

Automated Clearing House (ACH) Service Description

- 1. ACH Service.** Banc of California ("Banc") hereby offers its Customer and Customer hereby accepts the ACH Service (the "ACH Service"). Customer wishes to initiate credit and/or debit Entries by means of the Automated Clearing House Network pursuant to the terms of this Service Description and the rules of the National Automated Clearing House Association ("NACHA") and the local Automated Clearing House Association (the "Rules"), and Banc is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. Accordingly, Customer may submit ACH Entries to Banc in accordance with the terms and conditions of this Service Description. Customer is responsible for all Entries to the fullest extent provided by law and as set forth in this Service Description.
- 2. Treasury Management Services Disclosure; Supporting Documents.** This Service Description forms part of the Treasury Management Services Disclosure ("Disclosure") agreed to by Customer. In the event of conflicts between the terms of this Service Description and the terms of the Disclosure, the terms of this Service Description shall control. Defined terms in this Service Description shall have the meaning provided in the Disclosure and as defined in the Rules, unless otherwise defined in this Service Description. The term "Entry" or "Entries" shall have the meaning provided in the Rules and shall also mean the data received from Customer hereunder from which Banc prepares Entries.
- 3. Related Service Descriptions for ACH Entries.** Entries submitted by Customer using Banc's Business Online Services must be consistent with the separate Business Online Service Description. Additional terms and conditions may apply to the ACH Service to the extent Customer transmits Entries outside Banc's Business Online Services. Customer may not submit Entries outside Banc's Business Online Services without Banc's prior written consent.
- 4. The Rules.** A copy of the Corporate Edition of the Rules can be purchased from NACHA at www.NACHA.org. Customer agrees to obtain a copy, to understand and be familiar with the Rules, and to be responsible for keeping up to date with changes in the Rules. Customer agrees that information or advice received by Customer from Banc as to the Rules or the operation of the Rules is not legal advice and is not a substitute for Customer's obligation to independently to understand and comply with the Rules.
- 5. Processing Entries.** Customer shall transmit Entries to Banc to the location(s) and in compliance with the formatting and other requirements set forth in the Rules and the Supporting Documents. Entries may be submitted only for Customer's account ("nested" third parties or originators will be strictly prohibited). No Entries may be submitted on behalf of third parties unless Customer has requested and Banc has expressly agreed in writing to allow Customer to act as a Third Party Sender, as that term is defined in the Rules, and supplementary terms have been agreed to by Customer. The ACH Service will start on a date agreeable to Customer and to Banc after all set up requirements have been completed.

Customer will not submit individual or total monthly Entries in excess of the maximum limits established by Banc, as amended from time to time. The parameters and variations of the limits shall be set at Banc's discretion, including but not limited to limits based on dollar amounts and/or Standard Entry Class Code types. Customer will not divide a transaction into more than one Entry in order to avoid these limitations. Banc may adjust these limitations from time to time, at Banc's discretion. Banc processing of Entries in an amount greater than the established limit(s) shall not be deemed a waiver of this provision. Banc may cease processing Entries in a greater amount at any time without prior notice.

Customer may not originate Entries using Standard Entry Class Codes other than CCD, CTX or PPD without prior notice to and written approval by Banc. Banc may require Customer to submit an application in form and content acceptable to Banc, and Customer's execution supplemental schedules, agreements and other documents as Banc may require, as a condition precedent to Customer's use of other Standard Entry Class Codes. By way of example, the foregoing restrictions and requirements may apply to Customer's use of ARC, RCK, BOC, POP, WEB, IAT or TEL Standard Entry Class Codes, or if Customer is engaging in cross-border (International) transactions. Banc may block unapproved use of a Standard Entry Class Code or an unapproved cross-border transaction.



Except as provided below for On-Us Entries, Banc shall: (i) process Entries received from Customer to conform with the file specifications set forth in Rules, (ii) transmit such Entries as an ODFI to an ACH Operator selected by Banc in its sole discretion ("ACH Operator"), and (iii) settle for such Entries as provided in the Rules. Banc shall transmit or complete the necessary authorizations for ACH Entries by the deadline of the ACH Operator, provided: (a) such Entries are received by Banc's related cutoff time on a business day, (b) the Effective Entry Date is at least two business days for ACH credit Entries and one business day for ACH debit Entries, after such business day, and (c) the ACH Operator is open for business on such business day. Entries shall be deemed received by Banc when the transmission and compliance with any related Security Procedures is completed. If any of the requirements of this paragraph are not met, Banc may use reasonable efforts to transmit such Entries to the ACH by the next deadline of the ACH Operator which is a business day and a day on which the ACH Operator is open for business.

6. **Same-Day Entries.** The ACH Service permits Customer to originate "eligible ACH Entries" on a "same-day" basis, for settlement on the same day as the Effective Entry Date. Eligible ACH Entries received on a business day by the applicable cutoff hour for same-day Entries, will be treated as a "same-day" ACH Entry. For this purpose "eligible ACH Entries" will mean ACH Entries: (i) received on a business day by the cutoff hour for same-day Entries, (ii) subject to Banc's right to place additional dollar limitations, that are less than \$1,000,000 and (iii) that contain an effective Entry date for the same day as receipt, or a stale or invalid date. Banc does not represent, warrant or otherwise guarantee that receiving depository financial institutions will post same-day ACH Entries by applicable deadlines of the ACH Operator. Banc may utilize same-day processing for any Entry that qualifies as an "eligible" same-day Entry even if Customer did not intend the Entry to be processed using same-day processing. In such cases, Customer is still responsible for all fees associated with same-day processing.
7. **On-Us Entries.** In the case of an Entry received for credit to an account maintained with Banc (an "On-Us Entry"), Banc 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 this Service Description are met. If said requirements are not met, Banc may 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.
8. **Notice of Returned Entries.** Banc shall notify Customer in writing or by phone or electronic transmission, including email of the receipt of a returned Entry from the ACH no later than one business day after the business day of Banc's receipt. Except for an Entry retransmitted by Customer in accordance with the requirements of this Service Description, Banc shall have no obligation to retransmit a returned Entry to the ACH if Banc complied with the terms of this Service Description with respect to the original Entry.
9. **Prenotifications.** If Customer chooses to originate non-dollar prenotification Entries to verify the accuracy of routing and account numbers, it agrees not to initiate live dollar Entries until at least three (3) business days following the Settlement Date of the prenotification Entry. Prenotifications must be provided to Banc in the format provided in the Rules. If Customer receives notice that a prenotification has been rejected or returned, Customer will research the problem and make any necessary corrections before transmitting another Entry.
10. **Notifications of Change.** Banc shall notify Customer of all Notifications Of Changes (NOC) received by Banc relating to Entries transmitted by Customer, no later than two business days after the business day of Banc's receipt. Notice by Banc, in Banc's discretion may include notice by telephone or email to Customer. Customer must make the changes specified in an NOC or corrected NOC: (a) within six business days of receipt or prior to initiating another Entry to the Receiver's account, whichever is later; or (b) as otherwise required in the Rules, if the Rules specify a different time for correction.
11. **Prefunding: Payment.** Banc may designate Customer as "ACH Prefunding," and Banc may change Customer's designation to or from ACH Prefunding at any time, with or without cause and at Banc's sole discretion. Banc will inform Customer of Customer's designation as ACH Prefunding, and of any change in the designation.

Customer will pay Banc, in immediately available funds, an amount equal to the sum of all credit Entries or debit Reversals related to Entry data delivered to Banc at such time as Banc may from time to time designate or, if not otherwise designated: (a) if Customer is not designated ACH Prefunding, no later than two business days prior to the Effective Entry Date; and (b) if Customer is designated ACH Prefunding, no later than the date of transmittal of the related Entry data to Banc or at such other time as Banc may have established for Customer.



12. **Inconsistencies.** If a Receiver of an Entry is identified by both name and account or identifying number, payment may be made by Banc and by any other financial institution based on the number even if the name and the number are not consistent or identify different parties. If an intermediary bank or a beneficiary's bank is identified on a payment order by both name and number, Banc and other financial institutions may rely on the number even if the name and the number are not consistent or identify different parties.
13. **Inaccurate Information.** Customer waives any claim of wrongful dishonor, erroneous payment, erroneous acceptance and wrongful or erroneous return arising from any of the following: (a) incomplete or inaccurate information provided to Banc by Customer, (b) information given to Banc from Customer with insufficient time to process information, or (c) insufficient funds in Customer's account(s).
14. **No Duty to Review.** Customer acknowledges and agrees that credits and debits that are paid or returned as the case may be, are done so automatically and systematically without review or intervention by any Banc employee or agent. Customer agrees that Banc shall have no obligation to review or investigate the contents of any ACH debit presented for payment against Customer's account(s).
15. **Provisional Credit.** Customer acknowledges that credit for a payment order is provisional until the receiving financial institution obtains final settlement. If final settlement does not occur, the originator of the payment order is not deemed to have made payment to the beneficiary, and the beneficiary's bank is entitled to a refund of the provisional credit. Customer agrees that any payment by Banc to Customer for any debit Entry, returned credit Entry or credit Reversal is provisional until Banc has received final settlement for such Entry. Banc may delay availability of provisional funds at its discretion. If final settlement is not received, Banc is entitled to and Customer agrees to pay a refund of the amount credited; and Banc may charge Customer's account for the amount due. Banc may refuse to permit the use of any amount credited for a debit Entry or credit Reversal if it believes that there may not be sufficient funds in Customer account to cover chargeback or return of such Entry or Reversal.
16. **Cutoff Hours.** The cutoff hour applicable to ACH Entries is reflected in the Supporting Documents. An Entry is considered executed when Banc executes it. If Entry data is submitted by Customer using the Online Banking Service and it is received after the cutoff hour or on a day that is not a business day, Customer must re-submit the Entry data for the following business day. If Entry data is submitted by Customer using the SFTP Service, the SFTP Service Description will also apply and control to the extent of any inconsistency. Different cutoff hours may apply to Entry data submitted using the SFTP Service.
17. **Non-Recommended Payees.** Banc does not recommend that Customer use the Service to pay Customer's federal, state or local taxes, courts or other governmental entities. These agencies normally require an accompanying coupon, which cannot be provided via the Service. Banc will not be liable for penalties, interest or other damages of any kind if Customer tries to use the Service to remit or pay money for taxes, or to courts or governmental agencies.
18. **Customer Representations and Warranties.** In addition to the representations and warranties provided by Customer under the Disclosure, with respect to each and every Entry initiated by Customer, Customer represents and warrants to Banc and agrees that:
 - A. Customer shall obtain all consents and authorizations required under the Rules, and in compliance with Regulation E (as applicable), and shall retain such consents and authorizations for two years after they expire and other documents related to Entries for a period of six years. Without limiting the foregoing, each person as the Receiver of an Entry received by Banc 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. Customer will provide Banc with a copy of such authorization whenever requested to do so within five business days. Such authorization is operative at the time of transmittal or crediting / debiting by Banc as provided herein;
 - B. For all debit entries to consumer accounts, Customer will ensure that each consumer debit authorization includes the following minimum information: (i) Language clearly stating whether the authorization obtained from the Receiver is for a single entry, recurring entries, or one or more subsequent entries initiated under the terms of a standing authorization; (ii) The amount of the entry or entries, or a reference to the method of determining the amount of the entry(ies); (iii) The timing of the entries, including the start date, number of entries, and frequency of the entries; (iv) The Receiver's name or identity; (v) The account to be debited (this



should include whether the account is a demand deposit account or a savings account); (vi) The date of the Receiver's authorization; and (vii) Language that instructs the Receiver how to revoke the authorization directly with the Originator. This must include the time and manner in which the Receiver must communicate the revocation to the Originator. For a single entry authorized in advance, the right of the Receiver to revoke authorization must provide the Originator a reasonable opportunity to act on the revocation instruction prior to initiating the entry;

- C. Entries transmitted to Banc by Customer are limited to those types of credit or debit Entries set forth in this Service Description;
- D. If the amount of a debit Entry to a Receiver's account varies in amount from the previous debit Entry relating to the same authorization or preauthorized amount, Customer will, at least ten days before the Effective Entry Date of such debit Entry, send the Receiver written notice of the amount of such debit Entry and its Effective Entry Date, unless the Receiver has previously been notified of Receiver's right to receive such notice and Receiver has elected to receive such notice only when the debit Entry does not fall within a specified range of amounts or varies from the most recent debit Entry by an agreed amount;
- E. If any change is made by Customer in the scheduled Effective Entry Date of one or more debit Entries, Customer will, at least seven days before the Effective Entry Date of the first such debit Entry to be affected by such change, send the Receiver a written notice of the new Effective Entry Date(s) of such Entry or Entries;
- F. Customer shall be bound by and comply with the Rules as in effect from time to time, including, without limitation, the treatment of a payment of an Entry by the Receiving Depository Financial Institution ("RDFI") to the Receiver as provisional until receipt by the RDFI of final settlement for such Entry;
- G. Customer will not use the ACH Service to collect: (i) payments for goods or services sold by third parties; (ii) payments relating to adult entertainment, gambling services, or child pornography; (iii) obligations owing to third parties; or (iv) obligations related to cash advances by Customer;
- H. Customer hereby makes the same representations and warranties to Banc with respect to Entries sent by Banc to an ACH Operator upon the authorization of Customer as Banc is deemed to make under the Rules, and Banc shall have no responsibility with respect to matters so represented and warranted by Customer; and

Except as previously disclosed in writing by Customer to Banc: (i) Customer is not a "money-services business" (as defined at 31 CFR 103.11(uu) or successor regulation) and is not subject to any state license requirements applicable to a money-services business, banks, broker-dealers or other financial institutions; and (ii) no Entry data is submitted by Customer on behalf of, or as agent, service bureau or processor for another. By way of example, Customer will not submit debit Entries that result from a sale of goods or services by a third party to the Receiver.

- I. Customer agrees to indemnify Banc, its suppliers, licensors, service providers, insurers and vendors, against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements. Customer's indemnification obligations will survive termination of this Service Description and the Disclosure.

19. Retention. In addition to any retention obligations of Customer under the Disclosure and this Service Description, Customer agrees to retain and make readily available to Banc, and Banc's regulators, third party auditors and agents, on request all information necessary to remake any files of Entries for ten business days following the Settlement Date.

20. No Third Party Beneficiaries. No third party shall be deemed to be an intended or unintended third party beneficiary of this Service Description.

21. Termination. Banc may terminate the ACH Service for any reason upon providing written notice of termination at least 30 days prior to the termination date. If Banc reasonably believes it may incur loss due to fraud, mistake, illegal activity, or any other reason, Banc may terminate the ACH Service immediately, with or without notice, in Banc's sole discretion.

22. Audit. In addition to the audit commitments provided under the Disclosure, if transactions Customer conducts involve some use of the Internet, then Customer agrees to conduct an internal security audit at least annually to ensure that the financial information obtained from Receivers is protected by security practices and procedures (“security audit”) that include, at a minimum, adequate levels of: (i) physical security to protect against theft, tampering, or damage; (ii) personnel and access controls to protect against unauthorized access and use; (iii) network security to ensure secure capture, storage, and distribution of financial information; and (iv) any other items identified in the Operating Guidelines of the Rules. Upon Banc’s request, Customer agrees to have an external security audit conducted by a third party acceptable to Banc, within sixty (60) days of the request. The external security audit will include the same items described in this paragraph for an internal security audit. Customer agrees to provide Banc with a copy of each internal and external audit report, as applicable, in a format acceptable to Banc within (30) days from the completion of the audit.

Without limiting the foregoing, Customer specifically agrees to establish data security policies, procedures and systems as required by the Rules. This requires Customer to:

- (1) Protect the confidentiality and integrity of Protected Information
- (2) Protect against anticipated threats or hazards to the security or integrity of Protected Information until its destruction; and
- (3) Protect against unauthorized use of Protected Information that could result in substantial harm to a natural person

Such policies, procedures, and systems must include controls that comply with applicable regulatory guidance on access to all systems used by Customer to initiate, process and store Entries. NACHA defines Protected Information as the nonpublic personal information, including financial information, of a natural person used to create or contained within an Entry and any related Addenda record.

Customer’s execution of the Acceptance constitutes Customer’s acknowledgement and acceptance of the terms and conditions of the Disclosure, together with each applicable Service Description, including any Supporting Documents, corresponding exhibits, schedules, enrollments, or attachments to the same, each as amended by Banc from time to time.