

**BAC COMMUNITY BANK
IN-OFFICE DEPOSIT SERVICE DESCRIPTION**

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Bank provides deposit services to Client. As part of such services, Bank offers, and Client has elected to utilize equipment, software, licenses and procedures which shall allow Client to create electronic images of paper checks Client receives in the course of its business, and to transmit those images to Bank, by electronic means. Upon receipt of such images, Bank is able to and shall accept the same as deposits, subject to the terms of the Deposit Account Agreement without the need (except in the case of a money service business) for physical delivery of the paper checks to Bank.

1. Definitions

The following capitalized terms shall have the ascribed meanings set forth for them within this Agreement.

- (a) “Affiliate” means any person or entity that is controlled by or controls Client, including, without limitation, Client’s direct and indirect parent Client and Client’s direct and indirect subsidiaries, any of Client’s shareholders, partners or other owners who, individually or collectively hold 20% or more of the ownership interests in Client, and any executive officer or manager of Client.
- (b) “ANSI” means American National Standards Institute.
- (c) “Check 21” means the laws and regulations established by or under the Check Clearing for the 21st Century Act, 12 USC § 5001 et seq., and all implementing and related regulations, such as Regulation CC.
- (d) “Electronically Created Item” means an electronic image that has all the attributes of an electronic check or electronically returned check but was created electronically and not derived from a paper check.
- (e) “Electronic Item” means a digitized image of an Item, including an Image Exchange Item, or other electronic data arising from an Item.
- (f) “Endorsement/Indorsement” means the payee’s signature and/or depository account information on the back of check indicating that the payee has received the check.

- (i) “Restrictive Endorsement/Indorsement” refers to the above endorsement/indorsement to further include the statement “For Remote Deposit at BAC Community Bank Only”.
- (g) “Endpoint” means any Federal Reserve Bank, Financial Institution, local clearing house, courier or other entity or location for the delivery of Items prior to their presentment to the Payor Financial Institution.
- (h) “Financial Institution” means (i) any person, located and engaged in the business of banking within the United States, (ii) a Federal Reserve Bank; (iii) a Federal Home Loan Bank; and (iv) to the extent it acts as a payor, the U.S. Treasury, the U.S. Postal Service or a state or local government.
- (i) “Chargeback” means an amount that is charged to Client’s account pursuant to Section 5 (g).
- (j) “Image Exchange Item” means a digitized image of an Item cleared and settled, or capable of being cleared and settled, by a collecting Financial Institution with another Financial Institution or the Payor Financial Institution without being Reconverted into a Substitute Check. An Image Exchange Item must be capable of being Reconverted into a Substitute Check; following such Reconversion, the Item would no longer be an Image Exchange Item.
- (k) “Image Exchange Network” means an entity other than a Financial Institution that acts as an intermediary between Financial Institutions in the processing of Image Exchange Items.
- (l) “Item” means a check or other draft that is payable on demand, drawn on or payable through or at an office of a Financial Institution, whether negotiable or not, and payable or endorsed to Client’s order. The term includes Original Checks, Substitute Checks and Image Exchange Items, but does not include:
 - (i) Noncash Items;
 - (ii) Savings bonds, food coupons or stamps;
 - (iii) Government or corporate warrants;
 - (iv) Photocopies or other copies of checks or drafts that would otherwise be an Item but for this exclusion;
 - (v) Checks or other drafts payable in a medium other than United States money; or
 - (vi) Checks or other drafts not drawn on or payable through a Financial Institution.
- (m) “Licensor” means a party from which Bank has obtained a license or other authorization to use Software, including without limitation a license or other authorization to permit Client to use the Software.
- (n) “Noncash Item” means an Item that would otherwise be an Item, except that:
 - (i) A passbook, certificate or other document is attached;
 - (ii) It is accompanied by special instructions, such as a request for special advice of payment or dishonor;
 - (iii) It consists of more than a single thickness of paper; the Item nevertheless is capable of being handled by Bank’s automated check processing equipment; or
 - (iv) It has not been preprinted or post-encoded in magnetic ink with the routing number of the Payor Financial Institution.
- (o) “Original Check” means the first paper Item issued with respect to a particular payment transaction.
- (p) “Payor Financial Institution” means the Financial Institution ordered in an Item to make payment to, or as otherwise directed by, the payee(s) named on the Item.

- (q) “Product” means collectively the procedures, protocols and Software used by Bank and its Licensors and contractors in connection with the electronic processing of Items to enable:
 - (i) The processing of Items as Image Exchange Items through Image Exchange Networks or through creation of Substitute Checks, and
 - (ii) Forwarding of such Items to established Endpoints for ultimate presentment of the same to the Payor Financial Institution.
- (r) “Reconversion” or “Reconverted” shall have the meanings attributable to such terms by Regulation CC.
- (s) “Regulation CC” means 12 CFR, Part 229, as it may be amended from time to time.
- (t) “Substitute Check” has the meaning ascribed to that term in Regulation CC, § 229.2.
- (u) “Third Party Check” means a check or other draft written in favor of a party other than Client, which instrument is thereafter negotiated to Client.
- (v) “UCC” means the Uniform Commercial Code as enacted and amended from time-to-time by the State of California.

2. Product

Bank shall provide to Client Product described in this Service Description and in the Supporting Documents to enable Client to transmit and clear Items through the check collection system as Substitute Checks or Image Exchange Items.

3. Implementation

Client shall capture digitized images of Items using the Software and equipment provided by or through Bank and Bank shall accept and process such Items subject to the terms herein.

4. Client’s Responsibilities

In connection with Product, Client shall:

- (a) Be responsible for purchasing an approved scanner (equipment) compatible with Bank’s Product. Client shall be solely responsible for the operation, maintenance, and accuracy of such equipment.
- (b) Agree that Bank representative(s) may physically visit the site of the Client to review agreed upon security policies and procedures prior to installing the Product and to perform periodic site audits, as prearranged and is mutually convenient for both Client and Bank.
- (c) Be responsible for training its own employees in the use of the Product.
- (d) Before scanning an Item, place a legible restrictive endorsement thereon.
- (e) Create images of Items at Client’s location by use of the Software and hardware provided by or through Bank. Client shall correctly enter all amounts and any other required information.
- (f) Transmit Electronic Items to Bank or to Bank’s authorized processor, which transmission shall be conducted over the Internet through a web-based interface. When received by Bank or its processor, such Electronic Items shall be processed for deposit, as Image Exchange Items or Substitute Checks, into the account designated by Client in its transmission.
- (g) Not submit to Bank for processing under this Service Description any Item that does not meet the ANSI standards for image quality required by Regulation CC or such other standards as may be established by Bank. Bank’s intentional or inadvertent processing of any transactions described in this paragraph 4.g shall not constitute a waiver by Bank or obligate it to process such

transactions in the future, whether or not advance notice regarding Client's previous breach of this restriction is given to Client.

- (h) Not scan or transmit to Bank pursuant to this Agreement:
 - (i) Any Item consisting of a Substitute Check;
 - (ii) Any check or draft not consisting of an Item;
 - (iii) Third Party Checks unless authorized in writing by Bank;
 - (iv) Checks or other drafts drawn on another deposit account maintained by Client or by an Affiliate, whether the other account is maintained at Bank or at another Financial Institution unless authorized in writing by Bank; or
 - (v) Any Electronically Created Items.

Rather, such Items must be physically deposited with the Bank.

- (i) Ensure that Items are restrictively endorsed or otherwise processed to permit only Financial Institutions to acquire rights of a holder-in-due-course in the collection process of Items.
- (j) Handle, process, maintain and destroy Original Checks and Electronic Items as set forth in the Supporting Documents.
- (k) Ensure that no Item is processed under this Service Description more than once, and that no Item successfully processed under this Service Description is physically tendered in paper form in an effort to achieve collection thereof.
- (l) Use the Product, including the entering, processing and transmittal of Items, in accordance with the Documentation.
- (m) Retain each Original Check in accordance with the Documentation. If not otherwise directed by Bank, Client shall store Original Checks in a safe and secure environment for such time as Client deems necessary and advisable, but not for a period shorter than seventy five (75) days after such Item has been digitized and processed. Client shall use a commercially reasonable method to destroy Items after Client's retention period has expired.
- (n) As requested by Bank to aid in the clearing and collection process, to resolve claims by third parties with respect to any Item or as Bank otherwise deems necessary, promptly (but in any event within three (3) Business Days) provide to Bank any retained Original Check (or, if the Original Check is no longer in existence, a legible and complete copy of the front and back of the Item).
- (o) Maintain fully qualified, properly trained and experienced administrative staff and employees sufficient to perform its obligations under this Service Description.
- (p) Not use any software, other than the Software, to perform the functions the Software is capable of performing.
- (q) Maintain any software, other than the Software, necessary to the implementation (e.g., Internet browser, Windows operating system, etc.) not provided by or through Bank, except as the parties may otherwise agree in writing, and meet all technical specifications required by Bank.
- (r) Complete any audit assessment requested by Bank within the time requested by Bank.

5. Bank Rights and Responsibilities

- (a) Following their transmission and confirmation by Bank or its processor that the Item appears to conform to the requirements of this Service Description and the Deposit Account Agreement,

Bank shall provisionally credit the Item to Client's designated deposit account, subject to Bank's further verification, inspection and final collection of the Item.

- (b) At Bank's sole discretion, Electronic Items created by Client pursuant to this Service Description shall be forwarded for ultimate presentment to the Payor Financial Institution (i) after Reconversion into Substitute Checks, or (ii) as Image Exchange Items to be processed through Image Exchange Networks. All such processing and presentment shall be done in accordance with timeframes and deadlines agreed to by the parties, including but not limited to those specified in paragraph 9.a, below.
- (c) Unless otherwise agreed by Client and Bank, Bank shall process any returned Items in accordance with applicable law and the Deposit Account Agreement. If Client desires special return processing, Client shall provide information as required by Bank to describe such special processing, which shall remain subject to approval by Bank.
- (d) Availability of credit from Items processed under this Service Description shall be subject to the availability schedule of Bank, which may be amended without notice.
- (e) Bank may at its sole option, with or without cause, at any time and from time to time, refuse to process Items. Bank may from time to time establish exposure limitations and assign them to Client. Without limitation, Bank may limit or refuse Items that would cause Client to exceed these exposure limitations.
- (f) In addition to any other rights Bank may have, Bank may hold and use funds in any account maintained by Client with Bank following termination of this Service Description for such time as Bank reasonably determines that any Item processed by Bank prior to termination could be returned, charged back or otherwise a cause for any loss, liability, cost, exposure or other action for which Bank may be responsible under Check 21.
- (g) Bank shall have the right to charge Client's account for any Item that, for any reason, is not finally paid by the Payor Financial Institution or is otherwise returned for any reason, in the same manner, and subject to the payment of the same fees, as would be applicable had the Item been physically deposited by Client outside of the parameters of this Service Description. Bank's right to charge the account of Client shall apply without regard to whether the Item or corresponding Electronic Item is timely returned to Bank or whether there is any other claim or defense that the Item or Electronic Item has been improperly returned to Bank.
- (h) Bank shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission, or communication facilities, equipment failure, war, emergency conditions, pandemic, epidemic, viral outbreak, terrorism, or other circumstances beyond Bank's control. In the event of any of the foregoing failure or delays, Client acknowledges that it may instead deposit directly with Bank any Original Items for processing and presentment. In addition, Bank shall be excused from failing to transmit or delay in transmitting an Item if such transmittal would result in Bank's having exceeded any limitation upon its intraday net funds position established pursuant to Federal Reserve guidelines or if Bank's otherwise violating any provision of any risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

6. Compliance with Laws, Regulations and Rules

- (a) Client shall comply with all laws, rules and regulations applicable to Client, its business and operations and to the Product, including, without limitation, Regulation CC, the Uniform

Commercial Code and any rules established by an Image Exchange Network through which Image Exchange Items are processed pursuant to this Service Description.

Client shall fulfill all compliance requirements and obligations applicable to Bank or Client with respect to the Product under all applicable federal and state laws, regulations, rulings and other requirements relating to anti-money laundering, including, but not limited to, the Bank Secrecy Act, the USA PATRIOT Act and any regulations of the U.S. Treasury Department to implement such Acts, as well as any regulations of the Office of Foreign Assets Control of the U.S. Treasury Department, as any of the same may be amended from time to time.

7. Software

- (a) Bank shall provide to Client, and Client shall use, the Software in accordance with the Supporting Documentation and any applicable materials relating to the Supporting Documentation or Software. Bank may, from time to time, change the Software required for this purpose, upon thirty (30) days advance notice to Client.
- (b) Client shall use the Software solely for the purpose of transmitting Items to Bank or its processor consistent with this Service Description and not for communications with any other party. Client shall not allow access to the Software or the use of the Product by any person other than Client, and shall not process Items except Items arising from a transaction or obligation between Client and its direct payor.
- (c) Client shall promptly return to Bank all copies of the Software and Supporting Documentation, including materials related to the Supporting Documentation or Software upon termination of this Service Description.

8. Reserve and Collateral

- (a) Bank may from time to time establish minimum amounts to be funded by Client as reserve amounts to protect Bank against losses that may result from Chargebacks. Bank shall provide notice to Client of any reserve requirement, and Client shall immediately fund the reserve amount with good funds. Bank may withhold and use any amounts due to Client to maintain any reserve amounts at levels specified by Bank.
- (b) To secure all obligations of Client to Bank arising from this Service Description, Client grants to Bank a security interest in all accounts of Client at Bank, all funds in those accounts, any reserve accounts or funds therein, all Items and, if Client processes Automated Clearing House entries through Bank, all such entries (including any funds in process of settlement), whether now or hereafter established by or for the benefit of Client at Bank, and all proceeds of the foregoing. Bank's security interest shall survive after termination of this Service Description. This security interest is supplemental to and not in lieu of any security interest granted by Client to Bank under any other agreement.

9. Processing

- (a) The deposit cut-off time is 5:00pm Pacific Time each Business Day. Transmissions received by Bank after cut-off time on a Business Day, or on any day that is not a Business Day, shall be treated as occurring on the next Business Day.
- (b) Items shall be processed and ready for collection through the check collection system after Bank receives good digitized images and associated data for such Items through any given transmission

from Client. Bank shall use commercially reasonable efforts to enter such Items or corresponding Electronic Items into the check collection system for forwarding and presentment to the applicable Endpoint within a reasonable period of time following such receipt.

- (c) If a digitized image is incomplete, is illegible or is otherwise not useable by Bank, the image may not be processed by Bank, in which case Client's deposit shall be adjusted, accordingly. Client may then:
- (i) Reprocess the Original Check;
 - (ii) Physically deposit the Original Check outside of the purview of this Service Description;
or
 - (iii) Contact the drawer of the Item to obtain a replacement Item.

Client understands and agrees that Bank shall have no responsibility or liability to Client if Client is unable to reprocess the Original Check in a manner that will permit Bank to accept the Item pursuant to this Service Description, if Client no longer possesses the Original Check or if the drawer of the item is unwilling or unable to replace it.

- (d) It is Client's responsibility to understand and build into its transmission schedules the appropriate deadlines necessary to meet the availability schedules of Bank.
- (e) Client is further responsible for understanding and building into its transmission schedule the changes in transmission windows required by time changes associated with conversion to or from Daylight Savings Time.

10. Client Representations and Warranties

Client makes the following representations and warranties:

- (a) With respect to each Item processed by Client pursuant to this Agreement;
- (i) The Electronic Item is a digitized image of the front and back of the Item and accurately and legibly represents all of the information on the front and back of the Item as of the time Client converted the Item to an Electronic Item;
 - (ii) The Electronic Item reflects all endorsements applied by parties that previously handled the Item in any form for forward collection or return;
 - (iii) Client understands that:
 - 1. The same UCC and Check 21 warranties that are made by Bank to collecting Financial Institutions and to the Payor Financial Institution when Bank undertakes collection or processes the return of Original Checks originally deposited by Client in paper form are also made to the same parties by Bank when it undertakes collection or processes the return of Items deposited by Client pursuant to this Service Description. Client makes those same warranties to all collecting Financial Institutions (including Bank) and to the Payor Financial Institution (which, in some instances, may be Bank) even if such warranties are not provided by the UCC or Check 21;
 - 2. In addition to the warranties made by Bank as stated in Section 10 (a)(iii)1, when it undertakes collection or processes the return of an Item deposited by Client pursuant to this Service Description, Check 21 requires that Bank also warrant that no Financial Institution (including the Payor Financial Institution and all collecting Financial Institutions), the drawer of the Item or any endorser will receive presentment or return of, or otherwise be charged for, the Item such that

the person will be asked to make a payment based upon an Item that it has already paid. In this respect, should Bank or another Financial Institution subsequently handling the Item be claimed or deemed to have breached a Check 21 warranty traceable to a failure of Client to fully comply with its responsibilities under this Service Description, Client shall be deemed to have warranted to Bank or the other Financial Institution against such failure; and

3. In addition to the warranties made by Bank as stated in Sections 10 (a)(iii)1 and 10 (a)(iii)2, when it undertakes collection or processes the return of an Item deposited by Client pursuant to this Service Description, Bank may be required by an Image Exchange Network handling the Item to make additional warranties in connection with the Item. Client makes those same warranties to all collecting Financial Institutions (including Bank) and to the Payor Financial Institution (which, in some instances, may be Bank) even if such warranties are not provided by the UCC or Check 21;
4. By scanning an item for In-Office Deposit, Client guarantees that the item has not already been deposited and will not subsequently be deposited at another Financial Institution and Client assumes all liability for items remotely deposited into Client's account.

- (b) Bank will not violate any of the warranties described in Section 10 (a)(iii) by processing collecting, or processing and forwarding the return, of any Item pursuant to this Service Description, except that this warranty will not cover breaches by Bank of any warranty if such breach is directly attributable to Bank's own acts or omissions.
- (c) All encoding, transfer, presentment and other standard warranties made under applicable law, including without limitation those under the UCC, Regulation CC, and the rules of any Image Exchange Network.
- (d) There shall be no duplicate deposit of an Item, nor shall any Item processed pursuant to this Service Description be again presented to the Payor Financial Institution pursuant to this Service Description or in any other manner.
- (e) Unless Bank gives Client its expressly and written agreement to the contrary, the Item was not received by Client in connection with any business that would result in Client being or becoming a "money service business" as defined in the Federal Bank Secrecy Act and its implementing regulations, and Client is not now engaged, and shall not during the term of this Service Description engage, in such a business.
- (f) Unless Bank gives Client its expressly and written agreement to the contrary, the Item was not received by Client in connection with any business that would result in Client being or becoming a "cannabis related business" as defined in the laws and regulations, and Client is not now engaged, and shall not during the term of this Service Description engage, in such a business.

11. Term and Termination

- (a) The term of this Service Description shall be one year from when Product is made available for use by Client. Unless written notice of non-renewal is provided by either party at least 30 days prior to expiration of the initial term or any renewal term, the Service Description shall automatically renew for additional term of one year.

- (b) Upon termination, Bank may terminate Client's access to the Product, and Client shall terminate its use of the Product, except to the extent necessary to process and collect Electronic Items that were in process prior to the termination.

Within the thirty (30) day period following termination of this Service Description, Client shall, at its expense, return to Bank the Software, the scanning equipment provided by Bank and the Documentation and any materials relating to the Documentation in its possession or under its control, destroy all copies of the Documentation and materials relating to the Documentation that cannot be returned and certify in writing to Bank that all such copies have been returned or destroyed.

12. Client Indemnification

Client shall indemnify and hold harmless Bank, its Licensors and providers of the Product, and their respective directors, officers, shareholders, employees and agents, against any and all third party suits, proceedings, claims, demands, causes of action, damages, expenses (including reasonable attorneys' fees and other legal expenses), liabilities and other losses that result from or arise out of:

- (a) The wrongful acts or omissions of Client, or any person acting on Client's behalf in connection with Client's use of the Product or processing of Items under this Service Description, including without limitation:
- (i) The breach by Client of any provision, representation or warranty of this Service Description;
 - (ii) The negligence or willful misconduct (whether by act or omission) of Client or its Companies or any third party on behalf of Client;
 - (iii) Any misuse of the Product by Client, or any third party within the control or on behalf of Client;
 - (iv) The failure by Client to comply with applicable state and federal laws and regulations; or
 - (v) Any fine, penalty or sanction imposed on Bank by any governmental entity, arising out of or connected with any Item processed by Bank for Client or at Client's instruction;
- (b) Any act or omission of Bank that is in accordance with this Service Description or instructions from Client;
- (c) Actions by third parties, such as the introduction of a virus that delay, alter or corrupt the transmission of an Electronic Item to Bank;
- (d) Any loss or corruption of data in transit from Client to Bank;
- (e) Any claim by any recipient of a Substitute Check corresponding to an Item processed by Client under this Service Description, that such recipient incurred loss due to the receipt of the Substitute Check instead of the Original Check; or
- (f) Any claims, loss or damage resulting from Client's breach of, or failure to perform in accordance with, the terms of this Service Description.

13. Bank's Liability

- (a) Bank shall not be liable to Client for any of the following:
- (i) Any refusal of a Payor Financial Institution to pay an Item for any reason (other than the breach of contract, gross negligence or willful misconduct of Bank), including without limitation, that the Item was allegedly unauthorized, was a counterfeit, had been altered or had a forged signature;

- (b) Bank's liability for errors or omissions with respect to the data transmitted or printed by Bank in connection with this Service Description shall be limited to correcting the errors or omissions. Correction shall be limited to reprocessing, reprinting and/or representing the Electronic Items or Substitute Checks to the Payor Financial Institution through the check collection system.