



HORICON BANK

ACH Origination Schedule

This ACH Origination Schedule (the "Schedule") governs the use of the Automated Clearing House ("ACH") service (the "Service") offered by Horicon Bank ("Financial Institution," "us," "we," or "our"). The Company ("Company," "you" or "your") has requested that Financial Institution permit it to initiate debit and credit entries to accounts maintained at the Bank and other banks by means of the Automated Clearing House Network ("ACH Network") and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries, subject to the terms of this Schedule. By using the ACH Service, the Company agrees to all terms and conditions found in this Schedule.

1. **INTERNET BANKING.** This Schedule is incorporated with and into the Company's Master Treasury Management and Online Banking Agreement (the "Master Agreement") with Financial Institution, the terms and provisions of which shall apply to the Service provided to the Company hereunder, except to the extent such terms and provisions may be inconsistent with the terms and provisions of this Schedule, in which case the terms and provisions of this Schedule will govern and control. Capitalized terms not defined herein have the meaning ascribed to them in the Master Agreement or, if not provided therein, the meaning ascribed to them in the NACHA Rules (as defined below).

2. **COMPLIANCE WITH RULES AND LAWS.** Company acknowledges it has a copy or has access to a copy of the rules of the National Automated Clearing House Association ("NACHA")(the "Rules"). Company agrees that the origination of ACH transactions will comply with the Rules and U.S. law, including but is not limited to sanctions enforced by the Office of Foreign Assets Control ("OFAC"). Upon notice of a possible Rules violation, the Company will take appropriate steps to correct the violation. Financial Institution may terminate or suspend this Schedule upon written notice and identification of a material breach by Company of the Rules. Furthermore, Financial Institution shall have the right to initiate an audit of Company procedures for compliance with this Schedule, the Master Agreement, and the Rules, upon written notification to Company as set forth in Section 17 of this Schedule.

3. **CREDIT APPROVAL.** In utilizing the ACH Network in performance of this Schedule, Financial Institution must make certain warranties on behalf of Company. Specifically, Financial Institution is charged with assuring the financial soundness of Company to make the intended Entries. Company shall only utilize ACH agreements between Company and its customers that have been approved by Financial Institution in its discretion. Company acknowledges and agrees that Financial Institution may also assign Company a limit representing the maximum aggregate dollar amount of Entries that may be initiated by Company each day or period of days as set forth in Exhibit C ("Exposure Limit"). Company acknowledges that the Exposure Limit is solely for the protection of Financial Institution. Company shall comply with the Exposure Limit. Company understands that requests for Entries exceeding the Exposure

Limit are honored solely at the discretion of the Financial Institution. Requests not honored shall be communicated to the Company or the Company's designated representative.

4. DESIGNATION OF AUTHORIZED USERS. In order to originate ACH Entries, Company by its execution of the attached Exhibit D shall designate at least one User(s) defined in Exhibit D to issue Entries on its behalf.

5. TRANSMISSION OF ENTRIES BY COMPANY. User(s) shall initiate the debit or credit Entries in Exhibit A hereunder on behalf of and selected by Company. Financial Institution shall be entitled to deem any person having knowledge of any Security Procedure, as described in the Security Schedule and required to initiate Entries under this Schedule, to be a User notwithstanding the fact that the User might not be named in Schedule E. User(s) shall transmit Entries to Financial Institution in computer readable form in compliance with the formatting and other requirements set forth in the NACHA file specifications or as otherwise specified by Financial Institution. Entries shall be transmitted to Financial Institution no later than the time and the number of days prior to the Effective Entry Date specified in the Processing Schedule attached hereto and made a part hereof as Exhibit B. For the purposes of this Schedule, the "Settlement Date" with respect to any Entry shall be the Business Day when such Entry is debited or credited in accordance with instructions of the Company. Entries received after the cut off time shall be deemed to have been received on the next Business Day. The total dollar amount of Entries transmitted by Company to Financial Institution on any one Business Day shall not exceed the lesser of the amount of collected funds in Company's account or the Exposure Limit set forth in Exhibit C to this Schedule. Company may not reinitiate entries except as prescribed by the Rules.

6. THIRD PARTY SERVICE PROVIDERS. Company may be using special equipment, services or software provided by one or more third parties to assist it in processing Files hereunder (individually and collectively, "Service Provider"). If Company uses Service Provider to transmit Files to Financial Institution, Company (a) agrees that Service Provider is acting as Company's agent in the delivery of Files to Financial Institution, and (b) agrees to assume full responsibility and liability for any failure of Service Provider to comply with the laws of the United States, the Rules, the Master Agreement and this Schedule. Company hereby authorizes Financial Institution to accept any File submitted by the Service Provider even if the Service Provider has not been designated as a User. Financial Institution will not be liable for any losses or additional costs incurred by Company as a result of any error by Service Provider or a malfunction of equipment provided by Service Provider. Company is solely responsible for maintaining compliance with the requirements of Service Provider, including obtaining any software updates. Financial Institution's sole responsibility shall be to transmit Financial Institution approved transactions to the ACH Operator and Financial Institution shall not have any responsibility for any File handled by Service Provider until that point in time when Financial Institution accepts and approves a File from such Service Provider for processing. Company hereby indemnifies and holds Financial Institution harmless for any losses, damages, fines, assessments, costs and expenses incurred or suffered by Financial Institution or any other person as a result of or arising from Company's use of Service Provider, including fines or assessments incurred under or pursuant to the Rules and attorneys' fees.

7. INTERNATIONAL ACH TRANSACTIONS ("IAT"). Company shall not initiate any IAT Entries without Financial Institution's prior written approval. If approved by Financial Institution, the following provisions apply to IAT Entries originated by Company:

- (a) IAT Entries are transmitted by Financial Institution in U.S. dollars and converted to the local currency for receipt in the foreign country at the exchange rate determined by Financial Institution's processor on the date determined by Financial Institution's processor. All risk of fluctuation in the applicable exchange rate is borne by Company.
- (b) In the event of a returned IAT Entry, consumer payments will be credited to Company at the originated U.S. dollar amount; corporate payments will be credited to Company at the exchange rate determined by Financial Institution's processor at the time of return.
- (c) In the event of an error in an Entry or duplicate entries, Company acknowledges and agrees that Company shall be liable for any and all losses caused by and a direct or indirect result from the error or duplicate Entry.
- (d) Company shall originate all IAT Entries with an IAT SEC code and Company hereby agrees to abide by all of the Rules related to IAT Entries.
- (e) Company agrees that in the case of a non-Consumer Account, Company shall enter into an agreement with the Receiver whereby the Receiver agrees to abide by the Rules in effect from time to time.
- (f) Company acknowledges that it has reviewed and understands the section of Rules entitled "Exceptions for Outbound IAT Entries" and Company understands and agrees that laws, regulations, and rules of the country in which the Receiver is located shall govern the matters listed within that subsection. Company further acknowledges that Company understands how such laws, regulations and rules differ from the Rules.
- (g) Company hereby indemnifies Financial Institution from and against any and all resulting claims, demands, losses, liabilities, or expenses, including attorneys' fees and costs, resulting directly or indirectly from Company's origination of an IAT Entry.

8. CREDIT AND DEBIT ENTRIES; RECORDS RETENTION. Before Company's initiation of the first debit or credit Entry to a person's or entity's account, Company shall obtain an authorization substantially in the form of Exhibit E ("Authorization Agreement") as required by the Rules from the person or entity whose account will be debited or credited as the result of a debit or credit Entry initiated by Company and Company shall retain the Authorization Agreement in original form while it is in effect and the original or a copy of each authorization for two (2) years after termination or revocation of such authorization, as stated in the Rules. Upon request, Company shall furnish the original or a copy of the authorization to any affected Participating Depository Financial Institution, as defined in the Rules. The Company will initiate no entry after the termination or revocation of a person's or entity's authorization.

9. PROCESSING, TRANSMITTAL, AND SETTLEMENT BY FINANCIAL INSTITUTION. Except as otherwise provided for in this Schedule and if Financial Institution elects to accept Entries, Financial Institution shall:

- (a) (i) use commercially reasonable efforts to comply with the instructions of Company, (ii) process Entries received from Company to conform with the file specifications set forth in the Rules, (iii) transmit such Entries as an ODFI to the "ACH" processor selected by Financial Institution, (iv) settle for such Entries as provided in the Rules, and (v) in the case of a credit Entry received for credit to an account with Financial Institution ("On-Us Entry"), Financial Institution shall credit the Receiver's account in the amount of such credit Entry on the Effective Entry Date contained in such credit Entry provided such credit Entry is received by Financial Institution at the time and in the form prescribed by Financial Institution in Section 5.

(b) transmit such Entries to the ACH processor by the deposit deadline of the ACH processor, provided: (i) such Entries are completely received by Financial Institution's cut-off time at the location specified by Financial Institution to Company from time to time; (ii) the Effective Entry Date satisfies the criteria provided by Financial Institution to Company; and (iii) the ACH processor is open for business on such Business Day.

Company agrees that the ACH processor selected by Financial Institution shall be considered to have been selected by and designated by Company. The Company will receive immediately available funds for any electronic debit entry initiated by it on the Settlement Date applicable thereto.

(c) Notwithstanding anything to the contrary contained in this Schedule, Financial Institution shall have no obligation to transmit Entries if the Company is in default of its obligations under this Schedule, including the obligation to pay the Financial Institution for each credit entry (as set forth below), or Financial Institution deems itself insecure or is concerned that any Entry may be fraudulent or negatively affect Financial Institution's reputation.

10. SETTLEMENT OF CREDIT ENTRIES AND RETURNED DEBIT ENTRIES.

Company agrees to settle for all credit Entries issued by Company, User(s), or credit Entries otherwise made effective against Company. Company shall make settlement at such time on the date of transmittal by Financial Institution of such credit Entries as Financial Institution, in its discretion, may determine, and the amount of each On-U's Entry at such time on the Effective Date of such credit Entry as Financial Institution, in its discretion, may determine. Company shall settle with Financial Institution for the amount of each debit Entry returned by a Receiving Depository Financial Institution ("RDFI") or debit Entry dishonored by Financial Institution. Settlement shall be made by Company to Financial Institution in any manner specified by Financial Institution. Notwithstanding the foregoing, Financial Institution is hereby authorized to charge the account(s) ("Authorized Account(s)") designated in Exhibit D, as settlement for credit Entries issued by Company or returned or dishonored debit Entries. Company shall maintain sufficient collected funds in the Authorized Account(s) to settle for the credit Entries at the time the credit Entries are issued by Company and if the collected funds in the Authorized Account(s) are insufficient to settle for the Credit Entries then Company hereby authorizes the Financial Institution to settle for the Credit Entries using any other deposit account maintained by the Company with the Financial Institution. In the event the Authorized Account or any other Company Financial Institution deposit account does not have collected funds sufficient on the Settlement Date to cover the total amount of all Entries to be paid on such Settlement Date, Financial Institution may take any of the following actions:

(a) Refuse to process all Entries, in which event Financial Institution shall return the data relating to such credit Entries to Company, whereupon Financial Institution shall have no liability to Company or to any third party as a result thereof; or

(b) Process that portion of the credit Entries as Company has sufficient collected funds in the Authorized Account to cover, in whatever order Financial Institution in its sole discretion shall elect to process, in which event Financial Institution shall return the data relating to such credit Entries as are not processed to Company, whereupon Financial Institution shall have no liability to Company or any third party as a result thereof; or

(c) Process all credit Entries. In the event Financial Institution elects to process credit Entries initiated by Company and Company has not maintained sufficient collected funds in the Authorized Account with Financial Institution to cover them, the total

amount of the insufficiency advanced by Financial Institution on behalf of Company shall be immediately due and payable by Company to Financial Institution without any further demand from Financial Institution. If Financial Institution elects to pay Company's account in the overdraft on any one or more occasions, it shall not be considered a waiver of Financial Institution's rights to refuse to do so at any other time nor shall it be an agreement by Financial Institution to pay other items in the overdraft.

11. PRE-FUNDING. Financial Institution reserves the right to require Company to pre-fund an Authorized Account maintained at Financial Institution prior to the Settlement Date of the ACH file. Financial Institution shall determine whether pre-funding is required based on criteria established from time to time by Financial Institution. Financial Institution will communicate directly to Company if pre-funding is required and, if requested by Company, will provide Company with an explanation of its pre-funding criteria. If it is determined that pre-funding is required, Company will provide immediately available and collected funds sufficient to pay all Entries initiated by Company (a) not later than 8:00 a.m. local time **2 Business Days** before each Settlement Date, and (b) prior to initiating any Entries for which pre-funding is required.

12. ON-US ENTRIES. Except as provided in Section 13, Rejection of Entries, in the case of an Entry received for credit to an account maintained with Financial Institution (an "On-Us Entry"), the Financial Institution shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 10(b) (i), (ii), and (iii) are met. If any of those requirements are not met, the Financial Institution shall use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next Business Day following such Effective Entry Date.

13. REJECTION OF ENTRIES. Company agrees that Financial Institution has no obligation to accept Entries and therefore may reject any Entry issued by Company. Financial Institution has no obligation to notify Company of the rejection of an Entry but Financial Institution may do so at its option. Financial Institution shall have no liability to Company for rejection of an Entry and shall not be liable to pay interest to Company even if the amount of Company's payment order is fully covered by a withdrawable credit balance in an Authorized Account of Company or the Financial Institution has otherwise received full payment from Company.

14. REVERSALS OF ENTRIES.

(a) **General Procedure.** Upon proper and timely request by the Company, the Financial Institution will use reasonable efforts to effect a reversal of an Entry or File. To be "proper and timely," the request must (i) be made within five (5) Business Days of the Effective Entry Date for the Entry or File to be reversed; and (ii) be in writing and comply with all of the Rules. In addition, if the Company requests reversal of a Debit Entry or Debit File, it shall concurrently deposit into the Company Account an amount equal to that Entry or File. The Company shall notify the Receiver of any reversing Entry initiated to correct any Entry it has initiated in error. The notification to the Receiver must include the reason for the reversal and be made no later than the Settlement Date of the reversing Entry.

(b) **No Liability: Reimbursement to the Financial Institution.** Under no circumstances shall the Financial Institution be liable for interest or related losses if the requested reversal of an Entry is not affected. The Company shall reimburse the Financial Institution for any expenses, losses or damages it incurs in effecting or attempting to effect the Company's request for reversal of an Entry.

15. ERROR DETECTION. Financial Institution has no obligation to discover and shall not be liable to Company for errors made by Company, including but not limited to errors made in identifying the Receiver, or an Intermediary or RDFI or for errors in the amount of an Entry or for errors in Settlement Dates. Financial Institution shall likewise have no duty to discover and shall not be liable for duplicate Entries issued by Company. Notwithstanding the foregoing, if the Company discovers that any Entry it has initiated was in error, it shall notify the Financial Institution of such error. If such notice is received no later than four (4) hours prior to the ACH receiving deadline, the Financial Institution will utilize reasonable efforts to initiate an adjusting Entry or stop payment of any On-Us credit Entry within the time limits provided by the Rules. In the event that Company makes an error or issues a duplicate Entry, Company shall indemnify, defend all claims, and hold Financial Institution harmless from any loss, damages, or expenses, including but not limited to attorney's fees, incurred by Financial Institution as result of the error or issuance of duplicate Entries.

16. PRENOTIFICATION. Company, at its option, may send prenotification that it intends to initiate an Entry or Entries to a particular account within the time limits prescribed for such notice in the Rules. Such notice shall be provided to the Financial Institution in the format and on the medium provided in the media format section of such Rules. If Company receives notice that such prenotification has been rejected by an RDFI within the prescribed period, or that an RDFI will not receive Entries without having first received a copy of the Authorization signed by its customer, Company will not initiate any corresponding Entries to such accounts until the cause for rejection has been corrected or until providing the RDFI with such authorization within the time limits provided by the Rules.

17. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE. Financial Institution shall notify Company by e-mail, facsimile transmission, US mail, or other means of the receipt of a returned Entry from the ACH Operator. Except for an Entry retransmitted by Company in accordance with the requirements of Section 5, Financial Institution shall have no obligation to retransmit a returned Entry to the ACH Operator if Financial Institution complied with the terms of this Schedule with respect to the original Entry. Company shall notify the Receiver by phone or electronic transmission of receipt of each return Entry no later than one Business Day after the Business Day of receiving such notification from Financial Institution.

Financial Institution shall provide Company all information, as required by the Rules, with respect to each Notification of Change (“NOC”) Entry, Refused Notification of Change, or Corrected Notification of Change (“Corrected NOC”) Entry received by Financial Institution relating to Entries transmitted by Company. Financial Institution must provide such information to Company within two (2) Business Days of the Settlement Date of each NOC or Corrected NOC Entry. Company shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) Business Days of Company's receipt of the NOC information from Financial Institution or prior to initiating another Entry to the Receiver's account, whichever is later.

18. ENTRIES RETURNED AS UNAUTHORIZED; UNAUTHORIZED RATE.
(a) In the event that an Entry is returned as unauthorized or authorization revoked, Company will contact the necessary parties and resolve any dispute. During this process Company may ask Financial Institution to request from the RDFI a copy of the “Written Statement of Unauthorized Debit (WSUD).” Financial Institution will make its best effort to obtain the form and will deliver it to the Company when received. Company

agrees not to re-originate any transaction returned as unauthorized or as authorization revoked unless and until the Receiver reauthorizes the Entry or Entry stream.

(b) In the event the rate of unauthorized transactions exceeds the permissible limit based on the calculations noted in the Rules, Company will share the data requested by Financial Institution based on the Rules and will immediately begin the process of bringing the rate below that threshold.

19. PROVISIONAL SETTLEMENT. Company shall be bound by and comply with the Rules as in effect from time to time, including without limitation the provision thereof making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry; and Company acknowledges that it has received notice of that Rule and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry.

20. COMPANY REPRESENTATIONS AND WARRANTIES; INDEMNITY. With respect to each and every Entry transmitted by Company, Company represents and warrants to Financial Institution and agrees that (a) each Entry is accurate and true and each person or entity shown as the Receiver on an Entry received by Financial Institution from Company has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Company are limited to those types of credit and debit Entries set forth in Exhibit A, (d) Company shall perform its obligations under this Schedule in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC; laws, regulations, and orders administered FinCEN, the Electronic Funds Transfer Act and Regulation E, if applicable, or Uniform Commercial Code Article 4A, if applicable; and any state laws, regulations, or orders applicable to the providers of ACH payment services, (e) Company has used commercially reasonable procedures to verify that all information contained in an Entry, including but not limited to routing numbers, is accurate and valid, and (f) Company shall be bound by and comply with the provision of the Rules (among other provisions of the Rules) making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry. Company specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. In addition to and not in lieu of Company's agreements to indemnify and hold harmless Financial Institution set forth in other provisions of this Schedule, the Company shall defend, indemnify, and hold harmless the Financial Institution, and its officers, directors, agents, and employees, from and against any and all actions, costs, claims, losses, damages, or expenses, including attorney's fees and expenses, resulting from or arising out of (aa) any breach of any of the agreements, representations or warranties of the Company contained in this Schedule; or (bb) any act or omission of the Company or any other person acting on the Company's behalf.

21. ADDITIONAL COMPANY WARRANTIES FOR SELECTED STANDARD ENTRY CLASSES. NACHA, in its role of ensuring the safety, security, and viability of the ACH network, has determined that certain single-use or limited-use consumer authorizations have the potential to increase risk in the ACH system and compromise system effectiveness by

increasing the incidence of returned Entries. Therefore, to qualify as an Originator of such Entries, Company hereby warrants to Financial Institution that for each such ACH Entry submitted for processing, Company has obtained all authorizations from the Receiver as required by the Rules, by Regulation E or other applicable law, and this Schedule. Company indemnifies and holds Financial Institution harmless from any liability arising out of Company's breach of these warranties.

The warranties described below apply only to those Companies who have been approved by Financial Institution to originate Entries of the type(s) described. In that event, Company acknowledges and agrees to adhere to the applicable measures shown for each respective SEC code:

- (a) Company Warranties for the Telephone Initiated Entries ("TEL") Standard Entry Class:
- i. Entries representing the authorization of telephone-based payments must be identified via Company's use of NACHA's "TEL" Standard Entry Class code as defined in the Rules; Company's use of any Standard Entry Class codes other than TEL in order to avoid the increased scrutiny required for such transactions shall constitute a violation of applicable law and may result in Company's immediate loss of ACH Origination rights regardless of any termination notification period otherwise specified in this Schedule.
 - ii. Company will utilize commercially reasonable methods to establish the identity of the Receiver, and hereby warrants to Financial Institution that each such Receiver has authorized Company to submit ACH Entries to their accounts for settlement of transactions to which Receiver has agreed.
 - iii. As required by the Rules, Company must maintain records including but not limited to telephone voice recordings as proof of each Receiver's authorization. Financial Institution from time to time may (without any obligation or duty to do so) require Company to make such records available for Financial Institution's review.
 - iv. As required by the Rules, Company must use commercially reasonable procedures to verify that routing numbers are valid for entries originated using the TEL Standard Entry Class code.
 - v. Company will provide the Receiver the disclosures and information required by the Rules.
- (b) Company Warranties for the Internet Initiated/Mobile Entries ("WEB") Standard Entry Class:
- i. Entries representing the authorization of Internet-based/mobile payments must be identified via Company's use of NACHA's "WEB" Standard Entry Class code as defined in the Rules.
 - ii. Company's use of any Standard Entry Class codes other than WEB in order to avoid the increased scrutiny required for such transactions shall constitute a violation of applicable law and may result in Company's immediate loss of ACH Origination rights regardless of any termination notification period otherwise specified in this Schedule.
 - iii. Company will utilize commercially reasonable methods to establish the identity of the Receiver, and hereby warrants to Financial Institution that each such Receiver has authorized Company to submit ACH Entries to their accounts in settlement of transactions to which Receiver has agreed.
 - iv. As required by the Rules, Company must maintain records such as logs from an Internet ordering system as proof of each Receiver's authorization. Financial

- Institution from time to time may (without any obligation or duty to do so) require Company to make such records available for Financial Institution's review.
- v. As required by the Rules, Company must use commercially reasonable procedures to verify that routing numbers are valid for entries originated using the WEB Standard Entry Class code.
 - vi. As required by the Rules, Company shall establish a secure Internet session with each Receiver utilizing a commercially reasonable security technology providing a level of security that, at a minimum, is equivalent to 128 bit-encryption technology prior to the Receiver entering any banking information.
 - vii. Company has employed a commercially reasonable fraudulent transaction detection system to screen each Entry.
 - viii. Company must conduct an annual audit to ensure that the financial information it obtains from Receiver is protected by security practices and procedures that include adequate levels of, (1) physical security to protect against theft, (2) personnel and access controls, and (3) network security.
 - ix. As required by the Rules, in the case of a WEB entry initiated by an entity that is not a natural person or by a Third-Party Sender, Financial Institution shall (1) monitor the credit-worthiness of that originator or Third-Party Sender on an on-going basis, (2) establish the exposure limit for that originator or Third-Party Sender, (3) implement procedures to review the exposure limit periodically, and (4) implement procedures to monitor entries initiated by that originator or Third-Party Sender relative to its exposure limit across multiple Settlement Dates.
- (c) Company Warranties for the Accounts Receivable Conversion Entries ("ARC") Standard Entry Class:
- i. Company must in advance of receiving the Receiver's check, provide the Receiver with notice that clearly and conspicuously states that receipt of the Receiver's check will authorize an ACH debit Entry to the Receiver's account.
 - ii. Company must obtain the check from the Receiver via US mail or a drop box location. The check will serve as Company's source document to obtain the check serial number, account number, routing number, and dollar amount.
 - iii. The source document must contain a pre-printed serial number, not contain an Auxiliary On-Us Field in the MICR line, be in an amount of \$25,000 or less, and be completed and signed by the Receiver.
 - iv. The amount of the Entry, the routing number, the account number, and the check serial number are in accordance with the source document.
 - v. The Company must retain a reproducible, legible image of the source document for two years from the Settlement Date and will provide Financial Institution with a copy of the front of the Receiver's source document within 7 Business Days of a request of a copy by Financial Institution. The copy must indicate that it is a copy on its face. A RDFI that receives an ARC entry may send to the ODFI that originated the entry a written request for a copy of the source document to which the ARC entry relates. The RDFI's written request must be received by the ODFI within two years of the Settlement Date of the ARC entry.
 - vi. Company has employed commercially reasonable methods to securely store all source documents until destruction, and all banking information relating to ARC entries.
 - vii. Receivers must be provided an option to opt-out of the ARC process. Company must maintain an opt-out database and procedures to accommodate Receivers who choose to opt-out.

- viii. Company will not key enter the routing number, account number, or check serial number from the Receiver's source document unless it is being done to correct errors relating to MICR misreads, mis-encoding, or processing rejects.
 - ix. The source document to which the ARC Entry relates will not be presented or returned such that any person will be required to make payment based on the source document unless the ARC Entry is returned by the RDFI. In addition to each RDFI, ACH Operator and Association, this warranty runs to any other party that may be liable on the source document.
- (d) Company Warranties for the Point-of-Purchase ("POP") Standard Entry Class:
- i. Prior to receipt of each source document that is used as the basis for the origination of a POP Entry, the Company will provide the Receiver with the disclosure required by the Rules.
 - ii. Company will only obtain the source document from the Receiver at the POP or manned bill payment location.
 - iii. The source document contains a pre-printed serial number, does not contain an Auxiliary On-Ups Field in the MICR line, is in an amount of \$25,000 or less, and has not been previously voided and used by the Receiver for a prior POP Entry.
 - iv. Company will use a reading device to capture the Receiver's routing number, account number, or check serial number from the source document.
 - v. Company will void the source document and return it to the Receiver.
 - vi. Company will provide to the Receiver a receipt required by the Rules containing transactional information about the Entry being made to the Receiver's account.
- (e) Company Warranties for the Re-Presented Check ("RCK") Standard Entry Class:
- i. Company must provide the Receiver with notice that clearly and conspicuously states the terms of the re-presented check Entry policy in advance of receiving the item.
 - ii. Company must retain a copy of the front and back of the item to which the RCK Entry relates for seven (7) years from the Settlement Date of the RCK Entry.
 - iii. Each Entry must be in an amount less than \$2,500 and the original check date must be less than 180 days from the date the Entry is transmitted to the RDFI.
 - iv. Each Entry must be drawn on a consumer account.
 - v. Company must notify the check writer that the check may be collected electronically if the check is returned for insufficient funds.
 - vi. Company must obtain the check writer's signature as authorization that fees related to the represented item may be collected electronically.
 - vii. Company has good title or is entitled to enforce the item to which the RCK Entry relates or is authorized to obtain payment or acceptance on behalf of one who has good title or is entitled to enforce the item.
 - viii. All signatures on the item to which the RCK Entry relates are authentic and authorized.
 - ix. The item to which the RCK Entry relates has not been altered, is not subject to a defense or claim in recoupment of any party that can be asserted against Financial Institution, is drawn on, payable through, or payable at the RDFI, and the amount of the item, the item number, and the account number contained on the item have been accurately reflected in the RCK Entry.
 - x. Company has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor, or, in the case of an unaccepted draft, the drawer of the item to which the RCK Entry relates.
 - xi. The item to which the RCK Entry relates or a copy of such item will not be presented to the RDFI unless the related RCK Entry has been returned by the RDFI.

- xii. The information encoded after the issue in magnetic ink on the item is correct.
 - xiii. Any restrictive endorsement made by Company or its agent on the item to which the RCK relates is void or ineffective upon initiation of the RCK Entry.
 - xiv. Company will provide Financial Institution with a copy of the front and back of the item within 7 Business Days of a request by Financial Institution, provided the request is made within seven years of the settlement date of the RCK Entry.
- (f) Company Warranties for the Back Office Conversion (“BOC”) Standard Entry Class Code:
- i. Company may only use a check or sharedraft that (1) contains a pre-printed serial number, (2) does not contain an Auxiliary On-U's Field in the MICR line, (3) is in an amount of \$25,000 or less, (4) is completed and signed by the Receiver as a source document, and (5) otherwise meets the requirements BOC entries.
 - ii. During the initial processing of a BOC Entry, Company must use a reading device to capture the Receiver's routing number, account number, and check serial number.
 - iii. Company must use commercially reasonable procedures to verify the identity of the Receiver.
 - iv. Company has established and maintains a working telephone number, which is answered during normal business hours, for Receiver inquiries regarding transactions, and the telephone number is included in the notice required for BOC entries.
 - v. Company warrants that the amount of the Entry, the routing number, the account number, and the check serial number are in accordance with the source document.
 - vi. Company shall retain a reproducible, and legible, image, microfilm, or copy of the front of the Receiver's source document for each BOC Entry for two years from the Settlement Date of the BOC Entry.
 - vii. Company will provide Financial Institution with a copy of the front of the Receiver's source document within 7 Business Days of Financial Institution's request, provided that the request is within two years of the settlement date of the BOC Entry. The copy must indicate that it is a copy on its face.
 - viii. The source document to which the BOC Entry relates will not be presented or returned such that any person will be required to make payment based on the source document unless the BOC Entry is returned by the RDFI. In addition to each RDFI, ACH operator, and association, this warranty runs to any other party that may be liable on the source document.
 - ix. Company has employed commercially reasonable methods to securely store (1) all source documents until destruction, and (2) all banking information relating to BOC entries for a period of not less than thirty (30) days (“Retention Period”) and shall use a commercially reasonable method to destroy the source document upon the expiration of the Retention Period.
 - x. Company has provided the notices to the Receiver required by the Rules and Regulation E, including but not limited to the notice that the check may be converted to an ACH debit Entry and the Receiver has the option to Opt-out.
 - xi. Prior to origination BOC entries on behalf of Company or a Third-Party Sender, Financial Institution shall employ commercially reasonable procedures to verify the identity of Company or Third-Party Sender.
 - xii. Prior to origination BOC entries on behalf of Company, Financial Institution shall establish procedures to maintain specific information (company name; address; telephone number; contact person; taxpayer ID number; and a description of the nature of the business) with respect to each such originator. Financial Institution shall provide the RDFI with information identifying the originator of BOC entries within

two Business Days of receipt of the RDFI's written request for such information, provided the RDFI's written request is received within two years of the settlement date of the original entry

- (g) Company Warranties for the IAT Standard Entry Class Code:
- i. With respect to each IAT Entry, Company has complied with all U.S. laws, including, but not limited to, Company's obligations under programs administered by the OFAC and the U. S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN").
 - ii. Company is in compliance with the laws and payment system rules of the receiving country.
 - iii. In the case of a non-Consumer Account, Company has entered into an agreement with the Receiver whereby the Receiver has agreed to abide by the Rules as in effect from time to time.
 - iv. Company has complied with all of the Rules related to IAT Entries

22. FINANCIAL INFORMATION AND AUDIT. Financial Institution may from time to time request information from Company in order to evaluate a continuation of the Services to be provided by Financial Institution hereunder and/or adjustment of any limits set by this Schedule. Company agrees to provide the requested financial information immediately upon request by Financial Institution, in the form required by Financial Institution. Company authorizes Financial Institution to investigate or reinvestigate at any time any information provided by Company in connection with this Schedule or the Service. Upon request by Financial Institution, Company hereby authorizes Financial Institution to enter Company's business premises for the purpose of ensuring that Company is in compliance with this Schedule and Company specifically authorizes Financial Institution to perform an audit of Company's operational controls, risk management practices, staffing and the need for training and ongoing support, and information technology infrastructure. Company hereby acknowledges and agrees that Financial Institution shall have the right to mandate specific internal controls at Company's location(s) and Company shall comply with any such mandate. In addition, Company hereby agrees to allow Financial Institution to review available reports of independent audits performed at the Company location related to information technology, the Services and any associated operational processes. Company agrees that if requested by Financial Institution, Company will complete a self-assessment of Company's operations, management, staff, systems, internal controls, training and risk management practices that would otherwise be reviewed by Financial Institution in an audit of Company. If Company refuses to provide the requested financial information, or if Financial Institution concludes, in its sole discretion, that the risk of Company is unacceptable, if Company violates this Schedule or the Rules, or if Company refuses to give Financial Institution access to Company's premises, Financial Institution may terminate the Services and this Schedule according to the provisions hereof.

23. LIMITATION OF LIABILITY. In addition to the limitations found in the Master Agreement, the following apply:

- (a) IN THE PERFORMANCE OF THE SERVICES REQUIRED BY THIS SCHEDULE, FINANCIAL INSTITUTION SHALL BE ENTITLED TO RELY SOLELY ON THE INFORMATION, REPRESENTATIONS, AND WARRANTIES PROVIDED BY COMPANY PURSUANT TO THIS SCHEDULE, AND SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS THEREOF. FINANCIAL INSTITUTION SHALL BE RESPONSIBLE ONLY FOR PERFORMING THE SERVICES EXPRESSLY PROVIDED FOR IN THIS SCHEDULE, AND SHALL

BE LIABLE ONLY FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN PERFORMING THOSE SERVICES. FINANCIAL INSTITUTION SHALL NOT BE RESPONSIBLE FOR COMPANY'S ACTS OR OMISSIONS (INCLUDING, WITHOUT LIMITATION, THE AMOUNT, ACCURACY, TIMELINESS OF TRANSMITTAL OR AUTHORIZATION OF ANY ENTRY RECEIVED FROM COMPANY) OR THOSE OF ANY OTHER PERSON, INCLUDING, WITHOUT LIMITATION, ANY FEDERAL RESERVE BANK, ACH OPERATOR OR TRANSMISSION OR COMMUNICATIONS FACILITY, ANY RECEIVER OR RDFI (INCLUDING, WITHOUT LIMITATION, THE RETURN OF ANY ENTRY BY SUCH RECEIVER OR RDFI), AND NO SUCH PERSON SHALL BE DEEMED FINANCIAL INSTITUTION'S AGENT. COMPANY AGREES TO INDEMNIFY FINANCIAL INSTITUTION AGAINST ANY LOSS, LIABILITY OR EXPENSE (INCLUDING ATTORNEYS' FEES AND COSTS) RESULTING FROM OR ARISING OUT OF ANY CLAIM OF ANY PERSON THAT THE FINANCIAL INSTITUTION IS RESPONSIBLE FOR ANY ACT OR OMISSION OF COMPANY OR ANY OTHER PERSON DESCRIBED IN THIS SECTION 23(a).

(b) THE FINANCIAL INSTITUTION SHALL NOT BE HELD LIABLE FOR ANY DELAY BY OR REFUSAL OF AN ACH OPERATOR OR RECEIVING DEPOSITORY FINANCIAL INSTITUTION TO PROCESS ANY CREDIT OR DEBIT ENTRY THE COMPANY ORIGINATES, NOR SHALL IT BE HELD LIABLE FOR THE FAILURE OF A THIRD PARTY TO PROCESS, CREDIT, OR DEBIT ANY SUCH ENTRY, OR FOR OTHER ACTS OF OMISSION.

24. INCONSISTENCY OF NAME AND ACCOUNT NUMBER. The Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by the Financial Institution to the RDFI may be made by the RDFI (or by the Financial Institution in the case of an On-Us Entry) on the basis of the account number supplied by the Company, even if it identifies a person different from the named Receiver, and that the Company's obligation to pay the amount of the Entry to the Financial Institution is not excused in such circumstances. Company is liable for and must settle with Financial Institution for any Entry initiated by Company that identifies the Receiver by account or identifying number or by name and account or identifying number.

25. DATA RETENTION. The Company shall retain data on file adequate to permit the remaking of Entries for five (5) Business Days following the date of their transmittal by the Financial Institution as provided herein, and shall provide such Data to the Financial Institution upon its request.

26. TAPES AND RECORDS. All magnetic tapes, Entries, security procedures and related records used by the Financial Institution for transactions contemplated by this Schedule shall be and remain the Financial Institution's property. The Financial Institution may, at its sole discretion, make available such information upon the Company's request. Any expenses incurred by the Financial Institution in making such information available to the Company shall be paid by the Company.