**Remote Deposit Capture User Agreement**

This Remote Deposit Capture Agreement (“Agreement”) contains the terms and conditions for the use of First National Bank of Grayson (“The Bank”) Remote Deposit Capture (“RDC”) and/or other remote deposit capture services described below and provided by The Bank to you. This Agreement includes by reference the terms and conditions set forth in The Bank’s TERMS AND CONDITIONS OF YOUR ACCOUNT governing all Customer Accounts with The Bank. In the event of any inconsistency between a provision of this Agreement and TERMS AND CONDITIONS OF YOUR ACCOUNT, this agreement will govern the use of RDC. The terms “we,” “us” and “our” refer to First National Bank of Grayson. “You” or “your” refer to Customer.

This agreement is governed by and subject to all applicable federal laws and the laws of the State of Kentucky, as well as regulations and rules that may be promulgated in accordance with federal and state law. When used in this agreement, the term “applicable law” includes all of the above.

# DESCRIPTION OF PRODUCT

RDC services are designed to allow you to make deposits to your checking, savings, or money market savings accounts from home or other remote locations by electronically capturing an image (or picture) of an eligible check using a mobile capture device, such as a smartphone or similar device, and transmit the item to The Bank for deposit into your designated account.

1. **ACCEPTANCE OF THESE TERMS**

Your use of RDC constitutes your acceptance of this Agreement. This Agreement is subject to change from time to time. The Bank will provide you notice at least thirty (30) days prior to the effective date of the change via e-mail, text message, or on our website by providing a link to the revised Agreement or by an online secure message. It is your responsibility to read the notice of change. Your continued use of RDC after notification shall constitute acceptance of any changes.

# 3. TERM AND TERMINATION

We may terminate this Agreement at any time and for any reason. This Agreement shall remain in full force and effect unless and until it is terminated by you or The Bank. Without limiting the foregoing, this Agreement may be terminated if you breach any term of this Agreement, if you use the RDC for any unauthorized or illegal purposes or you use the RDC in a manner inconsistent with the terms of your deposit agreement or any other agreement with us.

# 4. RULES

4.1 Eligible and Ineligible Items. The following lists describe items which may and may not be used with RDC:

Eligible Items

* Checks drawn on U.S. financial institutions
* Checks payable to multiple parties if account is owned by same
* Money Orders
* Traveler’s Checks
* Cashier’s Checks

Ineligible Items

* Checks drawn on a financial institution located outside the United States
* Savings bonds
* Checks payable to any person or entity other than the person or entity that owns the account that the check is being deposited into
* Items that are missing processing information, such as illegible or missing account or bank routing numbers
* Items that have been previously electronically captured and endorsed
* Checks that have been altered in any way, or that you know or suspect, or should know or suspect, are fraudulent or otherwise not authorized by the owner of the account on with the check is drawn
* Checks payable jointly, unless deposited into an account in the name of all payees
* Bond coupons
* Treasury Tax & Loan (TTL) payments
* Checks payable on sight
* Checks with any endorsement on the back other than that specified in this agreement
* Remotely created checks
* Altered checks
* Returned items
* Checks that are postdated or more than six (6) months old
* Checks not payable in United States currency

**4.2 Deposit Limits**. We may establish limits on the dollar amount and/or number of items or deposits from time to time. If you attempt to initiate a deposit in excess of these limits, we may reject your deposit. If we permit you to make a deposit in excess of these limits, such deposit will still be subject to the terms of this Agreement, and we will not be obligated to allow such a deposit at other times. Generally, the current daily dollar limit is $1,500 per business day for mobile users and $3,000 per business day for Home Select users. In addition, generally, the current monthly dollar limit is $5,000 per any 30 consecutive calendar day period for mobile users and $10,000 per any 30 consecutive calendar day period for Home Select users. There is no daily or monthly statement cycle limit on the number of items, as long as the respective dollar limits are not exceeded.

**4.3** **Adverse Change.** If The Bank, in its sole judgment, determines that there has been an adverse change in Customer’s financial condition, The Bank may terminate this Agreement effective immediately.

**4.4 Funds Availability.** You agree that items transmitted using the Remote Deposit Services are not subject to the funds availability requirements of Federal Reserve Board Regulation CC. In general, if an image of an item you transmit through the Remote Deposit Service is received and accepted before 2:00 p.m. (EST) on a business day that we are open, we consider that day to be the day of your deposit. Otherwise, we will consider that the deposit was made on the next business day we are open. Funds deposited using the Services will generally be made available in three business days from the day of deposit. We may make such funds available sooner based on such factors as credit worthiness, the length and extent of your relationship with us, transaction and experience information, and such other factors as The Bank, in its sole discretion, deems relevant.

**4.5** **Endorsements and Procedures.** You agree to restrictively endorse any item transmitted through the RDC as “For mobile deposit only, account #\_\_\_\_\_\_\_\_\_\_\_\_” and sign the back of the check or as otherwise instructed by The Bank. You agree to follow any and all other procedures and instructions for use of RDC as The Bank may establish from time to time.

**4.6 Disposal of Transmitted Items.** Upon your receipt of a confirmation from The Bank that we have received an image that you have transmitted, You agree to retain the check for at least 30 calendar days from the date of the image transmission. After 30 days, You agree to destroy the check that you transmitted as an image, mark it “VOID”, or otherwise render it incapable of further transmission, deposit, or presentment. During the time the retained check is available, you agree to promptly provide it to The Bank upon request.

**5. BANK RESPONSIBILITIES**

* 1. **Acceptance of Items.** The Bank will credit your account for all qualifying items if received by the deadline in correct and usable form. As set out in detail in Section 6.2 below, The Bank reserves the right to reject any item that is inaccurate or not eligible for processing, and is not responsible for any delays in funds availability as a result of rejected items.
  2. **Return Items**. The Bank will process and return unpaid items in accordance with The Bank’s published guidelines and schedules, as governed by applicable law, and will as necessary, convert check images into substitute checks for processing.
  3. **Reporting**. The Bank will provide RDC information in appropriate format and media necessary to operate RDC, including balance information and the ability to display and print any RDC transaction deposited.

**5.4 Liability and Disclaimer.** The Bank shall not be liable to Customer other than as required by applicable law when the procedures of The Bank are followed and such procedures are reasonable. The Bank is not responsible for detecting Customer errors contained in any deposit created and transmitted to The Bank by Customer. The Bank is not responsible for loss resulting through error by other banks or other entities involved in the collection process.

**5.5 Reliance on Information Sent.** The Bank shall be entitled to rely on any information sent via Customer’s remote capture device through RDC. The Bank is not responsible for any losses that may result from the unauthorized use of RDC.

# 6. CUSTOMER RESPONSIBILITIES

**6.1** Documentation Requirement. Customer agrees to provide information as required by applicable law or by The Bank, when requested.

**6.2 Ensuring that Data is Accurate and Usable.** The Customer agrees that it is responsible for insuring that all items are correct and usable, both in content and form. Transmitted items will be rejected or may be held for further research and verification if they exceed the exposure limit, if the image quality is unacceptable, if there has been a duplication of items, if the transaction is out of balance or otherwise cannot be processed, is inaccurate, incomplete or inadequate. If rejected, it is the sole responsibility of Customer to correct and resubmit the information to The Bank. Customer is responsible for all delays in funds availability for any items rejected or held.

**6.3 Receipt of Deposit Verification.** If Customer does not receive a receipt of deposit following a transmission, it is the sole responsibility of Customer to determine why the transmission was not received, and The Bank is not responsible for determining the cause or for processing the deposit.

**6.4** **Daily Item Balancing.** Customer agrees to verify RDC items, using online banking, deposited on the previous business day and immediately notify The Bank of any error. The Bank will make every effort to assist Customer in resolving transmission and posting errors, but all adjustments will be made in accordance with The Bank’s TERMS AND CONDITIONS OF YOUR ACCOUNT and applicable law.

**6.5**  **Risk Management.** Customer shall be responsible for protecting against unauthorized access to RDC information and data in accordance with applicable law, which includes, but is not limited to the following:

1. Maintaining mobile access device with recommended identification codes, settings, software and parameter updates provided by The Bank and/or your mobile access device vendor;
2. Changing passwords periodically or when requested by The Bank;
3. Using virus and malware detection software approved by your mobile access device vendor as available;
4. Avoiding the use of operating system or access device features that “remember” pass codes or account information;
5. Permanently destroying or erasing all memory components, hard drives and all electronic media used with RDC that have become obsolete, unusable or which are defective.
6. Destroying or storing replaced memory cards in a secure environment before activating new access devices; and
7. Notifying The Bank immediately of any breach of access device or any unauthorized access to confidential information. Customer further agrees to notify Bank before making any oral or written statements that may be published by newspaper, radio, television or Internet.

**6.6** **Procedural Requirements.** Customer agrees that it has access to annually updated rules and regulations for RDC and agrees to follow the procedures defined in information provided to Customer by The Bank.

# 7. PAYMENT TO BANK

The Bank does not presently charge a fee for the use of RDC. However, at the bank’s sole discretion, a fee may be imposed in the future after you have received at least thirty (30) days’ notice. If you agree to the fee, your continued use of RDC will constitute acceptance. The Bank is not responsible for any fee that may be charged to you by your mobile device provider.

# 8. LIABILITY AND INDEMNITY

Bank’s responsibility and liability to Customer for any liabilities, claims, losses, costs, expenses (including attorney’s fees and costs) or damages of any kind, including without limitation direct or indirect, special, incidental, consequential and punitive damages, arising in connection with any aspect of this RDC, including but not limited to the use or the inability to use any RDC feature, or any failure, error, omission, interruption, defect, delay in operation or transmission, computer viruses or malware, or any line or system failure related to RDC, are strictly limited to those expressly provided by applicable law. CUSTOMER agrees to hold harmless, defend and indemnify The Bank, its officers, directors, agents, employees, and all persons in privity with it from and against any liabilities, claims, losses, costs, expenses (including attorney’s fees and costs) or damages of any kind, including without limitation direct or indirect, special, incidental, consequential and punitive damages, arising in connection with any aspect of RDC, even if the losses resulted from the negligence of the parties indemnified hereIN. BANK’S LIMITED RESPONSIBILITY AND LIABILITY AS SET FORTH HEREIN CONSTITUTES CUSTOMER’S SOLE AND EXCLUSIVE REMEDIES UNDER THIS AGREEMENT IN LIEU OF ALL OTHER REMEDIES, WHETHER EXPRESSED OR IMPLIED AND WHETHER AT LAW OR IN EQUITY, AND BANK HEREBY DISCLAIMS, AND CUSTOMER WAIVES AND RELINQUISHES ITS RIGHT TO ANY OTHER REMEDY AND CLAIMS.

# 9. AUTHORIZED EQUIPMENT AND SOFTWARE

Customer agrees to purchase and use equipment and software that is compatible with RDC and approved by The Bank. The Bank shall have no liability or responsibility for any damages, losses or claims by Customer as a result of any software or equipment used in conjunction with RDC and transactions contemplated by this Agreement, and Customer’s sole recourse with respect to any such damages, losses or claims shall be against the manufacturer or provider of such software and equipment.

# 10. MISCELLANEOUS

**10.1 Benefits and Assignment of Agreement.** The terms and provisions of this Agreement shall inure to the benefit of and be binding upon Customer, The Bank and its respective successors and assigns. Customer may not assign its rights under this Agreement. The Bank may assign or delegate certain of its rights and responsibilities under this Agreement as it deems necessary.

**10.2 Entire Agreement.** This Agreement constitutes the entire understanding between the parties as to the RCD, and supersedes any and all previous agreements with respect thereto.

**10.3** **No Oral Agreements**. No officer or employee of The Bank has authority to orally modify any provision of this Agreement. Customer acknowledges that there are no oral conditions, representations, agreements or commitments affecting the Agreement and that it has not entered into this Agreement in reliance upon any representation made by The Bank.

**10.4** Ownership of System. Customer agrees that certain RDC features are provided by The Bank to Customer under a sublicensing agreement with third-party vendors. Customer agrees that The Bank may in the future contract with additional third-party vendors for development and/or delivery of RDC features or enhancements as it deems necessary or desirable. Customer agrees that the vendors used are the sole owners and licensors for their RDC features and that at no time during the term of this Agreement, or after termination, will Customer have any claim or interest in the RDC, other than Customer’s information and data.

**10.5 Severability.** If any of the provisions of this Agreement are deemed invalid under any applicable law, all remaining provisions shall remain in full force and effect.

**10.6 Notice.** Notices from The Bank to Customer may be made by any method selected by The Bank, including United States Postal Service, email, facsimile or text message. Notices from Customer to The Bank shall be made through United States Postal Service or email. Customer may advise The Bank by telephone of any issue needing immediate attention, but such notice must be followed up in writing. All such notices will be made to First National Bank of Grayson, PO Box 67, Grayson, KY, 41143, and shall be effective upon receipt.

**10.7** **Headings.** Headings to sections of this Agreement are included for ease of reference and shall not be deemed to create rights, remedies, claims or defenses arising under this Agreement.

**10.8** **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky.