

**MONTECITO BANK & TRUST**  
**AUTOMATED CLEARING HOUSE (ACH) SERVICE DESCRIPTION**

1. ACH Service. Montecito Bank & Trust ("Bank") hereby offers its Client and Client hereby accepts the ACH Service (the "ACH Service"). Client wishes to initiate credit and/or debit Entries by means of the Automated Clearing House Network pursuant to the terms of this Service Description and the rules of the National Automated Clearing House Association ("NACHA") and the local Automated Clearing House Association (the "Rules"), and Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. Accordingly, Client may submit ACH Entries to Bank in accordance with the terms and conditions of this Service Description. Client is responsible for all Entries to the fullest extent provided by law and as set forth in this Service Description.
2. Master Treasury Management Services Agreement; Supporting Documents. This Service Description forms part of the Master Treasury Management Services Agreement ("Master Agreement") agreed to by Client. In the event of conflicts between the terms of this Service Description and the terms of the Master Agreement, the terms of this Service Description shall control. Defined terms in this Service Description shall have the meaning provided in the Master Agreement and as defined in the Rules, unless otherwise defined in this Service Description. The term "Entry" or "Entries" shall have the meaning provided in the Rules and shall also mean the data received from Client hereunder from which Bank prepares Entries.
3. Related Service Descriptions for ACH Entries. Entries submitted by Client using Bank's Business Online Banking Services must be consistent with the separate Business Online Banking Service Description.
4. The Rules. A copy of the Corporate Edition of the Rules can be purchased from NACHA at [www.NACHA.org](http://www.NACHA.org). Client agrees to obtain a copy, to understand and be familiar with the Rules, and to be responsible for keeping up to date with changes in the Rules. Client agrees that information or advice received by Client from Bank as to the Rules or the operation of the Rules is not legal advice and is not a substitute for Client's obligation independently to understand and comply with the Rules.
5. Processing Entries. Client shall transmit Entries to Bank to the location(s) and in compliance with the formatting and other requirements set forth in the Rules and the Supporting Documents. Entries may be submitted only for Client's account. No Entries may be submitted on behalf of third parties unless Client has requested and Bank has expressly agreed in writing to allow Client to act as a Third Party Sender, as that term is defined in the Rules, and supplementary terms have been agreed to by Client. The ACH Service will start on a date agreeable to Client and to Bank after all set up requirements have been completed.

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

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

Except as provided below for On-U's Entries, Bank shall: (i) process Entries received from Client to conform with the file specifications set forth in Rules, (ii) transmit such Entries as an ODFI to an ACH Operator selected by Bank in its sole discretion ("ACH Operator"), and (iii) settle for such Entries as provided in the Rules. Bank shall transmit or complete the necessary authorizations for ACH Entries by the deadline of the ACH Operator, provided: (a) such Entries are received by Bank's related cutoff time on a business day, (b) the Effective Entry Date is at least

one business day after such business day, and (c) the ACH Operator is open for business on such business day. Entries shall be deemed received by Bank when the transmission and compliance with any related Security Procedures is completed. If any of the requirements of this paragraph are not met, Bank may use reasonable efforts to transmit such Entries to the ACH by the next deadline of the ACH Operator which is a business day and a day on which the ACH Operator is open for business.

6. Internet Initiated (WEB) Entries. Client must be preapproved by Bank as a condition to initiating WEB Entries.

*Exposure Limits.* Client will not submit individual or total daily WEB Entries in excess of the amounts that the Bank designates from time to time. Client will not divide a transaction (other than for regular recurring payments) into more than one WEB Entry in order to avoid these limitations. The Bank may adjust these limitations from time to time by providing notice to Client. Processing WEB Entries in an amount greater than the established limit(s) shall not be deemed a waiver of this provision; the Bank may cease processing WEB Entries in a greater amount at any time without prior notice.

*Authorizations.* Authorization for WEB Entries must conform to the requirements of the Rules and must provide evidence of the Receiver's identity and assent to the authorization. Without limiting the foregoing, each authorization must: (i) be in a writing that is signed or similarly authenticated by the Receiver via the Internet or Wireless Network, (ii) be readily identifiable as an ACH debit authorization, (iii) clearly and conspicuously state its terms, and (iv) provide the Receiver with a method to revoke his or her payment authorization by notifying Client in the manner prescribed. Client must be able to provide the Receiver with a hard copy of the authorization if requested to do so. Only a consumer may authorize a WEB Entry, and not a Third Party Service Provider on behalf of the consumer.

*Security and Audit.* Client shall establish a secure Internet session with each Receiver using commercially reasonable encryption technology. The secure session must be in place from the time the Receiver enters his or her banking information through the time of transmission to the Bank. This requirement also applies to any transmission to an agent or service provider. Client will conduct an annual or more frequent security audit to ensure that the financial information obtained from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of: (i) physical security to protect against theft, tampering, or damage; (ii) personnel and access controls to protect against unauthorized access and use; and (iii) network security to ensure secure capture, transmission, distribution and storage until destruction of financial information. Client's audit will at a minimum include and cover those items identified in the Operating Guidelines of NACHA as the minimum components that must be addressed in the audit report. Client must provide the Bank with a copy of each audit within thirty (30) days from Client's receipt of the audit.

*Additional Warranties.* In addition to any other warranties given by Client under the Master Agreement, the Automated Clearing House (ACH) Service Description and the Rules, Client warrants the following to the Bank with respect to each WEB Entry: (i) Client employed a commercially reasonable fraudulent transaction detection system to screen the Entry; (ii) Client used a commercially reasonable method to establish the identity of the Receiver; (iii) Client took commercially reasonable steps to verify that the routing number is valid; (iv) Client established a secure Internet session prior to and during the key Entry by the Receiver of any banking information; and (v) there has been no change in Client's operations or other circumstance that would have a negative effect on the security practices identified or examined during Client's last security audit.

7. Telephone Initiated (TEL) Entries. Client must be preapproved by Bank as a condition to initiating TEL Entries.

*Exposure Limits.* Client will not submit individual or total daily TEL entries in excess of the amounts that the Bank designates from time to time. Client will not divide a transaction into more than one TEL Entry in order to avoid these limitations. The Bank may adjust these limitations from time to time by providing notice to Client. The Bank processing of TEL Entries in an amount greater than the established limit(s) shall not be deemed a waiver of this provision; the Bank may cease processing TEL Entries in a greater amount at any time without prior notice.

*Receiver Authorizations.* Client will obtain the Receiver's oral authorization for each TEL Entry to the Receiver's account. A TEL Entry may be transmitted only in circumstances in which there is an existing relationship between

Client and the Receiver, or there is not an existing relationship but the Receiver has initiated the call to Client. A TEL Entry may not be used by Client when there is no existing relationship between Client and the Receiver, and Client has initiated the telephone call. Client and the Receiver are considered to have an existing relationship when either: (i) there is a written agreement in place between Client and the Receiver for the provision of goods or services, or (ii) the Receiver has purchased goods or services from Client within the past two (2) years. Authorization must conform to the requirements of the Rules and must provide evidence of the Receiver's identity and assent to the authorization. The authorization must be readily identifiable as an ACH debit authorization, and have clear and readily understandable terms. For an authorization related to recurring TEL Entries, Client must comply with the writing and signature requirements of Regulation E for preauthorized transfers, including the requirements to send a copy of the authorization to the Receiver.

The following minimum requirements must be included as part of the authorization of a Single Entry TEL Entries: (i) the date on or after which the Receiver's account will be debited; (ii) the amount of the transaction or a reference to the method of determining the amount of the transaction; (iii) the Receiver's name or identity; (iv) the account to be debited; (v) a telephone number that is available to the Receiver and answered during normal business hours for Receiver inquiries; (vi) the date of the Receiver's oral authorization, (vii) a statement by Client that the authorization obtained from the Receiver will be used to originate a one-time ACH debit to the Receiver's account, or similar reference; and (viii) the method by which the receiver can revoke the authorization.

The following minimum requirements must be included as part of the authorization of a recurring TEL Entries: (i) the amount of the recurring transactions or a reference to the method of determining the amounts of the transactions; (ii) the timing (including the start date), number, and/or frequency of the electronic fund transfers, or other similar reference, to the Receiver's account; (iii) the Receiver's name or identity; (iv) the account to be debited; (v) the date of the Receiver's oral authorization; (vi) a telephone number that is available to the Receiver and answered during normal business hours for Receiver inquiries; and (vii) the method by which the receiver can revoke the authorization.

For Single Entry TEL Entries, Client must either tape record the Receiver's oral authorization or provide, in advance of the Settlement Date of the Entry, written notice to the Receiver that confirms the oral authorization. For recurring TEL Entries, Client must tape record the Receiver's oral authorization and provide, in advance of the Settlement Date of the Entry, written notice to the Receiver that confirms the oral authorization. If Client obtains the authorization over the telephone, Client must: (a) state clearly during the telephone conversation that the Receiver is authorizing an ACH debit Entry to his or her account, (b) express the terms of the authorization in a clear manner, and (c) the Receiver must unambiguously express consent. Silence is not express consent. Client must retain the original or a duplicate tape recording of the Receiver's oral authorization or a copy of the written notice confirming the Receiver's oral authorization for two (2) years from the date of the authorization (for two (2) years from the termination or revocation of the authorization, for recurring TEL Entries). At the Bank's request, Client must promptly provide the Bank with a copy of the authorization/notice.

*Receiver's Identity.* Client will use commercially reasonable procedures to verify the identity of the Receiver. Client will use a commercially reasonable method (e.g., use of a directory, database, etc.) to verify the Receiver's name, address, and telephone number. Client also will verify the Receiver's identity by verifying pertinent information with the Receiver (e.g., past buying history, mother's maiden name, Caller ID information, etc.).

*Routing Numbers.* Client will use commercially reasonable procedures to verify that routing numbers are valid. If appropriate, this may include the use of available databases or directories, or contact with the Receiver's financial institution. Client also will employ reasonable procedures (if available) to verify the validity of account number structures.

*Additional Warranties.* In addition to any other warranties given by Client under the Master Agreement, the Automated Clearing House (ACH) Service Description and the Rules, Client warrants the following to the Bank with respect to each TEL Entry: (i) Client used a commercially reasonable method to establish the identity of the Receiver; and (ii) Client took commercially reasonable steps to verify that the routing number is valid.

8. Security Procedures. For the purpose of this Service Description, Communications shall have the meaning provided in the Master Agreement and shall include ACH Entries transmitted to Bank in connection with the ACH

Service. For the purpose of this Service Description, Security Procedures shall have the meaning provided in the Master Agreement and shall include but not be limited to any Security Procedures used to access accounts and to use the ACH Service. More specifically, Client acknowledges the Security Procedures applicable to the ACH Service as identified in this Service Description, as may be supplemented in Supporting Documents. Bank may offer to Client or require Client to use additional authentication tools or methods from time to time. If Client chooses not to implement supplemental authentication tools, Client's access to some or all ACH Services may be limited.

*Exposure Limits.* Exposure limits ("Exposure Limits") will be assigned by Bank and communicated to Client. Client agrees to comply with the Exposure Limits, as they may be amended from time to time by Bank. Bank will review Client Exposure Limits on a regular basis, not less than annually. Bank will provide notice to Client before or promptly after any amendment to the Exposure Limits.

*File Transmissions.* Files must be transmitted or delivered to Bank, using encryption and security standards agreed to by Bank and Client. All files transmitted from the Client will contain debit and credit entries that offset in a net zero (\$0.00) balance condition. All Client outgoing credits will equal the Client's "on-us" debit entry. All Client outgoing debits will equal Client's "on-us" credit entry. Any outgoing reversing entries processed by Client will balance to an offsetting Client "on-us" adjusting entry.

*ACH Origination Accounts.* By default, all Client users given access to originate ACH transactions will be able to originate ACH transactions out of any account that user has access to. Bank recommends that Client limit ACH origination access to only the accounts that will be used to originate ACH. To control the accounts ACH can be originated from, select Users from More Options menu. From the Users List, select the Edit Entitlements icon. Click the Accounts section, select the accounts that ACH can be allowed from. Click Save.

*Client ACH File Review.* The System has a security feature which, if turned on, requires any ACH file created by a user to be reviewed and approved by a second user. If Client elects to use this feature, all ACH transfers initiated by users given access to ACH services by the Client's designated Client Administrator(s) must be reviewed by a second Client user. Client Administrators can assign specific users with the review ability. If Client does not elect to use this feature, users given access to ACH services by the Client's designated Client Administrator(s) can initiate ACH transfers without review by a second Client user. To enable this security feature, log into the System and select Users from the More Options menu. From the Users list, select the Edit Entitlements icon. In the ACH section, update the Number of Approvals Required field. Click Save.

By agreeing to the Acceptance, Client acknowledges it has reviewed all additional security procedures available. Client understands it must restrict file types and account access, and/or enable the file review option, if it elects to take advantage of those additional security options. 9. Same-Day Entries. The ACH Service permits Client to elect to have Client's ACH Entries originated on a "same-day" basis, for settlement on the same day as the Effective Entry Date. Eligible ACH Entries received on a business day by the applicable cutoff hour for same-day Entries, will be treated as a "same-day" ACH Entry. For this purpose "eligible ACH Entries" will mean ACH Entries: (i) received on a business day by the cutoff hour for same-day Entries, (ii) subject to Bank's right to place additional dollar limitations, that are \$100,000 or less, and (iii) that contain an effective Entry date for the same day as receipt, or a stale or invalid date. Bank does not represent, warrant or otherwise guarantee that receiving depository financial institutions will post same-day ACH Entries by applicable deadlines. Bank may utilize same-day processing for any Entry that qualifies as an "eligible" same-day Entry even if Client did not intend the Entry to be processed using same-day processing. In such cases, Client is still responsible for all fees associated with same-day processing.

10. On-Us Entries. In the case of an Entry received for credit to an account maintained with Bank (an "On-Us Entry"), Bank shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in this Service Description are met. If said requirements are not met, Bank may use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next business day following such Effective Entry Date.

11. Notice of Returned Entries. Bank shall notify Client in writing or by phone or electronic transmission, including email of the receipt of a returned Entry from the ACH no later than one business day after the business day

of receipt. Except for an Entry retransmitted by Client in accordance with the requirements of this Service Description, Bank shall have no obligation to retransmit a returned Entry to the ACH if Bank complied with the terms of this Service Description with respect to the original Entry.

12. Prenotifications. If Client chooses to originate non-dollar prenotification Entries to verify the accuracy of routing and account numbers, it agrees not to initiate live dollar Entries until at least three (3) business days following the Settlement Date of the prenotification Entry. Prenotifications must be provided to Bank in the format provided in the Rules. If Client receives notice that a prenotification has been rejected or returned, Client will research the problem and make any necessary corrections before transmitting another Entry.

13. Notifications of Change. Bank shall notify Client of all Notifications Of Changes (NOC) received by Bank relating to Entries transmitted by Client, no later than two business days after the business day of receipt. Notice by Bank, in Bank's discretion may include notice by telephone or email to Client. Client must make the changes specified in an NOC or corrected NOC: (a) within six business days of receipt or prior to initiating another Entry to the Receiver's account, whichever is later; or (b) as otherwise required in the Rules, if the Rules specify a different time for correction.

14. Prefunding; Payment. Bank may designate Client as "ACH Prefunding," and Bank may change Client's designation to or from ACH Prefunding at any time, with or without cause and at Bank's sole discretion. Bank will inform Client of Client's designation as ACH Prefunding, and of any change in the designation.

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

15. Inconsistencies. If a Receiver of an Entry is identified by both name and account number, payment may be made by Bank and by any other financial institution based on the account number even if the name and the account number are not consistent or identify different parties. If an intermediary bank or a beneficiary's bank is identified on a payment order by both name and account number, Bank and other financial institutions may rely on the account number even if the name and the account number are not consistent or identify different parties.

16. Provisional Credit. Client acknowledges that credit for a payment order is provisional until the receiving financial institution obtains final settlement. If final settlement does not occur, the originator of the payment order is not deemed to have made payment to the beneficiary, and the beneficiary's bank is entitled to a refund of the provisional credit. Client agrees that any payment by Bank to Client for any debit Entry, returned credit Entry or credit Reversal is provisional until Bank has received final settlement for such Entry. Bank may delay availability of provisional funds at its discretion. If final settlement is not received, Bank is entitled to and Client agrees to pay a refund of the amount credited; and Bank may charge Client's account for the amount due. Bank may refuse to permit the use of any amount credited for a debit Entry or credit Reversal if it believes that there may not be sufficient funds in Client account to cover chargeback or return of such Entry or Reversal.

17. Cutoff Hours. The cutoff hour applicable to ACH Entries is 4:00 p.m. Pacific Time. The cutoff hour applicable to Same Day Entries is 9:00 a.m. Pacific Time. An Entry is considered executed when Bank executes it.

18. Electronic Tax Payment Service. The Electronic Tax Payment Service allows Client to originate federal and state tax payments using the Service. To facilitate the Electronic Tax Payment Service, Client appoints Bank to act as Client's agent for the purpose of making tax payments and deposits on Client's behalf. Upon Bank's request, Client agrees to execute such additional enrollment forms and authorizations as Bank may request. Client authorizes Bank to release account and tax payment information to any taxing authority in performing the Electronic Tax Payment Service and to confirm payments.

**CLIENT MUST BE PRE-ENROLLED WITH THE FEDERAL AND/OR STATE TAXING AUTHORITIES PRIOR TO USING THE ELECTRONIC TAX PAYMENT SERVICE.** Client warrants that Client is enrolled in the

Electronic Federal Tax Payment System (EFTPS) and has selected the ACH Credit option. Client also warrants that all special requirements of the EFTPS system have been met. Client also warrants that Client has completed appropriate enrollment requirements with each state taxing authority, as applicable.

Client is solely responsible for determining the amount of any taxes due and transmitting the correct payment information in accordance with the Service requirements. Client must furnish Bank with complete and accurate tax payment information. Bank is not responsible for: (i) determining the correctness of any tax computation or payment; (ii) questioning the timing or amount of the payment; (iii) determining or questioning the correctness of any report or information submitted by Client (even if it appears incorrect on its face); or (iv) any penalty which may be imposed if Client instructs Bank to make a payment after Bank's cutoff time or the date the tax payment is due.

Bank will notify Client orally, electronically or in writing if Bank is unable to process any payment in the manner attempted by the Electronic Tax Payment Service, and will do so no later than the business day following the payment date. If Client fails to maintain sufficient collected and available funds in Client's account, Bank may refuse to perform the tax payment. If any payment is rejected, it will be Client's responsibility to resubmit the payment instruction. If Client does not have sufficient or available funds, Client may be charged an insufficient funds fee and any other fees or charges applicable to the transaction.

When Bank receives Client's payment instruction to make a tax payment, Bank will charge Client's Account for the amount of the payment(s). The funds may be held by Bank as a non-interest bearing deposit liability to Client, but will not be held in trust. Until Bank makes Client's tax payment(s), Client's funds will be subject to offset for legal process, or any debts owed to Bank.

Client assumes the risk of any failure to submit payment instructions to Bank in a timely and correct manner. Payments should be submitted at least two business days prior to the due date. Any interruption of the Electronic Tax Payment Service, regardless of the reason, will not relieve Client of Client's obligation to make a tax payment or report. Client is ultimately responsible for promptly making any required tax payment or report. Client is responsible for promptly making required tax payments by another means in the event there is an interruption in the Electronic Tax Payment Service. Client agrees to be bound by the Rules, as amended from time to time, and all laws and regulations of the United States.

Client acknowledges that Bank's employees are not authorized or permitted to give tax advice to Client. Client agrees not to seek or place any reliance upon tax advice from Bank or Bank's employees. If the Electronic Tax Payment Service is not used for a period of ninety (90) days, the Electronic Tax Payment Service may be removed or disabled. To cancel an Electronic Tax Payment Service Communication and the payment instruction that Client has scheduled, Client must cancel online prior to the cutoff time on the processing date. Payments cannot be cancelled after this time. Bank may, at Bank's discretion, seek to assist Client in attempting to cancel or amend any payment but is not obligated to do so. If Bank does, Client will indemnify Bank in accordance with the Service Description for any losses Bank may suffer in connection with Bank's efforts.

19. Client Representations and Warranties. In addition to the representations and warranties provided by Client under the Master Agreement, with respect to each and every Entry initiated by Client, Client represents and warrants to Bank and agrees that:

- A. Client shall obtain all consents and authorizations required under the Rules, and in compliance with Regulation E (as applicable), and shall retain such consents and authorizations for two years after they expire and other documents related to Entries for a period of six years. Without limiting the foregoing, each person as the Receiver of an Entry received by Bank from Client 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. Client will provide Bank with a copy of such authorization whenever requested to do so within five business days. Such authorization is operative at the time of transmittal or crediting / debiting by Bank as provided herein;

- B. Entries transmitted to Bank by Client are limited to those types of credit or debit Entries set forth in this Service Description;
- C. If the amount of a debit Entry to a Receiver's account varies in amount from the previous debit Entry relating to the same authorization or preauthorized amount, Client will, at least ten days before the Effective Entry Date of such debit Entry, send the Receiver written notice of the amount of such debit Entry and its Effective Entry Date, unless the Receiver has previously been notified of Receiver's right to receive such notice and Receiver has elected to receive such notice only when the debit Entry does not fall within a specified range of amounts or varies from the most recent debit Entry by an agreed amount;
- D. If any change is made by Client in the scheduled Effective Entry Date of one or more debit Entries, Client will, at least seven days before the Effective Entry Date of the first such debit Entry to be affected by such change, send the Receiver a written notice of the new Effective Entry Date(s) of such Entry or Entries;
- E. Client shall be bound by and comply with the Rules as in effect from time to time, including, without limitation, the treatment of a payment of an Entry by the Receiving Depository Financial Institution ("RDFI") to the Receiver as provisional until receipt by the RDFI of final settlement for such Entry;
- F. Client will not use the ACH Service to collect: (i) payments for goods or services sold by third parties; (ii) payments relating to adult entertainment, gambling services, or child pornography; (iii) obligations owing to third parties; or (iv) obligations related to cash advances by Client;
- G. Client hereby makes the same representations and warranties to Bank with respect to Entries sent by Bank to an ACH Operator upon the authorization of Client as Bank is deemed to make under the Rules, and Bank shall have no responsibility with respect to matters so represented and warranted by Client; and
- H. Except as previously disclosed in writing by Client to Bank: (i) Client is not a "money-services business" (as defined at 31 CFR 103.11(uu) or successor regulation) and is not subject to any state license requirements applicable to a money-services business, banks, broker-dealers or other financial institutions; and (ii) no Entry data is submitted by Client on behalf of, or as agent, service bureau or processor for another. By way of example, Client will not submit debit Entries that result from a sale of goods or services by a third party to the Receiver.

Client agrees to indemnify Bank against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

20. Retention. In addition to any retention obligations of Client under the Master Agreement and this Service Description, Client agrees to retain and make readily available to Bank on request all information necessary to remake any files of Entries for ten business days following the Settlement Date.

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

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

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

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