

This Service Description is part of the Treasury Services Master Agreement (the “*Master Agreement*”) currently in effect between you and BMO Bank N.A. (“*we*” or “*us*” and “*our*”). This Service Description is part of the Master Agreement, and is subject to all of the terms and conditions contained in the Master Agreement. Any references herein to the Master Agreement shall be deemed to include the terms of this Service Description, including the User Guide and Set-up Form. Any capitalized terms not defined herein shall have the same meaning as set forth in the Master Agreement.

## 1. Services.

We will provide to you the lockbox services on the terms set out in this Service Description and the Service Documentation (including, but not limited to the Set-up Form and User Guide) (the “*Services*”) commencing on the date agreed to by us and you:

- (a) *Assignment of Lockbox Number.* We will establish a lockbox at a U.S. Postal Facility (“*Lockbox*”), assign a Lockbox number for the receipt of Checks, drafts and money orders (collectively, “*Checks*”) as well as payments made using a credit card as described below (“*Charges*”) and advise you of the mailing address for that Lockbox number (the “*Remittance Address*”).
- (b) *Mail Pickup and Receipt.* We will pick up mail received at the Remittance Address in accordance with our regular schedule every day except for non-working holidays. We may change the scheduled pick up of mail at any time. We will treat first class mail and certified mail in the same manner; however, we prioritize registered mail and priority courier mail.
- (c) *Remittance Processing.*
  - (i) *Checks.* We use high-speed automated equipment to open mail picked up at the Remittance Address, extract Checks and Optical Character Recognition (“*OCR*”) documents (collectively, the “*Lockbox Documents*”), process and prepare Checks for deposit to your designated deposit account with us. We will program our processing systems to recognize your standard remittance envelopes and your OCR documents, based on a sample OCR document that you provide to us as set forth in Section 2 below. If, with respect to any Check sent to your Lockbox, the OCR document is missing, we will inspect the Check to determine if your remitter data is present. If the data is present, we will use the data to continue processing the Check. If the data is not present, we will deposit the Check in your designated account with us or return it to you without processing it (based upon your instructions). If a Check is missing or a Charge authorization was not provided, we will return the related OCR document to you without processing it. We shall not be deemed to have received a Check or Charge until we have received it from the United States Post Office and processed the Check or Charge according to our procedures. To accomplish automated high-speed processing and to maximize your deposit availability, we do not examine Checks (including, without limitation, any inspection for missing signatures, dates, payees, endorsements, or guarantee amounts) except as provided in any separate Service feature you use with us. Further, we do not attempt to isolate Checks bearing restrictive legends or endorsements (e.g., “paid in full,” “final payment” or words of similar meaning). You hereby agree that we do not assume any responsibility or liability for our failure to discover and forward such items to you.
  - (ii) *Charges.* In addition to processing Checks, we may, subject to the terms and conditions hereof, process authorizations for Charges in your favor that are received in the Lockbox. We will forward these authorizations to be processed to a merchant processor with which you have entered into a credit card authorization agreement and that is acceptable to us (a “*Merchant Processor*”). Any Charge received in a Lockbox to a credit card shall identify you as the originator or the merchant originating such charge. We shall have no obligation with respect to the processing of other than to transmit such Charge authorization to the Merchant Processor designated by you and acceptable to us under our then current processing procedures, and we

have no obligation to transmit such authorizations to such Merchant Processor unless and until the Merchant Processor advises us that it is acceptable to do so. You shall comply with the specifications and requirements for the maintenance and security of any instructions you transfer to us, as required by us or the applicable Merchant Processor. For purposes of the Agreement, it is expressly acknowledged and agreed by you that any Merchant Processor shall constitute a Vendor of yours and not a processor or other third party servicer or agent of us.

- (d) *OCR Documents.* In order for the Service to function properly, you must supply your remitters with a standard remittance envelope with the proper OCR documents. You must request your remitters to use the standard remittance envelope with the proper OCR document. We will destroy any envelope and OCR document after processing, or may retain the OCR document for a limited period of time after processing not to exceed two (2) bank business days if requested by you in writing. We will not inspect any Check, OCR document, or Charge authorizations or other accompanying document for any writing from your remitters (except as specifically set forth above), and we will not be responsible for taking (or failing to take) any action based upon any such writing.
- (e) *Processing Exceptions.* Processing exceptions may occur for various reasons. You acknowledge that we will have no obligation to examine Checks or other remittances for any defects or exceptions.
- (f) *Deposit of Checks.* You represent and warrant that you have the legal authority to accept for deposit and otherwise negotiate Checks payable to payees different from your legal name as such names are designated on the Service Documentation. We will deposit Checks in or otherwise credit your designated deposit account for Checks processed on each Business Day in accordance with our customary practices, deposit cutoff hours and Applicable Law. You may also designate an Account as your "settlement account" to be credited for Charges or debited by your Merchant Processor under the terms of your merchant services agreement.
- (g) *Charge backs.* We will have the right to charge back to your designated deposit account the amount of any Check deposited in or otherwise credited to your Account through this Service which we determine was not payable to you or is returned to us for any reason.
- (h) *Remittance Data.* We will accumulate remittance data during the processing of the Lockbox Documents and will transmit that data to you in accordance with your instructions. Remittance Data may include your account number, the amount billed, the amount paid, or other data contained in OCR scan line on the remittance documents.

## **2. OCR Document and Remittance Envelope Specifications.**

Your OCR document and remittance envelope must be designed in accordance with our technical specifications, as revised from time to time. These technical specifications include requirements for document size, paper weight, OCR line placement, OCR line content, and document colors. You must provide us with sample OCR documents and remittance envelopes for testing and approval prior to the implementation of the Services, and prior to implementing any changes to the OCR scan line, any wording change or any print changes (e.g. font changes and changes in the placement of data on the OCR document).

## **3. Authority to Endorse Checks and Make Deposits.**

You irrevocably appoint us, and any person we designate for such purpose, as your true and lawful attorney and agent-in-fact to virtually endorse all Checks received through the Lockbox with the endorsement "Credit to the account of the named payee" or words of similar effect, and you will be deemed to make all of the warranties of a transferor of such Checks under applicable law. You also authorize us to deposit Checks and other instruments of payment into or otherwise credit your designated deposit account.

## **4. Accounts Receivable Conversion ("ARC").**

Check payments sent to the Lockbox may be converted into an automated clearinghouse ("ACH") electronic debit subject to Applicable Law, the terms of Master Agreement, this Service Description and the ACH Origination Supplement.

- (a) If elected by you on the Set-up Form, we will process those Checks eligible for ARC processing using our ARC services to create an electronic image of the Checks and initiate an ACH transaction using the information in the Check. In order to sign up for ARC processing you must also be a customer of our ACH origination services and agreed to the terms of the ACH Origination Payment Service Supplement (the "ACH Service Description"). Each Check processed using ARC shall be deemed your Entry Data or Entry Order as described in the ACH Service Description, and a Payment Order under the UCC. The ACH Service Description shall govern the terms of any Entry Data or Payment Order initiated using instructions received on a Check and processed using the ARC Services.
- (b) By your election to process Checks using the ARC services, you hereby represent, warrant and covenant that you will comply with Applicable Law when submitting Checks for ARC processing including, but not limited to notification to your customers that their Checks may be converted to ACH payments. You agree to indemnify and hold us harmless for any third party claims, losses, expenses (including reasonable attorney fees and court costs) losses and costs (collectively, "Claims") related to or arising out of the services including, but not limited to Claims that your use of the Services and/or conversion of the Checks fails to comply with Applicable Law, including your failure to provide notice to your customers to obtain authorization for the ARC transaction or any Claims by your customers.
- (c) We will deposit Checks in or otherwise credit your designated deposit account for Checks processed using ARC processing on each bank business day in accordance with our customary practices, deposit cutoff hours and Applicable Law, including any returned Entry or Order using the ARC Services which shall be processed as set forth in the ACH Service Description.

#### **5. Limitations on Use of the Lockbox; Instructions to Your Remitters.**

We provide the Service for the receipt of Lockbox Documents only. Cash remittances or other items of value cannot be sent to your Lockbox. You must instruct your remitters not to send such items to the Remittance Address. If we receive any cash or other such items, we will use reasonable efforts to: (i) deposit any cash remittances in your designated deposit account; and (ii) forward to you any other items of value received at the Remittance Address. We are not, however, liable to any person for any cash remittances or other items of value sent to your Remittance Address which may be lost, stolen or misplaced. With respect to any sundry correspondence or other related documents (other than Lockbox Documents) sent to your Lockbox, we will make a good faith effort to return such documents to you. However, we will not read, inspect or otherwise process such correspondence or documents, or reconcile the Checks or cash to any invoice or other statement.

#### **6. Service Enhancements.**

You can access aspects of the Service, including, but not limited to, an Imaging Lockbox Service through our Online Banking for Business website. Our Lockbox Imaging Service allows you to view through our OLBB Website images of Lockbox Documents received in the Lockbox. We also offer a variety of other Services features including our Mark Sense technology which detects markings on OCR documents for address changes or other data. Please consult your BMO Harris Bank N.A. representative for additional information if you wish to use our Lockbox Imaging, Mark Sense option, exception handling tools or other available enhancements.

#### **7. Bankruptcy, Garnishment and Liens.**

If you, or your assets, become subject to any bankruptcy or insolvency proceeding or to any garnishment, attachment, lien, levy or similar occurrence, we may take such action as we determine in our sole judgment is necessary or appropriate to protect ourselves from any liability, including, but not limited to, suspending the processing of your Checks or freezing all or a portion of any account balance you have with us.

#### **8. Termination.**

Either of us may terminate the provision of Services as provided in the Master Agreement upon 90 days advance written notice. Upon and following termination, we will either return or forward (in accordance with your instructions) any payments received in your Lockbox subject to our normal fee schedule, provided that we will discontinue forwarding the payments 60 days following termination. Your

designated deposit account associated with the Lockbox will not be closed until the effective termination date.

## **9. Miscellaneous.**

Your designated deposit account and deposits to that account continue to be governed by and subject to the Commercial Account Agreement, which is separately furnished. You agree that we may delegate or subcontract some of our obligations regarding the Lockbox to third parties, including our affiliates whom we select to provide Lockbox services. This Service Description is part of the Master Agreement, and is subject to the terms and conditions contained in the Master Agreement. We will be liable to you for use of the Services as set forth in the Master Agreement and this Retail Lockbox Service Description.

THIS SERVICES DESCRIPTION HAS BEEN EXECUTED AS PROVIDED IN THE SCHEDULE OF SERVICES FORMING A PART OF THE MASTER AGREEMENT.