



## Remote Deposit Capture Service Agreement

Remote Deposit Capture Service ("RDC") allows a Company to electronically image checks and capture deposit data electronically using a check scanner, software, and an Internet connection to deliver the images and deposit file to the **Merchants Bank** ("Bank") for deposit. Bank may transmit electronic deposit files and check images directly to other financial institutions or create or have created on Company's behalf a paper substitute check commonly known as an image replacement document ("IRD") to an electronic transaction to present to the payor's originating financial institution. The following terms apply to this Remote Deposit Capture Service Agreement ("Agreement").

### A. Definitions.

1. *Service* means the Remote Deposit Capture software and related processing through which you will transmit checks to Bank for deposit to an account.
2. *Business Day* means every Banking day except Saturdays, Sundays, and federal holidays.
3. *Compliance with Laws and Rules.* Company and Bank agree to comply with the laws, rules and operating regulations contained herein, including those requirements mandated by the Federal Check Clearing for the 21<sup>st</sup> Century Act ("Check 21") or any successor legislation, Federal Reserve Bank Regulation CC – Availability of Funds and Collection of Checks ("REG CC"), Bank's Deposit Account Rules and Funds Availability Policy (the "Bank Rules"), American National Standards X9 specifications ("ANS Specifications"), Articles 3,4, and 4A of the Uniform Commercial Code in effect in Vermont (the "UCC"), and any network association agreements as are currently in effect and as amended from time to time (collectively, the "Rules").
4. *Cutoff Hour.* Received by 6:00 PM Eastern Time. Any file received after 6:00 PM Eastern Time will be processed the next Bank Business Day.
5. *Item(s)* means any eligible check, electronic, paper or IRD, intended or transmitted for deposit.
6. *Check 21* means the Federal Check Clearing for the 21<sup>st</sup> Century Act.
7. *IRD* means an Image Replacement Document or a substitute check which contains (a) an image of the front and back of the original check, (b) bears a MICR line containing all the information appearing on the MICR line of the original check, and (c) conforms in paper stock, dimension, and otherwise with generally applicable industry standards for substitute checks.
8. *MICR Line means* the Magnetic Ink Character Recognition Line which can be read by optical scanner equipment and includes numbers which may include the Bank routing number and transit number, account number, check number, check amount and other auxiliary information such as a Company location or division, that are printed near the bottom of a check in magnetic ink in accordance with the American National Standard Specifications ANS X9 format, as may be amended from time to time.
9. *Deposit* means an electronic file which includes images (front and back) of eligible paper checks. Only original check items may be deposited via Remote Deposit Capture.
10. *Participants* means Bank, its correspondent Banks, participating Image Exchange Networks, and the Federal Reserve Bank (FRB).
11. *CAR/LAR technology* means Courtesy Amount Recognition and Legal Amount Recognition which are typed or handwritten amounts found on any check and optically scanned in an attempt to read the amount from the check and convert to electronic data.
12. *Endorsement* ("Indorsement" under the UCC) means a signature or stamp by the Company on the back of check for the purposes of negotiating the check.
13. *Administrator* means an Authorized Person designated as Administrator with the authority to add, delete and manage all other Authorized Persons for the Company. Company is responsible for all transactions made through any established User ID and password. Principal and User will not make any passwords available to any non-authorized persons.

## B. Company's Responsibilities.

1. *Scanner.* Company is responsible for purchasing an approved scanner compatible with Bank's RDC Services.
2. *System Requirements.* Web browser – Microsoft Internet Explorer, v6.0 or v7.0 with Pop-up windows, Session cookies and JavaScript features enabled. 128-bit encryption included in browser. VGA graphics capability and 16 bit color palette. Screen Resolution should be set at 800x600 pixels (1024x768 pixels recommended). ISP Connection required is 28.8 Kbps (56.6 Kbps or higher recommended). Operating System - Windows XP, all Service Packs up to and including 3 or Windows Vista (Enterprise, Business and Home Premium editions).
3. *Business Account.* Company will open and maintain a Business checking account with Bank, in accordance with the specifications and regulations defined by Bank Rules, to which Bank will credit amounts received in collection of electronic items. If a Business Account pre-exists, Company may designate that account for electronic deposits. All such credits are provisional and Bank may charge the Business Account, as well as any other Company's account with Bank, for the amount of a returned or rejected electronic debit Item. Company authorizes Bank to debit the Business Account when the Bank is notified.
4. *Items Not Eligible for Remote Deposit Capture.* *Savings Bonds* or items not payable through a U.S. bank may not be deposited via RDC.
5. *Endorsements.* Company agrees to endorse the back of every check prior to scanning, whether handwritten, manually with an approved stamp or mechanically using the scanner. Endorsements may include [Company Name], and [Account Number]. Checks not endorsed will be rejected by the Federal clearing house and will be returned to Company following Section C. Bank Responsibilities – Return Items according to the Rules.
6. *Disposition of Paper Checks.* Company agrees to maintain and secure original, paper checks for a period of sixty (60) days in a manner that prevents the paper checks from being reprocessed and/or deposited more than once. The original check may be requested by the Bank if necessary for reprocessing to correct an unreadable transmission previously submitted. The paper checks must be shredded or otherwise confidentiality destroyed after sixty (60) Days.
7. *Electronic Record Retention.* Company assumes all responsibility for the security of all check images and electronic files and will indemnify and hold Bank harmless from any breach of security of Company's records.
8. *Maximum Daily Deposits.* Company and Bank agree upon the maximum dollar amount of a daily deposit of checks as specified below. This maximum daily deposit may be adjusted from time to time and may be reviewed periodically by the Bank.
9. *Certified Equipment List.* Company agrees to either purchase or use certified equipment and software that is compatible with Bank's approved systems and equipment. Company agrees to use the Equipment in a manner consistent with the terms of this Agreement. Bank shall have no liability or responsibility for any theft, damage, losses, non-performance, claims or causes of action ("Claims") experienced by Company as a result of any equipment used in conjunction with the RDC and the Company's sole recourse with respect to any Claims relating to equipment shall be to provider of such equipment.
10. *Electronic Deposits; Scanning and Transmission Technology.* Company agrees to purchase, install, and maintain hardware and software as the Bank may reasonably specify from time to time for the purpose of capturing check images and transmitting electronic deposits of checks to the Bank. Company shall be solely responsible for the operation, maintenance, and accuracy of such hardware and software. Company shall comply with such security and other procedures relating to the capture and transmission of check images as the Bank may reasonably require.
11. *Communications Connectivity.* Company will be responsible for all telecommunications/Internet Connectivity related costs as well as the costs of any equipment or supplies necessary to access this Service. Company will be responsible for any electrical outlets, telephone outlets, surge protectors, extension cords, splitters, or any other special equipment necessary to operating any equipment or software necessary to this Service. Bank shall have no liability or responsibility for any claims experienced by Company resulting from changes Company makes to its hardware or software configuration necessary to maintain the minimum standards of connectivity.
12. *Policies, Procedures and Audit Practices.* Company agrees that it will maintain policies, procedures and audit practices to ensure that the check images captured and transmitted to and through Bank into its Participants meet all of the requirements as defined by Rules and will maintain operating procedures to ensure that the original checks transmitted are stored and destroyed in a timely manner to prevent the presentment of a check that a Bank, drawee, drawer or endorser has already paid.
13. *Transmissions.* Companies are encouraged to deliver deposits as early as feasible to facilitate any necessary error resolution. All incoming remittances will be processed within the Business Day if received before The Cutoff Hour and funds will be deposited to the designated account(s) on the following business day.
14. *Image Standards and Data Transmissions.* Company agrees to assure acceptable and accurate scanned images including (front and back) payee name, posting date, amount, serial number, bank routing and transit

numbers, account number, name and payor's signature, and other information placed on the check prior to the time an image of the check is captured, such as any required identification written on the front of the check and any required endorsements applied to the back of the check. Company agrees that images that do not meet ANS Specifications are not allowed transmission into the check network, and Bank and/or Participants may reject and return to Company any and all items that fail to meet established industry standards without any liability for such rejection and/or return. It is the sole responsibility of Company to correct and resubmit any rejected images. Company will not initiate an electronic Item with respect to any customer of the Company without first being in possession of a proper check, which is made payable to Company.

15. *Daily Item Balancing.* Company agrees to verify transactions transmitted from the previous Business Day and immediately notify Bank of any error discovered. Bank will make every effort to assist Company in resolving transmission errors, and adjustments may be made in accordance with Bank's Rules.
16. *Return Check Items.* Company shall pay Bank for the amount of any returned items (including rejected IRDs) or any claims for adjustments accounted by Bank for any item or Deposit which Bank has previously credited to Company's account. Such amounts shall be charged as returns to Company's account and are immediately due and payable by Company to Bank. Returned items appear on Company's reports to the extent agreed between Company and Bank. Company understands that returned check items will be IRDs.
17. *Reconciliation.* Company agrees to notify Bank promptly of any discrepancy between Company's records and the information shown on any such periodic statement. If Company fails to notify Bank of any such discrepancy promptly within receipt of a periodic statement, Company agrees that Bank shall not be liable for any other losses resulting from Company's failure to give such notice or any loss of interest with respect to an Item shown on such periodic statement.
18. *Contingency Plan.* Company agrees that in the event that communications, equipment or software outages prevent Company from transmitting electronic transactions that Company will transport checks and deposits to closest office of Bank and make deposits until such time that the outage can be identified and resolved. Company will notify the Bank service department immediately when such an outage occurs.
19. *Confidentiality.* Company data required to be submitted to the Bank pursuant to this Agreement will be safeguarded by Bank, and no specific data regarding the Company's business shall be released to anyone other than the Company without express written permission unless Bank shall be required to do so by governmental authority. For all purposes related to this Agreement, the parties agree that the Bank's duty of care and its obligation to Company with respect to ordinary care or maintenance of any processing or other services performed by (or records retained by) Bank shall be satisfied so long as the Bank exercises the same standard of care with respect to Company's records as the Bank uses in connection with similar services or records of any other financial institution which the Bank maintains pursuant to a data processing agreement.
20. *Company Information.* Company will provide the Bank financial and credit information in form acceptable to Bank and all such financial information which currently has been and all future financial information which will be provided to the Bank is and will be true and correct in all material respects and fairly present Company's financial condition as of the dates the financial information is provided. The Company will ensure that all information provided to the Bank is complete, accurate and up-to-date. Further, the Company gives the Bank permission to request and obtain, from time to time, credit reports from credit reporting agencies and other information about Owner(s) from other third parties that the Bank believes is beneficial to determine eligibility to open or maintain Account or receive Account services, to verify the information contained in this Agreement to manage Bank's relationship with Owner(s), or for any other legitimate business purpose.
21. *Security Procedures and Notification.* Company and Company's designated Authorized Persons, whether (i) listed in the *Remote Deposit Service Form*, or (ii) designated by the Administrator, agree to use the following security procedures: User IDs and Passwords will be issued to designated RDC users accessed via a secure website. Company agrees to inform Bank in writing of each person authorized to initiate, amend or cancel RDC transmissions (Authorized Person).
22. *Fees.* Company will compensate and agrees to pay Bank for providing the Services those amounts provided for in the Remote Deposit Pricing Schedule. Fees are subject to change, and Bank will review all relevant service prices on a periodic basis. Bank will notify Company thirty (30) days in advance of any fee schedule changes.
23. *Liability.* Company agrees to indemnify and hold harmless the Bank and its employees, officers, directors, and trustees from and against any claim, liability, damage, penalty, or other expense of any nature (including, without limitation, attorneys' fees and court costs) arising directly or indirectly from the Company's breach of any obligation, representation, or warranty under this Agreement or from the Bank's receipt of an electronic deposit from Company, including, without limitation, any claim related to (a) the accuracy, completeness, or legibility of the information transmitted to the Bank; (b) any duplicate transmission of an electronic record or any additional transmission of the original check or any substitute check, image replacement document, or other paper or electronic representation; or (c) instructions or information that was purportedly faxed or sent electronically by any Authorized Persons, including Authorized Persons designated by the Administrator.

24. *Site Visit.* Company agrees that Bank representative(s) may physically visit the site of the Company to review agreed upon security policies and procedures prior to installing the RDC service and to perform periodic site audits of the company, as prearranged and is mutually convenient for both Company and Bank.

### C. Bank Responsibilities

1. *Transaction Routing.* Bank will receive, verify and transmit the Deposits from Company by such means as Bank deems appropriate to convey the Company items into and through the necessary Participants. Company agrees that Bank, in its sole discretion, will select Participants necessary to electronically deliver Company's Deposit Items and deposits.
2. *Establish Deadlines.* Bank reserves the right to change the Cutoff Hours or deadlines for processing as defined herein as required by Participants.
3. *Detection of Errors.* Bank is NOT responsible for detecting any Company's errors contained in any check or report created and transmitted to Bank by Company. So long as Company has properly and completely fulfilled its obligations and duties under this Agreement, if Bank does not complete a transfer to or from Company's Business Account on time or in the correct amount, when Company has properly instructed Bank to do so, in accordance with the terms of this Agreement, Bank will be liable to Company for Company's resulting losses, subject, however, to certain exceptions:
  - a. If a legal order directs Bank to prohibit withdrawals from the account;
  - b. If Company submits a transfer debit from a restricted account that does not allow online debits;
  - c. If Company's account is closed, or if it has been frozen;
  - d. If the transfer would cause Company's balance to exceed the Exposure Limit as defined herein
  - e. If Company or anyone authorized by Company commits any fraud or violates the Rules;
  - f. If any electronic device, telecommunication device, or any part of the RDC is not working properly and Company knew about the problem when Company started the transfer;
  - g. If Company has not provided Bank with correct check capture information as required herein;
  - h. If Company has not properly followed the instructions for using RDC; or
  - i. If circumstances beyond Bank's control (for example fire, flood, interruption in telephone service, or other communications lines) prevent the transfer, despite reasonable precautions that Bank has taken.
4. *Limitation of Liability.* In no event shall Bank be liable for any consequential, special, punitive or indirect loss or damage which Company may incur or suffer in connection with this Agreement.

The total liability of the Bank in connection with any deposit error arising from your use of the Remote Deposit Service shall be limited to a correction of any error arising from the negligence of the Bank.

THE BANK'S MAXIMUM POTENTIAL LIABILITY SHALL, IN ANY EVENT, BE LIMITED TO DIRECT DAMAGES SUSTAINED BY YOU AS A DIRECT RESULT OF THE BANK'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE MAXIMUM AGGREGATE LIABILITY OF THE BANK RESULTING FROM ANY SUCH CLAIM SHALL NOT EXCEED THE TOTAL FEES PAID BY YOU FOR THE REMOTE DEPOSIT SERVICE IN THE SIX MONTH PERIOD PRECEDING THE DATE OF THE CLAIM. IN NO EVENT SHALL THE BANK BE LIABLE FOR SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND, INCLUDING LOST PROFITS.

5. *Return Items.* Bank will process and return unpaid items in accordance with the Rules and will, as necessary, convert check images into Substitute Checks (IRDs) for processing.
6. *Rejection of Items.* Bank shall have the right to reject any Item, batch, or file of Items, which does not comply with the requirements herein or for any other reason without liability to the Company or the Bank. Bank shall have no liability to Company by reason of the rejection of any such Item.
7. *Deletions by Company.* Company shall have no right to the deletion of any Item after its distribution by Bank.
8. *Notice of Returned Items.* Bank shall release notification to Company by its established procedures of the receipt of a returned Item.
9. *Account Reconciliation.* Items transmitted by Bank or credited to a Company's account maintained with Bank will be reflected on Company's periodic statement issued by Bank with respect to the Account.
10. *Amendment.* This Agreement may be amended from time to time by the Bank or by mutual agreement of the Bank and Company. The Bank shall give the Company notice of any amendment made by the Bank unilaterally. Any amendment agreed to by the Bank and the Company shall be expressed in a written agreement that is signed by both parties.
11. *Termination.* The Agreement will terminate automatically if the Account is closed. This Agreement also may be terminated by written notice given by either party upon receipt at the address provided on this agreement.

Termination shall not affect Company's responsibilities or Bank's rights with respect to any check deposited prior to the effective date of termination or with respect to any fees or charges due and owing to Bank at the time of the termination.

12. *Applicable Law.* The laws of Vermont shall govern the Agreement.
13. *Bank Notification.* Any notice required or permitted to be given pursuant to this Agreement will be in writing and will be delivered (in hand, FAX, or First Class mail or overnight courier) to the Company at the address specified on the Bank's records to receive statements and to the Bank address below:

**Merchants Bank  
Electronic Banking Dept.  
275 Kennedy Drive  
South Burlington, Vermont 05403**

**Daily RDC Limit: \$**

Merchants Bank

Company Name:

By:

By:

Name:

Name:

Title:

Title:

Date:

Date:

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## Remote Deposit Pricing Schedule (Effective November 1, 2009)

### Option 1—Purchase Scanner Option

- \$ 895 Panini X30 Scanner purchase price – includes 6 month warranty
  - assumes purchasing a Panini X30 scanner or similar scanner as determined by Merchants Bank
  - Larger scanner; higher capacity; auto feed
- \$375 Panini iDeal scanner purchase price
  - Smaller scanner; lower capacity; manual feed
- \$ 100 Installation / Set up Fee
- \$ 50 Monthly Processing Fee
- \$ 50/month for each additional workstation
- \$ .08 Per Item Processing Fee

### Option 2—Month to Month usage of Scanner Option

- \$ 100 Installation / Set up Fee
- \$ 75 Monthly Processing Fee for Panini x30 (larger scanner)
- \$55 Monthly Processing Fee for Panini iDeal (smaller scanner)
- \$ 75/month for each additional workstation/scanner
- \$ .08 Per Item Processing Fee

### Additional Services

- \$250 Fiserv customer service assistance hourly rate
  - \$ 99 1 year extended warrantee
  - \$177 2 year extended warrantee
  - \$244 3 year extended warrantee
- Additional fees will be payable if a faster scanner is necessary
- All fees are subject to change at any time

# Remote Deposit Application

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

SSN/TIN: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Ext.: \_\_\_\_\_ Fax: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Master Billing account: \_\_\_\_\_

Account number: \_\_\_\_\_ Title: \_\_\_\_\_  
(Example: Operating, Payroll)

Account number: \_\_\_\_\_ Title: \_\_\_\_\_

Account number: \_\_\_\_\_ Title: \_\_\_\_\_

Account number: \_\_\_\_\_ Title: \_\_\_\_\_

## Remote Deposit Processing Pricing Selection:

*See Remote Deposit Agreement for pricing schedule for each option*

### Option 1 - Purchase Scanner Option

\$ 99 1 year extended warrantee

\$177 2 year extended warrantee

\$244 3 year extended warrantee

### Option 2 - Month to Month Usage of Scanner Option