



Remote Deposit Schedule

This Remote Deposit Service Schedule (the "Schedule") governs the use of the remote deposit capture service (the "Service") offered by Horicon Bank ("Financial Institution," "us," "we," or "our"). Company ("Company," "you" or "your") has requested that Financial Institution provide certain remote deposit capture capabilities to the Company so that the Customer can electronically deposit checks on the Company's behalf. By using the Service, the Company agrees to all terms and conditions found in this Schedule.

1. **Internet Banking.** This Schedule is incorporated with and into 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.

2. **Services.** Financial Institution agrees to provide our standard Remote Deposit Services (the "Services"), which will include, as may be amended from time to time:

- (a) providing you access to facilitate your conversion of checks, money orders, traveler's checks and cashier checks ("Checks") made payable to you into electronic image and data files ("Electronic Items");
- (b) arranging for a host system to receive such Electronic Items;
- (c) converting such Electronic Items to settlement files;
- (d) serving as the collecting bank or originating depository financial institution with respect to substitute checks and image exchange files;
- (e) providing electronic access to the image files for your transactions;
- (f) providing standard reports; and
- (g) providing support services via the internet.

Electronic Items are restricted to those items defined as Checks, above. For purposes of this Schedule, the term "Checks" excludes items drawn on foreign institutions and remotely created checks, which are ineligible for transmission under this Schedule.

3. **Compliance/Audit.** You agree that all Electronic Items transmitted by you to us must be eligible for Check 21 clearing pursuant to federal and state law and that no disclosure or opt-out is required for any Electronic Items submitted (including any information or data pertaining to the transactions processed hereunder, any image of a paper document, or any other information or images which are transmitted to us or from us or our subcontractors' system(s)). You agree to comply with any local, state, or federal laws (including, but not limited to, the Gramm-Leach-Bliley Act, rules and agreements of any of our clearing agents and applicable

clearinghouse rules pertaining to the transmission and processing of Checks hereunder and the use of data and information derived from scanned items.

You authorize us to review your policies, procedures and audit practices relating to this Schedule from time to time upon reasonable notice to you and you agree to assist with such review as requested by forwarding to us such records, reports and information we request. In the event any regulatory agency with jurisdiction over us seeks to audit you or your facilities, you will reasonably cooperate with such audit.

4. **Covenants, Representations and Warranties.** You agree, represent and warrant that:

(a) no Electronic Item submitted to us will be duplicated for deposit or deposited separately as a physical deposit of the original Check;

(b) all Electronic Items meet all the requirements for legal equivalence for substitute checks described in Federal Reserve Board Regulation CC §229.51(a)(1)-(2); the electronic image portion of each Electronic Item accurately represents all of the information on the front and back of the original Check; the information portion of the Electronic Item contains a record of all MICR line information required for a substitute check under Federal Reserve Regulation CC §229.2(aaa); and the Electronic Item conforms to the technical standards for an Electronic Item as set forth in Federal Reserve Board Regulation CC, Subpart D, Federal Reserve Board operating circulars, clearinghouse rules, the American National Standards Institute (ANSI) and other agreements to which we are subject;

(c) you have verified the accuracy of the MICR capture by visually viewing the display on the screen and comparing it to the MICR field on the Check. You are responsible for insuring the MICR is captured accurately by re-running or making necessary edits;

(d) you have verified that the name of the payee on each Check is yours, and you have not included a file for any Check with any additional payee(s) or any third-party check endorsed to another or to you;

(e) you have confirmed that the amount of the Check displayed on the screen accurately reflects the amount of the Check and that the amount written on the Check does not vary from the portion of the Check where the amount is written in text. If the numeric amount on the Check is inconsistent with the amount written in text, you shall not submit that Check. If you nonetheless submit for deposit a Check where the number amount varies from the portion of the Check where the amount of said Check is written in text, you acknowledge and agree that you will be liable for any claims resulting from the inconsistency of the amounts;

(f) all Checks bear the drawer's signature or drawer's name;

(g) you have endorsed all Checks with the restriction "For Deposit Only Horicon Bank" or a similar restrictive endorsement to protect against representment of the Check;

(h) you have not submitted files to us that contain information which duplicates information you previously provided to us or that contains information with respect to Checks that you have previously transferred to, deposited with or attempted to clear through a third party;

(i) you make all of the warranties set forth in and subject to the terms of Wis. Stats. §404.207 for Electronic Items the same as if the item were an item subject to the Uniform Commercial Code;

(j) any data you send us accurately reflects the Checks you received and that the items have not been altered;

(k) you shall retain Checks in a fireproof container in a secure location and be able to produce the Checks if required by us and you shall destroy the Checks by means of shredding no sooner than 30 days and no later than 60 days after submitting files to us;

(l) all Electronic Items you transmit to us reflect the result of bona fide business transactions between you and your customers; no such items are, directly or indirectly, for the benefit of any third party, whether in a service bureau or other context, and no Checks are issued by you and payable to you;

(m) you shall not use our Services in any manner or in furtherance of any activity that constitutes a violation of any law or regulation or that may reasonably be expected to subject us or our subcontractors to investigation, prosecution or legal action; and

(n) you will receive and promptly resolve and respond to payor-alleged errors.

5. **Receipt of Files.** We must receive your transaction data as required prior to 5:00 p.m. Central Time on a Business Day, in order for such transactions to be eligible for same day processing. A file will be considered received when the complete copy has been written on our electronic storage device in conformity with our technical and operational requirements, and our records shall be determinative. You will receive an acknowledgment confirming date and time of our receipt. A file that is not balanced or otherwise does not meet our technical and operational requirements shall not be considered received. Deposits will be subject to our funds availability policy. For such purposes, all Electronic Items will be deemed deposited at 326 East Lake Street, Horicon, Wisconsin. However, we may, in our discretion, withhold making a credit for a deposit on a case-by-case basis if we have a reasonable belief that an irregularity exists with regard to the deposit. We reserve the right to change the cut-off deadline upon notice to you. We have no liability for any Electronic Item not received by us.

6. **Accounts.** You may also be required by us to maintain a reserve balance in a Reserve Account to be held in escrow by us if so outlined in and in accordance with **Exhibit A** for the term of this Schedule and a period of ninety (90) Business Days after the termination of this Schedule.

We shall have access (debit and credit) to any of your accounts with us for (1) any amount due and payable to us by you, directly or indirectly, or to settle any return including without limitation expedited re-credits for banks or consumers; (2) any other loss corresponding to an Electronic Item or substitute check initiated by or on behalf of you; (3) all fees and other charges imposed by us under this Schedule; (4) reimbursement to us for any Electronic Items or substitute checks for which we expended any funds on your behalf; (5) indemnity to us in case of any errors, mistakes or other unforeseen problems that may arise which are associated with any Electronic Items or substitute check; (6) all breach of contract, warranty and indemnity claims by us hereunder and in equity or at law; or (7) any other amount you may owe to us under this Schedule. We shall have no obligation to provide notice or obtain your consent prior to accessing your accounts.

7. **Exposure Limit.** Prior to or contemporaneous with the execution of this Schedule, we shall review your financial and business history and establish limits as outlined in **Exhibit B** on your deposits using the Services. We have the right to modify the exposure limits established for you at any time upon notice to you.

8. **Authorized Users.** Authorized Users are listed in **Exhibit C** of this Schedule.

9. **Right to Reject Item; Returned Entries.** We have the right to accept or reject any Electronic Item for processing in our sole discretion. We shall attempt to notify you by phone, fax, or e-mail of such rejection and no later than the Business Day that we would otherwise have processed such rejected Electronic Item. We shall have no liability to you by reason of the rejection of any such Electronic Item or the fact that such notice is not given at an earlier time than that provided for in this Schedule. We may credit your Account for the full amount of deposits and retain the right to debit the account to cover any errors and return Electronic Items eventually deemed unacceptable. Even if we have accepted Electronic Items for deposit, all deposits are provisional and we may revoke any settlement and chargeback funds for any payment for which we do not receive payment in actual and final collected funds. You remain liable for any errors, inaccuracies, breach of warranties, other loss sustained by or claimed against us, and dishonors and items returned unpaid to us, and we may debit any of your accounts with us to adjust for same.

10. **Indemnification.** In addition to the indemnification provisions of the Master Agreement, you agree to indemnify us against and reimburse us for all liability, loss and damages (including attorneys' fees and other costs in connection therewith) claimed against us arising out of or in connection with (i) breach of any of your obligations, representations and warranties under this Agreement, (ii) any alleged violation of Federal Reserve Board Regulation CC, Subpart D ("Check 21") relating to any transaction subject to this Schedule, and (ii) our agreement to process Electronic Items under this Schedule rather than original Checks. Without limiting the foregoing, you shall indemnify us for any loss incurred as a result of the use of a substitute check instead of the original Check, including without limitation, any claim made for the expedited re-credit by a consumer (CC §229.54) or the indemnification of a bank (CC §§229.53 and 225.55).

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