

20. Prohibited from engaging in any business or activity that:

- A. Would result in your Company being or becoming a “money service business” as defined in the Bank Secrecy Act and its implementing regulations;
- B. Knowingly accepting restricted transactions in connection with another person in unlawful Internet gambling as defined in the Unlawful Internet Gambling Enforcement Act and Regulation GG (Prohibition on Funding of Unlawful Internet Gambling); or
- C. Directly or indirectly related to the use of the Service that is illegal or fraudulent.

21. Ensuring that no information has been deleted or degraded from a substitute check returned by the Bank in the event you capture for processing a digital image of a previously truncated and reconverted substitute check returned to you by the Bank. If you capture for processing a digital image of any other previously truncated and reconverted substitute check, you are to ensure that the substitute check meets the requirements for legal equivalency under Regulation CC and the identifications of previous truncating and reconverting bank(s) (as such terms are defined in Regulation CC) are preserved.

**M. Bank Operational Responsibilities**

1. Providing the following items to the customer, in addition to providing access to the System:
  - A. Remote Deposit Capture Operating Manual;
  - B. User IDs, temporary Passwords and other related Authentication Methods; and
2. Providing maintenance and support for the System to ensure the accurate processing of checks, including but not limited to:
  - A. Corrections, contingent or alternate work methods and fixes to any known system program bugs or errors;
  - B. Modifications, enhancements and updates in the event the Bank elects to make available to you; and
  - C. Telephone or e-mail support during the Bank's normal business hours.
3. Accepting for deposit to the applicable account digitized images of checks that are transmitted to the Bank by you. Digitized images are deemed received upon confirmation by the Bank of successful receipt of the transmission of the images that are complete, usable, and adhere to the data specifications set forth in the Bank's Remote Deposit Capture Operating Manual. If the digitized images are not complete, are not useable, or do not adhere to data specifications, the images may not be processed by the Bank, in which event your deposit will be adjusted and notification will be provided to you.
4. Processing digitized images after the Bank has received your transmission of the digitized images. The Bank uses commercially reasonable efforts to present image exchange items and substitute checks for collection. Unless the Bank notifies you otherwise, the Bank provides same day credit to the applicable account for all items transmitted by the customer and received by the Bank within the timelines established by the Bank, and are subject to the Bank's availability schedule which may be amended without notice from time to time.

**NOTE:** Your deposit of a check image is subject to the Bank's verification and final inspection process. The Bank may at any time deposit a check image or return all or part of a deposit of multiple check images to you without prior notice. The Bank is under no obligation to inspect or verify a check image to determine accuracy, legibility or quality of the check image or MICR line information associated with the check image, or for any other purpose. However, the Bank may correct or amend MICR line information associated with a check image to facilitate processing of the check image or a substitute check created from that check image.

The Bank may process and collect a check image or a substitute check through one or more check clearing houses, Federal Reserve Banks, or other private clearing agreements with another bank. The check images or substitute checks are subject to the rules of that clearinghouse, Federal Reserve Bank, or private clearing bank agreement.

The Bank may hold and use funds in any deposit account of yours following termination of this Agreement and the Service for such time as the Bank reasonably determines that any Item processed by the Bank prior to termination may be returned, charged back, or otherwise a cause for any loss, liability, cost, exposure or other action for which the Bank may be responsible, in addition to any other rights the Bank may have with respect to your accounts. Without limitation, you recognize that under the Rules, the UCC, Regulation CC and the rules of any image exchange network bank's representations and warranties with regards to image exchange items and substitute checks may expose the Bank to claims for several years following processing of the image exchange item or substitute check.

5. Providing access to daily and monthly System reports, detailing items processed, return items, deposit adjustments and other related information;
6. Retaining check images contained in the Bank's cash letter file for no less than 30 days;
7. If a payor financial institution returns an item to the Bank for any reason, the Bank may charge your applicable account for the returned item, whether or not the return is timely and proper, and may either:
  - A. Return the item to you; or
  - B. Re-present it to the payor financial institution before returning it to you.

Items may be returned as image exchange items, rather than substitute checks, as agreed by the parties. If a payor financial institution or other third party makes a claim against the Bank or seeks a recredit with respect to any check processed, the Bank may provisionally freeze or hold aside a like amount in the applicable account pending investigation and resolution of the claim;

8. Immediately suspending the System or the processing of any check or corresponding electronic item if the Bank has reason to believe that there has been a breach in the security of the System, fraud involving your account(s) or check(s), or any uncertainty as to the authorization or accuracy of electronic items, including the right to process electronic items on a collection basis at any time; and
9. Refusing to process any non-conforming items, including without limitation any items that do not meet the definition of a "check."

The Bank is excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission, or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond the Bank's control. In the event of any of the foregoing failure or delays, you are instructed to make a deposit directly with the Bank including the original items for processing and presentment provided that they have not been previously imaged and processed in connection with the Service.

#### N. Contact in Event of Unauthorized Access

If you believe that your User ID, Password or Authentication Method has been lost or stolen, or that someone has accessed the System without your permission, call us at (972) 494-9800.

#### O. License and Intellectual Property

1. License. The Bank, subject to the terms and conditions of this Agreement, hereby grants you a non-exclusive, non-transferable license to:
  - A. Use the System, solely for processing checks in connection with your own business operations, in accordance with the Remote Deposit Capture Operating Manual and solely on Authorized Equipment;
  - B. Copy or print and use the Remote Deposit Capture Operating Manual to solely support your authorized use of the System; and
  - C. Copy any System actually delivered to you solely for archival or backup purposes.
2. Protection and Security of the System and the Remote Deposit Capture Operating Manual. You agree to establish and maintain reasonable:

- A. Precautions and use commercially reasonable efforts to protect the confidentiality and security of the System and Remote Deposit Capture Operating Manual;
- B. Measures to protect the System and Remote Deposit Capture Operating Manual from unauthorized copying, dissemination, disclosure or other unauthorized use; and
- C. Provisions to maintain a complete and accurate list of all locations where you have loaded and use the System, and make such list available to the Bank upon the Bank's request.

In addition, you agree not to at any time either directly or indirectly:

- A. Copy or use the System or Remote Deposit Capture Operating Manual except as expressly authorized by this Agreement;
- B. Sublicense, rent, distribute, transfer, publish, disclose, display or otherwise make available the System to others;
- C. Use the System or Remote Deposit Capture Operating Manual for third party training, commercial time sharing or service bureau use;
- D. Alter, change, modify or otherwise create derivative works of the System or Remote Deposit Capture Operating Manual; and
- E. Reverse engineer, disassemble or decompile the System, except to the extent expressly permitted by applicable law.

If you or any third party take such action the Bank shall have the right to immediately terminate this Agreement and/or the license to the System upon notice to you.

3. Ownership. You acknowledge and agree that all right, title and interest in and to the System and the Remote Deposit Capture Operating Manual, together with modifications, enhancements and derivative works, and all intellectual property rights such as copyrights, patents, and trade secrets, pertaining to the System and the Remote Deposit Capture Operating Manual are:
  - A. Owned exclusively by the Bank and its licensors;
  - B. Represented or contain valuable rights of the Bank and its licensors; and
  - C. Protected under United States patent, copyright, trademark and trade secret laws of general applicability.

No other license or interest in the System or Remote Deposit Capture Operating Manual, either express or implied, is granted under this Agreement other than the license set forth in this Agreement.

In addition, you agree not to at any time either directly or indirectly:

- A. Put to issue the scope, validity or ownership of the Bank's (or its licensors') intellectual property rights in the System and Remote Deposit Capture Operating Manual;
- B. Perform any act which could reasonably be expected to impair the scope, validity or ownership of such intellectual property rights;
- C. Assert any ownership rights to the System or Remote Deposit Capture Operating Manual; or
- D. Remove or alter any copyright, trademark, or other intellectual property or proprietary right notices, legends, symbols or labels appearing on or in the System, Remote Deposit Capture Operating Manual or any packaging, and shall include any copy of the System or Remote Deposit Capture Operating Manual any copyright, trademark, or other intellectual property or proprietary right notices contained on the original.

You acknowledge and agree that this Agreement does not grant or convey to you an interest in or to the System or Remote Deposit Capture Operating Manual, or any right, title, interest or license in or to any trademark of the Bank or its licensors, but only a limited right of use (revocable in accordance with the terms hereof).

You hereby assign to the Bank and/or its licensors, as directed by the Bank, any rights, including any patent, copyright, mask work rights, trademarks, and trade secrets, which you may now have or may acquire at any time in the future to the System or the intellectual property rights to the System, and any other computer code using any of the System.

You agree to:

- A. Cooperate with the Bank and its licensors to protect the System, including in connection with any lawsuits or disputes involving the System;
- B. Promptly notify the Bank and provide relevant information and facts upon becoming aware of any actual or potential claim made by a third party regarding infringement, misappropriation, imitation, illegal use or misuse, or reasonable likelihood thereof, by the System; and
- C. In the event of any actual or potential infringement, misappropriation, imitation, illegal use or misuse, or reasonable likelihood thereof of the System by others:
  - Grant to the Bank and its licensors the sole right to determine the course of action with respect to such infringement and to bring any proceeding with respect thereto, and to settle, and collect any settlement amount or judgment for any such proceeding; and
  - Agree that such licensors shall be solely entitled to any proceeds of any such proceeding, including without limitation any settlement proceeds, insurance proceeds, arbitration award, judgment, or other consideration in any form.
4. Termination. You acknowledge and agree that the license to the System and Remote Deposit Capture Operating Manual will terminate upon the termination of this Agreement, or the termination of the Bank's license to the System and Remote Deposit Capture Operating Manual.
5. Limitation on Liability. The Bank's Licensors shall have no liability of any nature to you, or any third party, for damages, liabilities or claims, whether in contract, tort for negligence, infringement or otherwise, including without limitation damages, liabilities or claims arising from or under this Agreement, error in the System, or for any injury, damage or loss resulting from such error, or from any use of the System.

Notwithstanding the generality of the foregoing, in no event will such licensors be liable for any consequential, indirect, incidental, special or punitive damages, or any lost profits or loss of any opportunity or good will, even if such licensors have been advised of the possibility of such.
6. Compliance with Law. You shall not export, re-export or otherwise transfer, directly or indirectly, the System or any portion thereof to any location outside the United States without first complying with all applicable foreign and United States federal, state and local laws, rules, regulations or controls (including without limitation those regarding import, export, marketing, distribution or use of software programs).
7. Assignment. You may not assign the license granted hereunder to any party whatsoever, except in connection with an assignment of the entire Agreement, subject to the terms of the Agreement. Any attempted assignment of the license in violation of this provision shall be void.
8. Further Assurances. You agree to, at your expense, promptly execute and deliver such further documents and take any and all other actions reasonably requested by the Bank from time to time, for the purpose of fully effectuating the intent and purposes of this Agreement, and to protect the interests of the Bank, its licensors, and their respective successors and assignees.
9. Injunctive Relief. You acknowledge that violation of your commitment regarding the security and use of the System may cause irreparable injury to the Bank and/or its licensors, and agree that the Bank be entitled to seek and obtain temporary and preliminary injunctive relief in a court of competent jurisdiction, without the necessity of proving actual damages or posting a bond, to prevent such violation.
10. Survival. You agree that the provisions of this section of the Agreement survive termination of the license granted hereunder and the termination of this Agreement.

P. Confidentiality

We will disclose information to third parties about your account or the checks you deposit:

1. When it is necessary for completing deposits, or
2. In order to verify the existence and condition of your account for a third party, such as a credit bureau or merchant, or
3. In order to comply with government agency or court orders, or
4. If you give us written permission.

Q. Communications Between the Bank and You

Unless this Agreement provides otherwise, you can communicate with us in any one of the following ways:

1. Telephone us at 972-494-9800 during customer service hours
2. Secure E-mail -You can contact us by secure e-mail. (Please note that banking transactions through the System are not made via e-mail.)
3. Write to us at:  
Harmony Bank  
1919 S. Shiloh Rd., Ste. 100, LB 30  
Garland, TX 75042

R. Periodic Statements

You agree that to the extent permitted by law, receipts, notices and disclosures associated with the System may be provided to you by e-mail, facsimile or over the Internet, either as part of a System session or otherwise. You will not receive a separate System statement; however your transactions will be reflected on your monthly account statement. You may use the System to view deposit activity as indicated on the Remote Deposit Capture Merchant Questionnaire (Attachment B). You agree to notify us of any changes to your mailing or e-mail address. If you do not notify us, you will hold us harmless from any consequences, including financial loss, resulting from your failure to notify us of the change in your mailing or e-mail address.

S. Consent to Electronic Delivery of Notices

You agree that any notice or other type of communication provided to you pursuant to the terms of this Agreement, and any future disclosures required by law, including electronic fund transfer disclosures, may be made electronically by posting the notice on the Remote Deposit System or by e-mail. You agree to notify us immediately of any change in your e-mail address.

T. Disclaimer of Warranty, Limitation of Liability and Indemnity

We make no warranty of any kind, express or implied, including any implied warranty of merchantability or fitness for a particular purpose, the existence of any latent or patent defects, viruses, or the accuracy or freedom from error, of the data or the program used by or furnished to the Bank or to you by licenser or others, in connection with the System or Service(s) provided to you under this Agreement. Without limiting the generality of the foregoing, the Bank makes no representation or warranty, express or implied, against any infringement of any proprietary rights of any other party. You assume the entire risk as to the quality and performance of the System, the suitability of the Service, and with respect to any documentation. This paragraph shall survive the termination of this Agreement by either account holder or the Bank, and also limits the liability of any agent, employee or affiliate of the Bank. We do not and cannot warrant that the System will operate without errors, or that any or all Service(s) will be available and operational at all times.

The Bank agrees to be responsible only for performing the Service(s) expressly provided for in this Agreement and shall be responsible only for its actions or inactions for which the Bank has engaged in gross negligence or willful misconduct in performing those Service(s). The Bank will not be responsible for your acts or omissions and none of your employees or agents shall be considered agents of the Bank. You agree to defend, indemnify and hold the Bank harmless against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of:

1. Any claim of any person that is responsible for any act or omission by you or your employees or agents;
2. Any claims against the Bank from a third party resulting directly or indirectly under this Agreement where the Bank has acted in accordance with your instructions and/or within the terms of this Agreement;
3. Your negligence or breach of this Agreement
4. Your failure to provide the appropriate information for an instruction via the System;
5. Your failure to provide and maintain accurate information in this Agreement and Remote Deposit Services Enrollment Form; and
6. Any breach by you of any representation or agreements made pursuant to or in this Agreement.

You understand and agree that the Bank's liability and your sole and exclusive remedy for claims in connection with or arising out of this Agreement for any cause whatsoever and regardless of the form of action shall be limited to actual, direct damages for losses resulting from the Bank's gross negligence or willful misconduct. In no event shall the Bank be liable for special, consequential, incidental, exemplary or similar damages including, but not limited to, lost profits or lost savings, even if the Bank was advised of the possibility thereof.

Without limiting the generality of the foregoing provisions, the Bank shall be excused from failing to act or delay in acting:

1. If any legal constraint or circumstances beyond the Bank's control caused such failure or delay;
2. If the System was not working properly, and you knew about the breakdown when you started the check image and deposit instruction; or
3. If there are other exceptions stated in our agreement with you.

Nothing contained in this Agreement shall be deemed to relieve you of any liability, duty or obligation which may be imposed upon you by any federal, state or municipal laws, including without limitation, laws requiring you to maintain records regarding your business or employees or to withhold taxes or other deductions.

You will indemnify and hold harmless the Bank, its licensors and providers of services, and their respective directors, officers, shareholders, employees and agents (each an "Indemnified Party") from and against any third party suits, proceedings, claims, demands, causes of action, damages, liabilities, losses or expenses (including reasonable attorneys' fees and other legal expenses) that result from or arise out of:

1. The wrongful acts or omissions of you, or any person acting on your behalf, in connection with your use of the System or processing of checks hereunder, including without limitation:
  - A. A breach by you of any provision, representation or warranty of this Agreement;
  - B. The negligence or willful misconduct (whether by act or omission) of you, your customers, or any third party on behalf of you;
  - C. Any modifications or changes to the System made by you or any third party within the control or on behalf of you;
  - D. Any misuse of the System by you or any third party within the control or on behalf of you; or
  - E. The failure by you to comply with applicable state and federal laws and regulations.
2. Any act or omission of the Bank that is in accordance with this Agreement or instructions from you; or
3. Any claim by any recipient of a substitute check corresponding to a check processed by you hereunder, that such recipient incurred loss due to the receipt of the substitute check instead of the original check (a "Claim").

The Bank will not be liable to you for any of the following, unless liability or loss is a result of the Bank's breach of this Agreement or the gross negligence or willful misconduct of the Bank or its employees or agents:

1. Any damages, costs or other consequences caused by or related to the Bank's actions that are based on information or instructions that you provide to the Bank;
2. Any unauthorized actions initiated or caused by you or your employees or agents;
3. The failure of third persons or vendors to perform satisfactorily, other than persons to whom the Bank has delegated the performance of specific obligations provided in this Agreement;
4. Any refusal of a Payor Financial Institution to pay an electronic item or substitute check for any reason, including without limitation that the check, electronic item or substitute check was allegedly unauthorized, was a counterfeit, had been altered, or had a forged signature;
5. Any other party's lack of access to the Internet or inability to transmit or receive data;
6. Failures or errors on the part of Internet service providers, telecommunications providers or any other party's own internal systems; or

7. Actions by third parties, such as the introduction of a virus, that delay, alter or corrupt the transmission of an electronic item to the Bank.

The Bank's liability for errors or omissions with respect to the data transmitted or printed by the Bank will be limited to correcting the errors or omissions. Correction will be limited to reprinting and/or representing substitute checks or electronic items to the Payor Financial Institution.

The Bank shall indemnify and hold harmless you, and your directors, officers, shareholders, employees, and agents (each an "Indemnified Party") from and against any third party suits, proceedings, claims, demands, causes of action, damages, liabilities, losses or expenses (including reasonable attorneys' fees and other legal expenses) arising from a claim by a third party that your use of the System directly infringes any valid United States copyright or United States patent of such third party (a "Claim"):

1. Capture electronic images of original checks;
2. Electronically transmit the resulting electronic images to the Bank for processing, in accordance with the Remote Deposit Services User Guide; and/or
3. Store electronic copies of such electronic images within the System.

The Bank shall have no liability under this provision to the extent a Claim is attributable to:

1. Modification of the System by anyone other than the Bank without the express prior written consent of the Bank, if liability for infringement would not have arisen but for such modification;
2. Combination or use of the System with any software or hardware not provided by the Bank, if liability for infringement would not have arisen but for such combination or use with such software or hardware;
3. Use of the System in any way not authorized by this Agreement, if liability for infringement would not have arisen but for such unauthorized use;
4. Transmission of electronic images to any other computer, system or media, other than, transmission to the Bank for the purpose of processing such electronic images as contemplated herein, if liability for infringement would not have arisen but for such transmission;
5. Use of other than the most current release of the System provided to you, if liability for infringement would not have arisen if the most current release had been in use; or
6. Any breach by you of this Agreement, if liability for infringement would not have arisen but for such breach.

If your use of the System is, or in the Bank's opinion is likely to be, enjoined due to any Claim, the Bank shall, at its sole option and expense, do one or more of the following:

1. Provide you the right to continue using the System at no additional expense;
2. Replace or modify the System with non-infringing software, without a material reduction in functionality or performance;
3. Resolve any Claim so that you may continue using the System at no additional expense; or
4. Terminate the Service and the license of the System.

Any action by the Bank shall not relieve the Bank of its obligation to indemnify Indemnified Parties in accordance with the other provisions of this provision, and you agree and acknowledge that the remedy provided in this provision is the sole and exclusive remedy of you, and consequently the sole and exclusive liability of the Bank, with respect to any Claim or any related action, and the Bank shall not be otherwise liable to you for providing non-infringing software.

An Indemnified Party shall:

1. Provide the indemnifying party prompt written notice of any Claim for which the Indemnified Party intends to claim indemnification;

2. Provide the indemnifying party (and/or its licensors, in case the Bank is the indemnifying party) the right to control and direct the investigation, cooperate fully with the indemnifying party (and/or its licensors, in case the Bank is the indemnifying party) in the investigation, defense and settlement of such Claim.

The failure to deliver notice to the indemnifying party promptly after an Indemnified Party becomes aware of a Claim, if prejudicial to the indemnifying party's ability to defend such action, shall relieve the indemnifying party of any liability to Indemnified Parties under this provision to the extent of such prejudice. An Indemnified Party shall not settle or compromise any Claim, and any settlement or compromise by an Indemnified Party of a Claim shall be void as against the indemnifying party and shall terminate the indemnifying party's obligation to indemnify such Indemnified Party. The indemnifying party (and/or its licensors, in case the Bank is the indemnifying party) may settle or compromise any Claim, provided that such settlement or compromise does not involve any admission of wrongdoing on the part of any Indemnified Party or require any payment or other performance by any Indemnified Party.

#### U. Audit Review

You are subject to satisfactory audit review by the Bank from time to time, at the Bank's sole option and discretion, and in accordance with the Bank's established auditing criteria. You shall, upon the Bank's request, provide to the Bank any such audit related information and assistance as the Bank may require to perform any such review. Your failure to meet such standards in the sole discretion of the Bank or to provide such information or assistance when requested shall constitute a breach of this Agreement and shall permit the Bank to terminate this Agreement and the Service.

#### V. Site Inspection and Visitation

You are subject to an on-site inspection at any location of your business at any time and from time to time at the sole discretion of the Bank to ensure compliance with the provisions of this Agreement. In lieu of an onsite inspection/visitation, the bank may elect to provide you with a Self-Assessment Questionnaire that you will fully and honestly complete and submit to the bank in a timely manner. The Bank shall not be liable or responsible to you or any third party for any loss, bodily harm, property damage, claims of the introduction of a virus or other malicious code into your system, including any which allegedly delay, alter or corrupt the data of yours, whether related to the transmission of imaged items or other data to the Bank, or whether caused by the equipment, Service, the Bank, Internet service providers, Internet browsers, or other parties providing communication services to or from the Bank to you in connection with the Bank's entry on your premises for the purposes of installation or maintenance of the equipment and Service, and for the purpose of conducting an on-site inspection.

#### W. Severability

If any provision of this Agreement is found to be unenforceable according to its terms, all remaining provisions will continue in full force and effect.

#### X. Headings

The headings in this Agreement are for convenience or reference only and will not govern the interpretation of the provisions.

#### Y. Waiver

Any waiver (express or implied) by either party of any default or breach of this Agreement must be in writing and shall not constitute a waiver of any other or subsequent default or breach.

#### Z. Assignment

You may not assign this Agreement. The Bank may assign this Agreement either in part or in whole at any time and with or without notice to you due to a merger or acquisition. This Agreement is binding upon your heirs and Bank's successors and assigns.

#### AA. Entire Agreement

This Agreement, together with the Remote Deposit Capture Merchant Questionnaire (Attachment B), the Operating Manual, and security recommendations constitutes the entire agreement between you and the Bank with respect to the subject matter in this Agreement and there are no understandings or agreements relative to this Agreement, which are not fully expressed in this Agreement. Accounts and services provided by the Bank may also be governed by separate agreements with you.

#### BB. Change in Terms

The Bank may at any time amend, modify, add or delete (collectively and individually a "change") the terms of this Agreement with or without notice unless prohibited by applicable law. A change may include a change to existing terms, a change in terms, a change that involves a new term or a change that involves conditions not otherwise contemplated by account holder or Bank at the time this Agreement is entered. If advance notice of the change is not required, and disclosure does not jeopardize the security of the account or our electronic fund transfer system, you agree that we may notify you of the change in terms by mail or by posting a notice on the System, or on our website. Further you agree that your continued use of the Service(s) constitutes your agreement to the change. If you wish to decline to be bound by the change, you must terminate the account or discontinue the System to which the change relates; otherwise you will be deemed to have accepted and agreed to the change.

#### CC. Termination

We reserve the right to terminate this Agreement or limit your use of the System at any time and for any reason at our discretion, with or without cause and without prior notice. Examples of when we may cancel this Agreement and the use of the Service(s) without prior notice include, but are not limited to:

1. If you breach this or any other agreement we may have with you;
2. If we have reason to believe that there has been or may be an unauthorized use of your User ID, Password and Authentication Method or account(s);
3. If there is conflicting claims as to the funds in any of your account(s);
4. If you request us to do so;
5. If you do not access the System for a period of 6 months or longer;
6. If you have insufficient funds in any one of your Bank accounts; or
7. Any time for any reason at the Bank's sole discretion.

You may cancel your System access at any time by fax, e-mail, calling us at (972) 494-9800, or by writing us at 1919 S. Shiloh Rd., Suite 100, LB 30, Garland, Tx, 75042. The Bank must have reasonable time to act on your request to cancel your access to the System. Termination will not affect your liability or obligations under this Agreement for transactions that have been processed on your behalf. You will remain responsible for all outstanding fees and charges incurred prior to the date of termination. Termination will apply only to the System and does not terminate your other relationships with us.

Any termination will not affect obligations arising prior to termination, such as the obligation to process any checks and electronic items (including returned electronic items) that were in the process of being transmitted or collected prior to the termination date. Within 24 hours after termination of this Agreement, you will return or remove all copies of the System and Remote Deposit Capture Operating Manual and any bank-owned equipment in your possession or under your control, and will, upon request, certify in writing that you have returned or removed all such copies.

#### DD. Governing Law

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas and this Agreement. It shall be the responsibility of the Company that deposit transactions processed through the Service comply with all local, state, and federal laws, rules and regulations, including but not limited to, sanctions laws administered by the Office of Foreign Assets Control (OFAC), and laws administered by the United States of America in existence as of the date of this Agreement and as amended from time to time. It shall further be the responsibility of the Company to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline.)

#### EE. Your Representations and Warranties

You represent and warrant to the Bank as follows:

1. You have all requisite power and authority to enter into this Agreement. The entering of the Agreement, and execution of the corresponding application incorporating the same, has been duly and validly authorized by all necessary action. Further, the individual or individuals who execute the application for the services contemplated under the Agreement on your behalf is each duly authorized by you to do so;
2. Any transaction contemplated hereby will not be in violation of state or federal law; and
3. All formalities will be followed with respect to each transfer of funds, including but not limited to, proper authorization of individual transactions and any record keeping requirements with respect thereto.

**FF. Fees and Charges**

You agree to pay any fees and charges for your use of the System and the purchase or lease of any required Equipment as we have established and may amend from time to time. These fees and charges will be in addition to any charges associated with the account you maintain with the Bank. Our schedule of fees for the System, if any, is set forth in the Bank's Schedule of Fees. You agree that all such fees and charges will be deducted from the Bank checking account designated in this Agreement. If you close your account, you must contact us immediately to designate another account. You agree to pay any additional reasonable charges for services you request, which are not covered by this Agreement. You are also responsible for telephone and Internet service fees you incur in connection with your use of the System.

**By signing this Agreement, you acknowledge that you have read and understand this Agreement and the separate agreements, disclosures, schedules and exhibits as they appear on the Bank's website or given to you, including but not limited to, any optional services (if selected by you).**

**IN WITNESS WHEREOF, the parties hereto have executed this Agreement through their duly authorized officers, as of the date set forth below.**

**Company**

**Name:** \_\_\_\_\_

**Harmony Bank**

**Account Number(s):** \_\_\_\_\_

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Physical Address:**

\_\_\_\_\_

\_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Email:** \_\_\_\_\_

## ATTACHMENT A

### DEFINITIONS

The following definitions apply to terminology used in this “Agreement”.

1. **Account.** Each of your accounts at the Bank into which checks transmitted electronically will be deposited.
2. **Automated Clearing House or ACH.** A facility that processes debit and credit transfers under rules established by a Federal Reserve Bank operating circular on automated clearinghouse items or under rules of an automated clearinghouse association.
3. **Available for Withdrawal.** With respect to funds deposited means available for all uses generally permitted to you for actually and finally collected funds under the Bank's Account Agreement or policies, such as for payment of checks drawn on the account, certification of checks drawn on the account, electronic payments, withdrawals by cash, and transfers between accounts.
4. **Banking Day.** The part of any business day on which an office of the Bank is open to the public for carrying on substantially all of its banking functions.
5. **Business Day.** A calendar day other than a Saturday or a Sunday, New Year's Day, Martin Luther King Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans' Day, Thanksgiving Day, and Christmas Day.
6. **Check.**
  - A. A negotiable demand draft drawn on or payable through or at an office of a bank;
  - B. A negotiable demand draft drawn on a Federal Reserve Bank or a Federal Home Loan Bank;
  - C. A negotiable demand draft drawn on the Treasury of the United States;
  - D. A demand draft drawn on a state government or unit of general local government that is not payable through or at a bank;
  - E. A United States Postal Service money order; or
  - F. A traveler's check drawn on or payable through or at a bank.

The term “check” includes an original check and a substitute check. The term “check” does not include a noncash item or an item payable in a medium other than United States money. A draft may be a check even though it is described on its face by another term, such as money order. The term “check” also includes a demand draft of the type described above that is nonnegotiable.

7. **Check 21.** Check Clearing for the 21ST Century Act, which may be amended from time to time.
8. **Check Image.** An electronic image of an original check (including a substitute check) created by you in connection with the Service.
9. **Claimant Bank.** A bank that submits a claim for a recredit for a substitute check to an indemnifying bank.
10. **Collecting Bank.** Any bank handling a check for forward collection, except the paying bank.
11. **Depository Bank.** The first bank to which a check is transferred even though it is also the paying bank or the payee. A check deposited in an account is deemed to be transferred to the bank holding the account into which the check is deposited, even though the check is physically received and indorsed first by another bank.
12. **Electronic Item.** A digitized image of a check, an image exchange item, or any other electronic version of a check or other electronic item (such as items process able through the Automated Clearing House (ACH) system) approved by the Bank for processing through the System.
13. **Electronic Payment.** A wire transfer or an ACH credit transfer.

14. **Endpoint.** Any Federal Reserve Bank, financial institution, local clearing house, courier or other entity or location for the delivery of cash letters or other presentment of electronic items or substitute checks.
15. **Forward Collection.** The process by which the Bank sends a check on a cash basis to a collecting bank for settlement to the paying bank for payment.
16. **Image Exchange Item.** A digitized image of a check cleared and settled directly with a payor financial institution without conversion to a substitute check.
17. **Imaged Item.** A digitized image of a check that is created by you and transmitted to the Bank using the Service.
18. **Indemnifying Bank.** A bank that provides an indemnity with respect to a substitute check.
19. **Item.** A check that is payable on demand, drawn on or payable through or at an office of a United States financial institution, whether negotiable or not, and payable or endorsed by you, and includes original checks, substitute checks and image exchange Items. The term does not include noncash items or items payable in a medium other than United States currency.
20. **Magnetic Ink Character Recognition Line and MICR Line.** The numbers, which may include the routing number, account number, check number, check amount, and other information, that are printed near the bottom of a check in magnetic ink in accordance with American National Standard Specifications for Placement and Location of MICR Printing for an original check and American National Standard Specifications for an Image Replacement Document for a substitute check (unless the Federal Reserve Board, by rule or order, determines that different standards apply).
21. **Noncash Item.** An item that would otherwise be a check, except that:
- A. A passbook, certificate, or other document is attached;
  - B. It is accompanied by special instructions, such as a request for special advice of payment or dishonor;
  - C. It consists of more than a single thickness of paper, except a check that qualifies for handling by automated check processing equipment; or
  - D. It has not been preprinted or post encoded in magnetic ink with the routing number of the paying bank.
22. **Original Check.** The first paper check issued with respect to a particular payment transaction.
23. **Paper or Electronic Representation of a Substitute Check.** Any copy of or information related to a substitute check that a bank handles for forward collection or return, charges to a customer's account, or provides to a person as a record of a check payment made by the person.
24. **Paying Bank.**
- A. The bank by which a check is payable, unless the check is payable at another bank and is sent to that bank for payment or collection;
  - B. The bank at which a check is payable and to which it is sent for payment or collection;
  - C. The Federal Reserve Bank or Federal Home Loan Bank by which a check is payable;
  - D. The bank through which a check is payable and to which it is sent for payment or collection, if the check is not payable by a bank; or
  - E. The state or unit of general local government on which a check is drawn and to which it is sent for payment or collection.

Paying bank includes the bank through which a check is payable and to which the check is sent for payment or collection, regardless of whether the check is payable by another bank, and the bank whose routing number appears on a check in fractional or magnetic form and to which the check is sent for payment or collection. A paying bank also includes the Treasury of the United States or the United States Postal Service for a check that is payable by that entity and that is sent to that entity for payment or collection.

25. **Qualified Returned Check.** A returned check that is prepared for automated return to the depository bank by placing the check in a carrier envelope or placing a strip on the check and encoding the strip or envelope in magnetic ink. A

qualified returned check need not contain other elements of a check drawn on the depository bank, such as the name of the depository bank.

**26. Reconverting Bank.**

- A. The bank that creates a substitute check; or
- B. With respect to a substitute check that was created by a person that is not a bank, the first bank that transfers, presents, or returns that substitute check or, in lieu thereof, the first paper or electronic representation of that substitute check.

**27. Regulation CC.** Federal Reserve Board Regulation CC: Availability of Funds and Collection of Checks, which may be amended from time to time.

**28. Remotely Created Check.** A check that is not created by the paying bank and that does not bear a signature applied, or purported to be applied, by the person on whose account the check is drawn. For purposes of this definition, “account” means an account or other arrangement that allows a person to draw checks that are payable by, through, or at a bank.

**29. Restricted Transactions.** Any of the following transactions or transmittals involving any credit, funds, instrument, or proceeds that Regulation GG (Prohibition on Funding of Unlawful Internet Gambling) prohibits any person engaged in the business of betting or wagering (which does not include the activities of a financial transaction provider, or any interactive computer service or telecommunications service) from knowingly accepting, in connection with the participation of another person in unlawful Internet gambling:

- A. Credit, or the proceeds of credit, extended to or on behalf of such other person (including credit extended through the use of a credit card);
- B. An electronic funds transfer, or funds transmitted by or through a money transmitting business, or the proceeds of an electronic funds transfer or money transmitting service, from or on behalf of such other person; or
- C. Any check, draft, or similar instrument that is drawn by or on behalf of such other person and is drawn on or payable at or through any financial institution.

**30. Returning Bank.** A bank (other than the paying or depository bank) handling a returned check or notice in lieu of return. A returning bank is also a collecting bank for purposes of UCC 4–202(b).

**31. Routing Number.**

- A. The number printed on the face of a check in fractional form or in nine-digit form; or
- B. The number in a bank's endorsement in fractional or nine-digit form.

**32. Substitute Check.** A paper reproduction of an original check that:

- A. Contains an image of the front and back of the original check;
- B. Bears a MICR line that contains all the information appearing on the MICR line of the original check at the time that the original check was issued and any additional information that was encoded on the original check's MICR line before an image of the original check was captured;
- C. Conforms in paper stock, dimension, and otherwise; and
- D. Is suitable for automated processing in the same manner as the original check.

**33. Sufficient Copy and Copy.**

- A. A sufficient copy is a copy of an original check that accurately represents all of the information on the front and back of the original check as of the time the original check was truncated or is otherwise sufficient to determine whether or not a claim is valid.
- B. A copy of an original check means any paper reproduction of an original check, including a paper printout of an electronic image of the original check, a photocopy of the original check, or a substitute check.

**34. Transfer and Consideration.** These terms have the meanings set forth in the Uniform Commercial Code and in addition:

- A. The term transfer with respect to a substitute check or a paper or electronic representation of a substitute check means delivery of the substitute check or other representation of the substitute check by a bank to a person other than a bank; and
- B. A bank that transfers a substitute check or a paper or electronic representation of a substitute check directly to a person other than a bank has received consideration for the item if it has charged, or has the right to charge, the person's account or otherwise has received value for the original check, a substitute check, or a representation of the original check or substitute check.

**36. Uniform Commercial Code, Code, or U.C.C.** The Uniform Commercial Code as adopted in a state.

5. Please verify that your computer meets the following requirements:

### System Requirements

In order to use Harmony Bank's Remote Deposit Capture product, you must use a computer that meets the product's minimum system requirements. While Remote Deposit Capture may run on other configurations, Harmony Bank cannot provide customer support for issues experienced on configurations that do not meet these specifications:


#### PC:

- Windows Operating System
  - Windows 7: 32- or 64 bit with Service Pack 1
  - Windows 8.1: 32- or 64-bit
  - Windows 10: 32- or 64-bit
  - All Windows operating systems should have the Microsoft recommended security updates from the Windows Update Center
- 1 GB of memory
- Up to 268 MB free hard drive space depending on the type of scanner used
- USB 2.0
- .NET 4.6.2 or Higher

#### Mac:

- Macintosh Operating System
  - An Intel Based Mac running OS Sierra 10.12 or higher
  - Older versions of Mac OS X may work, but have not been fully tested
- USB 2.0
- 1 GB of memory
- Up to 268 MB free hard drive space depending on the type of scanner.
- At this time the only scanners qualified for use on a Mac are the Panini EverneXt/iDeal/VisionX scanners

#### Multifactor authentication:

- 
- Requires a smartphone or tablet for receiving push notifications (recommended)
- Users can receive SMS messages or robo phone calls for authentication (slower)

#### Browser

- Chrome 52 or higher, Firefox 48 or higher, Opera 39 or higher, or Internet Explorer 11
- Microsoft Edge is not compatible at this time
- In order to properly install the software in Windows, you must run the scanner installation process and browser in administrator mode during the first image capture to allow the system to place required dll files in the correct folder.

#### Internet:

- Broadband internet access (25 Mbps or faster)

**Approved Scanners:**

Please circle the scanner you will be using.

- Panini EverneXt/Mi:Deal/VisionX: Windows and Mac OS
- DigitalCheck Smartsource Series scanners: Windows OS
- DigitalCheck TellerScan Series and CS30: Window OS
- Canon CR 50/80/CR-L1: Windows OS
- Epson Capture One: Windows OS
- UEC Series 7000: Window OS
- Canon CR\_55
- Canon CR\_80
- Canon CR\_L1
- DCCCorporation TellerScannerTs230
- Epson CaptureOne
- Panini Everest AXR
- Panini iDeal
- Panini iDeal AXR
- Panini MyVisionX 32/64
- RDM AXR
- Securelink AXR
- SmartSource PVA
- SmartSource
- UEC 7000 Ranger
- UEC Series7000
- Unisys SmartSource Edge
- Unisys SmartSource Micro
- X937 Scanner

Scanner IP Address for each scanner: \_\_\_\_\_

Please verify you can access the RDC webpage:

<https://harmonybank.msird.com>

Did you successfully access this site? ☐ Yes ☐ No

6. How many PC's will the software loaded on (backup capture and/or research)? \_\_\_\_\_

Notes:

- Merchant acknowledges this is an application for service and is not a guarantee of service.

Accepted by: \_\_\_\_\_

*Signature of Authorized Representative of Customer*

Date: \_\_\_\_\_

## **Attachment C**

# **Remote Deposit Capture Security Recommendations**

The following security recommendations have been compiled from industry best practices and the Payment Card Industry Data Security Standards. We recommend consideration and implementation of the following to help safeguard the integrity, confidentiality, and availability of the information and information systems.

### **Physical Security**

1. Restrict physical access to workstation and scanner. Locate workstation and scanner, where feasible, in an area that has restricted traffic flow. Ideally, the equipment would be in an office with access by only those authorized to access the application.
2. Secure physical checks prior to, during, and after scanning and transmission. Physical security over the checks should include limited access and protection from unauthorized access to the checks prior to being scanned. If the scanning process is interrupted, the checks should physically be secured and the user logged out of the application. Once the scanning process is complete and the files have been transmitted, the checks should be stored in a secure location under dual control until they are destroyed.
3. The physical items are to be shredded under dual control after 90 days, in accordance with the Remote Deposit Capture Agreement. An audit log that records the date of destruction, batch numbers, and initials of those performing the shredding should be maintained.

### **Logical Security**

To achieve logical security, it may be necessary to engage an outside network consultant to configure network and workstation security.

1. Install and maintain a firewall on the network. Consideration should also be given to installing a personal firewall on the workstation or enabling the Windows firewall if utilizing a Windows operating system. The firewall should be configured to disallow traffic from untrusted networks and restrict inbound and outbound Internet traffic. Direct public access must be prohibited. The firewall should be kept up to date and monitored. Ensure the firewall has audit logging capabilities.
2. Install and maintain anti-virus and anti-spyware tools on the workstation. The tools should be kept up to date and are capable of generating audit logs.
3. If wireless networks are deployed, must ensure wired equivalent privacy (WEP) is enabled, default service set identifier (SSID) broadcasts are disabled, and vendor default settings are changed. WiFi protected access (WPA and WPA2) encryption and authentication should also be enabled.

4. Restrict use of peer to peer (P2P) networks and file sharing capabilities.
5. Restrict remote access, if remote software is installed ensure it is secure or prohibit installation – PC Anywhere, GoToMyPC, etc.
6. Do not allow outside software to be loaded on the workstation, restrict or prohibit Internet downloads.
7. Vendor supplied default system passwords must be changed. This includes Windows and RDC application software.
8. Ensure that each user of the system has their own ID and password; log on credentials should never be shared since it negates any audit trail.
9. Strong password parameters are encouraged – minimum length of 8 characters and must include alpha/numeric and special characters for both the network and RDC application.
10. Network passwords should expire within 30 to 60 days.
11. Network settings should log users off after 15 minutes of inactivity. Ideally the workstation should have a password protected screen saver enabled.
12. Consider multi-factor authentication by installing biometric readers.
13. Network and workstations should have the latest vendor supplied security patches installed. Industry practice is to install relevant security patches within one month of release (or sooner, following testing to ensure interoperability [Windows updates should be researched prior to installation]); however, anti-virus, anti-spyware, and firewall definitions should be automatically installed immediately upon release.
14. Establish a process to identify newly discovered security vulnerabilities: subscribe to alert services available on the Internet, run an automated application on the network to identify vulnerabilities.
15. Consider annual penetration testing.
16. Limit Internet access and restrict webmail access for added protection against potential viruses, Trojans, and key loggers.
17. Review system event logs and user activity logs, especially those with administrator profiles.
18. Maintain system backup.
19. Consider segregation of duties between initial scanning of items, edits to images, and transmission of the files.
20. At a minimum, a review of all manual adjustments to check images should be reviewed by someone other than the person making the changes to ensure accuracy.

I acknowledge that I have received a copy and have read the recommended security standards.

**Print Name & Title:** \_\_\_\_\_

**Company:** \_\_\_\_\_

**Signature** \_\_\_\_\_ **Date:** \_\_\_\_\_

## REMOTE DEPOSIT CAPTURE ANNUAL SELF- ASSESSMENT

Please take a few minutes to complete the following Remote Deposit Capture Self Assessment.

This document should be used to evaluate the processes that your company uses in conjunction with the Harmony Bank Remote Deposit Capture product. Once you have completed the form, please secure email the completed form to

Kara.Fox@Harmony.Bankor via fax 469.429.1432 attention Kara Fox.

Harmony Bank would like to thank you for taking the time to complete this assessment.

**Please contact us at 972-494-9800 with any questions.**

DATE OF AUDIT: \_\_\_\_\_

COMPANY NAME: \_\_\_\_\_

ASSESSMENT COMPLETED BY: \_\_\_\_\_

### PHYSICAL SECURITY

☐ Yes ☐ No

Original checks are securely stored prior to, during, and post scanning.

Comments: \_\_\_\_\_

☐ Yes ☐ No

Original checks are destroyed after 90 days, in accordance with the contract.

Comments: \_\_\_\_\_

☐ Yes ☐ No

Original checks are destroyed using secure methods.  
(shredding under dual control)

Comments: \_\_\_\_\_

☐ Yes ☐ No

The merchant maintains an audit log of check destruction; including date of destruction, batch numbers, and initials of those performing the shredding.

Comments: \_\_\_\_\_

☐ Yes ☐ No

Access to the workstation and scanner is restricted to a low traffic area, as feasible.  
(Ideally in an office with access by only those authorized to access the remote deposit application)

Comments: \_\_\_\_\_

### LOGICAL SECURITY

☐ Yes ☐ No

The computer or device used for Remote Deposit Capture is using a supported operating system and is not in an end of life status.

☐ Yes ☐ No

A firewall is installed on the merchant's server; or Windows firewall is enabled if using a Windows operating system.

Comments: \_\_\_\_\_

☐ Yes ☐ No

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Anti-virus and anti-spyware tools are on the workstation and are up-to-date.

*Comments:* \_\_\_\_\_

☐ Yes ☐ No

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Network setting log users off after 10 to 20 minutes of inactivity.

*Comments:* \_\_\_\_\_

☐ Yes ☐ No

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Each user has their own ID and password.

*Comments:* \_\_\_\_\_

☐ Yes ☐ No

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Strong password parameters on the merchant's network are in place.

*Comments:* \_\_\_\_\_

☐ Yes ☐ No

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If wireless networks are deployed, ensure wired equivalent privacy (WEP) is enabled, default service set identifiers (SSID) are disabled, and WiFi protected access (WPA & WPA2) encryption is enabled.

*Comments:* \_\_\_\_\_

## Attachment B

### Remote Deposit Capture - Merchant Questionnaire

1. Define your accounts below

Account #	Name on the Account	Avg # Checks Deposited Daily	Frequency of Deposits

2. Enter email addresses for notification. Please note: there is a limit of 255 characters (including all addresses and semi colons for separation).

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3. Primary (admin) contact name and phone number

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4. Additional User's contact names, phone numbers, and email addresses:

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