



Hometown Bank  
Mobile Check Deposit Agreement

Effective Date: April 8, 2020

**Scope**

This Agreement between you and Hometown Bank governs your use of Hometown Bank's Mobile Check Deposit for the option of making deposits into an eligible account through a mobile deposit capture service (the Service). The terms and conditions of this Agreement are in addition to the Account agreements, disclosures and other documents in effect from time to time governing your account, including the Online Banking Agreement & Disclosure and Mobile Banking Agreement and Disclosure, which have been previously provided to you.

**This Agreement is revised periodically and it may include changes from earlier versions. By accessing your account and engaging in the Service, you agree to the most recent version of this Agreement, which is available to you online at [www.ahometownbank.com](http://www.ahometownbank.com) and at your local Hometown Bank branch.** If any amendments to this Agreement result in an adverse effect upon our customers, as determined within the sole discretion of Hometown Bank, we will provide at least 30 days prior notice through a secure online message and/or external email alert.

**Acceptance of this Agreement**

Prior to using this Service and accepting the Agreement, you should carefully read and consider the following information. Within this agreement "You" and "Your" means each person who is authorized to use the service. After you have completed your online banking enrollment, you will be asked to acknowledge and accept the terms and conditions of this Agreement. By doing so, you represent and warrant that you are an authorized user acting with full authority to execute this Agreement and you agree to be bound by these terms and conditions and accept them in full, as they may be modified by Hometown Bank from time-to-time and posted on this Service. Furthermore, when you check the box to acknowledge and agree to the terms and conditions of the Service referred to in this Agreement, you also acknowledge that you have received this Agreement and agree to the terms of the E-Sign Consent Agreement located within the Online Banking Agreement and Disclosure.

If you agree with the terms and conditions of this Agreement, you can click the Acknowledgement button and your Mobile Check Deposit account will be activated and you will be ready to begin.

**If you do not agree to the terms and conditions of this Agreement and/or do not accept the electronic version of this document, please select the CANCEL button.**

**Relation to Other Agreements**

Your use of the Service may also be affected by the agreements between us for your linked Hometown Bank accounts. When you link an account to Mobile Check Deposit, you do not change the agreements you already have with us for that account.

Please refer to your Online Banking Agreement and Disclosure, your Mobile Banking Agreement and Disclosure and your OneClick Agreement and Disclosure for other terms and conditions that may apply to your Mobile Check Deposit account which are incorporated herein by reference.

**Basic Mobile Check Deposit Service**

The Mobile Check Deposit service is designed to allow you to make deposits to your checking or savings from your smartphone by taking a picture of the check(s) and delivering the images and associated deposit information to Hometown Bank for processing and collection. Mobile Check Deposit is available for use within the United States and can be used for as long as we in our sole discretion provide it to you. Checks may be processed as a check image or substitute check. We reserve the right to refuse any item for deposit into your account as well as the right to withhold the availability of funds as per the Deposit Account Agreement. There is currently no charge for the Service.

Eligibility and continued access to this service is at the sole discretion of Hometown Bank. Business accounts, whether corporate or d/b/a are not eligible for this service, without the approval of Senior Management.

### **Eligible Electronic Items**

You agree to deposit only checks as that term is defined in Federal Reserve Regulation CC (“Reg. CC”). You agree that the image of the check transmitted to Hometown Bank shall be deemed an “item” within the meaning of Article 4 of the Uniform Commercial Code as adopted in Kentucky. **You agree that you will not use the Service to deposit any checks or other items as shown below:**

- Checks or items payable to any person or entity other than you (third party checks).
- Travelers’ checks that are drawn on banks located inside or outside the United States.
- Checks or items containing obvious alteration to any of the fields on the front of the check or item, or which you know or suspect, or should know or suspect, are fraudulent or otherwise not authorized by the owner of the account on which the check or item is drawn.
- Checks or items previously converted to a substitute check, as defined in Reg. CC.
- Checks or items drawn on a financial institution located outside the United States.
- Checks or items that are remotely created checks, as defined in Reg. CC.
- Checks or items not payable in United States currency.
- Checks or items dated more than 90 days prior to the date of deposit.
- Checks or items prohibited by Hometown Bank’s current procedures relating to the Service or which are otherwise not acceptable under the terms of your Hometown Bank account.

Each business day, on which we review and process your Electronic Item, we will use commercially reasonable efforts to review each Electronic Item and to reject any Electronic Item that we in our sole discretion determine to be ineligible for the service as stated above. We will notify you of each Exception Item via email or other communication channels at our discretion. If you wish to attempt to deposit any Exception Item listed above to your account, you shall do so only by depositing the original paper item on which the Exception Item is based. These paper items must be deposited at your local Hometown Bank branch. Even if we do not initially identify an Electronic Item as an Exception Item when we review and process the Electronic Item to which the Exception Item relates, the Electronic Item, substitute check, or the purported substitute check created by us from it may nevertheless be returned to us because, among other reasons, the Paying Bank determines that such item or check is illegible or missing an image. Our failure to identify an Exception Item shall not preclude or limit your obligation to Hometown Bank.

### **Receipt of Items**

We reserve the right to reject any item transmitted through the Service, at our discretion, without liability to Hometown Bank. We are not responsible for items we do not receive or for images that are dropped during transmission. An image of an item shall be deemed received when you receive a confirmation from Hometown Bank that we have received the image. Receipt of such confirmation does not mean that the transmission was error free or complete. We reserve the right to reject any deposit (made as a Mobile deposit or otherwise) for any reason, including but not limited to, rejection of a substitute check that was created by another financial institution, you or any other person.

### **Creating a Mobile deposit**

Endorsement-You must physically endorse each check and ensure that all other necessary endorsements are obtained prior to capturing the check images for transmission to Hometown Bank. You agree to restrictively endorse any item transmitted through the Service as “For Mobile Deposit only, Hometown Bank Account #\_” or as otherwise instructed by Hometown Bank. You agree to follow any and all other procedures and instructions for use of the Service as Hometown Bank may establish from time to time. Items not endorsed in this manner may be refused for deposit. Marking a check in this way will also allow you to identify that the item has been photographed and deposited if it becomes intermingled with other undeposited checks.

Accuracy—You are responsible for accurately capturing an image of each paper check and the correct dollar amount of the check into the Service. In the event the condition of a paper check precludes a complete automated read, you are responsible for visually inspecting the check.

Image Quality--The image of an item transmitted to Hometown Bank using the Service must be legible. The image quality of the items must comply with the requirements established from time to time by ANSI, the Board of Governors of the Federal Reserve Board, or any other regulatory agency, clearing house or association.

**Check Information**—The bottom of your check contains numeric information that identifies the bank the check is drawn on, the account number and the check number. This information is known as the MICR line. A MICR defect, such as a tear in the MICR line, or markings over the MICR line may inhibit the Service’s ability to read this information. If you receive error messages indicating that the Service is unable to read the MICR line, the check with defects in the MICR line must be physically deposited at your local Hometown Bank branch.

**Legibility**—You are responsible for the inspection of all check images to ensure the legibility of the check image (including without limitation the dollar amount and signature of the person who signed the check (the “drawer”), and for ensuring that any and all information on a paper check is accurately captured and legible in the resulting check image.

**Illegible Images**—If any information is not accurately captured and legible, cancel the scan/photograph and rescan/re-photograph the physical check. Any physical check that remains inaccurate or illegible after repeated scanning/photographing attempts must be physically deposited at your local branch.

**Security Features**—You acknowledge that current image technology may not capture all security features (e.g. watermarks) contained in the original paper checks and you must manually examine checks prior to transmission to us to verify their authenticity. You agree to assume any and all losses resulting from claims based on security features that do not survive the image process.

**Timeliness**--You must upload the mobile deposit transmission to us prior to the daily cut-off time established by us from time to time for the receipt of mobile deposits. Any mobile deposit transmission received by us after our daily cut-off time shall be deemed to have been received by us at the opening of our next banking day. Performance of the Service may be affected by external factors such as communication networks latency. You are responsible for the transmission of the mobile deposit until the Service reports a successful acknowledgement of receipt of the transmission.

**Receipt**—A mobile deposit is received when the entire mobile deposit transmission is received by us. If only a portion of that mobile deposit transmission is received by us for any reason, including without limitation a failure during the transmission to us, the mobile deposit transmission is deemed to have been not received by us with respect to any mobile deposit contained in that mobile deposit transmission (including any check image contained in the portion of the mobile deposit transmission that was received).

### **Collection of a Mobile deposit**

Check images are processed similarly to traditional paper checks and will not be processed through ACH conversion. We will determine the manner in which we will seek to collect a check image and we reserve the right to process a check image by any of the following methods:

- Present or transfer the check image to the paying bank, a Federal Reserve Bank or other collecting bank;
- Create a substitute check from the check image and collect the substitute check; or
- Request that you provide to us the original paper check from which the check image was created and then collect the original paper check.

We will have no liability to you or any other person in the event that your deposited check is processed as, or converted by us to, a check image or substitute check.

### **Availability of Funds**

You agree that items transmitted using the Service are subject to the funds availability requirements of Federal Reserve Board Regulation CC. Funds deposited using the Service will be made available after Hometown Bank receives payment for the funds submitted. Hometown Bank 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 Hometown Bank, in its sole discretion, deems relevant.

**Please remember that even after the item has “cleared,” and we have made funds available to you and you have withdrawn the funds, you are still responsible for the items you deposit that are returned to us unpaid for any other problems involving your deposits.**

### **Returned Items**

All checks posted to your account through the Service are posted subject to our receipt of final payment by the paying bank. Upon receipt of final payment, the item becomes a collected item. If final payment is not received or if any item you have deposited is charged back to us for any reason, you authorize us to charge any of your accounts without prior notice and at any time, for the amount of the returned item, our return fee, any interest paid on that item, and any other fee we pay or incur.

In the event we, in our sole discretion, determine that we require the original paper check for re-presentation in order to collect a returned check image or substitute check, you are responsible for providing to us the original paper check, or if the original paper check has been destroyed, for obtaining a replacement check.

### **Marking, Retaining and Destroying Original Paper Checks**

To mitigate the risks of potential fraud or the presentation of duplicate items, you agree to clearly mark on the original paper check "Electronically Presented" or "VOID". Items should be marked after you receive confirmation that the deposit was received and accepted for processing by Hometown Bank. You agree to never re-present the item for deposit either electronically or across the teller line unless the check is returned unpaid. You are ultimately responsible for any duplicate deposits of the items whether the duplicate deposit is made by you, an employee of Hometown Bank or due to an error on computer processing.

Check storage and the destruction of items processed through Hometown Bank is your responsibility because the paper checks are never physically deposited with the bank. All checks should be retained for at least 14 business days after the deposit is made in case a check is returned and you need to collect on the check by re-depositing the original item. At our request, you will promptly provide any retained item, or a sufficient copy of the front and back of the item, if the original paper check has not been destroyed by you, to Hometown Bank as requested, to aid in the clearing and collection process, to resolve claims by third parties with respect to any item arising or for Hometown Bank's audit purposes.

We require that deposited check items be securely stored. To help ensure that checks are not electronically processed more than once or physically deposited at the bank after being electronically deposited, procedures should be established to ensure that only you or another account owner has access to these checks during the retention period.

You agree to destroy all deposited checks as soon as reasonably possible thereafter and no later than 30 days after deposit. Hometown Bank requires that you use commercially reasonable methods to securely store all documents and all related banking information until destruction.

If you believe you may have deposited a check item more than once, please contact Hometown Bank Deposit Operations immediately at 1-877-526-9555. Do not re-scan/photograph the items. Hometown Bank will provide assistance in determining the best approach for managing the situation.

### **Deposit Limits**

We reserve the right to impose limits on the amount(s) and/or number of deposits that you transmit using the Service and to modify such limits from time to time. The currently established limit is \$2,500 per day. However, Hometown Bank may increase these limits 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 Hometown Bank, in its sole discretion, deems relevant.

### **Limitations of Service**

When using the Service, you may experience technical or other difficulties. We cannot assume responsibility for any technical or other difficulties or any resulting damages that you may incur. Some of the Service has qualification requirements, and we reserve the right to change the qualifications at any time without prior notice. We reserve the right to change, suspend or discontinue the Service, in whole or in part, or your use of the Service, in whole or in part, immediately and at any time without prior notice to you.

### **Your Responsibility**

With respect to each check image that you transmit to us, you warrant to Hometown Bank that:

- You will only transmit eligible items.
- Images will meet the image quality standards.
- You will not transmit duplicate items.

- You will not deposit or re-present the original item.
- All information you provide to Hometown Bank is accurate and true.
- You will comply with this Agreement and all applicable rules, laws and regulations.

You agree to indemnify and hold harmless Hometown Bank from any loss for breach of this warranty provision.

**Our Responsibility**

We are not liable to you for failure to process a mobile deposit, or any error that results in processing or collecting a mobile deposit:

- For which you have not provided us with full and correct MICR data and dollar amount of the original paper check;
- For which you have not provided an accurate and legible image of the original paper check; or
- That would violate this Agreement or any other agreement between you and us.