

We're here to help.

Wholesale Lockbox Service (with Imaging Option) Schedule

This is a Schedule to the Treasury Services Master Agreement (the "**Master Agreement**"). All capitalized terms not defined in this Schedule shall have the meaning given to them in the Master Agreement or in any other applicable Schedule. In addition to the terms and conditions in the Master Agreement, the Client agrees to the following:

1. Definitions

"Account" means a deposit account(s) with BMO that the Client opens or designates for use in connection with the Wholesale Lockbox Service. If Payments are to be received in both Canadian and U.S. dollars, separate accounts will be opened or designated to accommodate each type of currency.

"Business Day" means any day other than Saturday or Sunday on which the branch where the Account is held and the post office housing the Lockbox are open for business.

"Lockbox" means a post office box at a Canada Post facility which will be set up in the Client's name and to which BMO or its Representatives will be granted access.

"Lockbox Documents" means return envelopes, Payments, invoices and occasional sundry correspondence sent by the Client's clients to the Lockbox.

"Payments" means remittances received by way of cheques, money orders and other payment instruments to the Lockbox for credit to the Client's Account.

"Payors" means the Client's clients that remit Payments to the Client.

"Wholesale Lockbox Service" means the processing of Payments from the Client's clients by way of mail and other channels as more specifically described below and in any implementation form ("**Implementation Form**") or other User Documentation provided to the Client pursuant to this Schedule.

"Software" means any software program provided or made available to the Client pursuant to this Schedule, including any software on other media that is required to access the digital images of Lockbox Documents.

2. Services

- 2.1. The Client authorizes BMO to collect Lockbox Documents from the Lockbox on a regular basis and according to a timetable that BMO will establish from time to time.
- 2.2. The Client authorizes BMO to open envelopes sent to the Lockbox and extract and process the Lockbox Documents as may be further described in the User Documentation.
- 2.3. BMO will credit the Client's Account with the aggregate amount of Payments collected from the Lockbox on that Business Day. Any Canadian dollar Payments will be credited to the Client's Account and will be available for the Client's use on the Business Day they are collected from the Lockbox. Any funds arising from U.S. dollar Payments will be credited to the Client's Account and such funds will be available for the Client's use in accordance with the availability of US dollar funds, as advised to the Client from time to time in accordance with industry standards.



3. The Client's Responsibilities

- 3.1. The Client will instruct Payors to send Lockbox Documents to the Lockbox and provide them with the address for the Lockbox.
- 3.2. The Wholesale Lockbox Service is not intended for cash or other items of intrinsic value. The Client will instruct Payors not to forward cash or other items of intrinsic value to the Lockbox. BMO will not be liable for cash or other items of intrinsic value sent to the Lockbox which may be lost, stolen or misplaced.
- 3.3. The Client represents and warrants that the Wholesale Lockbox Service will only be used for the Client's business and business transactions and that it will not be used for or on behalf of unrelated third parties unless the Client is a Canadian federally regulated, deposit taking financial institution.

4. Endorsements

- 4.1. BMO will endorse and deposit Payments bearing one of the payee names set out in the User Documentation or as the Client may set out to BMO in writing from time to time. The Client represents and warrants to BMO that the Client has the proper authority from such payees to have the Payments endorsed and deposited.
- 4.2. The Client irrevocably appoints BMO and all persons BMO designates (including BMO's service provider) as the Client's true and lawful attorney and representative-in-fact to endorse the Client's name on all Payments with the following endorsement or such endorsement as may be specified in the User Documentation:

*Credit to the account of the [Client Name]
Bank of Montreal*

or words of similar effect, and the Client will be deemed to make all of the warranties of a transferor of such Payments under applicable law.

If any Payment is returned to BMO with a request for personal endorsement, the Client authorizes BMO to endorse the Payment Item as follows:

*Pay to the Order of Bank of Montreal
[Client Name]*

5. Imaging Option

The following provisions apply if the Client has requested any imaging services on an Implementation Form or other User Documentation or in another manner acceptable to BMO.

- 5.1. Digital images will only be made of those Lockbox Documents that the Client has specified to BMO in the User Documentation. These images will be accessible through the Platform, file transmission or other media if so requested by the Client.
- 5.2. An archive of images of the Lockbox Documents that the Client has specified to BMO will be maintained and will be accessible by the Client through the Platform. The amount of time these images will be archived will be specified in the User Documentation. Original Lockbox Documents will only be retained for the amount of time BMO has specified in the User Documentation.

Software License



Wholesale Lockbox Service (with Imaging Option) Schedule (cont'd)

- 5.3. BMO grants the Client a non-transferable and non-exclusive license to use the Software and any manual regarding use of the Software (the “**Software Manual**”) in connection with the Wholesale Lockbox Service on the following terms and conditions:
- (a) This license only conveys to the Client the right to use the Software and Software Manual under this Schedule in connection with the Wholesale Lockbox Service.
 - (b) No title to, or ownership of, the Software and Software Manual is transferred to the Client. No license granted hereunder may be assigned, sublicensed or otherwise transferred, whether voluntarily or by operation of law or otherwise, without prior written consent from BMO.
 - (c) The Client is not entitled to modify the Software nor is the Client entitled to decompile, disassemble, reverse engineer or otherwise translate it.

Warranty and Limitations

- 5.4. BMO makes no representations or warranties as to the evidentiary admissibility of images of cheques or other Lockbox Documents for any legal or non-legal purposes whatsoever, including admissibility in a court of law. BMO will not be liable to the Client or any third party for retaining original Lockbox Documents beyond the time period that BMO have specified in the User Documentation.
- 5.5. BMO warrants that the Wholesale Lockbox Service and the Software will function substantially in accordance with the specifications in this Schedule and the User Documentation and that the media on which the Software and images are provided will be free from defects in material and workmanship. However if the Wholesale Lockbox Service does not function as warranted, BMO’s sole liability will be to provide a replacement copy of the Wholesale Lockbox image without charge to the Client.
- 5.6. The foregoing warranties are in lieu of all other warranties or conditions, express or implied, including but not limited to any implied warranties of merchantable quality and fitness for a particular purpose, and those arising by statute or otherwise in law or from a course of dealing or usage of trade.
- 5.7. Under no circumstances, including gross negligence, will BMO be liable for any incidental, special or consequential damages that result from the use or inability to access images of Lockbox Documents through the Wholesale Lockbox Service or the Software, even if BMO has been advised of the possibility of such damages.
- 5.8. No oral or written information or advice given by BMO or its Representatives shall create a warranty or in any way increase the scope of this warranty.

6. Indemnity

In addition to the indemnification provided for in the Master Agreement or in any other agreement between BMO and the Client, the Client will indemnify and save BMO and its Representatives harmless against any and all Claims directly or indirectly incurred by or taken against BMO or its Representatives which are the direct or indirect result of the performance of the Wholesale Lockbox Service other than pursuant to BMO’s gross negligence or wilful misconduct, including Claims which arise as a result of:

- (a) the processing, endorsement and return of any Payment on which the Client is not the named payee; and
- (b) Payors forwarding cash or other items of intrinsic value to the Lockbox.



7. Other Provisions

- 7.1. BMO is bound by and must comply with the CPA Rules. The processing, credit, and return of Payments are subject to the CPA Rules and the same terms and conditions as apply to the operation of the Client's Accounts, to the extent that they are not inconsistent with the terms of this Schedule.

