



GRAND BANK
CASH MANAGEMENT - ACH SERVICE AGREEMENT

Date of Agreement _____

Account Number(s) _____

Exposure Limit \$ _____

This Agreement is made this ___ day of _____, _____, by and between Grand Bank N.A. (the "Bank"), and _____ (the "Customer").

The Customer has requested that the Bank permit them to initiate electronic funds transfers ("EFT") for paperless entries through the Bank to accounts maintained at the Bank and other financial institutions, by means of the Automated Clearing House (the "ACH") operated on behalf of the National Automated Clearing House Association ("NACHA").

Now, therefore, in consideration of the mutual promises contained herein, it is agreed as follows:

1. Transmittal of Entries.

a. The Bank will transmit the Credit and Debit Entries initiated by the Customer directly or indirectly to the ACH as provided in the Operating Rules of NACHA, as in effect from time to time (the "Rules"), and this Agreement. The Rules incorporate the Operating Rules of the National Automated Clearing House Association ("NACHA") by reference, and will be made available to the customer upon request.

b. The Customer will comply with the Rules insofar as applicable. The specific responsibilities and requirements of the Customer provided in the following paragraphs of this Agreement in no way limit the foregoing undertaking.

c. The Customer acknowledges that they must at all times comply with the National Automated Clearing House Association (NACHA) operating rules. As such, it is the Customer's responsibility to obtain the most current NACHA ACH Rules annually, to stay abreast of changes to those Rules, and to ensure that all personnel authorized to access the ACH system adhere to the Rules.

d. The Customer is authorized to enter into agreements with the Bank to allow for electronic funds transfers by means of the Automated Clearing House. The Customer will comply with the terms of the Electronic Funds Transfer Act if applicable or Uniform Commercial Code Article 4A (UCC4A) if applicable and shall otherwise perform its obligations under this Agreement in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanction laws, regulations, and orders administered by the Office of Foreign Assets Control; and laws, regulations, and orders administered by Financial Crimes Enforcement Network.

e. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules.

2. Security Procedure. In the event any Entry or File of Entries is delivered to the Bank by any person through Grand Bank Cash Management, the Bank shall be fully protected in acting in reliance on any Entry or File of Entries transmitted through Grand Bank Cash Management. The Customer expressly agrees to be bound by any Entry or File of Entries, whether or not authorized, issued to the Bank through Grand Bank Cash Management by any person using a user ID assigned by the Bank to Customer or a User ID and/or PIN assigned by Customer or Customer's Administrator to additional users.

3. Security Provisions. The Customer further agrees and acknowledges that the Bank cannot control the manner in which the Customer handles or controls confidential security information, such as passwords, personal identification numbers or codes, or the execution of the relevant security procedures by the Customer in the transmission of files and entry information to the Bank. It shall be the responsibility of the Customer to establish and maintain procedures to assure the confidentiality of passwords, personal identification numbers or code usage and to guard against unauthorized use of or access to any security procedures for the transmission of file and entry information from the Customer. The Customer shall notify the Bank immediately if there has been a breach of security or a suspected breach of security (whether or not involving the Customer's employees or agents) to enable the Bank to take steps to assist the Customer in protecting its data and its accounts. The Customer shall implement controls including but not limited to the following to provide layered security for internal computing systems:

- Maintain up-to-date operating system and software patches
- Maintain firewalls and intrusion protection
- Prohibit Internet surfing on the computing device used for Cash Management / ACH Origination
- Provide social engineering awareness training to all staff with access Cash Management / ACH
- Prompt removal of privileged access credentials of terminated staff
- Frequent (at least daily) review of Cash Management account transaction history
- Establish transaction alerts as available on Cash Management

4. Authorizations. The Customer will obtain authorizations from each person shown as the Receiver on an Entry authorizing the initiation of such Credit or Debit Entry; for Debit Entries such authorizations shall be in writing and signed by the Receiver in a form that complies with the requirements of Rules and shall be kept on file with the Customer. The Customer will retain the original or a copy of each authorization received by the Customer for two (2) years after termination or revocation of such authorization. The Customer agrees to provide the Bank with a copy of any such authorization upon request. The Customer agrees that it will not initiate Debit Entries based on Internet or telephone authorizations (such as WEB or TEL Entries) without the express written authorization of the Bank. If Customer in the future requests approval to initiate such Entries, Customer agrees to provide the Bank with any information the Bank requests with regard to the Customer's procedures for authentication of such authorizations, including but not limited to, fraud detection systems and procedures.

5. Prenotification. Three business days before a Debit or Credit Entry is scheduled to be made for the first time through *Grand Bank Cash Management* the Customer has an option to send a Prenotification instruction that it intends to initiate an Entry or Entries to a particular account. Customer agrees to schedule any new Credit or Debit Entries through *Grand Bank Cash Management* at least three (3) business days prior to the effective entry date so that such Prenotification can be sent through *Grand Bank Cash Management*. If the Customer receives notice that any such Prenotification has been rejected by a Receiving Financial Institution, or that a Receiving Financial Institution will not accept Entries without having first received a copy of the authorization signed by its customer, the Customer will not initiate Entries, except the Customer may initiate Entries after the Customer has provided the Receiving Financial Institution with such authorization, or after the Customer has corrected the Entry as requested by the Receiving Financial Institution.

6. Manner of Providing Entry Information and Balancing. The Customer will provide Entry information in the manner specified in the Rules, through *Grand Bank Cash Management*.

7. Delivery Schedule and Procedures. The Customer will deliver Credit Files three (3) business days prior to employee or other pay date, and not later than the deadline shown below. The Customer will deliver Debit Files two (2) business days prior to the effective entry date, and not later than the deadline shown below. The input deadline is 1:00 p.m. In the event a transaction File will not be delivered to the Bank as scheduled, the Customer will advise the Bank of that fact, together with the time and date for the delivery of the File. The Customer agrees that the total dollar amount of Entries transmitted by Company to Bank on any one day shall not exceed the Exposure Limit established by the Bank as set forth on the first page of this Agreement. The Customer authorizes the Bank to obtain Customer's credit report from a credit reporting agency and agrees to provide the Bank with other financial information upon request.

8. Available Funds For Credit Entries. The Customer will maintain an account with the Bank at all times during the term of this Agreement and provide immediately available funds in its Accounts (the Account) designated in the Application for *Cash Management* and/or on the first page of this Agreement, to cover any Credit Entry initiated by it not later than the Settlement Date applicable thereto. In the event that the funds are not available at the time an ACH credit is initiated, The Customer may receive a reject message and the ACH file may not be transmitted.

9. Credits to Customer Account. The Customer will receive immediately available funds credited to its Account for any Debit Entry, initiated by it or any Returned Credit Entry on the Settlement Date applicable thereto. The Bank reserves the right to delay the availability of funds derived from Debits for good cause.

10. Entry Errors.

a. If the Customer discovers that any Entry it has initiated was in error, it shall notify the Bank of such error immediately by calling the Bank's Deposit Operations Department at (800) 234-3459. If such notice is received prior to the time provided in Paragraph 6 of this Agreement for the delivery of the erroneous Entry, the Bank will utilize its best efforts to initiate an Adjusting Entry within the time limits provided by the Rules, but shall have no liability if it is unable to effect such Adjusted Entry through use of its best efforts. If such notice from the Customer is received after the time provided in Paragraph 6 of this Agreement, the Bank will utilize its best efforts on behalf of the Customer, consistent with the Rules, but shall have no liability if such Adjusted Entry is not effected.

b. The Customer shall have no right to the cancellation or amendment of any Entry after its receipt by the Bank. However, the Bank shall use reasonable efforts to act on a request by the Customer for cancellation or amendment of any Entry prior to transmitting it to the ACH operator or, in the case of an On-Us Entry that was not submitted to the ACH operator, prior to Crediting or Debiting a Receiver's account, provided such request complies with the security procedures, but the Bank shall have no liability if such cancellation or amendment is not effected.

11. Bank's Right to Reject Entries and Processing Returns.

a. The Bank has the right to reject any Entry which does not comply with the requirements of this Agreement or any instructions for use of *Grand Bank Cash Management*. The Bank shall have the right to reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. The Bank shall have the right to reject any Entry if the Customer has failed to comply with its account balance obligations under Sections 7 and 13 of this Agreement.

If an entry is rejected because the Customer failed to send a Prenotification as described in Section 4 above, notice will be immediately provided to Customer through *Grand Bank Cash Management*. If an entry is rejected or returned, by the Receiving Depository Financial Institution (including entries returned NOC (Notification of Change)), the Bank will notify the Customer by telephone or E-mail, at the Bank's option. Bank will Credit/Debit (as applicable) the Account for the amount of the returned/rejected dollar transaction. The Bank shall have no liability to Customer by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein. In the case of an Entry that is not delivered in accordance with the schedule and delivery procedure as set forth above, the Bank at its sole option, may elect to use its best efforts to transmit such Entries to the ACH Operator by the next deposit deadline of the ACH Operator following that specified above, but in no event shall the Bank have liability if such Entry is not effected by such deadline.

b. In the event any Entries are rejected by the ACH for any reason whatsoever, it shall be the responsibility of the Customer to remake such Entries; the Customer shall retain all information necessary to remake any file of entries for three (3) days after midnight of the Settlement Date.

c. The Customer agrees to process all return Entries, NOC, and rejected Entries by taking immediate action as follows: (i) arrange to have the individual paid for returned Credit Entries; (ii) prior to the initiation of the next ACH Entry, correct the information in error contained on the rejected/returned NOC; and (iii) prepare a revised/corrected Entry for inclusion on future Files processed through *Grand Bank Cash Management*. The revised/corrected Entry must be sent to the Bank within the deadlines set forth in Paragraph 6.

12. Reimbursement for Rejected Debit Entries. The Customer will promptly provide immediately available funds to reimburse and indemnify the Bank if any Debit Entry is rejected after the Bank has permitted the Customer to withdraw immediately available funds in the amount thereof or if any adjustment memorandum that relates to any such entry is received by the Bank.

13. Indemnification for Breach of ODFI Warranties. The Customer will indemnify the Bank if the Bank incurs any loss or liability on account of the breach, with respect to any Entries initiated by the Customer, of any of the warranties of Originating Depository Financial Institutions contained in the Rules, except due to the Bank's own negligence.

14. Charges and Customer Account.

a. The Customer will compensate the Bank for providing services referred to herein as set forth in the *Grand Bank Cash Management Agreement*.

b. The Bank may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by Debiting the Account(s). The Customer shall at all times maintain a balance of available funds in the Account(s) sufficient to cover its payment obligations under this Agreement. In the event there are not sufficient available funds in the Account(s) to cover the Customer's obligations under this Agreement, the Customer agrees that the Bank may Debit any account maintained by the Customer with the Bank or that the Bank may set off against any amount it owes to the Customer, in order to obtain payment of the Customer's obligations under this Agreement.

c. Entries transmitted through *Grand Bank Cash Management* or Debited or Credited to a Customer's Account maintained with the Bank will be reflected on the Customer's *Grand Bank Cash Management* daily history and on the Customer's periodic statement issued by the Bank with respect to the Account pursuant to the agreement between the Bank and the Customer. No other notice of Debits or Credits to Customer's Accounts will be given. The Customer agrees to notify the Bank within seven (7) days of the Settlement Date of any discrepancy between the Customer's records and any information shown on the daily history and to notify the Bank within fourteen (14) days of the receipt of a periodic statement of any discrepancy between the Customer's records and the information shown on the periodic statement for the Account. If the Customer fails to notify the Bank of any such discrepancy as required by this paragraph, the Customer agrees that the Bank shall not be liable for any other losses resulting from the Customer's failure to give such notice or any loss of interest with respect to an Entry shown on the daily history or periodic statement. If the Customer fails to notify the Bank of any such discrepancy as required by this paragraph, the Customer shall be precluded from asserting such discrepancy against the Bank.

15. Limitation of Liability.

a. The Bank shall be responsible only for performing the services expressly provided for in this Agreement, and shall be liable only for its negligence in performing those services. The Bank shall not be responsible for the Customer's acts or omissions (including without limitation, the amount, accuracy, timeliness of transmittal or due authorization of any Entry received from the Customer) or those of any other person, including without limitation any Federal Reserve Bank or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation, the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed the Bank's agent. The Customer agrees to indemnify the Bank against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any claim of any person that the Bank is responsible for any act or omission of the Customer or any other person described in this Paragraph 14(a).

b. In no event shall the Bank be liable for any consequential, special, punitive or indirect loss or damage which the Customer may incur or suffer in connection with this Agreement, including without limitation loss or damage from subsequent wrongful dishonor resulting from the Bank's acts or omissions pursuant to this Agreement.

c. Without limiting the generality of the foregoing provisions, the Bank shall be excused from failures in the *Grand Bank Cash Management System* or from its failure 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 the Bank's control. In addition, the Bank shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in the Bank having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in the Bank otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority. Customer agrees all transactions conducted through *Grand Bank Cash Management* will be in compliance with United States law.

d. In the event the Customer incurs any loss due to the mishandling of a particular Entry or Entries, the Bank's liability to the Customer shall be limited to (a) direct damages arising from the Bank's failure to act in good faith or in accordance with commercially reasonable standards; and (b) the amount recoverable by the Bank from the ACH, NACHA, or any third party pursuant to the Rules or any applicable indemnity agreement. Subject to the foregoing limitations, the Bank's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds rate at the Federal Reserve Bank of Philadelphia for the period involved. At the Bank's option, payment of such interest may be made by crediting the Account.

16. Warranties. The Customer warrants (a) the accuracy of all transactions presented through *Grand Bank Cash Management*; (b) that each person shown as the Receiver on an Entry received by the Bank from the 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; (c) that such authorization is operative at the time of transmittal or Crediting or Debiting through *Grand Bank Cash Management* as provided herein; (d) that the Customer will obtain the Bank's express written authorization prior to initiating any Debit Entries based on telephone or Internet authorizations, and, if the Bank authorizes such Entries, that the Customer will establish fraud detection and authentications systems and procedures consistent with the requirements of the Rules (e) that the Customer shall perform its obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions administered by OFAC; and (f) that the 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 Receiving Depository Financial Institution to the Receiver provisional until receipt by the Receiving Depository Financial Institution of final settlement for such Entry; and specifically acknowledges that it has received notice of that Rule and of the fact that, if such settlement is not received, the Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and the Customer shall not be deemed to have paid the Receiver the amount of the Entry. The Customer shall indemnify the Bank against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements. Credit given by us to you with respect to an automated clearing house credit entry is provisional until we receive final settlement for such entry through a Federal Reserve Bank. If we do not receive such final settlement, you are hereby notified and agree that we are entitled to a refund of the amount credited to you in connection with such entry, and the party making payment to you via such entry (i.e. the originator of the entry) shall not be deemed to have paid you in the amount of such entry.

17. Termination of Agreement. This Agreement will terminate if *the Grand Bank Business Internet Banking Cash Management Agreement* between Bank and Customer terminate. This Agreement may also be terminated on written notice by either party, provided that the Bank shall be given a reasonable time to act on such notice, such reasonable time to be not less than two business days. Notwithstanding the foregoing, applicable portions of this Agreement shall remain in effect with respect to any entries initiated by the Customer prior to such termination, further provided that the Bank may terminate this Agreement immediately if it determines customer fraud or negligence exists with respect to the Account.

18. Inconsistency of Name and Account Number. The Customer acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, Crediting or Debiting of the Entry transmitted through *Grand Bank Cash Management* to the Receiving Depository Financial Institution might be made by the Receiving Depository

Financial Institution (or by the Bank 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 the Customer's obligation to pay the amount of the Entry to the Bank is not excused in such circumstances.

19. Amendments. From time to time, the Bank may amend any of the terms and conditions contained in this Agreement. Such amendments shall become effective upon receipt of notice by the Customer or such later date as may be stated in the Bank's notice to the Customer.

20. Notices.

a. Except as otherwise expressly provided herein, the Bank shall not be required to act upon any notice or instruction received from the Customer or any other person, or to provide any notice or advice to the Customer or any other person with respect to any matter.

b. The Bank shall be entitled to rely on any communication or transmission to Bank through *Grand Bank Cash Management*.

21. Entire Agreement. This Agreement, together with the Deposit Account Agreement and the Grand Bank Business Internet Banking Cash Management Agreement, is the complete and exclusive statement of the agreement between the Bank and the Customer with respect to the subject matter hereof, and supersedes any prior agreement(s) between the Bank and the Customer with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the agreement governing the Account, or the Grand Bank Business Internet Banking Cash Management Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein, in accordance with the terms of this Agreement, would result in a violation of any present or future statute, regulation, government policy, or ACH rules to which the Bank is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and the Bank shall incur no liability to the Customer as a result of such violation or amendment.

22. Non-Assignment. The Customer may not assign this Agreement or any of the rights or duties hereunder to any person without the Bank's prior written consent.

23. Binding Agreement; Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

This Agreement is not for the benefit of any person other than the Bank and the Customer, and no other person shall have any right against the Bank or the Customer hereunder.

24. Headings. Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

25. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New Jersey, provided that the rights and obligations of the Customer and the Bank with regard to any Entries subject to Article 4A of the Uniform Commercial Code (Business ACH Entries) shall be governed by the law of the State of New Jersey.

By the Company:

By the Bank:

Company Name

Bank Officer

Authorized Signer (Print)

Title

Authorized Signer (Signature)

Date

Date