Internet Banking
Cash Management Agreement

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Revision Date: September 1, 2026

Terms and conditions contained herein supersede all prior Agreements

SBSU periodically updates the Cash Management Agreement to address changing circumstances, to comply with new regulations or NACHA rules, or for other reasons. Changes become effective as of the revision date above.

Updates
- Updated Company and User security responsibilities
- Dual Control default security setting
- Supervisor/User provisioning
- Third party agreements (clause #18 of ACH Terms and Conditions below)

Security

Company Responsibility

Company bears full responsibility for any instruction submitted to the bank by its users – authorized or otherwise. Criminals know it is easier to manipulate people than systems, so they induce authorized users to (a) enter their usernames and passwords into fake websites, (b) click phishing bait that installs malware, or (c) reveal two-factor codes to imposters. Beware. Malware is spread mainly by E-mail or text that contains links.

The two-factor code is the key to the system. SBSU sends it via text or E-mail to periodically verify users or confirm logins from unfamiliar devices/locations. *Criminals want that code.* If a user (1) reveals it to a caller or relays it to others, (2) fails to investigate a code's unexpected arrival, (3) operates from a compromised device, or (4) inputs it *anywhere* other than in SBSU's Online Banking System, an imposter will use that code to gain access to the system and submit fraudulent transactions for which Company bears complete and total responsibility. Users must not share passwords.

The Company warrants that its users with network access – especially Cash Management (CM) users – are trained to avoid phishing schemes, such as the following:
- **A text arrives with a link to approve or reject a transaction.** Users must NOT click links and must not reveal two-factor codes. SBSU does ***not*** text links.
- **An E-mail contains a link or requests a code.** Users must NOT click links and must not reveal two-factor codes. SBSU does ***not*** include links in Cash Mgmt E-mail.
- **A caller claims to be from SBSU's Fraud Dept.** Obtain the caller's name and hang up. In all cases, call **us** back (435)865-2394. Do not reveal passwords. Do not reveal codes that come with a warning to not reveal them, not even to bank personnel.

Other recommendations:

Web Usage and Device Security

Maintain a Low web profile by dedicating one computer to Cash Management. Do NOT allow **any type** of E-mail, social website, news, entertainment, or streaming video on that computer. Use that device – *and none other* – to access Cash Management. Limit browsing to www.sbsu.com and few trusted sites. Visiting random sites increases the likelihood that malware will be encountered. Malware is spread mainly by E-mail.

Dual Control:

Dual control is the default setting for Cash Management users. Two different users with different login IDs are required to submit transactions to the bank– one to input and a second to approve. Dual Control reduces the likelihood that the credentials of **one** compromised user can be used to commit theft. A second user must still approve transactions. Opting out of Dual Control is *not* recommended because it exposes Company to increased fraud risk, for which the company is liable.

Do Not Trust E-Mail Payment Instructions

If you receive payment change instructions by E-mail, STOP! Call your contacts at a known number to verify changes, especially account and routing numbers. This will protect your company from E-mail alteration schemes. Moreover, warn your own clients to contact you prior to heeding payment change instructions received by E-mail. Your own system may have been compromised and your own E-mail altered.

Professional Malware Detection

Utilize professional malware detection to periodically check/clean Company computers. Don't wait for a compromise to discover that machines are compromised.

Separate Duties:

This means that the person who creates transactions is different from the person who approves them or reconciles bank statements. If the same person creates and approves transactions and reconciles bank statements, fraud may go undetected for years. **Separate duties!**

Pre-notes for Error Avoidance

Send $0.00 pre-notes at least five days prior to live transactions to identify incorrect account or bank information. SBSU will notify you of necessary corrections.

Lock System

Call us (435)865-2394 to report suspicious activity.

Bank Responsibility

SBSU is responsible for providing access to Online Banking, money-movement tools, such as ACH or Wire Transfer, and for processing files and transactions within established deadlines, conditions permitting. SBSU is the default party responsible for provisioning all users, including feature access, and limits.

SBSU's primary fraud detection and prevention system relies upon authorized users who access the system with appropriate credentials (username and password) from familiar devices. Two-factor codes may be sent to verify new devices, new users, new locations, or at random intervals. Users must protect those codes and input them only within SBSU's Online Banking System.

Secondary fraud detection methods or procedures implemented by SBSU are for bank purposes only. No warranty whatsoever, explicit or implied, is offered that secondary fraud detection systems exist or are effective at detecting or preventing unauthorized transactions. Examples of secondary fraud prevention include any type of anomaly detection system or "call-back" procedures, where an employee of SBSU calls the user to confirm a certain request.

SBSU is also a participating member of the ACH network. As such, we are compelled to monitor system users and to terminate access without notice for users who abuse the system or who fail to follow ACH rules.

Business Internet Banking Applications

ACH Participant

The ACH system is built upon individual participants – people or entities the ACH entry affects. These participants are also known as "receivers."

- Company must obtain *written* authorization from Participants before submitting ACH entries that affect them. Authorizations must be stored securely.
- Do not send authorizations to SBSU unless requested to do so.

ACH Template

Templates are reusable ACH batches that affect participants.

- If your transaction affects a person, select **PPD Credit / Debit.** Regulation E covers transactions involving individuals and allows dispute deadlines of 60-90 days even if the transaction is authorized, longer if not.
- If both parties to a transaction are a business, select **CCD Credit / Debit.**
- Select **CTX Credit / Debit** if both parties to the transaction are businesses, and addenda notes must be included with the ACH entry.
- You must have written authorizations from the receivers.
- ACH **credits** *increase* the money in a receiver's account.
- ACH **debits** *decrease* the money in a receiver's account.

EFTPS - Tax Payments

ACH > ACH Templates > Add Template. Go to Transaction Type > Select Payment > **Tax Payments > Next**. Name the Template, then enter your contact information in the Discretionary Date field (example: Contact [your phone number]. Check **Offset Individually** to list tax payments separately on your statement. For the **Offset Account**, select the account that will fund the payment. Then click **Add Tax payment**. Go to **Region** and select **Federal** from the drop-down menu. Select the correct **End Month** to which the payment applies and the Tax Form (other fields will auto-populate after the form is selected). Submit entries by 3:00 PM **two banking days before** the due date to avoid IRS penalties.

Individual categories for 941 payments (Social Security, Medicare, Withholdings) are for user convenience but are not tracked by the IRS. The IRS tracks total payment amounts.

Business users with TINs issued after 2012 are registered with the Internal Revenue's EFTPS program at www.eftps.gov. If you want the IRS to debit your account for taxes, you must enroll in the EFTPS debit program at www.eftps.gov and provide account details to the IRS.

ACH Pass Through:

This feature is used to send NACHA formatted files produced by your own software to State Bank via a secure, encrypted connection.

Bill Pay

CheckFree, a subsidiary of Fiserv, is our bill pay processor. Money remains in the account until the bill's scheduled payment date. **Caution** when scheduling or changing auto-payments. Changes must be made prior to "pending" status to prevent an unwanted payment. When deleting a biller, also delete any scheduled/pending payments.

ACH Debit

ACH debit allows Originators to collect money from accounts that belong to others. Transactions involving consumers (PPD) may be returned by the receiver 60-90 days after the effective date. Business transactions (CCD) may be rejected up to one banking day after settlement. All transactions may be returned if the Originator (Company) cannot produce a valid authorization. However, consumers will be granted the maximum return timeframes regardless of the Transaction Type selected. SBSU may require liquid collateral to secure activities conducted with ACH debit. Moreover, State Bank is compelled by ACH rules to process rejected or returned entries without obtaining Company or originator consent.

Supervisor Functions

Each Company is required to have at least one **Supervisor** and one **User** to accommodate Dual Control. Supervisors automatically have access to all enabled accounts, all enabled features, and maximum limits granted to Company. SBSU personnel provision all Supervisors and Users.

Third-Party Senders and Third-Party Service Providers

A Third-Party Sender is an entity that has executed a Cash Management Agreement with SBSU but Originates ACH files on behalf of other entities that have not. For example, an accountant that creates payroll files for a business client is a Third-Party Sender. A Third-Party Service Provider has not executed a Cash Management Agreement with SBSU but will create ACH files for an entity that has.

Third-Party Senders and Third-Party Service Providers are bound by all applicable NACHA rules, and by the Terms and Conditions contained within this Cash Management agreement, including the following: (a) limiting entries to the SEC codes specifically authorized by SBSU, and (b) limiting ACH files to the purposes authorized by SBSU. Examples of prohibited ACH file purposes include past-due debt collection, TEL entries for telemarketing purchases, WEB entries for online transactions, and entries related to gambling.

Wire Transfers (dual control):

This feature enables users to send funds to other Financial Institutions through the Federal Reserve's Fedwire system or equivalent as designated by the bank. Wires cannot be reversed once transmitted.

ACH TERMS AND CONDITIONS

WHEREAS, State Bank of Southern Utah ("State Bank" or "SBSU") is a Participating Depository Financial Institution of the Western Payments Alliance ("WesPay") and may initiate electronic fund transfer entries that comply with rules maintained and enforced by the National Automated Clearing House Association (NACHA).

WHEREAS, the company or companies listed on page one (hereafter referred to as "Company") desires to initiate ACH entries through SBSU. Company, its users, and any third-party provider associated with Company agree to the terms, conditions, procedures contained herein, to rules contained in the NACHA Operating Rules and Guidelines, and to statements that precede, follow, or are embodied in this Agreement. Entries transmitted by Company's Agent shall be effective as Company's entries.

SBSU shall make features of the Cash Management System available to Company only upon completion of this Agreement and SBSU approval. Liquid collateral may be required in some cases to protect bank interests.

1. **Rules.** Company agrees to be bound by the Rules of NACHA, Wespay, and SBSU as of the date of this agreement and as amended from time to time, hereafter referred to as "Rules". The term "Entries" shall mean instruction received from Company from which SBSU prepares or uploads for processing through the ACH System or other funds transfer service, including reversal requests.

2. **Rules Regarding Entries Submitted to SBSU of Southern Utah.**
   2.1 **Transaction Limits.** The total dollar amount of Entries transmitted by Company to SBSU on any one given day shall not exceed maximum Company limits. Limit increases or decreases may be requested by any Supervisor, User, Signer or agent of Company. Limits are designed for error prevention not fraud prevention.

2.2 **Limitation as to SEC Entry Types:** Company shall restrict entry type SEC Codes to those approved on the following table:

Receiver Type	SEC Code	Comment
Approved: Individual/Consumer	PPD	Governed by Regulation E, which provides an extended return window to all consumer electronic transactions.
Approved: Business Entity	CCD, CTX	Return window is one day after the effective/settlement date.
Not Authorized	TEL, WEB	Not approved purposes also include past-due debt collection, transactions connected with telemarketing, Online purchases, gambling, or others identified by SBSU.

2.3 **Authorizations:** Company agrees to (a) Obtain an authorization in writing from each Receiver prior to initiating an Entry to that Receiver (sample forms in appendix), (b) Provide Receiver with a copy of the authorization, (c) Initiate entries according to such authorization, (d) Refrain from initiating entries after the Receiver has revoked authorization or relationship terminated, (e) Furnish to SBSU authorizations *immediately* upon request, (f) Retain authorizations for at least two (2) years after the last entry to that receiver, and (g) Agree to be subject to Regulation E, which applies to electronic transactions involving consumers.

2.4 **Access to Cash Management Dependent Upon Following Rules:** Company acknowledges that access to the Cash Management System may be terminated without notice if Bank discovers Entries that (a) are used for any purpose prohibited by SBSU, (b) are unauthorized by the Receiver, (c) initiated after the Receiver has revoked authorization or has terminated the relationship, (d) are resubmitted unrepaired after Bank has notified Company of Notification of Change, or (f) violate any term, provision, or rule of NACHA, Wespay, or SBSU.

2.5 **Pre-notification.** Pre-notifications are optional $0.00 Entries sent at least five (5) banking days prior to live Entries and are used to detect closed accounts, wrong account numbers or incorrect routing numbers. If Bank notifies Company of a rejected pre-notification, Company shall correct subsequent Entries.

2.6 **Cancellation and Amendment of Entries; Reversals.** Company shall have no right to cancel or amend an Entry after it has been delivered to SBSU. SBSU, however, shall use reasonable effort to act on Company requests for reversal of an Entry pursuant to the Rules. Regardless of the outcome, SBSU shall not be liable for interest or losses if such reversal is not successful. If SBSU has transmitted the entry to the ACH Operator, the entry cannot be recalled. If reversing entries are attempted, Company must notify Receiver of the reversal of the Entry and the reason for the reversal no later than the effective date of the reversal. Company shall reimburse SBSU for any expenses, losses or damages SBSU may incur in effecting or attempting to affect Company's request for reversal of Entry.

2.7 **Receiver's Right to Refund.** Company acknowledges that consumer Receivers have the right of refund for up to 60 days after Company's debit by signing a Written Statement of Unauthorized Debit (WSUD) at the bank where his/her account is located at the RDFI (Receiving Depository Financial Institution). This statement fulfills the NACHA requirement for a Receiver to claim that a Debit Entry was, in whole or in part, not authorized. The RDFI may then obtain a refund by way of reversing or adjusting Entry to SBSU, which shall, in turn, debit Company's designated account in the amount of the adjusting Entry *without* obtaining authorization from Company. SBSU does not normally request a copy of the WSUD but will do so at Company request. SBSU may act as both RDFI and ODFI if Receiver's account is located at SBSU. Provisions within Regulation E provide Receivers with a longer return window under some circumstances.

2.8 **Company's Notice to Customers:** Company shall notify Customer at least ten (10) calendar days before a Collection or ACH Receipt (Debit Entry) if the amount varies from the specific amount authorized or falls outside the range of authorized amounts. Furthermore, if Company changes the scheduled Effective Date from the date agreed upon, Company shall notify the Customer at least six (6) calendar days before the first Entry affected by the change.

2.9 **Reversal or Adjustment of Credit Entries after Effective Date:** Company must notify payee of reversal or adjusting entry five (5) days prior to entry.

3. **Processing, Transmittal and Settlement by Financial Institution**.

3.1 **Processing.** SBSU shall act as an Originating Depository Financial Institution (ODFI) in transmitting Entries to the ACH Operator.

3.2 **Timing.** Company shall transmit Entries to SBSU no later than 3:00 PM one banking day prior to a valid Effective Date. A "banking day" is typically Monday through Friday excluding federal holidays.

3.3 **Transmittal to ACH Operator:** SBSU shall use reasonable effort to transmit the entries to the ACH Operator by the ACH deadline on the banking day instructed. If, for any reason, SBSU is unable to transmit the Entries as requested, SBSU will use reasonable efforts to transmit entries the next banking day without assuming liability for any interest or loss.

3.4 **Company's Credit for Debit Entries.** SBSU has the right to withhold credit to Company's account to ensure payment for Company's outgoing Debit Entries for at least two days after settlement (known as Final Settlement). If immediate Credit is granted on settlement, such Credit is strictly provisional and subject to revocation, for example, if SBSU discovers that Final Settlement has not or will not occur.

3.5 **Provisional Credit to Receiver:** The RDFI may provide credit to the Receiver prior to final settlement. If the RDFI does not receive final payment for any reason, the RDFI is entitled to a refund from the Receiver, and the Originator will not be considered to have paid the Receiver.

4. **On-Us Entries.** In the case of an On-Us Entry SBSU shall debit or credit the Receiver's account for the entry amount on the entry's Effective Date, or the banking day the entry is received, if after the Effective Date.

5. **Rejection of Entries.** SBSU may reject any Entry for any reason and shall attempt to notify Company of such rejection by any available method no later than the business day after the Effective Date. SBSU shall not be liable for the rejection of any Entry, or for Company's non-receipt of any rejection notice, or failure to provide notice of rejection. SBSU shall not pay Company interest on a rejected entry.

6. **Notice of Returned Entries.** SBSU shall notify Company of returned ACH Entry within one (1) business day of receipt of return notice. SBSU has no obligation to re-execute the returned Entry. Company **shall not** re-initiate any Entry returned for defect (e.g., incorrect account number) until Entry is corrected.

   6.1 **Entries Returned for R01 or R09 (Insufficient or Uncollected Funds):** Company shall submit an Entry no more than two (2) times **after** original Entry is returned for reasons R01 (insufficient funds) or R09 (uncollected funds).

   6.2 **Entries Returned for R07 or R10 (Authorization Revoked or Unauthorized):** Company shall not re-initiate Entry for any reason after receiving notice that authorization has been revoked or was not authorized. Company's original authorization to initiate Entry shall be considered terminated upon receipt of either return notice. Company shall not re-initiate a subsequent Entry to Receiver until after a new authorization is obtained from Receiver.

7. Security Procedures; Unauthorized Entries; Inconsistent Entries.

7.1 **Purpose of Security Procedures.** Company certifies the authenticity of any Entry transmitted to SBSU with an authorized user's credentials or using an authorized system, and that "Security" means that Company is following the recommendations outlined in the Security section of this agreement.

7.2 **Protection of Security Procedures.** Company is strictly responsible for establishing and maintaining safeguards against unauthorized transmissions. Company warrants users (a) will not share passwords, (b) will not initiate transfers in the absence of proper supervision and safeguards, and (c) will protect two-factor codes appropriately. Company assumes total liability for entries submitted with a legitimate User ID and Password regardless of whether the transactions or entries are wholly or partially unauthorized. Company agrees to maintain confidentiality of the Security Procedures, passwords, usernames, two-factor codes, and related instructions from SBSU.

7.3 **Authorized Entries.** Any file or entry delivered to SBSU through Internet Banking System with an authorized User ID and Password, or through the Secure File Transfer Protocol (SFTP) by <u>any Company user</u>, shall be effective as Company's Entry even if the Entry or transmission is not authorized.

7.4 **Inconsistent Entries.** Company agrees to the following: (a) If an Entry describes the Receiver inconsistently by name and account number, the RDFI may process it based upon the account number even if it affects a person different from the named Receiver. (b) If an Entry describes a RDFI inconsistently by name and identifying routing transit number (RTN), payment may be made using the RTN only, even if it describes an RDFI different from the named RDFI. And (c) Company's obligation to SBSU is not excused in the amount of the Entry in either circumstance.

7.5 **Company Account and Right to Offset.** Company must maintain a checking account in good standing at SBSU with sufficient funds to execute this Agreement and to Originate ACH entries or Wire Transfers. Company agrees to maintain sufficient funds to pay for returned or reversed Debit or Adjustment Entries, bank fees, ACH network and/or operator-generated fees, and other amounts for which company is obligated under this Agreement. SBSU shall without prior notice debit Company's account for amount due under this Agreement, or Credit Company account for any amount to which Company is entitled under this Agreement.

7.6 **Right to Offset**: If there are insufficient funds available in the Company Account to pay amounts owed to SBSU, Company agrees that SBSU may offset that amount from any account Company maintains at SBSU, including any depository, collateral, or loan account(s). This offset may be affected regardless of account purpose or if it is included in this Agreement.

8. Company Representations, Warranties, and Indemnification. Company represents and warrants that for each Entry Company delivers to SBSU that: (a) Company has obtained prior written authorization from the Receiver and provided a copy to said Receiver, (b) Company has complied with the Rules with respect to the Entry, and (c) Entries comply with the laws of the United States, including the Office of Foreign Assets Control (see www.ustreas.gov/ofac). Company shall indemnify SBSU 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 warranties.

9. Notices and Statements. SBSU will not provide Company/Customer with notices of Credit or Debit Entries other than on the periodic statement for the Company Account. Company shall notify SBSU of any unauthorized or erroneous Entries or any other discrepancy or error within disclosed deadlines, after which the transactions will be presumed to be correct. SBSU shall not be liable for any interest or losses resulting from Company's failure to give such notice.

10. Liability of SBSU; Limitations on Liability.

10.1 **Performance of SBSU.** SBSU shall be responsible only for the services it expressly agrees to perform in this Agreement and shall be liable only for direct damages caused by its negligence in performing those services. SBSU shall not be responsible for acts or omissions of Company, or any act or omission of any other person, including without limitation WesPay, NACHA, the Federal Reserve, any ACH or transmission or communications facility, any data processor of Company, or any Receiver or RDFI.

10.2 **Limit on Damages.** SBSU shall not be liable for consequential, special, punitive, or indirect loss or damage which Company may incur in connection with this Agreement, including loss or damage from subsequent wrongful dishonor resulting from SBU's acts or omissions in performing its services under this Agreement.

10.3 **Force Majeure.** SBSU shall not be responsible for any failure if caused by legal constraint, the interruption of transmission or communication facilities, computer malfunction or equipment failure, war, emergency conditions, or other circumstances beyond the reasonable control of SBSU. Furthermore, SBSU shall be excused from transmitting an Entry if such transmittal would result in a violation of any present or future risk control program of the Federal Reserve or any rule or regulation of any other governmental regulatory authority.

10.4 **Interest**. Subject to any provisions of this Agreement, any liability for which SBSU incurs through failure or delay in performing its services shall be calculated by using a rate equal to SBSU Money Market for the period involved.

11. Indemnification. Company shall defend, indemnify, and hold harmless SBSU, its officers, directors, agents, and employees, against any actions, costs, claims, losses, damages, or expenses, including attorneys' fees and expenses, resulting from: 1) Any breach of any of the agreements, representations or warranties of Company contained in this Agreement. 2) Any act or omission of Company or any other party acting on Company's behalf, including but not limited to parties described in Section 10 above.

12. **Payment for Financial Institution Services.** Company shall pay SBSU for the services provided under this Agreement.

13. **Annual Audit and Agreement Renewal:** Company is subject to an annual Rules compliance audit in accordance with the guidelines developed by SBSU. Said audit shall be conducted as directed by SBSU.

14. **Terms, Updates and Pricing:** Company agrees that use of the Cash Management System binds Company to the terms and conditions contained within Agreement and to any periodic updates as posted by SBSU. Rates and fees may be adjusted at any time upon notice.

15. **Termination**. SBSU or Company may terminate this Agreement at any time with notice, or without notice if Company breaches any of its obligations under this Agreement or the Rules. Termination shall not affect any of SBSU's rights or Company's obligations related to Entries initiated by Company prior to termination. Fees are charged in arrears for monthly access will not be pro-rated for partial access.

16. **Confidentiality**. Company acknowledges that it will have access to confidential information regarding SBSU's execution of Entries, the Security Procedures and the services contemplated by this Agreement. Company shall not disclose this information to others and shall use such the information only in connection with the transactions contemplated by this Agreement.

17. **Records.** Records, procedures, or information contemplated by this Agreement shall be and remain the property of SBSU. SBSU may, in its sole discretion, make available such information upon request of Company for a reasonable fee.

18. Third Party Relationships. If Company contracts directly with SBSU but provides ACH services to other clients that have not (i.e., payroll service providers) or submits files produced by others, Company is obligated to monitor, assess, enforce compliance with the terms of this Agreement with its clients or service providers. All parties are bound by this Agreement and to NACHA Rules. Company is responsible for all transactions as if they were their own regardless of whether created by others or on behalf of another party. Company furthermore warrants that its Agreements with clients and service providers include language binding them to the Terms of this Agreement, to NACHA rules, and to periodic audits by Company as appropriate.

19. General Provisions

19.1 **Entire Agreement.** This Agreement is the entire agreement between SBSU and Company regarding Internet Banking and the Cash Management System. In the event of any inconsistency between this and a prior Account Agreement, the terms of the most recently updated Agreement shall prevail. This Agreement shall automatically amend to the extent necessary to comply with future statute, laws, or policy conflicts with, and Financial Institution shall incur no liability to Company because of such conflict or amendment.

19.2 **Amendment**. Excepting Section 11 (Liability and Limitations of Liability) SBSU may amend any part of this Agreement, including any schedule hereto, from time to time, effective upon the posting of such update to the bank's website, with or without notice.

19.3 **Instructions and Notices**. SBSU shall rely on any notice believed to have been provided by an authorized representative of Company whose name appears (a) upon the title page of this Agreement or is listed within as an Authorized User or Supervisor, (b) upon the Company's account Signature Card, (c) has access to the Cash Management system regardless of method access was granted, or (d) any individual designated by Company to speak on behalf of Company. Any such communication shall be deemed to have been provided by on behalf of Company. Company may add or terminate any Authorized Representative by updating User profiles, updating written notice to SBSU, executing a revised Cash Management Agreement, or by updating the Signature Card on file at the bank.

19.4 **Assignment.** Company may not assign its interest or rights under this Agreement without the prior written consent of SBSU, and any purported assignment in violation of this section shall be void.

19.5 **Successor and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and respective legal representatives, successors and permitted assigns. This Agreement is not for the benefit of any other person.

19.6 **Headings.** Headings used in this Agreement are for convenience only and shall not be deemed a part of this Agreement.

19.7 **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Utah.

19.8 **Counterparts.** This Agreement may be signed in counterparts, all of which shall constitute one agreement.

19.9 **Communications.** SBSU may provide notice as appropriate under this Agreement to the addresses, including general website postings, E-mail, or phone or fax numbers listed on "Company Address and Phone Number Information", or by any method that relays message to Company if the address or phone numbers provided are not accurate.

ACH Rules Summary

Originators are bound by the ACH rules, which are contained in a lengthy book. Critical rules and definitions are summarized below.

- **Parties to ACH Transactions**:
    - **ODFI** – Originating Depository Financial Institution (SBSU).
    - **RDFI** – Receiving Depository Financial Institution (institution where Receiver's account is located).
    - **Originator** – Individual or entity that creates ACH entries or is responsible for them.
    - **Receiver** – Individual or entity whose account is affected by an ACH transaction.
- **ACH Credit:** An entry that *increases* money in a receiver's account.
- **ACH Debit:** An entry that *decreases* money in a receiver's account.
- **ACH Entry:** A single ACH transaction formatted to NACHA specifications. A template or batch may contain multiple entries.
- **ACH Entries Cannot Be Recalled:** Once ACH entries are released to the operator, they *cannot* be recalled. Options for reversing entries are limited. In some circumstances, contacting the receiver to return erroneous entries may be the only option.
- **ACH SEC code selection:**
    - **PPD:** Personal Payment/Deposit. Select if ACH transactions affect a person.
    - **CCD:** Cash Concentration/Deposit. Select if transactions affect entities.
    - **CTX:** Corporate Trade Exchange. Transaction includes addenda information
- **Authorizations:** Originators must obtain written authorizations signed by the Receiver prior to initiating any type of ACH transaction processed through SBSU. Originators must retain authorization for two years after the *last* entry to that Receiver. Authorizations contain sensitive information that must be protected from unauthorized access. SBSU will ask for a copy only if necessary.
- **Batch or Real Time?** Banks interact with the ACH system in a batch environment.
- **Duplicate entries:** These may be reversed under very limited conditions. The receiving bank is under no obligation to accept reversal attempts.
- **Error checking:** Other than verifying proper ACH format in submitted entries, SBSU is under no obligation to conduct further review for error or fraud. Entries submitted by an authorized user are considered authorized.
- **Liquid collateral and pre-funding**: Good funds must be available in the Originator's account prior to the release of outgoing ACH credits (e.g., payroll file). Moreover, because of extended return time frames associated with ACH debits, SBSU may require Originator to maintain liquid collateral commensurate to return risk as determined solely by SBSU.
- **Notification of Change (NOC):** SBSU will notify Company of entries that have incorrect account or bank information. Correct the information before re-submitting the entry.
- **Overdrafts**: The Cash Manager should not permit entries that overdraw an account. Funds must "available" in Company's account as displayed via the bank's Internet Banking System at SBSU.com.
- **Pre-notes:** Optional $0.00 entries used to validate receivers. Wait five days beyond the pre-note's effective date before initiating live entries.

- **Rejected or Returned Entry due to Unauthorized or Authorization Revoked:** Originators must stop initiating ACH entries for a Receiver after SBSU has notified the Originator that the entry has been returned as "unauthorized" or "authorization revoked." Originators may not initiate new entries to that Receiver until a new authorization is obtained.
- **Requirement to Maintain Accounts at SBSU:** Company is required to maintain a business checking account in good standing at SBSU to originate ACH or Wire transactions comprehended in this Agreement.
- **SFTP Option:** A system for automating ACH batch uploads to SBSU for processing. Please contact us for information.
- **Termination:** SBSU may terminate Company access to the ACH features for any reason and without prior notification. Examples of activities that may result in termination include but are not limited to the following:
  - Submitting ACH entries that result in high rates of returns.
  - Violating SBSU or NACHA rules.
  - Submitting files or entries that are not related to stated business purposes.
- **Unauthorized Entries:** Consumer receivers have up to 90 days to reject any ACH entry by executing a Written Statement of Unauthorized Debit (WSUD) at their financial institution. If an entry is returned, SBSU is compelled by ACH rules to accept the return and create offsetting entries to Company account without obtaining prior authorization. WSUD copies may be obtained within 10 days of request.
- **Wire transfers**: SBSU may utilize call-backs (by phone) to verify wire requests.
- **Risk for Payroll Processors:** Credit entries released to the bank for deposit into receivers' accounts must be backed by good funds, as follows: (a) sufficient funds on deposit at SBSU, (b) wire transfer, (c) receipt of an ACH credit initiated by an external bank, (d) receipt of an offsetting credit for an external debit initiated by SBSU at least two days prior to release of credits. Entries cannot be recalled once released. If a payroll processor releases outgoing payroll credits at the same time as a debit to another institution to pay for the credits, the payroll processor is assuming all risks. If the outgoing debit is returned for NSF or other, the bank will debit the payroll processor's account for returned debit.

ACH Field Help within Online Banking

ACH Field Name	Description
Participants	An ACH record that contains bank information for a specific person or entity.
Name	Person or entity whose account will be affected (participant).
Email Address	Email address of participant. Check the box to notify participant as file is processed.
Nickname	Visible on Originator's statement when "Offset Individually" box checked in the Template section. It may be checked even if the template contains only one participant.
Institution Name	Name of the financial institution where the participant banks.
Routing Number	9-digit routing number of the participant's financial institution (begins with 0,1,2, or 3).
Unique Identifier:	15-character field used by Originators to identify receivers, such as a customer number, customer name, or other identifying information. Visible to the Receiving Institution.
Account number	Participant's account number at the financial institution.
Account Type	Important! Identify participant's account type correctly to prevent rejects.
Status	Participants are generally set to **Active**. Setting a participant to **Hold** will prevent any ACH's from being processed for this participant.
Group	Group names may be used to categorize participants.
Discretionary Data	Optional 2-Character Field visible only to the Originator.
Addenda:	Optional field visible on Receiver's statement to further describe the entry.
Email Confirmations	If used, E-mail is sent to the participant/receiver when the template to which that participant belongs is initiated. The message will appear as being sent by SBSU.
Templates	A template is sometimes called a "batch." It provides the Originating and Receiving banks with information about the entries. A template must have at least one participant before it can be initiated (released to the ACH network).
Amount	The amount box will appear **after** a participant is added to a template. Amounts are saved within each Template and may be changed prior to initiating the template.
Template Name	A description that helps you to identify various templates.
Transaction Type	A credit increases money in a receiver's account, while a debit decreases money. Select PPD if an individual is involved, CCD if business entities are involved.
Company Discretionary Data:	Visible to Receiving bank (not to receiver). This 20-character field should contain your company's name and phone number for Receivers to contact you.
Company Entry Description:	Visible on the Receiver's and Originator's statement, this 10-character field describes the purpose of the entry (e.g., PAYROLL, DIVIDENDS, HOA DUES, EXPENSES, ACCTVERIFY). "RETRY" should be entered when resubmitting debit entries returned R01 (NSF); ACCTVERIFY when using sub $1 entries to verify the receiver's account prior to large dollar entries; "PAYROLL" to identify Payroll entries.
Company	Select the Company to originate the entry from the drop-down list.
Offset Account	Select the offset account from the drop-down list.
Offset Individually	**Check this box** to force each participant's nickname to appear on your monthly statement as a separate entry. If it is not checked, an offset for the total amount of the template will appear on the Originator's statement as a single entry with little descriptive information.
Effective Date	This is the date the entry is intended to post to the Receiver's account. It should be designated as the next banking day for standard entries submitted before 3:00 PM.
Settlement Date	Assigned by the RDFI (receiving financial institution and is the date the entry posts to the Receivers account. With normal ACH operation, the effective and settlement dates are usually the same.