



CFSB

COMMUNITY FINANCIAL SERVICES BANK
Member FDIC

BUSINESS SERVICES TEAM

businessserviceteam@cfsvcs.com

270.527.6066

**Cash Management Agreement
Community Financial Services Bank
Benton, KY**

Company: _____
(hereafter referred to as "Company")

Tax ID Number: _____

This Agreement is made this ____ day of ____, 20____, by and between Company and Community Financial Services Bank (hereafter referred to as "CFSB").

RECITALS

- A. The Company authorizes CFSB to initiate credit and/or debit Entries pursuant to the terms of this Agreement and the *Nacha Operating Rules and Guidelines* ("*Rules*"), and CFSB is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the *Rules*. The term "Entry" has the meaning provided in the *Rules* and means the data received from Company hereunder from which CFSB initiates each Entry.
- C. CFSB's ACH Management Policy, as approved by CFSB's Board of Directors, does not permit the origination of Entries with the following SEC codes:

International ACH Transactions (IAT)
Accounts Receivable Entries (ARC)
Back Office Conversion Entries (BOC)
Telephone Initiated Entries (TEL credit)
Internet/Mobile Entries (WEB credit)
Point of Purchase Entries (POP)

AGREEMENT

1. *Nacha Operating Rules and Guidelines*. The Company agrees to comply with and be bound by the *Rules*. CFSB will notify Company of any revisions to the *Rules* of which the Bank has knowledge. If the Company violates any of the applicable *Rules* and that violation results in a fine being imposed on CFSB by Nacha, CFSB may charge the fine to Company.
2. *U.S. Law*. It is the responsibility of Company to ensure that Company's origination of ACH transactions complies with the laws of the United States.
3. *Governing Law*. This Agreement will be construed in accordance with and governed by the laws of the State of Kentucky.
4. *Specific Entry Types*. The *Rules* contain special requirements and impose additional obligations on a Financial Institution when it acts as ODFI with respect to certain Entry types. As a result, CFSB

must obtain additional agreements and representations from Company with respect to those Entry types, which are set forth in the SEC Schedule(s) to the ODFI/Originator Agreement and shall become part of this agreement.

5. *Receiver Authorizations.* Company is responsible for obtaining appropriate Receiver authorizations that are compliant with the Standard Entry Class Code of the Entry prior to initiating Entries to the Receiver's account. Company will retain authorizations or copies of authorizations and provide authorization information to CFSB upon request, as required by the *Rules* and outlined in the attached SEC Schedule(s) to the ODFI/Originator Agreement.
6. *Transmittal of Entries by Company.* Company will transmit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule B - Security Procedures and ACH File Delivery, as updated from time to time.
7. *Exposure Limits.* Company's ability to originate Entries under this Agreement is subject to ACH exposure limits in accordance with the *Rules*. The total dollar amount of Entries transmitted, frequency of origination and payment application (debits or credits) originated by Company to CFSB must comply with limits set forth in the attached Schedule F - Exposure Limits Disclosure.
8. *Settlement - Payment by Company for Entries.* Company will pay CFSB
 - a) the amount of each *credit* Entry (including on-us Entries) transmitted by CFSB pursuant to this Agreement at such time on the Settlement Date (unless prefunding is determined) by Financial Institution of such credit Entry as CFSB, at its discretion, may determine.
 - b) the amount of each *debit* Entry returned by a Receiving Depository Financial Institution ("RDFI") and charged back to Company by CFSB, pursuant to this Agreement.
9. *Settlement - Payment by ODFI for Entries.* CFSB will promptly pay Company
 - a) the amount of each *debit* Entry (including on-us Entries) transmitted by CFSB pursuant to this Agreement at such time on the Settlement Date of each Entry.
 - b) the amount of each *credit* Entry returned by a RDFI pursuant to this Agreement.
10. *Data Retention.* Company will retain data related to each Entry or File adequate to permit remaking of Entries or Files for five (5) days following the date of the transmittal by CFSB and will provide such data to CFSB upon its request.
11. *Third Parties.* Company will enter into a contract with, and assume full liability for any action made by, any third-party processor used by Company to initiate Entries on its behalf. Company will notify CFSB of the use of any third-party that may be involved in the Company's ACH origination activities.
12. *Obligations of a Third-Party Sender.* The *Rules* contain special requirements and impose additional obligations on CFSB when it acts as Company's ODFI with respect to Entries Company sends as a Third-Party Sender. If Company sends CFSB any Entries as a Third-Party Sender, Company automatically makes the additional agreements and representations to CFSB that are contemplated by the *Rules*.
13. *Cancellation or Amendment to Entries by Company.* Company has no right to cancel or amend any Entry after its receipt by CFSB. However, CFSB will use reasonable efforts to act on a request by Company to cancel an Entry prior to transmitting it to the ACH Operator, or in the case of an on-us

Entry, prior to crediting or debiting a Receiver's account. Company will reimburse CFSB for any expenses, losses, or damages CFSB may incur in effecting or attempting to affect the cancellation or amendment of an Entry.

14. *Payment for Services.* Company will pay CFSB the charges for the services provided for in this Agreement and as set forth in Schedule D - ODFI Fee Schedule. CFSB will provide Company written notification of changes in fees and services 30 calendar days prior to such changes going into effect. Such charges do not include, and Company will be responsible for payment of, any sales, use, excise, value-added, utility or other similar taxes relating to the services provided for in this Agreement, and any fees or charges provided for in this Agreement between CFSB and Company with respect to the account.
15. *Reversals.* Company may initiate Reversing Entries or Reversing Files in accordance with the *Rules*, when CFSB has been notified of an error and has approved the initiation of Reversals.
 - a) Company will provide notification of a reversal and the reason for the reversal to the Receiver of the Reversing Entry no later than the Settlement Date of the reversing Entry. This notification may be made by Company's method of choice (fax, telephone, etc.).
 - b) Company will submit a Correcting File with a Reversing File when incorrect entries are being reversed.
16. *Same Day ACH.* CFSB will determine on a case by case basis if Company may initiate Same Day ACH Entries in accordance with the *ACH Rules* and the processing schedule for Same Day ACH Processing in the attached Schedule B - ODFI Processing Schedule. Same Day Entry Fees, as established by the Rules and/or additional fees outlined in Schedule D - ODFI Fee Schedule may also be charged to the Company.
17. *Security Procedures.* Company and CFSB will comply with the security procedures requirements described in the attached Schedule B – Security Procedures and ACH File Delivery, with respect to Entries transmitted by Company to CFSB.
 - a) Company acknowledges that those security procedures are commercially reasonable, and the purpose of such security procedures is to verify authenticity and not to detect an error in the transmission or content of an Entry. No security procedures have been agreed upon between CFSB and Company for the detection of any such error.
 - b) Company is strictly responsible for establishing, implementing and maintaining commercially reasonable security procedures and measures to safeguard against unauthorized transmissions, network infections, and breaches of Protected Information (i.e. non-public consumer data). Company warrants that such measures will include, but not be limited to, security technology (e.g. secure web-servers) that provides commercially reasonable encryption technology for the Entry and transmission of Entries over the Internet, and network security to safeguard account information and access from unauthorized parties. Schedule A outlines additional requirements.
 - c) Additionally, Company 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 security procedures and any passwords, codes, security devices and related instructions provided by CFSB in connection with the security procedures detailed in Schedule A. If Company suspects that any such information or instructions are accessed by unauthorized persons, Company will notify CFSB immediately. The occurrence of unauthorized access will

not affect any transfers made in good faith by CFSB prior to receipt of notification and within a reasonable time to prevent unauthorized transfers.

18. *Processing and Settlement by Financial Institution.* Except as provided in Section 8, CFSB will
- a) process Entries received from Company to conform with the File specifications set forth in the *Rules*,
 - b) transmit such Entries as an ODFI to the ACH Operator, by the deadline set forth by the ACH Operator, and
 - i) such Entries are received by CFSB's related cut-off time on a Business Day (Entries delivered via electronic file transmission will be deemed received by CFSB when the transmission is completed as provided in Schedules A and B; hand-delivered files of Entries will be deemed received when delivered to and received by CFSB at the location specified in Schedules A and B; and,
 - ii) the ACH Operator is open for business on such business day (excludes Federal Holidays), and
 - c) settle Entries as provided in the *Rules*.

If any of the requirements of Section 18 are not met, CFSB will use reasonable efforts to transmit such Entries to the ACH Operator by the next deposit deadline on which the ACH Operator is open for business.

19. *On-us Entries.* In the case of an Entry received for debit or credit to a Receiver's account maintained at CFSB (an on-us Entry), CFSB will credit or debit the Receiver's accounts for the amount of such Entry on the Settlement Date.
20. *Inconsistency of Name and Account Number.* Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted to the RDFI might be made by the RDFI (or by CFSB in the case of an on-us Entry) on the basis of the account number even if it identifies a person different from the named Receiver, and that Company's obligation to pay the amount of the Entry to CFSB is not excused in such circumstances.
21. *Suspension and Rejection of Entries.* CFSB will suspend processing of or reject any Entry which does not comply with the requirements of Section 18 or Section 8, or which contains an Effective Entry Date more than fourteen (14) days after the business day such Entry is received by CFSB.
- a) CFSB has the right to suspend processing of or reject an on-us Entry for any reason for which an Entry may be returned under the *Rules*. CFSB has the right to suspend processing of or reject any Entry if Company has failed to comply with its account balance obligations under Section 26. CFSB will notify Company by electronic transmission of such suspension or rejection no later than the business day such Entry would otherwise have been transmitted by CFSB to the ACH Operator, or in the case of an on-us Entry, its Settlement Date.
 - b) CFSB will have no liability to Company by reason of the suspension or rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.
 - c) If any Entries are rejected by the ACH Operator for any reason, it is the responsibility of Company to remake such Entries.

- d) Should the File be rejected due to an error caused by CFSB, CFSB is responsible for remaking the File.
 - i) In such a case, Company will supply sufficient information, as required in Section 10, to allow CFSB to recreate the entries for up to five (5) business days after midnight of the Settlement Date.
- 22. *Notice of Returned Entries.* CFSB will promptly notify Company by electronic transmission of the receipt of a returned Entry from the ACH Operator.
- 23. *Reinitiation of Entries.* Company may reinitiate returned Entries in accordance with the *Rules*:
 - a) the Reinitiation of the Entry occurs within 180 days after Settlement Date of the original Entry, and,
 - b) the Entry has not been returned for insufficient or uncollected funds more than two times following the Return of the original Entry.
- 24. *Notifications of Change.* CFSB will notify Company by electronic transmission of all Notifications of Change received by CFSB related to Company's Entries no later than two (2) banking days after receipt thereof. Company will ensure that changes requested by Notifications of Change are made in accordance with the *Rules*.
- 25. *Reporting Requirement.* CFSB is obligated under the *Rules* to provide reporting information regarding Company to Nacha if Company's return rate for unauthorized Entries exceeds the Unauthorized Entry Return Rate Threshold, the Administrative Return Rate Level or Overall Return Rate Level as established in the *Rules*.
- 26. *The Account.* Company will always maintain a balance of available funds in the account sufficient to cover its payment obligations under this Agreement. If there are not sufficient available funds in the account to settle Company's payment obligations per this Agreement; Company agrees that CFSB may debit any account maintained by the Company with CFSB or any affiliate of CFSB or that CFSB may set off against any amount it owes to the Company, to obtain payment of Company's obligations under this Agreement.
 - a) CFSB may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Company identified in the attached Schedule C - Account Agreement, and will credit the account as of the date of receipt for any amount received by CFSB by reason of the return of an Entry transmitted by CFSB for which the Bank has previously received payment from Company.
 - b) The periodic statement issued by CFSB for Company's account will reflect Entries credited and debited to Company's account. Company agrees to notify CFSB promptly of any discrepancy between Company's records and the information shown on any such periodic statement. If Company fails to notify CFSB within thirty (30) days of receipt of a periodic statement.
 - i) Company agrees that CFSB will not be liable for any other losses resulting from Company's failure to give such notice, including any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement.
 - ii) If Company fails to notify CFSB within sixty (60) days of receipt of a periodic statement, Company will be precluded from asserting such discrepancy against CFSB.

- c) Upon request of CFSB, Company agrees to promptly provide to CFSB information pertaining to Company's financial condition. CFSB reserves the right to pull a credit report at any time to evaluate Company's ongoing financial condition.

27. *Company Representations and Agreements; Indemnity.* Company will perform its obligations under this Agreement in accordance with all applicable laws and regulations, and Company will be bound by and comply with the ACH Rules as in effect from time to time, including without limitation the provision of the *Rules* that makes payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry; and specifically acknowledges that if such settlement is not received, the RDFI will be entitled to a refund from the Receiver of the amount credited and Company will not be deemed to have paid the Receiver. Company agrees

- a) Entries transmitted to CFSB by Company are limited to those types of Entries set forth in this Agreement if:
 - (a) each person shown as the Receiver on an Entry received by CFSB from Company has authorized the initiation of such Entry and the crediting 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 by CFSB as provided herein,
- b) If an Entry (or a request for cancellation or amendment of an Entry) received by CFSB purports to have been transmitted or authorized by Company, it will be deemed effective as Company's Entry (or request) and Company will be obligated to pay CFSB the amount of such Entry (or request) even though the Entry (or request) was not authorized by Company, whether or not CFSB acted in compliance with the security procedure referenced in Schedule A. If signature comparison is to be used as a part of that security procedure, CFSB will be deemed to have complied with that part of such procedure if it compares the signature accompanying a file of Entries (or request) with the signature of an Authorized Representative of Company and, based on such comparison, believes the signature to be that of such Authorized Representative.
- c) Company will indemnify CFSB against any loss liability or expense (including attorneys' fees and expenses) resulting from any breach of any of the foregoing agreements.
- d) CFSB has the right to audit Company's compliance with the *Rules*, U.S. law, and Bank policies. Company will provide reasonable assistance and information to conduct such audit, including reasonable access to operating systems, policies, procedures, records, and other materials.

28. *Financial Institution Responsibilities; Liability; Limitations on Liability; Indemnity.* CFSB is responsible only for performing the services expressly provided for in this Agreement and is liable only for its negligence in performing those services. CFSB is not responsible for Company's acts or omissions (including without limitation to the amount, accuracy, timeliness of transmittal or due authorization of any Entry received from Company) or those of any other person, including without limitation to any Federal Reserve Bank or transmission or communications facility, any Receiver or RDFI (including without limitation to the return of an Entry by such Receiver or RDFIs), and no such person will be deemed CFSB's agent. Company agrees to indemnify CFSB against any loss, liability or expense (including attorneys' fees and expenses) resulting from any claim of any person

that CFSB is responsible for, any act of omission by Company or any other person described in this Section.

- a) CFSB is only liable for Company's actual damages due to claims arising solely from CFSB's obligations to Company with respect to Entries transmitted pursuant to this Agreement. In no event will CFSB be liable for any consequential, special, punitive or indirect loss or damage that Company may incur or suffer in connection with this Agreement, including losses or damage from subsequent wrongful dishonor resulting from CFSB's acts or omissions pursuant to this Agreement.
- b) CFSB is excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond CFSB's control. In addition, CFSB is excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in CFSB's having exceeded any limitation upon its intra-day net funds position established pursuant to Federal Reserve guidelines or if CFSB reasonably believes it would violate any provision of any risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.
- c) CFSB's liability for loss of interest resulting from its error or delay will be calculated by using a rate equal to the average Federal Funds Rate at the Federal Reserve Bank of New York for the period involved. At CFSB's option, payment of such interest may be made by crediting the account.

29. *Amendments.* From time to time CFSB may amend any of the terms and conditions contained in this Agreement, including without limitation, any cut-off time, any business day, and any part of the Schedules attached hereto. Such amendments will become effective upon receipt of notice by Company or such later date as may be stated in CFSB's notice to Company.

30. *Notices and Instructions.* Except as otherwise expressly provided herein, CFSB is not required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter. CFSB is entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been received from an Authorized Representative. The names and signatures of Authorized Representatives are set forth in Schedule E attached hereto. Company may add or delete any Authorized Representative by written notice to CFSB signed by at least one Authorized Representative other than that being added or deleted. Such notice will be effective on the third business day following the day of CFSB's receipt. Except as otherwise expressly provided herein, any written notice or other written communication required or permitted to be given under this Agreement must be delivered or sent to the following unless another address is substituted by notice delivered or sent as provided herein. Except as otherwise expressly provided herein, any such notice will be deemed given when received by:

If to CFSB, addressed to:

Attention: Business Services Team

Address: 221 W 5th St, PO Box 467

City, State, Zip: Benton, KY 42025

E-mail: businessserviceteam@cfsvcs.com

And, if to Company, addressed to:

Attention: _____

Address: _____

City, State, Zip: _____

E-mail: _____

31. *Termination.* Either party may terminate this Agreement upon thirty (30) days' written notice to the other party. In addition, per the *Rules*, CFSB may terminate this Agreement or suspend Company's use of the ACH origination service under this Agreement immediately and without giving Company prior written notice if Company has breached the *Rules*, any Entry Company transmits to CFSB or any of Company's acts or omissions might cause CFSB to breach the *Rules* or any representations or warranties CFSB makes under the *Rules*, or CFSB believes termination or suspension is necessary for CFSB to comply with the *Rules*. Any termination or suspension of this Agreement will not affect any of CFSB's rights or Company's obligations with respect to Entries transmitted prior to such termination or suspension, or the payment obligations of Company with respect to services performed by CFSB prior to termination or suspension.
32. *Cooperation in Loss Recovery Efforts.* In the event of any damages for which CFSB or Company may be liable to each other or to any third-party pursuant to the services provided under this Agreement, CFSB and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against any third-party.
33. *Entire Agreement.* This Agreement, including the Schedules attached hereto, together with the Account Agreement, constitute the complete and exclusive statement of the Agreement between CFSB and Company with respect to the subject matter hereof and supersedes any prior Agreement(s) between CFSB and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, and, the terms of this Agreement will govern. If performance of the services provided herein would result in a violation of any present or future statute, regulation or government policy to which CFSB is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement will be deemed amended to the extent necessary to comply with such statute, regulation or policy, and CFSB will incur no liability to Company as a result of such violation or amendment.
34. *Non-Assignment.* Company may not assign this Agreement or any of the rights or duties hereunder to any person without CFSB's prior written consent.
35. *Waiver.* CFSB may waive enforcement of any provisions of this Agreement. Any such waiver will not affect CFSB's rights with respect to any other transaction or modification of the terms of this Agreement.
36. *Binding Agreement; Benefit.* This Agreement is binding upon and benefits the parties to this Agreement and their respective legal representatives, successors, and assigns. This Agreement is not for the benefit of any other person, and no other person has any right against CFSB or Company under this Agreement.

37. *Severability.* If any provision of this Agreement is determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement will not be impaired or otherwise affected and will continue to be valid and enforceable to the fullest extent permitted by law.

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

Company

Financial Institution

Signed By

Signed By

Printed/Typed Name

Printed/Typed Name

Title

Title

**SEC Schedule to ODFI/Originator Agreement
Community Financial Services Bank
Benton, KY**

This Schedule outlines specific responsibilities and obligations related to the specific Standard Entry Class (SEC) Codes being used by the Originator and is considered part of the ODFI/Originator Agreement. Originator may only initiate Entries for the indicated SEC Codes. Choose all that apply for the Company.

PPD Credit Entries – Direct Deposit

1. *Transmittal of Entries by Company.* Company shall transmit PPD credit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedules A and B – ACH File Delivery and Security Procedures, respectively.
2. *Exposure Limits.* The total dollar amount of Entries transmitted, frequency of origination and payment application (debits or credits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Authorization.* Company will obtain Authorization for PPD credit Entries in accordance with the *Rules* and U.S. law.
 - a. Consumer Credit Entries are not required to be in writing.
 - i. However, if Company obtains a written authorization for a PPD Credit, Company will retain a record of the Authorization for a period of two (2) years from the termination or revocation of the Authorization. Company shall, upon request within ten (10) business days, provide CFSB an original or copy of the Receiver’s Authorization for PPD Entries.
4. *Prenotifications.* Company may send prenotifications six (6) banking days prior to initiating the first Entry to a Receiver’s account.
 - a. Such notice shall be provided to CFSB in the format and on the medium provided in the *Rules* and Schedule A.
 - b. Should Company receive notice that any such prenotification has been rejected by an RDFI or the ACH Operator, future Entries shall not be initiated.
 - c. Should Company receive a Notification of Change from an RDFI, future Entries shall not be initiated unless the requested changes have been made.

PPD Debit Entries – Direct Payment

1. *Transmittal of Entries by Company.* Company shall transmit PPD debit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule A.

2. *Exposure Limits.* The total dollar amount of Entries transmitted, frequency of origination and payment application (debits or credits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Authorization.* Company will obtain Authorization for PPD Debit Entries in accordance with the Rules and U. S. law.
 - a. PPD Debit Entries must be authorized in writing and signed or similarly authenticated by the Receiver.
 - b. Company must provide the Receiver with a copy of the authorization and will retain a record of the authorization for a period of two (2) years from the termination or revocation of the Authorization.
 - c. Company shall, upon request within ten (10) business days, provide CFSB an original or copy of the Receiver's Authorization for PPD Debit Entries.
 - d. For recurring PPD Debit Entries authorized by a Receiver, Company must
 - i. Provide written notification to the Receiver ten (10) calendar days in advance of a change to the debit amount if it varies from the amount authorized by the Receiver, unless the authorization indicates variable amounts.
 - ii. Provide written notification to the Receiver seven (7) calendar days in advance of the new debit date if the date of the debit changes from the date authorized by the Receiver.
4. *Prenotifications.* Company may send prenotifications six (6) banking days prior to initiating the first Entry to a Receiver's account.
 - a. Such notice shall be provided to CFSB in the format and on the medium provided in the Rules and Schedule A.
 - b. Should Company receive notice that any such prenotification has been rejected by an RDFI or the ACH Operator, Entries shall not be initiated.
 - c. Should Company receive a Notification of Change from an RDFI, such Entries shall not be initiated unless the requested changes have been made.

CCD/CTX Debit/Credit

1. *Transmittal of Entries by Company.* Company shall transmit CCD Credit, CCD Debit, or CTX Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule A.
2. *Exposure Limits.* The total dollar amount of Entries transmitted, frequency of origination and payment application (debits or credits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Authorizations.* Company will obtain the Receiver's agreement to be bound to the *ACH Rules*.
4. *Provision of the Record of Authorization.* Company will provide to CFSB, upon request,

- a. An accurate record evidencing the Receiver's agreement to be bound to the *ACH Rules*;
 - b. Or Company's contact information.
5. *Notice*. Company agrees to the following regarding the initiation of wholesale credit entries (CCD or CTX credit Entries to non-consumer Receivers) pursuant to UCC Article 4A and the *Rules*:
 - a. The Entry may be transmitted through the ACH;
 - b. The rights and obligations of the Originator concerning the Entry shall be governed by and construed in accordance with the laws of the State of Kentucky;
 - c. Credit given by the RDFI to the Receiver for the Entry is provisional until the RDFI has received final settlement through a Federal Reserve Bank or otherwise has received payment as provided for in Section 4A-403(a) of the UCC Article 4A; and
 - d. If the RDFI does not receive such payment for the Entry, the RDFI is entitled to a refund from the Receiver in the amount of the credit to the Receiver's account, and the Originator will not be considered to have paid the amount of the credit Entry to the Receiver.
6. *Prenotifications*. Company may send prenotifications six (6) banking days prior to initiating the first Entry to a Receiver's account.
 - a. Such notice shall be provided to CFSB in the format and on the medium provided in the *Rules* and Schedule A.
 - b. Should Company receive notice that any such prenotification has been rejected by an RDFI or the ACH Operator, Entries shall not be initiated.
 - c. Should Company receive a Notification of Change from an RDFI, such Entries shall not be initiated unless the requested changes have been made.

WEB Debits

1. *Transmittal of Entries by Company*. Company shall transmit single and/or recurring WEB debit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule A.
2. *Exposure Limits*. The total dollar amount of Entries transmitted, frequency of origination and payment application (debits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Authorization*. Company will obtain Authorization for WEB Entries in accordance with the *Rules* and U.S. law. Company will retain a record of the Authorization for a period of two (2) years from (i) the Settlement Date of a *single* WEB Entry, and (ii) the termination or revocation of the Authorization of a *recurring* WEB Entry or a *single* WEB Entry scheduled in advance. Company shall provide CFSB an original or copy of the Receiver's Authorization for WEB Entries within ten (10) business days upon request.

4. *Receiver Identification.* Company will employ commercially reasonable methods of authentication to verify the identity of the Receiver.
5. *Routing Number Verification.* Company will employ a commercially reasonable procedure to verify routing numbers.
6. *Fraudulent Transaction Detection System.* Company will employ a commercially reasonable fraudulent transaction detection system.
7. *Secure Transmissions.* Banking information related to an Entry that is Transmitted via a Secured or an Unsecured Electronic Network must, at all times from the point of data entry and through the Transmission of such banking information, be either Encrypted or Transmitted via a secure session, in either case using a commercially reasonable technology that provides a level of security that complies with current applicable regulatory guidelines. Banking information includes any Entry, routing number, account number, PIN or other identification symbol.
8. *Website Security Audit.* Company will conduct an annual audit to ensure that the financial information it obtains from Receivers is protected by security practices and procedures 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; and (iii) network security to ensure secure capture, storage and distribution.
9. *Reporting Requirement.* CFSB will provide reporting information to the National Association for Company regarding WEB Entries whose return rate for unauthorized Entries exceeds the Unauthorized Entry Return Rate Threshold as required by the *Rules*.

TEL Entries (Debits)

1. *Transmittal of Entries by Company.* Company shall transmit TEL debit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule A.
2. *Exposure Limits.* The total dollar amount of Entries transmitted, frequency of origination and payment application (debits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Authorization.* Company will obtain authorization for TEL Entries in accordance with the *Rules* and U.S. law. Company will retain the original or a copy of the written notice, or the original or a duplicate audio recording of the oral authorization for a period of two (2) years from (i) the date of the authorization of a *single* Entry, or (ii) from the termination or revocation of the authorization for a *recurring* Entry or a single Entry scheduled in advance. Company shall provide CFSB an original or copy of the Receiver's Authorization for TEL Entries within ten (10) business days upon request.
4. *Routing Number Verification.* Company will employ a commercially reasonable procedure to verify routing numbers.

5. *Receiver Identification.* Company will employ a commercially reasonable procedure to verify the identity of the Receiver.
6. *Reporting Requirement.* CFSB will provide reporting information to the National Association for Company regarding TEL Entries whose return rate for unauthorized Entries exceeds the Unauthorized Entry Return Rate Threshold as required by the *Rules*.

RCK Entries

1. *Transmittal of Entries by Company.* Company shall transmit RCK debit Entries to CFSB in compliance with the formatting and other requirements set forth in the attached Schedule A.
2. *Exposure Limits.* The total dollar amount of Entries transmitted, frequency of origination and payment application (debits) originated by Company to CFSB shall comply with limits set forth in the attached Schedule F.
3. *Notification.* Company will provide notice of its RCK policy prior to acceptance of the consumer's check in accordance with the *Rules*.
4. *Eligibility Requirements.* Company will initiate an RCK Entry only if the check meets the eligibility requirements in accordance with the *Rules*.
5. *Good Title.* Company warrants that it has good title to the returned item.
6. *The Original Check.* Company warrants that all signatures are authentic and authorized; the item has not been altered; the item is not subject to a defense or claim in retrieval of any party that can be asserted against CFSB; there is no knowledge of insolvency of the maker or acceptor; the amount was accurately obtained from the item; and the information encoded in magnetic ink is correct. Company agrees that any restrictive endorsement on the check will be void or ineffective when the check is presented as an RCK Entry.
7. *Collection of Fees.* Company will not add a collection fee to the original amount of the check. To collect fees related to return check processing, Company will provide notice at the time the original check is accepted and will initiate a separate ACH debit Entry using the PPD format.
8. *Retention.* Company will retain a reproducible front and back copy of the check for seven (7) years from the Settlement Date of the RCK Entry. Company will provide CFSB with a copy of the item within ten (10) business days upon request.
9. *Reporting Requirement.* CFSB will provide reporting information to the National Association for Company regarding RCK Entries whose return rate for unauthorized Entries exceeds the Unauthorized Entry Return Rate Threshold as required by the *Rules*.

**ODFI/Originator ACH Agreement Schedules
Community Financial Services Bank
Benton, KY**

**Schedule A
Transmittal of Entries by Company**

ACH File Delivery

ACH File transmissions made over an unsecured electronic network (the internet) must use at least the minimum level of encryption required by the *Rules*.

- a. **Internet Banking/ACH Transmission:** Company's Authorized Representative will access Internet Banking by utilizing prearranged log-on procedures and additional verification processes, including, but not limited to, use of security questions and answers, internet browser "cookies," and one-time password devices (e.g. tokens).
- b. **Secure File Upload:** File transmission through CFSB's secure File delivery method is available. Company's Authorized Representative will access CFSB's ACH secure File delivery utilizing prearranged logon procedures.

CFSB will anticipate the receipt of an ACH File from Company on each scheduled processing date identified by Company in writing and agreed to by CFSB. Company is responsible for ensuring that CFSB receives the Transmission on each processing date indicated in the processing schedule. Company's Authorized Representative will notify CFSB if a Transmission will not take place on the prearranged scheduled processing date.

Transmission totals will be provided to CFSB for File verification via a secure message or email at the time of the File transmission. In the event of a discrepancy, CFSB will contact Company's Authorized Representative.

Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on Company's personal computer. Company is solely responsible for access to ACH Protected Information maintained by Company.

Company Signature

Date

Printed/Typed Name & Title

**Schedule B
ODFI Processing Schedule
Community Financial Services Bank
Benton, KY**

Debit or Credit File Transactions

Deadline	Day of Delivery
<u>3</u> p.m.	<u>1</u> Business Day(s) Prior to Effective Entry Date

**Same Day Processing Schedule
Same Day ACH Debit or Credit** File Transactions

Type	Deadline	Day of Delivery
Same Day Morning Window	<u>9</u> a.m.	On the Effective Entry Date
Same Day Afternoon Windows	<u>12</u> p.m. & <u>3</u> p.m.	On the Effective Entry Date

Security Procedures and ACH File Delivery

All ACH files must be formatted according to the *Rules* or other pre-approved format; transmission specifications will be established by CFSB.

Security Procedures

- (a) CFSB is entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by the Authorized Representative, and any such communication is deemed to have been signed by such person.
- (b) CFSB will not be responsible for verifying the authenticity of any person claiming to be an Authorized Representative of Company or the authenticity of any instruction, direction or information provided.
- (c) CFSB may, but is under no obligation to, hold suspicious files or files that do not adhere to established security, exceed exposure limits, violate the terms of this Agreement or the *Rules*, or for other reasons. Such files will require authorization by an Authorized Representative of Company before transmission to the ACH Operator.
- (d) CFSB requires the following minimum levels of network and computer security for all Originators:
 - Reliable, current and fully patched Security Suites including, at minimum, anti-virus, anti-malware, anti-botnet, and anti-spyware.
 - Hardware and software Firewalls.
 - Hardware and VPN Encryption.
 - Dedicated computer with static IP Address for file initiation. (Recommended)

Authorized Representative Initials: _____

- Process to patch systems timely.
- Written security policies, procedures and systems designed to protect Company's network from unauthorized access (i.e. data breach) and avoid disclosing Protected Information (i.e. account numbers, social security numbers, etc.).
- Originators that initiate 6 million (effective June 30, 2021) and 2 million (effective June 30, 2022) or more entries per calendar year must protect account numbers used in the initiation of ACH entries by rendering them unreadable when stored electronically.
- Regular employee training.

Company will supply evidence to CFSB of the above security requirements within ten (10) business days of such request.

(e) *Account Security*: CFSB requires the following account security:

- One-Time Use PIN/Token technology.
- Out of Band Authentication (indicate type: Call Backs, Email Verification, IP Address Authentication, SMS Code, etc.).
- New or altered credentials will require authorization before becoming active.

****Opt Out**

(If CFSB will allow Company to process files without using one or more required account security measures referenced above, note which security procedure(s) were refused and have Company representative sign):

Company opts-out of the following required security procedures encouraged by CFSB. Company understands the risks associated with such refusal and assumes all liability.

List of Refused Security Procedures:

Company Authorized Representative signature: _____ Date: _____

List of Alternate Procedures:

Authorized Representative Initials: _____

**Schedule C
Account Agreement**

This schedule identifies Originator's Company Account(s) to which settlement should be applied for origination of Entries or settlement of Return Entries.

Account Number	Account Name/Title	Indicate if Primary/Fee Account

Attach additional sheet if necessary

Authorized Representative Initials: _____

**Schedule D
CFSB Fee Schedule**

Regular Monthly and Per Item Fees

Per File Origination Fee	<u>\$.10</u>
Return Items Received	<u>\$5.00</u>
Unauthorized Entry Fee Return Items Received	<u>\$5.00</u>
Same Day ACH Fee*	<u>\$15.00/mo</u>
Minimum Monthly Fee	\$ _____

**Addressed in the SDA Addendum*

Authorized Representative Initials: _____

Schedule E
Authorized Company Primary Administrator Form

Date: _____

Company: _____

Company ID Number: _____

Below are the signatures of employees vested by Company's Officers/Members/Owners to be a Primary Administrator, with full and complete authority and responsibility for establishing access for the use of the Cash Management service. The FI may rely upon any and all actions taken by the Primary Administrator(s) within the service. This authority includes access to:

- Manage Users
- Manage Subsidiaries
- Access to all Payment Templates
- Manage Company Policy
- Manage User Roles

1st Company Administrator

2nd Company Administrator (if applicable)

Printed/Typed Name

Printed/Typed Name

3rd Company Administrator (if applicable)

4th Company Administrator (if applicable)

Printed/Typed Name

Printed/Typed Name

Company may add or delete any Primary Administrator by written notice to FI signed by at least one Authorized Representative other than that being added or deleted. Such notice will be effective on the third business day following the day of FI's receipt.

Company

Financial Institution

Signed By

Signed By

Printed/Typed Name

Printed/Typed Name

Title

Title

**Schedule F
ACH Exposure Limit Disclosure**

Group: CM Basic (CCD, PPD) CM + (All SEC Codes)

Tier 1 Maximum Daily Limit of \$100,000 per SEC Code <input type="checkbox"/>
--

Tier 2 Maximum Daily Limit of \$250,000 per SEC Code <input type="checkbox"/>
--

Tier 3 Custom Daily Limit of \$_____ per SEC Code <input type="checkbox"/>
--

Same Day ACH?* Yes No

**Same Day ACH files cannot exceed \$100,000.00*

Company

Financial Institution

Signed By

Signed By

Printed/Typed Name

Printed/Typed Name

Title

Title

ACCOUNT NUMBER	ACCOUNT NAME
2101285	(GRANT ARPA)
2140093	(ANIMAL SHELTER DONA
11171584	(MC SHERIFF FEDERAL; Alert Msg
11178084	(JAIL FUND)
11178266	(GRANT FUND)
11178274	(ROAD FUND)
11178282	(GENERAL FUND)
11178290	(PAYROLL FUND)
11178308	(911 FUND)
11178316	(PUBLIC PROP. BOND R
11178324	(OCCUPATIONAL TAX AD
11178332	(ALCOHOL BEVERAGE FU
11178340	(BUILDING INSPECTION
11179918	(HEALTH SAVINGS ACCT
2299352	(GENERAL FUND SAVING; Alert Msg