

Corporate-Partner Checking Services (Payable Through) Product Operating Agreement

Authorization. The Master Membership Agreement (“MMA”) and Master Membership Contract (“MMC”) between Member and Alloya are incorporated herein by reference and represent additional terms that are part of this Product Operating Agreement (“POA”).

- I. **General.** Unless otherwise clearly indicated in this POA, all terms used in this POA will have the same meaning as in the MMA, or as in the rules, regulations, bulletins, circulars, and operating letters of the Federal Reserve System and the Federal Reserve Banks, or as in the rules of the Electronic Check Clearing House Organization, or as in the rules of any other funds transfer system, image exchange system or clearinghouse that is used to carry out a transaction to which this POA is applicable. Such rules, regulations, bulletins, circulars and operating letters, and such other rules, are collectively referred to in this Schedule as the "Third-Party Rules", together with any and all rules that are included within such term by Paragraph VII (Further Responsibilities of Alloya) hereof, or by the Operations Manual provided to Member by Alloya and applicable to the Services to be performed pursuant to this POA.

For purposes of this POA, Member’s Corporate-Partner Checking account is defined as a separate account clearing under an Alloya routing and transit number. “Alloya” includes third party processors engaged to provide services covered under this POA.

- II. **Payment of Checks; Related Matters.** Upon presentation to Alloya of an item that appears to be drawn by Member, if: (a) the item appears to be drawn properly by reasonable visual or mechanical inspection; and (b) Alloya has no actual knowledge of a stop-payment order, defect in the item, or injunction or other legal impediment to payment of the item, then Alloya will pay the item and will charge Member’s account for the amount of the item, provided that Member has sufficient available funds and/or a line of credit (as referenced in Paragraph V [Available Funds; Credit] hereof). As between Alloya and Member (and provided that Alloya has exercised ordinary care, as referenced in Paragraph VII [Further Responsibilities of Alloya] hereof), Member will bear any loss arising or resulting from the payment of: (a) any item having an unauthorized signature of Member; (b) any item having an unauthorized endorsement of a payee of the item; and (c) any item having a material alteration or defect.

Alloya is authorized and directed to pay or otherwise honor any items that are executed in Member’s name. Alloya will not be required to inquire into the circumstances of the issue of the item or of the disposition of the proceeds, even if the item is payable to the individual who has signed the item, or is payable to an officer, director or employee of Member, and even if the item is tendered in payment of a personal obligation of the individual who has signed the item, or in payment of a personal obligation of an officer, director or employee of Member.

Member agrees to verify all items (including, as examples but without limitation, any and all items that Member has designated or described as teller’s checks or as money orders, as referenced in Paragraph III hereof) that are presented to Alloya, and such verification will utilize one or more of the following means:

1. **Positive Pay (Auto Recon).** Participation in Alloya’s “Positive Pay” Program, by which Member provides to Alloya, in the format, on the time schedule, and by the means set forth in the Operations Manual (or otherwise communicated to Member by Alloya), an accurate list (the “Item Issue Report”) of all items drawn by Member on its corporate-partner checking account at Alloya. Each such Item Issue Report will accurately list the item number and dollar amount of each item drawn by Member subsequent to the previous Item Issue Report; items may be included in an Item Issue Report even before they are sent or otherwise provided to a payee. The “Positive Pay” Program will also include Alloya’s daily preparation

of an “Exception Item Report” that lists items that have been presented to Alloya for payment but do not appear on any Item Issue Report received by Alloya from Member. As to any item that appears on an Exception Item Report, Member hereby requests that Alloya pay the item unless Alloya actually receives from Member an instruction (such instruction being referred to as a “Return Request”) that Alloya is to return the item; any such Return Request must be actually received by Alloya within the time period set forth in the Operations Manual or otherwise communicated to Member by Alloya.

2. **Daily Review.** Daily review of all items that have been presented to Alloya for payment, on the Cleared Checks screen available through Alloya’s “TranZact” computer-to-computer communication system.

If Member uses the Cleared Checks screen, then Member hereby requests that Alloya pay each item that appears on such screen unless Alloya actually receives from Member a Return Request as to such item; any such Return Request must be actually received by Alloya within the time period set forth in the Operations Manual or otherwise communicated to Member by Alloya.

Member hereby acknowledges that there are certain types of item fraud (e.g., forged endorsements and altered payee names) that are not likely to be detected by “Positive Pay” arrangements.

Member agrees to safeguard its blank checks (including, as examples but without limitation, any checks that have been designated or described as “teller’s checks,” “official checks,” or “money orders,” as referenced in Paragraph V hereof) with the same degree of care that Member uses for safeguarding cash.

Under no circumstances will Alloya have any obligation to pay for any item by coin or currency, and under no circumstances will Alloya have any obligation to pay or otherwise honor any item that is not presented to Alloya by a commercially reasonable means.

Member acknowledges that all items drawn on Member’s account will be processed and stored by Alloya in digital or image format and not in paper format. Alloya will store images of items (both front and reverse sides) for seven (7) years. During the storage period applicable to the imaged items, Alloya will respond to inquiries and requests for copies of paid items in accordance with the procedures and fees set forth in the Operations Manual (or in Alloya’s Pricing Schedules, or as otherwise presented to Member by Alloya). If such an inquiry or request is received after this POA has for any reason been terminated, Alloya’s fees for such post-termination copies, research and other services will be as set forth in Alloya’s Pricing Schedules. After the expiration of the applicable seven (7) year storage period, Alloya will have the right to destroy all images of an item without notice to Member.

Alloya agrees to and hereby does indemnify and hold harmless Member and its officers, directors, employees, agents and representatives (each, an “Indemnitee”), from and against any and all litigation, causes of action, losses, damages, claims by Member’s members or other third parties, and liabilities of any and every kind (including, as an example but without limitation, reasonable attorneys’ fees) to which Member or any other Indemnitee, jointly or severally, may be subjected, arising out of or attributed, directly or indirectly, to Alloya’s failure to produce promptly either an image of a paid item, or other proof of payment (or otherwise to resolve the matter), if such image is needed by Member during the period when Alloya has agreed to store such image under this POA. Alloya’s indemnity: (a) will apply only to the Indemnitee’s actual direct damages (and not to any indirect, consequential, punitive, exemplary or special damages); and (b) will be limited to two (2) times the amount of the item of which Alloya has failed to produce an image. Upon any termination of the MMC, this indemnity will survive and remain in full force and effect, as to transactions conducted prior to the termination of the MMC, until the expiration of applicable statutes of limitations.

- III. **Cashier’s Checks; Teller’s Checks; Money Orders.** Member acknowledges that because the Uniform Commercial Code (“UCC”) defines a “cashier’s check” as a draft with respect to which the drawer and the drawee are the

same institution, and because Member and Alloya are not the same institution, no item drawn by Member on Member's account at Alloya is or can be a cashier's check. Member agrees not to print the words "cashier's check" on any item that it draws on its account at Alloya.

Member acknowledges that under the UCC, Member is the "obligated bank" with respect to any item drawn on Member's account at Alloya that Member describes or designates as a "teller's check" or as a "money order." Member further acknowledges that if Member wrongfully stops payment of a teller's check or a money order, Member may be obligated to pay compensation (for expenses and loss of interest resulting from the nonpayment) to the person asserting the right to enforce the teller's check or money order.

Member agrees that it will provide, to each purchaser of an item that has been designated or described by Member as a money order, any and all disclosures or other written information that may be required by applicable state or federal law.

Member acknowledges the following: (a) if Member has designated or described an item as a teller's check or as a money order, and the item is subsequently lost, destroyed or stolen, then the payee of the teller's check or money order (or other person who claims the right to receive the amount of the teller's check or money order) may have the right to assert a claim against Member in the amount of the teller's check or money order; (b) under the UCC, any such claim received by Member should describe the teller's check or money order with reasonable certainty, and should be accompanied by a written declaration of loss; and (c) no such claim is legally enforceable until the later of the time the claim is asserted, or the ninetieth (90th) day following the date of the teller's check or money order.

- IV. Stop-Payment Orders.** Pursuant to Member's instructions, Alloya will maintain a list of Member's stop-payment orders (each such order to be in the form required by the Operations Manual). If an item presented to Alloya matches Member's stop-payment order, Alloya will return the item (unpaid). If an item does not fully match Member's order, but Alloya reasonably believes that such item in fact is the item on which Member wishes to stop payment, then Alloya will notify Member but will not return the item unless Alloya receives further instructions from Member. (Member acknowledges that any such instructions to stop payment on a suspect item must be actually received by Alloya within the short time period specified or referenced in the Operations Manual). Alloya will not have any liability or responsibility if it pays any item after Member's stop-payment order pertaining to the item has expired (the time for expiration of stop-payment orders being set forth in the Operations Manual), unless Member has renewed the stop-payment order.

All stop-payment orders must comply with the Operations Manual and must describe the item by the MICR-encoded serial number and the face amount of the item, and Alloya must actually receive the stop-payment order in time that is deemed by Alloya to be sufficient to allow Alloya to act upon the order, prior to payment of the item in the normal course of Alloya's business. Member agrees that if Alloya pays an item after Member has attempted to provide stop-payment instructions, Alloya nevertheless will not be deemed to have failed to exercise ordinary care if: (a) Member failed to comply with this POA or the Operating Manual; or (b) Member's description of the item was inadequate or incomplete according to the terms of the Operations Manual; or (c) Alloya did not receive Member's stop-payment instructions in sufficient time to allow Alloya to act upon the instructions prior to payment of the item in the normal course of Alloya's business. If Alloya pays an item after Member has properly provided Alloya with stop-payment instructions, Alloya's liability to Member will not exceed the face amount of the item.

Additionally, although Alloya in its sole discretion may refuse to pay any item presented more than six (6) months after the date of the item, Alloya does not have any responsibility to refuse to pay any such "stale" item. Unless the item is the subject of a stop-payment order that is in effect and has not expired, Alloya will not have any responsibility or liability if it pays any item more than six (6) months after the date of the item.

V. **Available Funds; Credit.** Member agrees to maintain sufficient available funds in its account at Alloya in order to cover all transactions that may be posted against the account from time to time. Unless Alloya in its discretion determines that Member may settle transactions on an account at Alloya without having qualified for a line of credit, then in order to receive [corporate-partner](#) checking services under this POA, Member agrees to qualify for and maintain a line of credit with Alloya, in the amount designated by Alloya from time to time (such line of credit to be secured by collateral acceptable to Alloya).

VI. **Responsibilities of Member.** Member agrees to do the following:

1. Promptly review Alloya's account statements and advices of debits and credits, and promptly report any discrepancies to Alloya in writing.
2. Submit item Return Requests (as referenced in Paragraph II [Payment of Checks; Related Matters] hereof) on a timely basis (as specified in the Operations Manual), in order to comply with applicable item return deadlines.
3. Have a thorough familiarity and understanding with the UCC rules and limitations on payments and stop payments on checks covered by this Agreement.

VII. **Further Responsibilities of Alloya.** Alloya agrees to do the following:

1. Exercise ordinary care in its performance of the Services under this POA pursuant to practices that are generally accepted in the credit union industry.
2. Provide a means by which Member can, on a daily basis, review all items that have been presented to Alloya for payment, so that Member can be actively involved in the decision as to whether to pay or to return such items.
3. At Member's request, send return items into the clearing process, and provide appropriate credit to Member's account.
4. At Member's request, provide assistance with: (a) adjustments to and/or research items drawn against Member's account; and (b) error resolutions to which Member believes itself to be entitled.

Notify Member as to all debits, credits and costs that are applicable to Member's checking activity.

VIII. **Indemnity; Liabilities.**

Member's indemnity will apply to (as examples, but without limitation of the generality of the indemnity) the following: (a) any forgery or other loss resulting from or caused by Member's failure to verify all items (as referenced in Paragraph II [Payment of Checks; Related Matters] hereof); (b) any forgery or other loss resulting from or caused by Member's failure to safeguard its blank checks (as referenced in the same Paragraph II hereof), or to destroy all blank checks pertaining to an account that Member has closed; (c) any incorrect use by Member of the words "cashier's check" (as referenced in Paragraph III [Cashier's Checks; Teller's Checks; Money Orders] hereof); (d) Alloya's execution of any stop-payment order given by Member to Alloya, whether such stop-payment order pertains to an item that Member has designated as a "teller's check" or as a "money order" (as referenced in the same Paragraph III hereof), or to another item.

If Alloya lists an item in an Exception Item Report (as referenced in Paragraph II [Payment of Checks; Related Matters] hereof), but Member does not submit to Alloya a timely Return Request as to such item, and Alloya then honors the item, such honor will be rightful and Member hereby waives any right it may have to assert

that the item was not properly payable under the UCC or other applicable law. Similarly, if Alloya dishonors an item in accordance with a Return Request issued by Member, the dishonor will be rightful and Member hereby waives any right it may have to assert that the dishonor was wrongful under the UCC or other applicable law.

To the extent that Member suffers a loss pertaining to an item that is processed under this POA, Alloya hereby assigns to Member any claims that Alloya would have against a depository bank or collecting bank to recover the loss, including (as examples, but without limitation) any claims of breach of warranty under Chapter 4 of the UCC.