



Our family's bank. And yours.

**Century Bank
Automated Clearing House
Originations Agreement**

Date: _____

This Agreement is made by and between **Century Bank & Trust Company** (hereinafter, the "Bank"), a Massachusetts trust company with its principal offices at Medford, Massachusetts and

_____ (hereinafter, the "Customer"),

a _____ with its principal executive offices at _____

_____ in consideration of the mutual covenants contained herein and benefits derived herefrom.

1. Purpose and Scope of Agreement

- a. This Agreement governs the relationship between the Customer and the Bank with respect to transfers ("Entries") through the New England Automated Clearing House Association ("NEACH"), which are originated by the Bank at the instruction (hereinafter, "Instructions") of and/or for the benefit of the Customer.
- b. This Agreement is subject to the rules and guidelines (the "NACHA Rules") of the National Automated Clearing House Association ("NACHA") and the Operating Rules (so referred to herein) of NEACH as now in force and as amended or promulgated from time to time hereafter, all of which are incorporated herein by reference thereto. The Customer agrees to be bound the NACHA Rules. Terms, which are either in the NACHA Rules or defined in the Operating Rules, are so used herein. In the event of any inconsistency between any provision of either the NACHA Rules, the Operating Rules and this Agreement, then the applicable provision of the NACHA Rules or of the Operating Rules, as the case may be, shall govern. In the event of any inconsistencies between the NACHA Rules and the Operating Rules, the Operating Rules shall govern.
- c. In the event that the Bank becomes aware of any changes to any of the Operating Rules or the NACHA Rules, the Bank may, but shall not be obligated to, provide written notification to the Customer of such change, which notification shall be deemed to be an amendment to this Agreement incorporating the Rule change into this Agreement.

2. Establishment of Account

The Customer hereby designates Account Number _____ (the "Account") which the Customer maintains with the Bank as the account from which credits will be drawn and into which debits will be made on account of the Entries which are originated by the Bank pursuant to this Agreement.

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3. Customer's Designation of Authorized Personnel

- a. The Customer shall designate (on forms provided by the Bank or otherwise) one or more persons (hereinafter, "Authorized Persons") who are authorized to provide Instructions to the Bank on behalf of the Customer. (Exhibit 1, annexed hereto, is the Bank's present form to designate an Authorized Person.) A designation of an Authorized Person shall remain in full force and effect until the Bank receives written termination of such designation signed by an officer of the Customer.
- b. The Bank may rely on Instructions concerning Entries and other transactions with respect to the Account which the Bank reasonably believes in good faith to have been provided by an Authorized Person. The Bank shall not be obligated to act or to refrain from acting on Instructions by any person as to whom a written designation (on a form provided by the Bank) on behalf of the Customer was not submitted at least ten (10) days prior to the date on which such Instructions were given.

4. Preparation of Entries

- a. The Bank shall prepare Entries based on Instructions furnished to the Bank by an Authorized Person. Such Instructions shall be provided in ACH Format
- b. The Bank shall have no obligation to verify any Instructions furnished to the Bank by a Customer, nor to act on any Instructions:
 - i. which are not provided in such format and in accordance with the Bank's then effective deadlines for the receipt of Instructions. (Exhibit #2 being the deadlines which are presently in effect);
 - ii. at any time that the Customer is not in compliance with the terms of the within Agreement and all other agreements with, and instruments furnished by the Customer to, the Bank.
- c. At the Bank's option, and in the Bank's sole discretion in each instance, the Bank may act on Instructions provided by telephone, facsimile transmission, or otherwise not in strict compliance with the provisions and requirements of the Agreement, which instructions the Bank, in good faith, determines to have been made or given by or on behalf of the Customer by an Authorized Person.
- d. The Customer understands that NACHA Rules require separate identification of all ACH payment transactions involving a Financial Agency located outside the territorial jurisdiction of the United States, referred to as International ACH Transactions ("IATs"). The Customer further understands that IATs will carry additional data requirements (including, but not limited to, name, physical address and account number of the Customer, name, physical address and account number of the Receiver, identification of the Receiver's financial institution, foreign correspondent bank's name, identification number and Bank Branch Country Code and reason for the payment) and Office of Foreign Assets Control ("OFAC") screening indicators. The Customer shall provide information and formatting as necessary for any IATs to ensure compliance with the NACHA Rules.

5. Transmittal of Entries

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- a. With the exception of On-Us Entries (as to which, see Subsection (b), below), the Bank shall initiate all Entries through NEACH in accordance with the Operating Rules.
- b. Subject to the Bank's right to reject any On-Us Entry on any of the same bases as the Bank could reject any Entry received by the Bank, the Bank shall credit or debit (as appropriate) Entries which are to or from accounts maintained with the Bank (herein, "On-Us Entries").

6. Debits and Credits to the Account

- a.
 - i. No later than two (2) Business days (as defined herein) prior to any Effective Entry Date, and at all times until the completion of all credits on the Entries which are to be the subject of the exchange of funds on that Effective Entry Date, the Customer shall cause collected funds to be on deposit in the Account equal to the aggregate of those credit Entries as to which an exchange of funds has not then been completed.
 - ii. As used herein, "Business Day" refers to any weekday on which the Bank is open to the public, at its main office, to transact commercial banking business.
- b. The Bank shall credit to the Account all debit Entries which are transmitted by the Bank to NEACH, as well as all On-Us Entries which are honored by the Bank. Subject to any other obligation of the Customer to the Bank (including those included herein), the Customer may draw the amount thereof from the Account in accordance with the Bank's then effective schedule concerning the availability of such funds. (Exhibit #3, annexed hereto, is the Bank's present Schedule for the availability of funds transferred through NEACH).
- c. The Customer shall pay the Bank, on demand, and regardless of the reason therefore or the timeliness thereof, the amount of any debit Entry or On-Us Entry which is charged back, rejected, or otherwise returned to the Bank.

7. Corrections and Reversing Entries

- a. The Bank shall promptly advise the Customer of any rejection of any Entry by a Participating Depository Financial Institution, notice of which is actually received by the Bank.
- b. The Bank is not under any obligation to initiate reversing Entries but may do so from time to time at the request of, as an accommodation to, and at the sole risk and expense of the Customer. Customer by making such request, represents and warrants that such reversing Entry is in accordance with the Entry comply with the NACHA Rules and the Operating Rules then in effect.
- c. The correction of Instructions may be made by Authorized Persons in accordance with the Bank's then current procedures for doing so. (Exhibit #4, annexed herein, is the Bank's current correction procedures).

8. Customer's Representations and Agreements

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- a.
 - i. The furnishing to the Bank of Instructions shall constitute, in each instance,
 - a. A representation by the Customer that (w) the Customer has received, from each person with respect to which an Entry is to be made, a duly executed Authorization, in a commercially reasonable form and substance, from that person; (x) the Authorization has not been revoked or terminated in whole or in part; (y) the Origination Agreements concerning the Authorization have not been revoked or terminated; and (z) the Authorization and requested Entry comply with the NACHA Rules and the Operating Rules then in effect; and
 - b. the making by the Customer of each and every representation which, under either the NACHA Rules or the Operating Rules then in effect, are to be made by a person in the status of the Customer to a person in the status of the Bank; and
 - c. the making by the Customer of each and every representation which, under the Operating Rules then in effect, are made by the Customer to any third party with respect to the Entries which are the subject of those Instructions; and
 - d. With respect to IAT Entries, a representation that the Customer and the IAT is in compliance with applicable United States law, including, but not limited to, obligations under statutes and programs administered by OFAC and the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCen"); and
 - e. With respect to any Return Fee Entries, a representation by Customer that the Customer has not and will not impose any other Return Fee in relation to the underlying Entry or item that was returned unpaid.
 - ii.
 - a. The Customer will furnish the Bank, immediately upon the Customer's receipt thereof and additional copies from time to time upon the Bank's request, with copies of any Authorization of any person with respect to any Entry made or proposed to be made on Instructions.
 - b. The Customer will cooperate with the Bank in connection with any Entry, Instruction, or other matter which may from time to time arise on account of the Bank's acting on behalf of the Customer pursuant to the within Agreement.
 - c.
 - i. The Customer shall indemnify, defend, and hold the Bank, and the Bank's officers, employees, and agents harmless of, to, and from, any loss, liability, claim, threat, or expense (including, without limitation, attorneys' reasonable fees and expenses) which result from:

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- A. any breach by the Customer of any representation or covenant included herein;
 - B. the debiting or crediting of any Entry;
 - C. the reversal of any Entry;
 - D. the failure by the Customer to provide timely instructions;
 - E. loss caused directly or indirectly due to circumstances beyond the control of the Bank (such as Acts of God, work stoppage, riots, legal process, war or other conflict, and power or communication interruption);
 - F. claims of any third party, including NACHA or NEACH or any member of NACHA or NEACH or any third party customer of the Customer, with respect to any Entry which the Bank initiated based on Instructions, provided, however, the Customer shall not be obligated pursuant to this Subsection (c)(i) for any act or omission to act on the part of the Bank as to which a final judicial decision is entered, from which no appeal is available, that the Bank was grossly negligent or acted in bad faith.
- ii. In the event that any action is brought or threatened against the Bank as to which the Bank would be entitled to seek indemnification from the Customer pursuant to Subsection (c)(i), above, the Bank, at its option, may
- A. call on the Customer to defend such action or threat with counsel selected by the Customer and reasonably satisfactory to the Bank, or
 - B. defend such action or threat with counsel selected by the Bank. In either instance (A) or (B), all costs and expenses of counsel shall be borne by the Customer.
- iii. The Bank shall not be liable to the Customer hereunder other than for any act or omission to act as to which a final judicial decision is entered, from which no appeal is available, that the Bank was grossly negligent or acted in bad faith. In no instance shall the Bank be liable to the Customer on account of
- A. acts or omissions of NACHA or NEACH, any other financial institution, the Federal Reserve Bank, or any third party, or
 - B. loss caused directly or indirectly due to circumstances beyond the control of the Bank (such as acts of God, work stoppage, riots, legal process, war or other conflict, and power or communication interruption). In all events, the Bank's liability hereunder shall be limited to actual damages which are proven by the Customer; in no event

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- shall the customer be entitled to special or consequential damages.
- C. any failure to make an Entry for which the Bank did not receive Instructions in accordance with the terms of this Agreement.
 - D. any delay or failure by the ACH Operator or RDFI in processing any Entry or any other action or inaction by any other third party.
 - E. any action or inaction, including any Entry made or not made, in good faith reliance on Instructions believed to have been given by an Authorized Person.
- b. The Customer shall pay, on demand, all costs and expenses (including, without limitation, attorneys' reasonable fees and expenses, whether or not suit is initiated against the Customer) which the Bank may incur in connection with, or which are directly or indirectly related to, the preparation, amendment, or enforcement of the within Agreement.
 - c. The Customer shall pay to the Bank at the option of the Bank, on demand,
 - i. interest at the highest rate then charged by the Bank to the Customer on any indebtedness of the Customer to the Bank (or if there is no such indebtedness, at a rate equal to the Bank's Prime Rate plus two percent (2%) per annum) on any amount not paid when due hereunder; and
 - ii. the Bank's then applicable fees and charges on account thereof.
 - d. The Bank may, without prior notice or demand, charge any account which the Customer maintains with the Bank for any amount which the Customer may owe the Bank from time to time hereunder.
 - e. The Customer shall not include any reference to the Bank in any advertising or publicity with respect to the subject matter of this Agreement.
 - f.
 - i. Except for any matter which is included on an Exhibit, annexed hereto (as to which, see Subsection (ii), below) or as is described in Section 1(b) as to amendments to the NACHA Rules or Operating Rules, no provision hereof may be altered, amended, or waived except by a written instrument signed by the party to be charged with such alteration, amendment, or waiver, and if such party be the Bank, by a duly authorized officer thereof. No course of dealings between the Customer and the Bank shall be deemed an amendment hereof unless such a written instrument is so signed.
 - ii. The Bank may alter, amend, or otherwise change any matter which is included on an Exhibit, annexed hereto (and any matter as so amended hereafter) upon not less than thirty (30) days notice given to the Customer.
 - g. The Customer shall perform its Obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by OFAC. The Customer further acknowledges that Entries may not be initiated that violate any laws,

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including the laws of the United States and that all Entries involving IATs must be in compliance with the laws and payments systems of the receiving country. With respect to IAT Entries:

- i. the Customer bears the risk for foreign exchange conversion and will be allocated all resulting gains or losses.
 - ii. errors or duplicate Entries will be handled by the Bank according to the processes established by this Agreement including, but limited to, Section 7.
- h. In the event that the Customer has received Internet-Initiated Entries (WEB Entries) from third persons with respect to Entries to be made under this Agreement, in addition to the general representations and warranties contained herein, the Customer represents and warrants that:
 - i. Such Web Entry has been obtained in a manner consistent with commonly accepted commercial practice;
 - ii. commercially reasonable method of authentication to verify the identity of the Receiver have been employed;
 - iii. Commercially reasonable fraudulent detection systems have been employed;
 - iv. Commercially reasonable procedures have been used to verify routing numbers contained in such WEB Entries;
 - v. Upon initiation WEB Entries, Customer has established secure Internet sessions utilizing commercially reasonable security technology;
 - vi. Customer shall conduct annual audits to ensure that the WEB Entries it receives are protected by security practices and procedures that include, at a minimum adequate levels of (1) physical security to protect against theft, tampering, or damage, (2) personnel and access controls to protect against unauthorized access and use; (3) network security to ensure secure capture, storage and distribution;
 - vii. Immediately upon request, the Customer will provide the Bank with a copy of the written Authorization given by such third-party customer for such WEB Entry; and
 - viii. All Instructions for WEB Entries shall be submitted by the Customer to the Bank using the proper transaction code.
- i. In the event that the Customer has received Telephone-Initiated Entries from third persons with respect to Entries to be made under this Agreement, in addition to the general representations and warranties contained herein, the Customer represents and warrants that the Customer has employed commercially reasonable procedures to verify: (i) the identity of the Receiver; and (ii) the validity of the routing numbers.
- j. In the event that the Customer has received Accounts Receivables Entries (“ARC Entries”) from third persons with respect to Entries to be made under this Agreement, in addition to the general representations and warranties contained herein, the Customer represents and warrants that:
 - i. The amount of the entry, the routing number, the account number, and the check number are in accordance with the source document;

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- ii. A copy of the source document for each ARC Entry: 1) can be reproduced for later reference, whether by transmission, printing or another perceivable format; and 2) the copy shall indicate on its face that it is a copy and shall be retained by the Customer for at least three (3) years following the Customer's receipt of such ARC Entry. Checks drawn on business accounts that contain an Auxiliary On-Us Field in the MICR line would not be eligible for conversion. To be converted to an ARC or POP Entry, the check will need to be for an amount not greater than \$25,000.
 - iii. The source document shall not be returned or presented such that any person shall be required to make payment in accordance with the source document and shall be destroyed within a reasonable amount of time following the settlement date of the Entry.
- k. In the event that the Customer has received any Authorizations in electronic form, in addition to the general representations and warranties contained herein, the Customer represents and warrants that the electronic record of such Authorization:
- i. accurately reflects the information contained within the record; and
 - ii. can be reproduced for later reference, whether by transmission, printing or another perceivable format.
- l. Within two (2) business days following the Bank's written request to the Customer:
- i. the Customer shall provide the Bank with a balance sheet of the Customer as of the close of the period specified by the Bank in such notice and the related statements of income, cash flow, and shareholders' equity for such period; and
 - ii. the Customer shall provide the Bank with such information as may reasonably be requested for purposes of due diligence as to, and auditing on an ongoing basis, the Customer's capacity to perform its obligations under this Agreement, and its conformance with the Operating Rules and NACHA Rules.
- m. The Customer shall have an appropriate and binding agreement with any Third-Party Service Provider that will be utilized in connection with this Agreement. Any such Third-Party agreement must subject the Third Party Service Provider to audit by the Bank to the same extent that the Customer is subject to audit under this Agreement and the Operating Rules and NACHA Rules.
- n. Customer shall be fully responsible to its consumer customers for compliance with, and all alleged errors under, Regulation E.
- o. Only Customer may be an Originator under this Agreement. Customer must adhere to the Banks' Customer Information Program and Know Your Customer programs and policies.
9. **Security Procedure**
- a. The Customer and the Bank shall utilize user identifications, personal identification numbers and other commercially reasonable security methods to authenticate and verify its customers. The Customer acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Customer and the Bank.

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- b. The Customer is strictly responsible for establishing and maintaining the procedures to safeguard against unauthorized transmissions. The Customer warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by the Bank in connection with the security procedures described in Section 9(a) above. If the Customer believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, the Customer agrees to notify the Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by the Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.
- c. The Customer shall use appropriate encryption standards for Entries involving banking information that is transmitted or exchanged via an Unsecured Electronic Network.
- d. The Bank and the Customer shall each comply with all applicable rules, laws and regulations regarding the protection of personal information, including without limitation, M.G.L.c. 93H and the rules and regulations promulgated thereunder.
- e. Customer must establish, implement and as appropriate update security policies, procedures and systems related to the initiation, processing and storage of entries and resulting Protected information. Security policies, procedures and systems related to the initiation, processing and storage of entries must: (i) Protect the Confidentiality and Integrity of Protected Information; (ii) Protect against anticipated threats or Hazards to the Security or Integrity of Protected Information; and (iii) Protect against unauthorized use of protected information that could result in substantial harm to a natural person.
- f. Customer's Security policies, procedures and Systems of ACH participants must include controls on system access that comply with applicable regulatory guidelines. Impacted systems include all of those used by the ACH participant to initiate, process and store entries. It is expected that security policies are reviewed and approved at a level of responsibility within an organization that is commensurate with the importance of the subject matter.

10. Compliance With Security Procedure

- a. If an Entry (or a request for cancellation or amendment of an Entry) received by the Bank purports to have been transmitted or authorized by the Bank, it will be deemed effective as the Customer's Entry (or request) and the Customer shall be obligated to pay the Bank the amount of such Entry even though the Entry (or request) was not authorized by the Customer, provided the Bank accepted the Entry in good faith and acted in compliance with the security procedure referred to in Section 9(a) above with respect to such Entry. If signature comparison is to be used as part of that security procedure, the Bank shall be deemed to have complied with that part of such procedure if it compares the signature accompanying a file of Entries (or request for cancellation or amendment of an Entry) received with the signature of an Authorized Person of the Customer and, on the basis of such comparison, believes the signature accompanying such file to be that of such authorized representative.

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- b. If an Entry (or request for cancellation or amendment of an Entry) received by the Bank was transmitted or authorized by the Customer, the Customer shall pay the Bank the amount of the Entry, whether or not the Bank complied with the security procedure referred to in Section 9(a) above with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if the Bank had complied with such procedure.

11. Notices and Communications

The names, addresses, telephone, and fax numbers for those Bank and Customer personnel who will have responsibility for the day to day administration of the matters which are contemplated by the within Agreement are listed on Exhibit #1, annexed hereto.

12. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts without regard to its conflict of laws rules. The Customer and the Bank hereby submit to the jurisdiction of the Superior Courts for Middlesex, Suffolk and Essex Counties, Massachusetts, and, if different, for that county in which the main office of the Bank is located, for any case or controversy which may arise out of the relationship contemplated hereby.

13. Fees

The Customer shall pay the Bank a monthly fee based on the Bank's schedule of fees for the Bank's services performed pursuant to this Agreement.

14. Terms of Agreement

- a. This Agreement may be terminated at any time upon not less than thirty (30) days prior to written notice by one party given the other, provided, however, the Bank may suspend or terminate the Agreement at any time upon written notice to the Customer upon and following any breach by the Customer of any provision hereof, or of the Operating Rules or NACHA Rules.
- b. No termination of this Agreement shall affect any Instruction received, or Entry made, or other transaction initiated prior to such termination.
- c. No termination of this Agreement shall affect or terminate the Customer's representations, covenants, and indemnifications included herein, each of which shall remain in full force and effect notwithstanding such termination.
- d. The Customer may not assign this Agreement or any of the rights and duties hereunder.

15. WAIVER OF JURY TRIAL

THE PARTIES HERETO, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY KNOWINGLY, INTENTIONALLY, IRREVOCABLY, UNCONDITIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL, WAIVE, RELINQUISH AND FOREVER FORGO THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO THIS AGREEMENT OR ANY CONDUCT, ACT OR OMISSION OF EITHER PARTY OR ANY OF THEIR DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR

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**ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH EITHER PARTY, IN EACH OF
THE FOREGOING CASES, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.**

Century Bank and Trust Company

(The "Bank")

(The "Customer")

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

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**Exhibit #1
Authorized Personnel / Contact Information**

Company Name _____

A. Authorized Personnel. The following is a list of those Company employees authorized to provide instructions of data to the Bank for processing and delivery to the New England Automated Clearing House and provide instructions on corrections and initiate reversals.

Name and Title (please print or type)	Signature
Phone	E-mail Address
Name and Title (please print or type)	Signature
Phone	E-mail Address
Name and Title (please print or type)	Signature
Phone	E-mail Address
Name and Title (please print or type)	Signature
Phone	E-mail Address

Authorized Signature, Title

Date

B. Bank's Contact Information

Century Bank & Trust Company, Inc.
400 Mystic Avenue
Medford, MA 02155

Technical Help Line
Phone: (781) 393-4691,
(866)-8CENTURY
Fax: (781) 393-4074
Monday - Friday, 8:30 a.m. - 5:00 p.m.
e-mail: ach@centurybank.com

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**Exhibit #2
Deadline for Receiving ACH Instructions 4(b)(i)**

In order for the Bank to ensure timely processing of your instructions and data, the following deadlines have been established.

- A. **Pre-Notification Data:** Due to operating regulations of the Automated Clearing House Association, Century Bank recommends a prenotification for each new transaction twelve (12) calendar days before the first live dollar transaction date. A zero dollar prenotification verifies the accuracy of the data provided to the company.
- B. **Debit and/or Credit Transactions:** Century Bank requires that all transmissions containing live dollar transactions be delivered by 1:00 p.m. eastern time, two (2) business days prior to the effective entry date.
- C. **Reversal Data:** Century Bank requires receipt of Reversal Data no later than five (5) business days after the effective entry date of the original transaction(s) being reversed.

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**Exhibit #3
Schedule of Funds Availability 6(b)**

1. Originating Credits

The Bank shall hold the amount of all credit Entries, originated by Customer, from the Customer's Account upon receipt of the data file. The hold will continue until the actual debit is posted. Funds will be withdrawn from the Account on the effective entry date of the debit designated on the data file.

2. Originating Debits

The Bank shall credit the amount of all debit Entries, originated by Customer, to the Customer's Account at the opening of business on the effective entry date designated on the data file, provided that the originating entries data is received in accordance with the Bank's deadline for receiving ACH Instructions, Exhibit #2.

3. Suspensions

Processing of an Entry, particularly an IAT, may need to be suspended by the Bank or another Participating Depository Financial Institution for greater scrutiny or screening for compliance with law and requirements of OFAC and/or FinCen. Such action may delay the timing of availability or settlement.

4. Exposure Limits

The Bank has established exposure limits for the Customer based on a credit review and taking into account the volume and types of Entries the Customer will be making. These exposure limits are reviewed and revised daily. If an Entry would exceed the established exposure limit, the Bank reserves the right to suspend the file that exceeded the set limit.

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**Exhibit #4
Correction Procedures, 7(c)**

A. Correction Information:

It remains the Customer's responsibility to act on and correct data rejected by the Receiving Depository Financial Institution (RDFI). Failing to correct data which has been rejected by the RDFI prior to resubmitting the same entry, may result in a violation of the NACHA Rules. This includes Prenotifications and Notifications of Change. The Bank is responsible to notify the Customer upon the receipt of such information by the RDFI.

B. Definitions:

Individual: Deleting any one item in a batch. This may be necessary, for example, if an employee is terminated after entries have been submitted to the Bank.

Batch: Deletion of any batch on a file that contains multiple originating companies. Generally, these files are received from a service bureau and deletions would be necessary if a batch was entered on the file in error or in dispute.

File: Deletion of the entire data file received from a company or service bureau. This would be necessary if duplicate or erroneous files were submitted

C. Correction Procedures when information has not yet been forwarded to the Federal Reserve Bank by Bank:

1. Customer/Payroll vendor must call Bank's ACH operations by 1:00 p.m. eastern time at least two business days prior to effective date with their deletion requests.
2. Deletions of up to five (5) individual items will be accommodated, provided a written authorization is received by the Bank on the same day. Deletions of more than five (5) individual items will require that the entire file be deleted and resent.
3. The Bank shall not have any responsibility of the accuracy of the amount of any entry furnished by the customer, nor shall the Bank be under any duty to furnish advice of entries, statements of earnings, or any other statements to the participants concerned, except as otherwise provided by applicable law. By the act of delivering entries to the Bank, the customer shall warrant to the Bank that the customer has full right and authority to use the funds represented by those entries and to debit and credit the participant's account.

D. Correction Procedures when information has been forwarded to the Federal Reserve Bank by Bank:

1. Customer/Payroll vendor must call Bank's ACH operations immediately upon learning of correcting entries, as listed in Exhibit #1.
2. The Bank will make every attempt to recover entries from the RDFI. However, the RDFI may refuse to return those entries and settlement for correcting entries will only take place upon the Bank's receipt of the returned items.