


First Desktop Banker 
from First National Bank

Make check depositing fast, click and easy!



First National Bank

Welcome to *First Desktop Banker* ★



Now you can deposit checks electronically from your desktop

First Desktop Banker utilizes a desktop scanner that connects to your PC and the Internet. With it, you can scan checks received from customers and issue deposits electronically to the bank, anytime day or night. It's the fastest way to turn check deposits into cash.

This User's Starter Kit is designed as a convenient quick-reference guide to get you started quickly and keep your system running smoothly.

First Desktop Banker Features



Consolidate funds from remote locations into one bank

Check deposits can easily be made from any remote office or storefront. This streamlines your cash flow by consolidating deposits from multiple locations into a single bank.



Make deposits anytime

Enjoy the convenience of making deposits electronically 24-hours a day, 7-days a week, even on weekends.



Save time preparing deposits

Preparing deposits electronically is very efficient, reducing labor costs and freeing up staff for other tasks.



Cut costly courier fees or trips to the bank

Electronic deposits can reduce trips to the bank or eliminate costly courier fees.



Reduce risk of check fraud

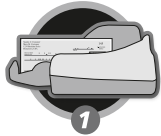
Faster check clearing allows you to react sooner on returned checks, significantly increasing your opportunities for collection.



More secure

First Desktop Banker features multiple layers of security including password protection, Internet firewalls, and 128-bit encryption, the highest level of security available.

How Does First Desktop Banker Work?



Step 1: Scan checks from your desktop.

Using a supported check scanner, simply scan both sides of the checks in a single pass.



Step 2: Prepare the deposit.

View images of the scanned checks right from your PC. The dollar amounts for the checks are automatically read and the deposit is totaled.



Step 3: Electronically send deposit to the bank.

Click SUBMIT DEPOSIT and that's it. The deposit is sent to the bank through a secure Internet connection.



Step 4: Funds are deposited into your account.

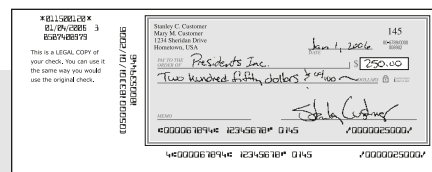
Access your funds typically 1 to 3 days sooner than traditional deposits.

Check 21

First Desktop Banker is a result of the Check 21 legislation enacted in 2003. This law allows for electronic images of checks to be accepted as the legal equivalent of original paper checks. As a result, you can remotely capture checks and send a batch of electronic images to the bank for processing.

Customers may receive an image of the check in their bank statement. When needed, a paper image called a substitute check can be reproduced. Both image checks and substitute checks are accepted as legal proof of payment.

To learn more about Check 21 visit the Federal Reserve's Website at www.federalreserve.gov/pubs/check21/shouldknow.htm



Substitute checks are the legal equivalent of original paper checks.

First Desktop Banker FAQs



What types of checks can be processed through First Desktop Banker?

All personal and business U.S. checks and most Postal money orders can be processed through First Desktop Banker. Checks from Canada and other foreign countries, food stamps, and poor image quality checks and money orders must be deposited traditionally.

How secure is First Desktop Banker?

First Desktop Banker features multiple layers of security including password protection, Internet firewalls, and 128-bit encryption, the highest level of security available.

What do we need to use First Desktop Banker?

All you need are the following items:

- A PC with a current version of Microsoft® XP or 2000 and a USB 2.0 port.
- A supported desktop check scanner and software.
- A high-speed Internet connection.
- An account with the bank.

How does First Desktop Banker expedite access to our funds?

Electronic deposits using First Desktop Banker eliminate the need to physically deliver your checks to the bank and can extend the deposit window beyond traditional banking hours. Once received by the bank, electronic items can be processed quicker.

When can electronic deposits be issued to the bank?

You can transmit electronic deposits to the bank 24-hours a day, 7-days a week, even on weekends and holidays with the exception of the bank's routine maintenance downtime. The bank's business day for processing electronic deposits may also be extended. Contact the bank for details.

Questions?

Contact the bank for further details.

What should we do with the original paper checks after deposits are made?

Original checks should be stored for a minimum amount of time prior to being destroyed, as determined by the bank. Your company will need to set policies for the proper storage and methods for securely destroying the original paper checks. Included in this booklet are guidelines to assist you in the development of these policies.

How do we prevent checks from being scanned and deposited twice?

The software has duplicate detection tools built-in that detect items already captured. If the software detects potential duplicate checks, an alert prompts you to make a decision about the items in question.

How do we know if the image quality is acceptable?

The software has an Image Quality Assessment (IQA) tool that automatically identifies checks with missing or unreadable fields.

Are the check images stored permanently on our local computer?

No. All electronic deposits are permanently stored at the bank, not on your local computer. Images are only stored temporarily in your computer's memory until a batch is uploaded to the bank or the deposit is cancelled. The check images are then removed from your computer's memory.

Who should use the system and what type of training will be provided?

Individuals already in charge of manually preparing and delivering deposits are typically the same people who will use First Desktop Banker. An online training program has been developed and is available on the bank's website www.fnb-online.com.

Your Rights & Obligations



Prior to installing First Desktop Banker, an application form and other compliance forms will need to be completed. It is recommended that you keep these forms on hand for future reference. Do not hesitate to contact the bank for details.

Image Quality

Based on Check 21 standards, check image quality is required to meet certain specifications. As a customer using First Desktop Banker, there are certain quality controls that need to be put in place, including:

- Checks should be written in blue or black ink.
- Handwriting must be legible.
- Checks should be uniform in shape.
- The MICR line must appear to be fully intact.
- Checks should have watermarks on the back.
- Checks should be signed and endorsed by your company with a stamp that includes your depository account number.

The Image Quality Assessment (IQA) tool will identify most checks with poor image quality, but following the guidelines listed above will help ensure checks are scanned properly. If the image fails the IQA test after scanning, review the following:

- Verify that the check was able to pass through the scanner.
- Make sure the information on the check is legible.
- Verify that the image displays the MICR line, signature, date, payee, amount, and both sides of the check.

Rescanning a check with poor check image quality may solve the problem. If the image quality problem persists, please contact your bank representative for more trouble-shooting solutions.

Customer Obligations

As a customer using First Desktop Banker, you guarantee the following:

- The check images presented to the bank accurately represents all information on both sides of the check.
- The check images contain all endorsements.
- Checks are kept in a safe and secure area.
- Checks are to be destroyed in accordance with bank instructions.
- Checks can only be deposited once.
- Checks are voided after deposit verification on Execubanc - Business Online Banking.
- Original items will be provided to bank upon request.

Authorized Equipment

Use only authorized equipment and software. Do not bypass, override or disable any security mechanisms within the equipment or software.

Maintenance of Equipment

Make sure your equipment is clean and operating properly. Cleaning and maintenance instructions are provided with the equipment. Periodically inspect and verify that the images are legible. A service plan may be available to help keep your equipment in top working condition. Please contact the bank for details.

Staff Training

Training employees to properly use First Desktop Banker is essential, along with supervising and auditing their use of the service. The online demo provided will assist with training employees.

Storage and Destruction of Checks

It is important to retain the original checks for a period of time, as described in your First Desktop Banker Agreement. After the retention period expires, you are required to use a commercially-acceptable method to securely destroy all original paper checks.

You will promptly provide any retained check (or, if the check is no longer in existence, a sufficient copy of the front and back of the check) to the bank as requested to aid in the clearing and collection process or to resolve claims by third parties with respect to any check.

Acceptance of Deposit

The bank will accept electronic check images for deposit into your account upon receipt of a successful transmission of check images. Deposits must be complete, usable, and adhere to data specifications established by the bank.

Returned Items

If a financial institution returns an item you captured, the bank may charge your account for the item. The bank may also:

- Return the check to you.
- Or re-present the check to the financial institution for payment.

Following the Law

As a customer using First Desktop Banker, you are expected to comply with the terms of the First Desktop Banker Agreement as well as all applicable federal, state and local laws and regulations.

Security & Privacy Issues



Security and privacy issues are important considerations when using First Desktop Banker. This chapter offers guidelines for setting your company's policies and procedures for the proper storage and disposal of customers' checks and personal information.



! IMPORTANT!

Due to the way a check is processed through image exchange using First Desktop Banker, you will need to store the original checks for a longer period of time as compared to an ACH transaction.

For more information on ACH payments refer to the Definitions in the back of this Starter Kit or contact the bank for more details.

Guidelines for Securely Storing Checks

Most businesses using First Desktop Banker will store customers' original checks for a minimum amount of time prior to destroying them. Due to privacy laws and the liabilities associated with the storage of customers' checks, here are a few important measures you should take:

- 1 Store all original checks in a safe or lockbox, accessible only by authorized personnel.
- 2 Do not store customers' account information, photocopies, or private information in your general files which are accessible to non-authorized personnel.
- 3 Maintain a filing system that easily identifies any missing checks. Suggestions include:
 - a. Store a paper copy of each deposit receipt along with the original checks.
 - b. Store the checks in chronological order so you can destroy checks in accordance with your bank's policies.
 - c. Maintain an accurate count of checks you have stored at any time.
- 4 Set a timetable for periodic destruction of stored original checks.
- 5 Maintain a paper shredder on-site or hire a third-party service for the secure destruction of checks.
- 6 Have a locked or secure trash bin for the disposal of shredded checks.
- 7 Guidelines for protecting electronic check images include:
 - a. Host computers should have working anti-virus software, and software should be regularly updated.
 - b. Limit access to the host computer to authorized personnel only and require a login with user ID and password for each session.
- 8 Perform routine audits for potential security breaches to customers' information.



Use of Customer Information

Since you may have access to personal information regarding your customers, you are required to:

- Maintain the confidentiality, integrity and security of their information.
- Use customer information only for the purposes as described in the First Desktop Banker Agreement.
- Disclose such information only to authorized personnel.
- Maintain physical, technical, procedural and administrative procedures reasonably designed to ensure the security, integrity and confidentiality of customers' information.

Breach of Information

The bank may suspend your First Desktop Banker services if the bank has reason to believe there has been:

- A breach in the security of the program.
- Fraud involving a customer's account or their check.
- Uncertainty to the authorization or accuracy of electronic items.

Proper Disposal of Consumer Information

If you maintain or possess consumer information you must take reasonable measures to properly dispose of the information. Reasonable measures include the following examples:

- Implement and monitor policies that require the burning, pulverizing, or shredding of papers containing consumer information so that the information cannot be read or reconstructed.
- Require the destruction or erasure of electronic media containing consumer information.
- Engage and monitor a third-party engaged in the business of record destruction to dispose of material containing sensitive information.

If a breach of security is discovered, immediately contact local authorities, the bank, and customers that may have had their information compromised.

Check Fraud Prevention

Accepting Checks

Always have your check cashing procedures clearly defined.
The following safety precautions can help prevent check fraud:

- Ask for a picture ID before accepting checks.
- Always make sure the customer signs the check in front of you.
- Request that checks be written with blue or black ink.
- The check's MICR line should appear slightly raised and not smudged.
- Don't accept starter checks, or checks without a bank logo and routing number.
- Be alert to suspicious or unusual activity when accepting checks.
- Two-party checks double the risk for check fraud.



Detecting a Fraudulent Customer

Here are a few tips to spot customers who may be attempting to pass a fraudulent check.

- *Makes random purchases without paying attention to size, value or price.*
- *Presents you with a check taken from a pocket instead of a checkbook or wallet.*
- *When asked for photo ID, claims to have left it at home or in the car.*
- *Arrives at or about closing time and tries to hurry you through the sale.*
- *Purchases a large item and refuses delivery.*
- *Displays no interest in the warranty on expensive items.*
- *Is overly slow and deliberate when signing the check, perhaps because the signature is being forged.*
- *Does not make eye contact with you.*
- *Is overtly friendly or overly rude in an attempt to distract you.*

Scanner & Software Information



Basics of the Scanner

To ensure you are using the right equipment, refer to the list of supported scanners. All supported scanners read the front and back of the check in a single pass.

How the Scanner Takes an Image

The scanner captures an image of both sides of the check in a single pass. It also captures all data from the check including the MICR line, account & routing numbers, payee, signature, amount, date, and endorsements.

Supported scanners include Courtesy Amount Recognition (CAR) and Legal Amount Recognition (LAR) capabilities that read the customer's handwriting and automatically inputs the dollar amount of each check into the deposit.

Note: Scanners should be placed at least 18 inches from other electronic equipment.

Caring for the Scanner

You can extend the life of your scanner by performing the following preventative maintenance procedures:

- ❶ Complete a monthly "health check" of your scanner's replaceable parts (including cartridge, absorbing felt, ink rollers, stamp pads, and lens cover) and replace them before they show extreme wear. Replacement instructions are described in the scanner's instruction manual.
- ❷ Do not insert checks that could damage the scanner, such as stapled checks.
- ❸ Use compressed air to clean the scanner frequently. This eliminates dust and paper fragments that may damage the scanner.
- ❹ Approximately once every six months perform a general visual check and conduct simple testing to ensure the movement and tension of the scanner's rollers and belts are sound. Adjust the parts as described to prevent possible malfunction.
- ❺ Your preventative maintenance schedule may vary depending on frequency of use and your operating environment.

Note: For more preventative maintenance hints refer to your scanner's instruction manual. Contact the bank for maintenance plans.

Test Transaction

Before you begin using the scanner, make sure to follow the bank's instructions for running a test transaction. This will ensure that you have properly installed all software and hardware, and that your connection is working properly.



System Requirements

- 256 MB RAM or higher recommended
(lower memory may limit performance).
- 1.5 GB free hard disk space for the OS. 25 MB free hard disk space for the Remote Deposit Smart Client.
- XVGA (1024 x 768) or higher resolution monitor.
- PC alphanumeric keyboard.
- Compatible mouse.
- High-speed internet access
- Open USB 2.0 port for connecting the check scanner.
- Intel or AMD 1.x GHz processor.
- Microsoft® Windows 2000 Professional SP4, Windows XP Professional SP2, or Windows XP Home edition
- MS .net framework.

Scanner and Software Installation

Each scanner is delivered from the manufacturer with instructions for installation. The software and driver are provided by the bank on CD-ROM for loading onto your computer. The software will automatically search for and install updates each time you login.

Network Connectivity

The following items are needed to transmit electronic deposits to the bank:

- Ethernet connection - DSL, ADSL, Cable, T-1 and other high-speed Internet connections are recommended.
- Internet access
 - If your workstation must connect to the Internet through a corporate firewall, the firewall must be configured to allow you to initiate HTTPS requests (port 443) to the Remote Staging Server (RSS) and receive corresponding HTTPS responses from the RSS (bi-directional).
 - If a proxy server is being used, you will need the IP address, port number, and a user ID and password (if the proxy is authenticating).
- See your system administrator for assistance.

Key Features of First Desktop Banker

- **Easy to Use:** First Desktop Banker is easy to set up, use and maintain.
- **CAR/LAR:** The software can read the customer's handwriting and automatically fill in the amount the check is written for.
- **Duplicates:** It will review all deposits to ensure that no check is scanned or deposited twice.
- **Image Quality Assessment:** The IQA tool confirms the presence of the date, signature, payee, and the overall quality of the image.
- **Updates:** The software will automatically install available updates during each login.
- **Totals the Deposit:** The software automatically totals the deposit.
- **Secure:** Uses the highest level of security available for sending electronic deposits to the bank.

Troubleshooting

Periodically remove the stamping drums and check the tightness of the screws holding the plate that clamps the stamp to the drum. The constant motion of the drum may cause the screws to loosen. At the same time, inspect the integrity of the rubber stamp. If it shows signs of wear, particularly in the area where the stamp is clamped to the drum, replace the stamp. If the stamp tears, pieces of it may protrude from the drum, causing smudges of ink on checks.

If dark lines print across the images captured by the scanner, clean the plastic cover on the front or rear scanner head. Occasionally, wet ink from an item that has been stamped may smudge on a scanner head's plastic cover and cause the scanner to read the smudge as a black line on the image. Remove the plastic cover by gently pulling on the cover's plastic tab on the top of the scanner and working it out through the top of the scanner. With the cover in hand, remove the ink using rubbing alcohol and a clean rag. Replace the cover when finished.

Copyright Information

The First Desktop Banker software is copyright protected and prohibits the following:

- Copy or use of the software or documentation except as expressly authorized.
- Sublicense, rent, distribute, transfer, publish, disclose, display or otherwise make the software available to others.
- Use of the software or documentation for third-party training, commercial time-sharing or service bureau use.
- Alter, change, modify or otherwise create derivative works of the software or documentation.

Customer Notification



With First Desktop Banker, your customers will no longer receive their original checks returned from the bank. Instead, they may receive an image of the check or a substitute check. For this reason, you may want to notify customers about the change to your check processing procedures. A notification can be mailed to customers or displayed in prominent locations.

Sample 1:

IMPORTANT BILLING CHANGE

Effective Monday XX, XXXX (Company) will begin processing checks received for payment electronically. This means we will send an image of each check to the bank for processing rather than the original check.

How will this change affect me?

If you currently have checks returned in your bank statement, then you will continue to receive either an image of the check or a printed substitute check. Both are acceptable as legal proof of payment.

What happens to my original check?

Original checks will be securely stored for XX days and then destroyed. The image check or a substitute check will always be available from your financial institution for legal proof of payment.

What other payment options are available? (Company) will continue to accept credit card payments or call (800) XXX-XXXX for other payment options.



Sample 2:

Effective with your next payment, (Company) will process checks electronically. This means we will send an image of each check to the bank for processing rather than the original check. If you have questions please call (800) XXX-XXXX.

Sample 3:

Effective with your next payment, (Company) will process checks electronically. This means we will send an image of each check to the bank for processing rather than the original check. Original checks will be securely stored for XX days and then destroyed. The image of the check or a substitute check will always be available from your financial institution. (Company) will continue to accept credit card payments or call (800) XXX-XXXX for other payment options.

Definitions



Use this as a handy quick-reference guide. It includes definitions for many of the terms you'll be using with First Desktop Banker.

Account: Customer's account at the bank into which checks transmitted electronically will be deposited.

Account Agreement: The bank's standard deposit agreement and disclosures governing the account.

ACH: Acronym for Automated Clearing House, is a term that is often confused with First Desktop Banker. First Desktop Banker converts checks into an electronic image and is processed similar to a traditional paper check. An ACH payment converts a check into an electronic debit where the money is withdrawn from the customer's account immediately. ACH payments are more costly for the merchant and requires a customer's approval.

Authorized Equipment: Equipment that has been approved by the bank for use with the software.

Cash Management: In this manual, cash management refers to the bank's Business Internet Banking system.

Check: A draft that is payable on demand, drawn on or payable through or at an office of a United States financial institution and payable or endorsed to customer. Types of checks include original checks, image checks, and substitute checks.

Check 21: Legislation passed in 2003 and became effective October 28, 2004. Allows for an electronic image to be accepted as the legal equivalent of the original paper check.

Consumer information: Any record about an individual, whether in paper, electronic, or other form, that is a consumer report or is derived from a consumer report. Excludes information that does not identify individuals such as aggregate information or blind data.

Dispose: To discard or abandon consumer information, or the sale, donation, or transfer of any medium, including computer equipment, upon which consumer information is stored.

Documentation: All manuals and instructions relating to the program or the authorized equipment.

Electronic Item: A digital image of a check, an image exchange item, or any other electronic version of a check or other electronic item (such as items processed through the automated clearinghouse [ACH] system).

Image Check: A paper reproduction of the electronic check, and is a legal proof of payment.

Image Exchange Item: A digital image of a check cleared and settled directly with a payor financial institution without conversion to a substitute check.

IRD: Another term for “substitute check”. IRD stands for Image Replacement Document. By scanning in the customers’ checks and sending an image to the bank, customers will no longer have access to the original check. So instead of receiving their original check they will receive an IRD or an image of the check. In most cases, customers won’t see any significant differences in their statements.

MICR: The MICR line, or Magnetic Ink Character Recognition, contains the issuing bank’s transit number, check number, and account number on the bottom of the check.

Non-cash Item: An item that would otherwise be a check, except that:

- A passbook, certificate or other document is attached.
- It is accompanied by special instructions such as a request for special advice of payment or dishonor.
- It consists of more than a single thickness of paper, except a check that qualifies for handling by automated check processing equipment.
- It has not been preprinted or post-encoded in magnetic ink with the routing number of the payor financial institution.

Original Check: The first paper check issued for a payment transaction.

Program: The procedures, protocols, and software used by the bank and its licensors and contractors in connection with the electronic processing of checks, and includes the software and the services.

Scanner: A hardware device that scans the front and back of the check providing an image of the check.

Services: The services described by the bank, an agent, or designee of the bank, to enable customer to process checks digitally and through substitute checks.

Software: The computer application developed, licensed and/or provided by the bank and its licensors for operation of the First Desktop Banker program.

Substitute Check: A paper reproduction of an electronic check. A substitute check is the legal equivalent of the original check.

X9.37 Format: The X9.37 file format has been approved by the Federal Reserve Bank for combining check images and related check information into a single file. The X9.37 file should be supported by all check processing vendors and third-party services.



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