



THIS ACH BLOCK & FILTER SERVICE APPENDIX (hereinafter, this "**Appendix**") is made by and between ANDROSCOGGIN BANK ("Bank") and the above-named customer (the "Customer") and is incorporated by reference into the parties' Business & Government Services Master Agreement (hereinafter, the "**Master Agreement**"). This Appendix governs the ACH Block & Filter Service (the "Service") made available by the Bank to Customer. The Service must be used in conjunction with Bank's Business Online Banking Service, and this Appendix shall be construed consistently with the terms applicable to the Business Online Banking Service. All capitalized terms used herein without definition shall have the meanings given to them in the Master Agreement or the *NACHA Rules* (as defined below). Except as otherwise expressly provided in this Appendix, to the extent that this Appendix is inconsistent with the provisions of the Master Agreement or the terms and conditions of the Business Online Banking Service (including the Account Agreement, as defined in the Master Agreement), this Appendix and any amendment hereto from time to time shall control, but only to the extent necessary to resolve such conflict. This Appendix shall be effective when signed by both parties, and such date shall be as reflected above.

TERMS AND CONDITIONS

1. Definitions.

"*Authorized Account*" means the Account(s) of Customer maintained at the Bank to which the ACH Block & Filter services rendered by the Bank will apply.

"*Exception Entry*" means an ACH Entry that is blocked or filtered as provided in Account Setup Form.

"*Exception Entry Report*" means a record describing any Exception Entry(ies) provided by Bank to Customer under this Appendix. Exception Entry Reports are generally made available to Customer via the Bank's electronic transmittal service by 8:00 AM each Business Day.

"*NACHA Rules*" means the National Automated Clearing House Association's ("*NACHA*") *Operating Rules* and *Operating Guidelines*, which govern the ACH system, and the terms of which shall apply to the Service, including all applicable defined terms.

"*Pay Decision*" means the instructions of Customer to the Bank requesting the Bank to pay/post an Exception Item.

"*Pre-established Deadline*" means that each Pay Decision or Return Decision received by the Bank from Customer must be submitted by Customer via the Bank's electronic transmittal service by 10:30 AM (ET) on any Business Day the Bank provides any Exception Entry(ies) as identified within an Exception Entry Report.

"*Return Decision*" means the instructions of Customer to the Bank instructing the Bank not to pay/post an Exception Item.

"*Return Default Disposition*" means the automatic default disposition of all ACH Entries that do not meet Customer's ACH filter instructions, whereby all such ACH Entries are scheduled to be returned to the Originator of the ACH Entry.

2. Service.

2.1 The Service described in this Appendix allows Customer to elect how the Bank will handle incoming Automated Clearing House ("ACH") Debit and/or Credit Entries presented to Customer's Authorized Account(s). Customer may (a) choose to "block" all incoming ACH Debit and/or Credit Entries presented to Customer's Authorized Account(s), or (b) choose to "filter" all incoming ACH Debit and/or Credit Entries and provide instructions to the Bank instructing the Bank to pay or not pay each such Entry. Customer may provide its block or filter instructions to Bank by completing Account Setup Form, or as otherwise required by the Bank from time to time.

2.2 Customer acknowledges that the Service has been identified by the Bank as a service that can reduce the risk of fraudulent ACH Entries being posted against Customer's Authorized Account(s) when such Service is adopted and properly utilized by Customer. By conforming to the terms and conditions of this Appendix, Customer acknowledges and agrees that it may significantly reduce the chance that fraudulent ACH Entries will post to Customer's Account(s) by electronically matching incoming ACH transactions to Customer's block or filter instructions.

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| Bank Use Only | |
| By: _____ | Misc. Information: _____ |
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3. Customer Elections.

3.1 **Block Election:** If Customer checks the box(es) in Account Setup Form to block incoming ACH Debit Entries and/or Credit Entries presented to Customer's Authorized Account(s), or if Customer submits equivalent instructions to Bank as otherwise required by the Bank from time to time, Customer thereby instructs the Bank to block **all** incoming ACH Debit Entries and/or Credit Entries presented to such Authorized Account(s). All such incoming ACH Debit Entries and/or Credit Entries will be automatically returned to the Originator without further action by Customer.

3.2 **Filter Election:** If Customer elects the ACH filter feature in Account Setup Form, Customer thereby instructs the Bank to filter all incoming ACH Debit Entries and/or Credit Entries presented to Customer's Authorized Account(s) to Customer, in accordance with Customer's filter election, for Customer's review as Exception Entries. On each Business Day, the Bank will provide to Customer, through the Business Online Banking Service, a listing of all Exception Entries that are otherwise scheduled for Return Default Disposition. Customer must monitor, review and issue a Pay Decision or Return Decision on each Exception Entry reported through the Business Online Banking Service by the pre-established deadline set forth in Account Setup Form.

3.3 **Whitelist Election:** Upon review of any Exception Entry, Customer may utilize the "whitelist" feature that is available online via the Service to change its existing filter election as reflected in Account Setup Form to expressly permit or "whitelist" any future incoming ACH Entry by establishing certain rules. Customer may identify any Exception Entry to be "whitelisted" based on various rules, such as by Company ID, by Standard Entry Class ("SEC") Code, by ACH Entry type (i.e., Debit Entries, Credit Entries, or both), or by establishing a maximum ACH Entry amount. Such changes shall become effective on the next Business Day following the day on which the changes were made by Customer. Once "whitelisted," all subsequent incoming ACH Debit Entries and/or Credit Entries, as applicable based on Customer's online election, that match Customer's rule(s) will be automatically paid/posted as presented to the Bank. In the event Customer submits a "whitelist" change or addition that is incomplete, contains an error or that cannot otherwise be processed by the Bank, the Bank will use commercially reasonable efforts to notify Customer on the next Business Day that the associated "whitelist" change or addition has been rejected. Until such time as Customer reviews and corrects it, the Bank will not be responsible for complying with the rejected "whitelist" change or addition, and all incoming ACH Entries associated with the specified Originator(s) will be processed by the Bank in accordance with Customer's current filter election as reflected in Account Setup Form.

4. **Payment and Dishonor of Exception Entries with Filter Election.** The following will apply if Customer elects the ACH filter feature in Account Setup Form.

4.1 Customer may choose to confirm the Return Default Disposition of individual Exception Entries presented via the Service by providing a Return Decision to the Bank by the Pre-established Deadline, in which case such Exception Entries will be automatically returned to the Originator.

4.2 Customer may choose to override the Return Default Disposition of individual Exception Entries presented via the Service by providing a Pay Decision to the Bank by the Pre-established Deadline, in which case such Exception Entries will be paid/posted to Customer's Authorized Account(s).

4.3 Customer may choose not to or may otherwise fail to review and provide a Pay Decision or a Return Decision for any Exception Entries by the Pre-established Deadline, in which case the Return Default Disposition will apply and all such Exception Entries will be automatically returned to the Originator.

4.4 The Bank will, in accordance with Customer's enrollment, send a notification or alert to Customer via the Business Online Banking Service. The notification or alert will be available when Customer logs into the Business Online Banking Service. The notification or alert will either indicate that an Exception Entry Report has been presented for Customer's review or that there is no Exception Entry Report for review on that Business Day. The Bank will also, in accordance with Customer's instructions in the User Role Setup Form send an email notification to Customer that indicates either that an Exception Entry Report has been presented for Customer's review, or that there is no Exception Entry Report for review on that Business Day.

5. Customer and Bank Communications.

5.1 This Appendix and any instructions submitted by Customer via and in compliance with the requirements of the Business Online Banking Service are Bank's record of Customer's ACH block and/or ACH filter request and represents Bank's understanding of Customer's request. If the information that Customer has provided in Account Setup Form or User Role Setup Form, or via and in compliance with the requirements of the Business Online Banking Service, is incorrect in any category, Customer must advise the Bank immediately, as the Bank is NOT responsible for blocking or filtering ACH transactions unless they are accurately described in this Appendix or via and in compliance with the requirements of the Business Online Banking Service.

5.2 Customer shall use the Service's module of the Business Online Banking Service to report all Pay Decisions or Return Decisions. The Bank shall not be obligated to comply with any Pay Decision or Return Decision received in a format or medium, after a Pre-established Deadline, or at a place not permitted under this Appendix or the Services Setup Form(s), and may instead treat any such Pay Decision as a Return Decision or otherwise apply the Return Default Disposition to such Pay Decision.

5.3 The Bank is not responsible for detecting any Customer error contained in any ACH Entries presented, decided, returned or processed, or in any Pay Decision or Return Decision by Customer.

5.4 In the event that the Bank is unable to provide Customer with a listing of Exception Entries through the Business Online Banking Service for Customer's Pay Decision or Return Decision as described in this Appendix, the Return Default Disposition shall apply.

5.5 Customer's ACH block or filter instruction(s) will be accepted subject to the condition that ACH transactions have not already been posted or are not otherwise in the process of posting, and that Bank will have a reasonable opportunity to act on Customer's request before any such processing.

5.6 The Bank shall have a reasonable time after receipt of Customer's request to implement this Appendix and shall not assume responsibility for stopping ACH transactions that have already been posted to Customer's Account(s).

6. Remedies.

6.1 Bank Liability. To the extent permitted by applicable law, the liability of the Bank under this Appendix shall in all cases be subject to the provisions of the parties' Master Agreement, including, without limitation, any provisions thereof that exclude or limit warranties made by, damages payable by or remedies available from the Bank.

6.2 Wrongful Payment/Posting. It shall constitute wrongful payment/posting by the Bank if the Bank pays/posts an Exception Entry that is subject to Customer's block instruction, or that is subject to Customer's filter instruction and for which Customer has provided a Return Decision by the Pre-established Deadline set forth within the Service. In the event that there is wrongful payment/posting, the Bank shall be liable to Customer for the lesser of the amount of the wrongfully paid/posted Exception Entry or Customer's actual damages resulting from the Bank's posting of the Exception Entry, subject to the terms of the parties' Master Agreement.

6.3 Rightful Payment and Return.

6.3.1 If the Bank honors an Exception Entry in accordance with a Pay Decision by Customer as described above, such payment/posting shall be rightful, and Customer waives any right it may have to assert otherwise.

6.3.2 If the Bank returns an Exception Entry in accordance with a Return Decision by Customer as described above, or otherwise pursuant to a Return Default Disposition as described in this Appendix, the return shall be rightful, and Customer waives any right it may have to assert otherwise.

6.3.3 Customer agrees that the Bank exercises ordinary care whenever it rightfully pays/posts or returns an Exception Entry consistent with the provisions of this Appendix.

7. Other Terms of the Service.

7.1 Customer acknowledges that the Service does not preclude the Bank's standard ACH processing procedures, which may cause an ACH Entry to be dishonored even if Customer's instructions do not otherwise require the Bank to return such ACH Entry.

7.2 Customer acknowledges that the Service does not apply to transactions between Customer and the Bank, including any Bank affiliates and subsidiaries, such as loan or credit card payments ("Bank-Related Entries"). The Bank is permitted to pay Bank-Related Entries whether or not Customer has included these in Customer's ACH block or filter elections as reflected in this Appendix and until such time as Customer's election with respect to the underlying Bank-Related Entries is revoked or otherwise terminated.

7.3 Customer acknowledges that the Service is intended to be used to identify and return ACH Entries which Customer suspects in good faith are fraudulent or otherwise unwarranted. The Service is NOT intended to be a substitute for authorization instructions or to delay Customer's decision on ACH Entries, including but not limited to stop payment orders on ACH Entries, which are not suspected in good faith to be unauthorized. If the Bank suspects or deems, in the Bank's sole discretion, that Customer is using the Service contrary to those intentions, the Bank may require Customer to provide evidence that ACH Entries that the Bank returns pursuant to Customer's instructions were in fact unauthorized. In addition, the Bank may hold Customer liable for losses that the Bank sustains on ACH Entries which the Bank is requested to return under the Service and which Customer does not reasonably establish as unauthorized ACH Entries, including as under the *NACHA Rules*.

8. Customer Liability.

Utilizing ACH Block & Filter on all Accounts is part of the Bank's Security Procedures. If Customer declines to enroll all Accounts, at fees set forth in the Bank's Fee Schedule, Customer accepts any and all liability for fraudulent transfers made that may have been prevented had Customer enrolled said Account(s) in the Service.

9. Account Agreement; Service Fees.

9.1 The Bank and Customer agree that the Service and any Authorized Account established by Customer in connection with the Service shall also be governed by the Account Agreement, including one or more Fee Schedules issued by Bank for the Authorized Account, and the terms of the Account Agreement are incorporated herein by reference. If there is any conflict between the terms and provisions of this Appendix or the Master Agreement and the Account Agreement, the terms and provisions of this Appendix and the Master Agreement shall govern, but only to the extent reasonably necessary to resolve such conflict. Customer agrees to compensate the Bank for the Service in accordance with the applicable Fee Schedule or written agreements between the Bank and Customer in effect from time to time that apply to the Service.

9.2 Customer authorizes the Bank to charge Customer's Primary Account for all applicable charges and fees to the extent that such charges and fees are not offset by earnings credits or other allowances for Customer's Account(s). Customer also agrees to pay all sales, use or other taxes (other than taxes based upon the Bank's net income) that may be applicable to the Service.

9.3 The Bank may amend fees associated with the Service and Account(s) in aggregate or individually, at any time. The Bank will give notice to Customer of such changes in accordance with applicable law or as otherwise described in the Master Agreement or Account Agreement.

10. Indemnification. In addition to the terms of the Master Agreement, and except as otherwise expressly prohibited or limited by law, Customer agrees to indemnify and hold the Bank harmless from any and all claims, liabilities, losses, damages, costs and expenses (including its reasonable attorneys' fees) that the Bank may incur or that may be asserted by any person or entity against the Bank, in accordance with the terms of the Account Agreement, and that may be incurred by the Bank relating to or arising out of its refusing or accepting payment of ACH debits in accordance with Customer's instructions, including, without limitation, any claim that the return of any blocked ACH is improper as against the ACH Originator or its Originating Depository Financial Institution.

11. Term and Termination.

11.1 This Appendix shall be effective when (i) signed by an Authorized Representative of Customer and accepted by the Bank, and (ii) Customer delivers to the Bank all documents and information reasonably required by Bank prior to commencing providing the Service.

11.2 Except as otherwise expressly set forth herein, in the Master Agreement or in the Account Agreement, this Appendix shall continue in effect until terminated by either party on five (5) days' prior written notice. Notice for Customer must be provided by an authorized representative of Customer. Termination will occur automatically upon the closure of the Account(s).

11.3 Any termination of this Appendix, whether initiated by Customer or the Bank, will not affect any of Customer's or the Bank's rights and obligations under this Appendix which have arisen before the effective date of termination of this Appendix. In addition, the provisions of this Appendix relating to Customer's and the Bank's liability, Customer's indemnification of the Bank, and the disclaimer of warranties shall survive the termination of this Appendix.

12. Effectiveness. Customer agrees to all the terms and conditions of this Appendix. The liability of the Bank under this Appendix shall in all cases be subject to the provisions of the Master Agreement, including, without limitation, any provisions thereof that exclude or limit warranties made by, damages payable by or remedies available from the Bank. This Appendix replaces and supersedes all prior agreements on file with respect to the Service and shall remain in full force and effect until termination or such time as a different or amended Appendix is accepted in writing by the Bank or the Master Agreement is terminated.