

Company Name:

Company EIN:

This ACH Origination Service Agreement ("Service Agreement") made as of _____ and in conjunction with the Treasury Management Services Master Agreement ("Master Agreement") govern the ACH origination services granted by California Bank of Commerce ("Bank") to _____ ("Company" or "Customer") as identified in the Treasury Management Services Application ("Application") as of the last date of execution set forth below.

Customer wishes to initiate credit and/or debit Entries through the Financial Institution to accounts maintained at Financial Institution and in other depository financial institutions by means of the Automated Clearing House Network ("ACH") pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association ("NACHA") and Financial Institution's operating rules and procedures for electronic entries, including any exhibits or appendices thereto now in effect, or as may be amended from time to time, (the "Rules"), and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. This Agreement sets forth the terms and conditions pursuant to which Financial Institution will provide to Customer the ACH Services outlined herein ("Services"). Customer hereby requests Financial Institution to provide the Service described in this Agreement. By executing this Agreement and/or using the Services described in this Agreement, Customer accepts and agrees to all terms, conditions, and provisions of this Agreement and agrees that this Agreement sets forth the terms and conditions pursuant to which Financial Institution will provide to Customer the Service outlined herein. To the extent that Customer transmits Entries via the Internet, Customer must execute the Internet Banking System agreement which is hereby incorporated by reference and made a part hereof. In the event of inconsistency between a provision of this Agreement, the Uniform Commercial Code ("UCC"), the Internet Banking System agreement, and/or the Depository Agreement, the provisions of this Agreement shall prevail. Terms not otherwise defined in this Agreement shall have the meaning ascribed to those terms in the Rules. The term "Entry" shall have the meaning provided in the Rules and shall also mean the data received from Customer hereunder from which Financial Institution initiates each Entry.

Therefore, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Financial Institution and Customer, intending to be legally bound, do hereby agree as follows:

AGREEMENT

1. COMPLIANCE WITH RULES AND LAWS. Customer acknowledges it has a copy or has access to a copy of the Rules. The Rules may also be purchased online at www.nacha.org under the publications tab. Customer agrees to comply with and be subject to the Rules of NACHA in existence at the date of this Agreement, and any amendments to these Rules made from time to time. It shall be the responsibility of the Customer that the origination of ACH transactions comply with U.S. law, including but is not limited to sanctions enforced by the Office of Foreign Assets Control ("OFAC"). It shall further be the responsibility of the Customer to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC or from the OFAC's home page site at www.ustreas.gov/ofac.) Customer agrees that the performance of any action by Financial Institution to debit or credit an account or transfer funds otherwise required by the Rules is excused from the performance of such action to the extent that the action is inconsistent with United States law, including the obligations of the Financial Institution under OFAC or any program administered by the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"). Customer agrees generally and warrants to Financial Institution that all actions by Customer contemplated by this Agreement, including the preparation, transmittal, and settlement of Entries and payment orders, shall comply in all material respects with United States laws, regulations, regulatory guidelines and guidance, and official commentaries, including without limitation all such regulations, guidelines, and commentaries issued by the Board of Governors of the Federal Reserve and the Federal Financial Institutions Examination Council ("FFIEC"). Financial Institution will charge the Customer with any fines or penalties imposed by OFAC, NACHA or any organization which are incurred as a result of non-compliance by the Customer and the Customer agrees to fully reimburse and/or indemnify Financial Institution for such charges or fines. The specific duties of the Customer provided in the following paragraphs of this Agreement in no way limit the foregoing undertaking. The duties of the Customer set forth in the following paragraphs of this Agreement in no way limit the requirement of complying with the Rules.

2. UNDERWRITING. Customer approval for use of this Service may be subject to underwriting criteria established by Financial Institution from time to time. If Financial Institution requires application of underwriting criteria to Customer approval for use of this Service, Financial Institution will communicate to Customer the nature and content of that criteria and the information Customer will be required to provide to Financial Institution. Customer agrees to provide Financial Institution such financial, business and operating information as Financial Institution may reasonably request in connection with Financial Institution's underwriting and approval process. Financial Institution may require the personal guarantee of a principal or an owner of company. **Schedule F** should be executed if such a guarantee is required.

3. SECURITY INTEREST. To secure the payment and performance of Customer's obligations set forth herein, Customer grants to Financial Institution a security interest in and pledges and assigns to Financial Institution all of Customer's right, title, and interest in the following described property, whether now owned or hereafter existing or acquired and wherever located: (a) all monies, instruments, savings, checking and other accounts of Customer (excluding IRA, Keogh, trust accounts and other accounts subject to tax penalties if

so assigned) that are now or in the future in Financial Institution's custody or control; (b) any other collateral described in any security instrument securing the obligations of Customer to Financial Institution under this Agreement or any other obligation of Customer to Financial Institution; and (c) all proceeds and products of the property as well as any replacements, accessions, substitutions, and additions to any of the above.

4. DESIGNATION OF ADMINISTRATOR. In order to originate ACH Entries, Customer must designate at least one Administrator. Administrator(s) shall be responsible for designating "Users" who Customer authorizes to issue Entries on its behalf. For the purposes of this Agreement, the term User shall also include the Administrator. The Financial Institution shall be entitled to rely on the designations made by the Customer's Administrator(s) and shall not be responsible for matching the names of the company Users designated by the Administrator(s) to names or titles listed in Customer's banking resolutions. Customer agrees that any such online Entries shall comply with Financial Institution's Security Procedures, which are subject to change without notice to Customer. Although Financial Institution is only required to act upon the instructions of the User(s), the Financial Institution may, in its sole discretion, execute debit or credit Entries initiated by any individuals authorized by Customer to sign checks on Customer accounts. The signature cards establishing the authorized signatories for Customer deposit accounts are hereby incorporated by reference and made a part hereof.

5. TRANSMISSION OF ENTRIES BY CUSTOMER. User(s) shall initiate the debit or credit Entries in **Schedule A** hereunder on behalf of and selected by Customer. Financial Institution shall be entitled to deem any person having knowledge of any Security Procedure, defined below in Section 8 of this Agreement and required to initiate Entries under this Agreement, to be a User. 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 **Schedule A**. For the purposes of this Agreement, "Business Day" means Monday through Friday, excluding federal holidays and the "Settlement Date" with respect to any Entry shall be the Business Day when such Entry is debited or credited in accordance with the Rules. 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 Customer to Financial Institution on any one Business Day shall not exceed the lesser of the amount of collected funds in Customer's account or the ACH Processing Limit set forth in **Schedule A** to this Agreement. Customer may not reinitiate entries except as prescribed by the Rules.

6. THIRD-PARTY SERVICE PROVIDERS. Customer may be using special equipment, services or software provided by a third party to assist it in processing Files hereunder ("Service Provider"). If Customer uses Service Provider to transmit Files to Financial Institution, Customer (a) agrees that Service Provider is acting as Customer'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 and this Agreement. Financial Institution will not be liable for any losses or additional costs incurred by Customer as a result of any error by Service Provider or a malfunction of equipment provided by Service Provider. Customer 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. If Financial Institution authorizes Customer to use a Service Provider, the terms and conditions governing the relationship between Customer and the Service Provider shall be governed by a separate agreement between Customer and Service Provider ("Service Provider Agreement"). All of Customer's obligations and responsibilities under this Agreement will apply to the Service Provider, and Customer's separate agreement with the Service Provider must so provide. At Financial Institution's request, Customer will provide to Financial Institution a true and exact copy of such agreement. Customer shall designate the Service Provider as a User and the Service Provider must also enter into a Service Provider Agreement before the Service Provider sends Files to Financial Institution. Notwithstanding the foregoing, Customer 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 or if the Third-Party Service Provider has not executed the Service Provider agreement. Customer 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 Customer's use of Service Provider, including fines or assessments incurred under or pursuant to the Rules and attorneys' fees.

7. SECURITY PROCEDURES.

(a) The Customer shall comply with the "Security Procedures" described in **Schedule B** attached hereto and made a part hereof, and Customer acknowledges and agrees that the Security Procedures, including (without limitation) any code, password, personal identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure ("Security Devices") used in connection therewith, constitute commercially reasonable security procedures under applicable law for the initiation of ACH entries. Customer authorizes Financial Institution to follow any and all instructions entered and transactions initiated using applicable Security Procedures unless and until Customer has notified Financial Institution, according to notification procedures prescribed by Financial Institution, that the Security Procedures or any Security Device has been stolen, compromised, or otherwise become known to persons other than User(s) and until Financial Institution has had a reasonable opportunity to act upon such notice. Customer agrees that the initiation of a transaction using applicable Security Procedures constitutes sufficient authorization for Financial Institution to execute such transaction notwithstanding any particular signature requirements identified on any signature card or other documents relating to Customer's deposit account maintained with Financial

Institution, and Customer agrees and intends that the submission of transaction orders and instructions using the Security Procedures shall be considered the same as Customer's written signature in authorizing Financial Institution to execute such transaction. Customer acknowledges and agrees that Customer shall be bound by any and all Entries initiated through the use of such Security Procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by User(s), to the fullest extent allowed by law. Customer further acknowledges and agrees that the Security Procedures are not designed to detect error in the transmission or content of communications or Entries initiated by Customer and that Customer bears the sole responsibility for detecting and preventing such error.

(b) Customer agrees to keep all Security Procedures and Security Devices protected, secure, and strictly confidential and to provide or make available the same only to User(s). Customer agrees to instruct each User not to disclose or provide any Security Procedures or Security Devices to any unauthorized person. Financial Institution shall distribute Security Devices to the Administrator and Financial Institution shall otherwise communicate with the Administrator regarding Security Procedures. Customer's Administrator shall have responsibility to distribute Security Devices to User(s) and to ensure the proper implementation and use of the Security Procedures by User(s). Where Customer has the ability to change or modify a Security Device from time to time (e.g., a password or PIN), Customer agrees to change Security Devices frequently in order to ensure the security of the Security Device. Customer agrees to notify Financial Institution immediately, according to notification procedures prescribed by Financial Institution, if Customer believes that any Security Procedures or Security Device has been stolen, compromised, or otherwise become known to persons other than User(s) or if Customer believes that any ACH transaction or activity is unauthorized or in error. In the event of any actual or threatened breach of security, Financial Institution may issue Customer a new Security Device or establish new Security Procedures as soon as reasonably practicable, but Financial Institution shall not be liable to Customer or any third party for any delay in taking such actions.

(c) Customer agrees to notify Financial Institution immediately, according to notification procedures prescribed by Financial Institution, if the authority of any Administrator(s) shall change or be revoked. Customer shall recover and return to Financial Institution any Security Devices in the possession of any User(s) whose authority to have the Security Device has been revoked.

(d) Financial Institution reserves the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or to cancel or replace any Security Device, at any time and from time to time in Financial Institution's discretion. Financial Institution will endeavor to give Customer reasonable notice of any change in Security Procedures; provided that Financial Institution may make any change in Security Procedures without advance notice to Customer if Financial Institution, in its judgment and discretion, believes such change to be necessary or desirable to protect the security of Financial Institution's systems and assets. Customer's implementation and use of any changed Security Procedures after any change in Security Procedures shall constitute Customer's agreement to the change and Customer's agreement that the applicable Security Procedures, as changed, are commercially reasonable and adequate for the purposes intended.

8. PHYSICAL AND ELECTRONIC SECURITY.

(a) Customer is solely responsible for providing for and maintaining the physical, electronic, procedural, administrative, and technical security of data and systems in Customer's possession or under Customer's control. Without limiting the generality of the foregoing, Customer specifically acknowledges and agrees that as part of the foregoing obligation Customer shall comply with the provisions of Section 1.6 of the Rules, entitled "Security Requirements," for the safeguarding of Protected Information, as that term is defined in the Rules. Financial Institution is not responsible for any computer viruses (including, without limitation, programs commonly referred to as "malware," "keystroke loggers," and/or "spyware"), problems or malfunctions resulting from any computer viruses, or any related problems that may be associated with the use of an online system or any ACH Origination services. Any material downloaded or otherwise obtained is obtained at Customer's own discretion and risk, and Financial Institution is not responsible for any damage to Customer's computer or operating systems or for loss of data that results from the download of any such material, whether due to any computer virus or otherwise. Customer is solely responsible for maintaining and applying anti-virus software, security patches, firewalls, and other security measures with respect to Customer's operating systems, and for protecting, securing, and backing up any data and information stored in or on Customer's operating systems. Financial Institution is not responsible for any errors or failures resulting from defects in or malfunctions of any software installed on Customer's operating systems or accessed through an Internet connection.

(b) Customer acknowledges and agrees that it is Customer's responsibility to protect itself and to be vigilant against e-mail fraud and other internet frauds and schemes (including, without limitation, fraud commonly referred to as "phishing" and "pharming"). Customer agrees to educate User(s), agents, and employees as to the risks of such fraud and to train such persons to avoid such risks. Customer acknowledges that Financial Institution will never contact Customer by e-mail in order to ask for or to verify Account numbers, Security Devices, or any sensitive or confidential information. In the event Customer receives an e-mail or other electronic communication that Customer believes, or has reason to believe, is fraudulent, Customer agrees that neither Customer nor its User(s), agents, and employees shall respond to the e-mail, provide any information to the e-mail sender, click on any links in the e-mail, or otherwise comply with any instructions in the e-mail. Customer agrees that Financial Institution is not responsible for any losses, injuries, or harm incurred by Customer as a result of any electronic, e-mail, or Internet fraud.

(c) In the event of a breach of the Security Procedure, Customer agrees to assist Financial Institution in determining the manner and source of the breach. Such assistance shall include, but shall not be limited to, providing Financial Institution or Financial Institution's agent access to Customer's hard drive, storage media and devices, systems and any other equipment or device that was used in breach of the Security Procedure. Customer further agrees to provide to Financial Institution any analysis of such equipment,

device, or software or any report of such analysis performed by Customer, Customer's agents, law enforcement agencies, or any other third party. Failure of Customer to assist Financial Institution shall be an admission by Customer that the breach of the Security Procedure was caused by a person who obtained access to transmitting facilities of Customer or who obtained information facilitating the breach of the Security Procedure from Customer and not from a source controlled by Financial Institution.

9. CREDIT AND DEBIT ENTRIES; RECORDS RETENTION. Customer shall obtain an authorization ("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 Customer and Customer 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, Customer shall furnish the original or a copy of the authorization to any affected Participating Depository Financial Institution, as defined in the Rules.

10. RECORDING AND USE OF COMMUNICATIONS. Customer and Financial Institution agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means. Financial Institution shall not be obligated to make such recordings.

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

(a) (i) use commercially reasonable efforts to comply with the instructions of Customer, (ii) process Entries received from Customer 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 Customer from time to time; (ii) the Effective Entry Date satisfies the criteria provided by Financial Institution to Customer; and (iii) the ACH processor is open for business on such Business Day. Customer agrees that the ACH processor selected by Financial Institution shall be considered to have been selected by and designated by Customer. The Customer will receive immediately available funds for any electronic debit entry initiated by it on the Settlement Date applicable thereto in accordance with the Rules.

12. PAYMENT FOR CREDIT ENTRIES AND RETURNED DEBIT ENTRIES. Customer agrees to pay for all credit Entries issued by Customer, User(s), or credit Entries otherwise made effective against Customer. Customer shall make payment to Financial Institution on the date as determined by Financial Institution in its sole discretion ("Payment Date"). Customer shall pay Bank for the amount of each debit Entry returned by a Receiving Depository Financial Institution ("RDFI") or debit Entry dishonored by Financial Institution. Payment shall be made by Customer 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 **Schedule A**, as payment for all payments due Financial Institution under this Agreement. Customer shall maintain sufficient collected funds in the Authorized Account(s) to pay for all payments due Financial Institution under this Agreement on the Payment Date. In the event the Authorized Account or any other Customer bank account does not have collected funds sufficient on the Payment Date to cover the total amount of all Entries to be paid on such Payment 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 Customer, whereupon Financial Institution shall have no liability to Customer or to any third party as a result thereof; or

(b) Process that portion of the credit Entries as Customer has sufficient available 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 Customer, whereupon Financial Institution shall have no liability to Customer 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 Customer and Customer has not maintained sufficient available funds in the Authorized Account with Financial Institution to cover them, the total amount of the insufficiency advanced by Financial Institution on behalf of Customer shall be immediately due and payable by Customer to Financial Institution without any further demand from Financial Institution. If Financial Institution elects to pay Customer'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.

13. ON-US ENTRIES. Except as provided in Section 15, Rejection of Entries, or 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 11 (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.

14. RESERVES. From time to time, Financial Institution shall evaluate Customer's transaction activity for the purpose of establishing averages for transaction frequency, amount, returns and adjustments. These evaluations will occur periodically at Financial Institution's discretion. In connection with these evaluations, Financial Institution reserves the right to require Customer to establish reserves with Financial Institution calculated by Financial Institution to cover Customer's obligations to Financial Institution arising from ACH activities under this Agreement. Reserves may be expressed as a fixed dollar amount or as a "rolling reserve" calculated based on "rolling" averages determined by Financial Institution's periodic evaluations. The amount of reserves required by Financial Institution, if any, will be communicated directly to Customer from time to time. Customer agrees to establish reserves as required by Financial Institution within **30 banking days** after receipt of a communication from Financial Institution setting forth the amount of required reserves and the basis of calculation used to determine the amount of reserves. Financial Institution may suspend ACH processing activity for Customer if Customer fails to establish the required amount of reserves within the time period specified by Financial Institution in its communication to Customer.

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

16. CANCELLATION OR AMENDMENT BY CUSTOMER. Customer shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, Financial Institution may, at its option, accept a cancellation or amendment by Customer. If Financial Institution accepts a cancellation or amendment of an Entry, Customer must comply with the Security Procedures provided in Section C of this Agreement. If such a request is received by the Financial Institution before the affected Entry has been transmitted to the ACH (or, in the case of an On-Us Entry, before the Receiver's account has been credited or debited), the Financial Institution will use reasonable efforts to cancel or amend the Entry as requested, but the Financial Institution shall have no liability if the cancellation or amendment is not effected. If Financial Institution accepts a cancellation or amendment of an Entry, Customer hereby agrees to 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 the result of its acceptance of the cancellation or amendment.

17. REVERSALS OF ENTRIES.

(a) **General Procedure.** Upon proper and timely request by the Customer, 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; (ii) be made immediately upon discovery of the error; and (iii) be accompanied by a written Reversal/Cancellation Request and comply with all of the Rules. In addition, if the Customer requests reversal of a Debit Entry or Debit File, it shall concurrently deposit into the Customer Account an amount equal to that Entry or File. The Customer 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 effected. The Customer shall reimburse the Financial Institution for any expenses, losses or damages it incurs in effecting or attempting to effect the Customer's request for reversal of an Entry.

18. ERROR DETECTION. Financial Institution has no obligation to discover and shall not be liable to Customer for errors made by Customer, 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 Customer. Notwithstanding the foregoing, if the Customer 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 one hour prior to the ACH processing 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 Customer makes an error or issues a duplicate Entry, Customer 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.

19. PRENOTIFICATION. Customer, 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 Customer 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, Customer 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.

20. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE. Financial Institution shall notify Customer 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 Customer 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 Agreement with respect to the original Entry.

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

21. PROVISIONAL SETTLEMENT. Customer 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 Customer acknowledges that it has received notice of that Rule and or 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 Customer shall not be deemed to have paid the Receiver the amount of the Entry.

22. CUSTOMER REPRESENTATIONS AND WARRANTIES; INDEMNITY. With respect to each and every Entry transmitted by Customer, Customer represents and warrants to Financial Institution and agrees that (a) each person or entity shown as the Receiver on an Entry received by Financial Institution from Customer 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 Customer are limited to those types of credit and debit Entries set forth in **Schedule A**, (d) Customer shall perform its obligations under this Agreement 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; and any state laws, regulations, or orders applicable to the providers of ACH payment services, (e) Customer 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, and (f) Customer shall ensure that any and all non-public personal information provided by Customer to Financial Institution shall be secure and will not be disclosed to any unauthorized person. Customer 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 Customer shall not be deemed to have paid the Receiver the amount of the Entry. The Customer 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 Customer contained in this Agreement; or (bb) any act or omission of the Customer or any other person acting on the Customer's behalf.

23. ADDITIONAL CUSTOMER 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, Customer hereby warrants to Financial Institution that for each such ACH Entry submitted for processing, Customer has obtained all authorizations from the Receiver as required by the Rules, by Regulation E or other applicable law, and this Agreement. Customer also makes the additional warranties to Bank that Bank makes to each RDFI and ACH Operator under the Rules for the respective SEC codes for Entries originated by Customer. Customer hereby indemnifies and holds Financial Institution harmless from any liability arising out of Customer's breach of these warranties.

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

25. DATA RETENTION. The Customer 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. SAME DAY ENTRIES. A Credit or Debit Entry with an Effective Entry Date of the date of or a date prior to the date of the transmission of the Entry or File to Bank and received by Bank prior to the applicable cut-off time shall be considered a Same Day Entry. Entries above the amount allowed in the Rules are not eligible for Same Day ACH processing. In addition to any other fees that Customer is obligated to pay Bank, Customer hereby agrees to pay Bank the Same Day Entry fee established by Bank from time to time for Same Day Entries transmitted to Bank by Customer.

IN WITNESS WHEREOF the parties hereto have caused this Service Agreement to be executed by their duly authorized officers.

Signature & Date:

CALIFORNIA BANK OF COMMERCE, N.A.
Signature & Date:

Name: _____

Name: _____

Title: _____

Title: _____

Email Address: _____

Email Address: _____

SCHEDULE A – ACH ORIGINATION SERVICE STANDARD ENTRY CODE, LIMIT, AND ACCOUNT

The Customer shall originate ACH Entries according to the following standard entry code(s) and limits until otherwise modified in writing by either party. Aggregate limits are granted at the Customer level. Segregated limits may be granted per accounts upon request.

Sch A must be completed for each company.

Company Name:	
Company ACH ID#:	
Same Day ACH:	<input checked="" type="checkbox"/> (If selected, this option will be turn on for all companies.)
SEC Code – PPD Prearranged Payment & Disbursement	<input checked="" type="checkbox"/> (If selected, this option will be turn on for all companies.)
SEC Code – CCD Cash Concentration & Disbursement	<input checked="" type="checkbox"/> (If selected, this option will be turn on for all companies.)
SEC Code – CTX Corporate Trade Exchange	<input type="checkbox"/> (If selected, this option will be turn on for all companies.)

	Trans Limit	Daily Limit	Weekly Limit	Monthly Limit
CREDIT Entries	\$N/A	\$	\$N/A	\$
Account #				
Account #				
Account #				

	Trans Limit	Daily Limit	Weekly Limit	Monthly Limit
DEBIT Entries	\$	\$	\$	\$
Account #				
Account #				
Account #				

SCHEDULE B – SECURITY PROCEDURES

Customer is responsible to strictly establish and to maintain procedures to safeguard against unauthorized transactions. Customer warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by Financial Institution. If Customer believes or suspects that any such information has been accessed by an unauthorized individual, Customer will verbally notify Financial Institution immediately, followed by written confirmation. The occurrence of such notification will not affect any transfers made in good faith by Financial Institution prior to the notification and within a reasonable time period to prevent unauthorized transfers. Financial Institution will have no obligation, liability, or control, either directly or indirectly over said security procedures or the failure of Customer to maintain said procedures.

Data Security:

Limiting access and securely storing ACH data used in the routing and settlement of ACH transactions is a critical data security precaution. Customer's ability to limit access to production data can be done through commercially available software products. Access can be limited to specific programs, user IDs, or read-only or read-and-edit-only access functionality. Files can also be transmitted between ACH participants using the following data protection methods: encryption and authentication.

- **Encryption** is a process of scrambling data content through hardware or software in order to protect the confidentiality of a file's contents. This information should remain encrypted between all parties in the ACH Network using commercially reasonable procedures and must be transmitted using security technology as provided in the Rules.
- **Authentication** is a process of ensuring that files and data content have not been altered between the Originator and receiving points. Like encryption, this can be done using hardware or software to ensure data integrity.

Dual-Control:

The Financial Institution **requires** Entries to be initiated and transmitted under dual-control from within the Internet Banking system.

Opting Out of Dual Control:

Customer acknowledges and understands that selecting to opt-out of dual control Security Procedures may substantially increase the risk of loss to Customer. CUSTOMER HEREBY REJECTS AND REFUSES TO TAKE ON DUAL-CONTROL SECURITY PROCEDURES PROVIDED BY THE FINANCIAL INSTITUTION FOR TRANSMISSION OF ACH ENTRIES TO THE FINANCIAL INSTITUTION. CUSTOMER HEREBY AGREES TO BE BOUND BY ANY TRANSFER, WHETHER OR NOT AUTHORIZED, ISSUED IN CUSTOMER'S NAME AND ACCEPTED BY THE FINANCIAL INSTITUTION IN COMPLIANCE WITH CUSTOMER'S SELECTED SECURITY PROCEDURES TO NOT IMPLEMENT DUAL-CONTROL SECURITY PROCEDURE.

Signature & Date:

Name: _____

Title: _____

Sub-User Administration

Customer will be solely responsible for designating an authorized Sub-User Administrator and for the protection against unauthorized access to the administrative features of the Internet banking system. Furthermore, Customer and its authorized Sub-User Administrator will be solely responsible for designating and administering access to its designated Authorized Sub-Users.

An Authorized User of the Customer shall review on a periodic basis detailed reports on Sub-Users and their level of access.

Financial Institution will not be responsible for verifying the authenticity of any person claiming to be an Authorized User of the Customer or the authenticity of any instruction, direction or information provided by any said person.

Any instructions, directions or other information provided by the Customer, or any of its Authorized Users or Sub-Users will be deemed to have been authorized by the Customer and Financial Institution will be indemnified and held harmless by the Customer for acting upon any such direction, instruction, or information.

Authorization of Transactions

Customer agrees to be bound by any Credit or Debit Entry (i) authorized or transmitted by Customer or an Authorized User through the Internet banking service (ii) made in Customer's name, with a valid Customer login credential and accepted by this Financial Institution in good faith in compliance with the Security procedures in this Schedule, even if not properly authorized by the Customer.

If Financial Institution takes any actions beyond those described in these Security procedures, in an attempt to detect unauthorized credit entries or to detect errors in the transmission or content of Customer's credit Entries, Customer agrees that no matter how many times Financial Institution takes these actions they will not become part of the Security procedures and Financial Institution will not be liable in any situation for failing to take or correctly perform these actions.

Customer agrees that the following security procedures, as well as the security features within the Internet banking service, constitute commercially reasonable security measures.

Limit Class

Customer may only originate Entries subject to the Limits Classes as defined in **Schedule A**.

Signature & Date:

Name: _____
Title: _____

CALIFORNIA BANK OF COMMERCE, N.A.
Signature & Date:

Name: _____
Title: _____