

Automated Funds Transfer Services (AFT)

General. The Automated Funds Transfer Services (“AFT,” the “Service(s)”) are intended to provide PNC Canada Branch customers with the ability to transfer funds among its Accounts as well as the ability to transfer funds to specified Payees or debit funds from authorized Payors. AFT Services available include:

1. AFT Direct Deposits Service. This Service provides the capability to send credit transactions from your Accounts on a scheduled basis to specified Payees to fulfill payment obligations.
2. AFT Pre-Authorized Debit Payment Service. This Service provides the capability to debit funds from authorized Payors on a scheduled basis to fulfill payment obligations owed to you.

Definitions. Capitalized terms not otherwise defined herein shall have the same meaning as ascribed to the rules of Payments Canada. Additional Definitions applicable to our AFT Services:

- “ACSS” means an Automated Clearing Settlement System through which banks transfer funds electronically in Canada, including the relevant rules and standards that the CPA prescribes.
- “CPA” means Canadian Payment Association, which operates under the brand name of Payments Canada.
- “Direct Deposit” means an AFT credit transaction for the deposit of money to the deposit account of a Payee.
- “Due Date” means the Banking Day you specify on which the Payee or Payor account is to be credited or debited.
- “Pre-Authorized Debit” means an AFT transaction for the pre-authorized debit (“PAD”) of money issued by a Payee that is drawn on an account of a Payor.
- “Processing Member” means a Member that holds the account of a Payor in an AFT Debit transaction.
- “Member” means Members of Payments Canada, including but not limited to the Bank of Canada, domestic banks and authorized foreign banks.
- “Notice of Change” means a non-financial transaction informing Payment Originators of changes to payment routing information.
- “On-Us Transaction” means a Direct Deposit or PAD to or from an account of a Payee or Payor at PNC.
- “Settlement Date” means the date on which the ACSS transfers funds between the originating and receiving financial institution.
- “Sponsoring Member” means a Member that holds the account of the Payee to be credited with a PAD.

AFT Origination Transactions. You may originate Direct Deposits or Pre-Authorized Debits (collectively, the “Transactions” or individually, the “Transaction”) which conform to the format requirements of PNC and CPA Rules, and which are received by us within the deadlines stated in the Supporting Documentation for your chosen method of origination (e.g., Integrated Payables, PINACLE®). We will process and transmit your Transactions (other than On-Us Transactions) through the ACSS.

The Documentation that we will provide to you at implementation, prior to your using this Service, may identify restrictions on the types of Transactions that you may originate. Failure to comply with any noted restrictions

will result in the rejection of restricted Transactions or the suspension or termination of your ability to utilize AFT Services.

A file transmitted to us electronically is considered to have been received by us when we have received the entire file and authenticated it according to the agreed upon Security Procedures. If we receive a file from you after the applicable deadline, we will use reasonable efforts to process that file so that settlement can be completed as scheduled. However, we will not be liable to you or to any third party if settlement is not met. We will provide you with a list of days on which we do not process files and changes to the list as they occur. If a Transaction is returned to us through the ACSS, we will debit or credit your Account accordingly, and we will notify you no later than the next Banking Day after we have credited or debited your Account. Unless we otherwise agree to do so in writing (and not inferred or by implication), we will have no obligation to retransmit a returned Transaction unless the reason for the return was an error by us. Except in cases of such error, you must retransmit the Transaction to us.

Settlement for Transactions. You agree to maintain with us one or more designated Accounts during the term of this Service for settlement purposes. Upon termination of this Service, you agree to keep available balances in the Accounts in such amount, and for such period of time, and to provide such security as we reasonably determine is necessary, to cover the potential return or reversal of Transactions you have originated through us.

Direct Deposit Transactions. We will charge your Account on the Settlement Date for the total amount of your Direct Deposit Transactions. You agree to have on deposit in the Account on the Settlement Date sufficient available funds to cover the total amount of your Direct Deposit Transactions.

Pre-authorized Debit (PAD) Transactions. We will credit your Account on the Settlement Date for funds we receive in settlement for your PAD Transactions. These funds will be available to you on Settlement Date; however, if any PAD Transactions are returned to us in accordance with the CPA Rules, or if any PAD Transactions originated by you were unauthorized, we reserve the right to charge the amount of such PAD Transactions (plus any fees that the CPA Rules require us to pay for such PAD Transactions originated by you that were unauthorized) to the Account or to set off against your other account(s) or property in our possession, in addition to such other rights as we may have at law or in equity.

On-Us Transactions. If you send an On-Us Transaction electronically, it will be processed internally, rather than through ACSS.

Compliance. To the extent applicable, Services provided hereunder shall be governed by CPA rules and regulations, including CPA Rule F1 and H1 ("CPA Rules"), and you agree to be bound by all such CPA Rules. You agree to indemnify us for any and all losses incurred as a result of your non-compliance with any CPA Rule.

The undernoted link is to the CPA's website, where you may find additional information regarding the CPA Rule F1 and H1: <https://www.payments.ca/>

AFT Direct Deposits Service. You agree, as a Payment Originator, to obtain authorization from the Payee prior to initiating AFT Direct Deposit Transactions for payment into their account, and you warrant to PNC that all AFT Direct Deposit Transactions are authorized by the Payee and comply with all relevant provisions of CPA Rules.

There are two funding options available under the AFT Direct Deposits Service:

Prefunded Option. The prefunded option wherein we will debit the Account selected by you upon receipt of a request by you, regardless of the Due Date of the payment, and hold such funds until committed to be disbursed. The prefunded option is not available if you use the AFT Pre-Authorized Debit Payment Service discussed, below; and

Exposure Limit Option. The exposure limit option wherein we will debit the Account selected by you at the end of the Banking Day on the day your Payees receive such payments. The exposure limit for AFT Direct Deposits Services is the maximum dollar amount of accumulated Direct Deposit Transactions for which we have not received final payment from you and which, subject to these terms and conditions, we will process for you. Accordingly, you agree to have on deposit in your Account sufficient available funds to cover the total amount of those Direct Deposit Transactions we process for you.

If you select the AFT Direct Deposits Service then you shall provide in your implementation forms an initial notice, (the "Notice"), indicating your (i) input method selection and (ii) type of AFT Direct Deposits Service selection, namely prefunded or exposure limit. You shall provide 30 days' prior written notice of any change to your selection by providing to us a replacement Notice.

You acknowledge and agree that:

1. If the prefunded AFT Direct Deposits Service is selected, all funds must be received by us prior to disbursement and shall be held for and on behalf of you, without interest, until disbursement; and
2. Any exposure limit AFT Direct Deposits Service selection is subject to:
 - (a) Our consent, such consent to be provided in our sole and absolute discretion. We may change your exposure limit at any time in our sole discretion. If we receive a payment file that exceeds your exposure limit, we may decline to process the payment file in our sole discretion. Our election to process a payment file which exceeds your exposure limit will not affect or limit our right to reject any future payment file which exceeds your exposure limit at any time. We will not be liable for delaying or not processing a payment file if such processing would cause your exposure limit to be exceeded; and
 - (b) You authorize us to obtain credit reports and other information about you and your business from time to time, as we may determine in our sole discretion to be necessary or advisable to enable us to establish and review your limits. You authorize those persons with whom you do or have done business to provide such information to us upon request. We reserve the right to require you to pre-fund your Credit Transactions or we may implement other risk mitigation procedures for you at any time and from time to time. You will be notified in writing in advance of the implementation of a prefunding or other risk mitigation requirement; and
 - (c) Security as acceptable to us and provided by you, if required by us in our sole discretion.
3. You will accept and act on Notice of Change of a Payee's payment routing information that you receive from us that was provided to us by the Payee's Processing Member in relation to an administrative

change to that information by the Processing Member pursuant to CPA Rule F1 or F4, as applicable; and

4. You deem such Notice of Change to be that Payee's authorization to change its relevant payment routing information, provided that we shall be responsible to you only for the accuracy of information provided in any such Notice of Change that we provide to you.

AFT Pre-Authorized Debit Payment Service. If you select the AFT Pre-Authorized Debit Service, then you shall provide in your implementation forms an initial notice (the "Notice") indicating your input method selection. You shall provide 30 days' prior written notice of any change to your selection by providing to us a replacement Notice.

AFT Pre-Authorized Debit Payment Service requires an exposure limit wherein we will credit the Account selected by you at the end of the Banking Day on the day your Payees receive such payments. The exposure limit for AFT Pre-Authorized Debit Payment Services is the maximum dollar amount of accumulated PAD Transactions which, subject to these terms and conditions, we will process for you.

1. You acknowledge and agree that any exposure limit AFT Pre-Authorized Debit Payment Service selection is subject to:
 - (a) Our consent, such consent to be provided in our sole and absolute discretion. We may change your exposure limit at any time in our sole discretion. If we receive a payment file that exceeds your exposure limit, we may decline to process the payment file in our sole discretion. Our election to process a payment file which exceeds your exposure limit will not affect or limit our right to reject any future payment file which exceeds your exposure limit at any time. We will not be liable for delaying or not processing a payment file if such processing would cause your exposure limit to be exceeded;
 - (b) You authorize us to obtain credit reports and other information about you and your business from time to time as we may determine in our sole discretion to be necessary or advisable to enable us to establish and review your limits. You authorize those persons with whom you do or have done business to provide such information to us upon request; and
 - (c) Security as acceptable to us and provided by you, if required by us in our sole discretion.
2. In connection with the AFT Pre-Authorized Debit Payment Service, you hereby represent, warrant, and guarantee as follows:
 - (a) Payor Approval. Each Payor on whose behalf any debit purports to have been drawn, or direction purports to have been given, shall have signed or otherwise duly Authorized and delivered to you an authority instructing you to issue debits that complies with CPA Rule H1 and, where applicable, shall have given you direction pursuant to such an authority to issue a debit as though it were signed or otherwise duly Authorized by such Payor instructing such direction to be acted upon as though it were a Written instruction signed by such Payor (a "Payor PAD Agreement"). You agree to provide us with your Payor PAD Agreement prior to commencement of your use of this Service and to provide us with any amendments you make thereafter. You will provide Confirmation or a copy of the Payor PAD Agreement to the Payor.

You will make available for inspection, within a reasonable time upon our request or upon the request of the Payor, or an authorized representative of the Payor (including the Payor's Processing Member), the Payor PAD Agreement or other evidence that the Payor provided Authorization for any PAD that you have issued or caused to be issued.

- (b) Sporadic PADs. You agree that if you issue PADs with sporadic frequency, you will obtain proper authorization from the Payor for each and every PAD with sporadic frequency, in accordance with CPA Rule H1.
- (c) One-Time PADs. You agree that if you issue one-time PADs, you will obtain a signed or otherwise duly Authorized Payor's PAD Agreement for every one-time PAD that you issue.
- (d) General Indemnity. Except where such losses, costs fees, damages, expenses, liabilities, suits or demands result from erroneous information provided or an error committed by us or any Processing Member, you undertake and agree to hold us harmless and to indemnify us or any applicable Processing Member against any and all losses, costs, fees, damages, expenses, liabilities, claims, suits and demands whatsoever that we or any applicable Processing Member may suffer, incur, or be under or that may be made or brought against us, or any Processing Member, by reason of or in any way arising out of the action in drawing and issuing any debit issued by you.
- (e) Liability for Accuracy. You agree that you shall be solely responsible for the accuracy and completeness of all information furnished to us and we shall not be responsible for any errors resulting from the inaccuracy or incompleteness of any information furnished to you by us or any other officer, employee or agent of yours. You undertake and agree to indemnify us for all amounts that may be erroneously paid by us and/or any Processing Member in respect of any PAD erroneously credited or debited by us and/or any Processing Member pursuant to any such direction from you whatsoever.
- (f) Force Majeure. We shall not be liable to you or any other person for any delay, damage, penalty, cost, expense or inconvenience to you or such other person resulting from our failure to perform AFT Debit Payment Services for any reason or any cause beyond our control.
- (g) Interest and Reimbursement Claims. You shall accept liability for any interest claim associated with the return of a PAD for the reason that no Payor's PAD Agreement existed between you and the Payor with respect to the returned PAD. You further agree to reimburse us/ Sponsoring Member or Processing Member for any claim paid by us as a result of a Reimbursement Claim filed by a Payor or other person alleging that the PAD was not drawn in accordance with the Payor's PAD Agreement, the Payor's PAD Agreement was revoked, the required Pre-notification was not given within ten (10) calendar days before the date a related PAD was processed to the account of the Payor, Confirmation was not provided in accordance with CPA Rule H1 or no Payor's PAD Agreement ever existed between the person making the claim and you with respect to a particular PAD.
- (h) Assignment. This Agreement may not be assigned by you, directly or indirectly, by operation of law, change of control or otherwise, without our prior Written consent. No Payor's PAD

Agreement entered by you may be assigned by you, directly or indirectly, by operation of law, change of control or otherwise, except:

- (i) If you have prominently displayed (e.g., in bold print, highlighted or underlined) an assignment clause in the Payor's PAD Agreement or Confirmation and you have provided to the Payor written notice of the full details of such assignment, including the identity and contact information of the assignee; or
 - (ii) You have provided to the Payor prior written notice of the full details of such assignment, including the identity and contact information of the assignee, a minimum of ten (10) days in advance of any PAD being issued in the assignee's name;
- (i) Name Change. You shall provide a minimum of ten (10) days written notice to us and the Payor in advance of the next PAD, where your name has changed.
- (j) Cancellation. Where the Payor instructs the Payee to cease issuing PADs, or otherwise revokes the Payor's PAD Agreement or an Authorization to issue PADs, the Payee shall:
 - (i) Use best efforts to cancel the PAD in the next business, billing or processing cycle;
 - (ii) Within not more than thirty (30) calendar days from the notice, cease to issue any new PAD against that Payor; and
 - (iii) Not issue any further PADs against the Payor without that Payor first providing the Payee with a new Payor's PAD Agreement, provided the Payor has made available their instructions or revocation in writing, or orally with proper Authorization. Where the Payor and Payee have entered into an agreement (including a Payor's PAD Agreement) that clearly sets out a cancellation period that does not exceed thirty (30) calendar days, a cancellation or revocation may become effective at the end of that period.
- (k) Termination of PAD Agreement. A Payee may terminate a Payor's PAD Agreement in accordance with the terms of that agreement or, where the agreement does not address termination by the Payee, by providing at least thirty (30) calendar days written notice to the Payor unless otherwise authorized by the Payor in writing or orally. Where a Payee terminates a Payor's PAD Agreement pursuant to Authorization from the Payor, the Payee shall provide or make available a written statement specifying the date of the final PAD and the effective termination date of the Payor's PAD Agreement within ten (10) calendar days of the final PAD.
- (l) Notices of Change. You undertake and agree to:
 - (i) Accept and act on notice of change of a Payor's payment routing information that you receive from us/the Sponsoring Member that was provided to us/the Sponsoring Member by the Payor's Processing Member in relation to an administrative change to that information by the Processing Member pursuant to CPA Rule F1 or F4, as applicable; and

- (ii) Deem such notice of change to be that Payor's authorization to change its relevant payment routing information, provided that we/the Sponsoring Member shall be responsible to you, only for the accuracy of information provided in any such notice of change that we/Sponsoring Member provide to you.
 - (m) Re-Presentment. In the event of the return of a PAD for reason of "Non-Sufficient Funds" or "Funds Not Cleared", you may re-present the PAD electronically on a one-time basis for the same amount as the original debit and such item only be re-presented within thirty (30) days. Any such re-presentment shall not contain interest, NSF charges or any other charges in addition to the amount of the original PAD amount.
 - (n) Commercially Reasonable Methods. You confirm that you have read and understand the definition of Commercially Reasonable Methods in Rule H1, and that you have such methods in place for use when entering into Payor's PAD Agreements and agree to use Commercially Reasonable Methods when verifying the Payor's identity for a Payor's PAD Agreement in accordance with the requirements of Rule H1.
 - (o) Termination of Service. This Service may be terminated by us or by you provided that written notice of such termination is given by the terminating party to the other party not less than ten (10) calendar days prior to the day upon which such termination is to take effect. Notwithstanding such termination, the provisions of CPA Rule H1 and the indemnification provisions hereunder shall continue to remain in full force and effect with respect to any PAD drawn and issued or any other obligation of a Sponsoring Member in accordance with the provisions set forth herein prior to the day upon which such termination takes effect. You undertake and agree to reimburse us and/or any Processing Member for payment of any claim made by a Payor in accordance with the CPA Rules Manual.
3. For Cash Management PADs Only. In addition to the representations and warranties set forth above, you hereby represent, warrant, and guarantee the Payee is also the Payor for the PADs to be completed pursuant to this Agreement and, as Payor, the Payee hereby authorizes the Processing Member to debit any account which may be specified in a PAD Agreement between the Payor and the Payee. The Payee represents, warrants and covenants that this constitutes proper authority for the Processing Member to debit the Payor's account in accordance with the Payor's account agreement with the Processing Member.
- (a) Payor/Third Party Disputes. You will respond to and shall be primarily responsible for all inquiries, requests, questions, complaints, disputes, claims and other issues from or relating to Payors, and agree to take all necessary action, at your own cost and expense.
 - (b) Applicable Laws. Without limiting Section 1 of this Agreement, you represent, warrant and covenant that you, each PAD, and your use of the Services herein, complies with all applicable laws in relation to these Services. At our option, we may, from time to time, and without notice to you, monitor, and examine all aspects of PADs and, in our sole discretion, and without liability, we may:
 - (c) Reject, delete, block, freeze, seize or take such other action as required by Applicable Laws with respect to any PAD or related transaction;

- (d) Decline or reject any PAD which may not comply with these terms and conditions, which arises out of fraudulent, unlawful or improper activity, or with respect to which an error or mistake has occurred; and/or
- (e) Notify and provide data and information to governmental, legal, or other authorities regarding the foregoing.

Further Assurances. Immediately on request by us, you shall provide to us any and all information and evidence which we deem necessary, in our sole discretion, to verify your compliance with these terms and conditions, and as may be otherwise required by us in connection with the Services, including with respect to any Payor or PAD.

Other Termination. In addition to the termination provisions elsewhere in the Agreement, we reserve the right to suspend or terminate your Payments Services immediately upon notice to you in the event of excessive rates of returns, as determined by us in our sole discretion, upon any breach associated with these terms and conditions, or for your non-compliance with the CPA Rules.