

Authorized Check Pay (Positive Pay)

First National Bank offers Authorized Check Pay, also known as Positive Pay, a fraud prevention product that detects unauthorized checks. Authorized Check Pay allows you to authorize payment of each check individually. If an invalid check (not reported as issued by you) is presented, the check will be returned unpaid to the presenter of the check. You simply transmit all check issuance information to First National Bank before issuing checks.

Benefits to Your Business

- **General Usage.** Authorized Check Pay consists of any transactions entered that are generally issued checks, generated by payroll or an accounts payable system.
- **Protection against fraud and lost or stolen checks.** With Authorized Check Pay, the only checks that are paid are those that have issued. This enables you to discover any unauthorized checks in an earlier process.
- **Saving Money.** With this product, you have positive control on your checking account and money is saved when you avoid any returns of unauthorized checks.
- **Safe and Secure.** Authorized Check Pay's safe and secured way of allowing you to detect unauthorized checks detects any criminal acts towards your account and allows you to review all checks issued.

Fees

- Setup Fee
- Monthly Maintenance Charge
- Charge per issued/paid check
- Exception items (per file) resolved by FNB

\$25.00 N/A
\$35.00 N/A D.A.S.
\$0.03 N/A
\$5.00

**FIRST NATIONAL BANK
POSITIVE PAY AGREEMENT**

This AGREEMENT made this day of September 2 2008, by and between FIRST NATIONAL BANK, Edinburg, Texas, herein called "Bank," and Hidalgo County herein called "Customer," provides as follows:

1. Description of Service. Upon the terms and conditions set forth in this Agreement, Bank shall provide the service of paying checks based on information provided by the Customer, issued items only. The Bank shall be responsible for paying items only if the information has been provided to the Bank as an issued item. (The issued information is due to be in the Bank by 4:00 pm, on the day prior to the check release date, to allow sufficient time to load the check information into the Bank's computer system.)

2. Equipment Provided by Customer. The Customer will provide the necessary equipment (data terminal or touch-tone telephone) to provide the information via the "Web Banking" product and will obtain and pay for any necessary telecommunications equipment and services.

3. Service Fees and Payment. Customer shall pay monthly fees according to the current service charge brochure attached as Exhibit "A". Bank may change the Service Fees upon thirty (30) days written notice to Customer. In addition, Customer shall pay any special transportation, installation, communication, or delivery charges incurred by Bank in connection with the Services.

4. Grant of License. Not Applicable

5. Proprietary Information. Customer acknowledges and agrees that all computer programs, data bases, files, documents and other records, trade names and logos relating to the Services, shall be the sole and exclusive property of Bank, its services, its agents or its subcontractors and that Customer shall acquire a non-exclusive license to use such materials in the manner and to the extent set forth in this Agreement.

6. Confidential Information. Bank shall hold in confidence and not disclose to other than its employees, agents and independent contractors, as necessary, all information relating to the Customer's account received by Bank in the course of business or rendering the Services here

under, except to the extent disclosure is required by legal process or by any regulatory or supervisory agency. However, notwithstanding the foregoing, Bank shall not be liable for any disclosure by such third-party services, agents, independent contractors or their related entities. In addition, Customer agrees that it will keep Bank's proprietary information confidential. In the event that the Customer discloses the Bank's proprietary information with another, the Customer agrees that the disclosure operates as a grant of authority for that person to access Customer's accounts.

7. Disclaimer of Warranty. CUSTOMER ACKNOWLEDGES THAT THE INFORMATION MUST BE PROVIDED IN A READABLE FORMAT AS DISCLOSED, TO INTERFACE WITH THE BANK'S COMPUTERS, AND ASSUMES THE RISK THAT BANK'S COMPUTERS MIGHT NOT BE OPERATIONAL AT ALL TIMES. BANK MAKES NO WARRANTY, EXPRESS OR IMPLIED, REGARDING THE LICENSED PROGRAM OR ITS USE AND HEREBY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. BANK SHALL IN NO CASE BE LIABLE FOR DIRECT, INDIRECT, SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES. CUSTOMER ACKNOWLEDGES THAT ANY LICENSED PROGRAM MAY CONTAIN DEFECTS AND MAY NOT OPERATE ERROR-FREE OR WITHOUT INTERRUPTION. CUSTOMER AGREES THAT BANK SHALL NOT HAVE LIABILITY TO CUSTOMER HEREUNDER BASED ON NONPERFORMANCE, DEFECT AND/OR FAILURE OF THE LICENSED PROGRAM OR BANK'S OWN COMPUTER TO PERFORM PROPERLY.

8. Responsibility for Errors. Bank is authorized by Customer to process transactions in accordance with the information that the Bank receives in the issued file transmission from the Customer. Customer shall be solely responsible for the information contained in the file and the Bank shall have no responsibility for erroneous data provided by Customer. Bank shall not be liable for delays in processing or other nonperformance caused by such events as fires, telecommunications failures, equipment failures, nonperformance of vendors or suppliers, acts of God or other causes over which Bank has no reasonable control.

9. Security/Authorized Representations. The Customer's authorized representative

(listed on exhibit "B") will provide the Bank with verification of the totals contained in the file by sending a facsimile transmission of Exhibit "C" to the Bank's ARP Positive Pay contact, at (956) 393-6794. In the event that the customer or the authorized representative is unable to fax the information, the customer's authorized representative will telephone the Bank's contact with the verification and also mail the information as backup on the same day transmitted (in case of electronic transmission). A schedule will be provided by the customer to the Bank so a verification of receipt can take place. If the provided totals do not agree to the file total, the customer will be contacted via telephone or fax of said totals received so the customer can verify the discrepancy. The company is solely responsible for the accurate creation, modification, and deletion of the issued check information file.

10. Exception Items. Customer's authorized representative will resolve exception items the following day. Exception items must be resolved by 12:00 p.m. otherwise items will be paid.

11. Term and Termination. This Agreement shall continue in affect until terminated by either party giving at least thirty (30) days prior written notice to the other party; provided, however, that Bank may immediately terminate the provisions of this Agreement upon failure of Customer to comply with any of its obligations hereunder. Any termination of this Agreement shall not effect the obligations of the parties arising prior to the termination.

12. Notice. All notices or other communication shall be in writing and shall be deemed given when delivered personally or three days after being mailed by first class postage to the following address or to such other address as such party has indicated by such notice:

To Bank:	First National Bank
Attn:	Commercial Services Dept P. O. Box 810/100 W. Cano Edinburg, Texas 78540-0810
Phone:	Toll Free 877-380-8573 or 956-393-6794
To Customer:	<u>Hidalgo County</u> _____ _____
Contact Name:	<u>Norma G. Garcia</u>
Customer Address:	<u>2810 South Business Hwy 281</u>
Phone:	<u>(956) 318-2506</u>

13. Miscellaneous: This Agreement shall be governed by the laws of the State of Texas, and venue for any disputes shall be in Hidalgo County, Texas. No waiver by either party of any right or remedy, and no partial or single exercise thereof, shall be of any force and effect unless made expressly in writing. This Agreement (I) constitutes the entire agreement between the parties with respect to the subject matter hereof (it does not affect general Depository Agreements between the parties) and (ii) shall not be assigned by operation of law or otherwise; provided, however, that Bank may assign its rights and obligations hereunder to any subsidiary or affiliate of Bank.

The parties to this agreement acknowledge that they have read this agreement, understand it and agree to be bound by its terms and conditions.

CUSTOMER

FIRST NATIONAL BANK

BY: _____

BY: _____

NAME: J.D. Salinas, III

NAME: _____

TITLE: Hidalgo County Judge

TITLE: _____