



MASON CITY  
National Bank  
MASON CITY, ILLINOIS 62664

## AUTOMATED CLEARING HOUSE SERVICE AGREEMENT

This AUTOMATED CLEARING HOUSE SERVICE AGREEMENT is executed this \_\_\_\_ day of October, 2025, by and between Illini Central CUSD #189 ("Company"), located at 208 N West Avenue, Mason City and Mason City National Bank ("Bank"), a national banking association with its principal offices at 104 W Pine St, Mason city, Illinois 62664.

The Company has requested that the Bank permit it to initiate electronic fund transfer PPD (Prearranged Payment or Deposit) entries ("Entry" or "Entries") through the Bank for payment ("Debit") and/or deposit ("Credit") of money to and from the accounts of Company customers maintained at Bank and other Participating Depository Financial Institutions ("Participating Banks"), by means of the Automated Clearing House ("ACH") pursuant to the services(s) described below. The Bank is willing to act as an Originating Depository Financial Institution (ODFI) with respect to such Entries. Entries on a given Settlement Date (as described below) will be limited to \$350,000. The Bank is a Participating Depository Financial Institution of the National Automated Clearing House Association ("NACHA"). All terms herein shall have the meaning ascribed to them under the operating rules of NACHA (NACHA Rules).

Now, THEREFORE, in consideration of the mutual promises contained herein, it is agreed as follows:

### 1. OPERATING RULES

The Company acknowledges a receipt of a copy or may purchase a copy of NACHA Operating Rules and Guidelines ("the Rules"). The Company will comply with and satisfy all requirements such that the Bank can comply with the Illinois Uniform Commercial Code, the Operating Rules, Operating Circulars, and/or the Regulations of the Federal Reserve Bank of Atlanta, the Electronic Funds Transfer Act, and the NACHA Rules, in existence as of the date of this Agreement and amended from time to time. The Bank agrees to inform the Company of revisions to the Rules of which the Bank has knowledge.

### 2. EMPLOYEE AUTHORIZATIONS AND RECORD RETENTION

Before the initiation by the Company of the first Credit or Debit Entry to its employee's accounts for payroll, the Company will obtain from each of its employee, a written authorization to make one or more entries to their account, and *in the case of debit entries*, the Company shall provide the employee with a copy of such authorization. Such authorization shall comply with the Rules. Each entry thereafter will be made pursuant to such authorization, and no entry will be initiated by the Company after such authorization has been revoked or the arrangement between Company and such customer has been terminated. The Company will retain the original or copy of each notice and other documents required to be given to the customer under the Rules for a period of not less than two (2) years after

termination or revocation of such authorization and will, upon request of Bank, furnish such original or copy to the Bank.

### **3. PRENOTIFICATION AND REJECTION OF PRENOTIFICATION.**

The Company will send pre-notification that it intends to initiate an entry or entries to an employee's account. If the Company has received notice that such pre-notification has been rejected by a Receiving Depository Financial Institution ("Receiving Bank"), the Company will not initiate any corresponding entry to such employee's account until the cause for rejection has been corrected and another pre-notification has been submitted and accepted.

### **4. DELIVERY OF ENTRY INFORMATION**

Once a month the Company will deliver the payroll data via secure encrypted email, CD or flash drive to the Bank at 104 W Pine, Mason City, IL not later than 12:00 (noon) two business days before the settlement date for credit entries, or not later than 12:00 (noon) two business days before the settlement date for debit entries. All Entry information shall be in the medium required by the Bank and the standard NACHA format.

### **5. SUBMISSION AND PROCESSING OF ENTRIES**

- a) Company will, on forms provided by the Bank, as more fully set forth in Exhibit A. (Resolution Notice) attached hereto and incorporated herein, supply signatures of representatives authorized to act on behalf of the Company on matters relative to Entries submitted by Company as input to the ACH system.
- b) Entries will be made only to accounts held at Bank or other Participation Depository Institutions ("Participating Banks") as defined by the Rules.
- c) All Entries shall be initiated by the Company in Accordance with this Agreement and in accordance with the Rules.
- d) *In the case of debit entries* the amount or billing date of a Debit Entry initiated by the Company for processing against its employee's accounts must equal the amount due on the billing notice and be clearly designated on the preauthorization form. If the entry differs from the amount or range of amount preauthorized, the Company shall, at least ten (10) days before such succeeding Entry is scheduled to be debited, send such employee written notification of the amount change and the date on or after which such Entry is scheduled to be debited from the customer's account. If the Company informs an employee of the right to receive notification of a change in the amount to be debited, the customer may elect to only receive a notice when an Entry falls outside of a range of amounts or if an Entry differs by more than an agreed upon amount.

### **6. SETTLEMENT DATE FOR ENTRIES**

The settlement date with respect to an Entry shall mean the business date upon which the Entry is to be debited or credited to the account of the Company's employee. Entries shall include the settlement date within the Entry record, formatted as the effective date as specified by the Rules.

### **7. SETTLEMENT BY COMPANY FOR ENTRIES**

The Company will maintain a checking account ("Settlement Account") at the Bank with balances sufficient to offset any Entries submitted and against which any rejected Entries may be debited or credited. Bank will either charge or credit Company's Settlement Account for any Debit or Credit Entry initiated by Company *on the settlement date*, as that date is determined pursuant to paragraph 6 of this Agreement. The Company will reimburse the amount required by the Bank if, after settlement has been made by the Bank, any Debit Entry is received by the Bank. Such reimbursement will be made on the date such rejection or memorandum is received by the Bank. In the event an overdraft is created in the Settlement Account, the Company will immediately correct the overdraft and agrees to indemnify the Bank for any loss or cost suffered (including attorney's fees).

## **8. ERRONEOUS ENTRY**

If the company discovers that any Entry it has initiated was in error, it may notify the Bank of such error and the Bank will utilize its best efforts on behalf of the Company, consistent with the Rules to correct the Entry. In all such cases, it shall be the responsibility of the Company to notify its affected employees that an Entry has been made that is at variance with the customer's authorization or is otherwise erroneous.

## **9. REJECTED OR RETURNED ENTRY**

In the event any Entries are rejected or returned by the ACH for any reason whatsoever, it shall be the responsibility of the Company to remake and resubmit such Entries or otherwise to resolve the rejection or return in accordance with the Rules, provided. It is the Company's responsibility to determine whether any returned Entry has been made properly and on time by the party initiating the return in accordance with the Rules. The Company shall retain and provide the Bank on request all information necessary to remake any files of Entries. In all other instances, the Bank's responsibility will be to receive rejected and returned Entries from the ACH, perform necessary processing, control and settlement functions, and to forward such Entries to the Company. Notification of rejected Entries will take the form of an advice of credit/debit to the Settlement Account, and the Bank is not required to send notices of credits to the Company.

## **10. REPRESENTATIONS AND WARRANTIES**

With respect to each and every Entry initiated by the Company, the Company represents and warrants, and will be deemed to have made the same at the time each Entry is initiated by the Company, that:

- a) All Entries are at all times properly authorized by the Company's employee and such authorization has not been revoked and all Rules with respect to such authorizations have been complied with,
- b) To the extent the Bank makes warranties under the Rules, such warranties are warranties from the Company to the Bank and such warranties are not in breach,
- c) With respect to each Entry and its dealings with its customer, the company is not in violation of any Federal, State or local statute or regulation pertaining to electronic fund transfers, including the Electronic fund Transfer Act or Regulation E as amended from time to time and all such other laws and/or regulations.
- d) The Company's employees have no right of setoff or other defense as to payments of any Entry, and the company has sufficient liquid assets to accommodate rejected Entries for whatever reason.

## **11. INDEMNIFICATION**

Except for losses solely attributable to the Bank's own gross negligence or willful misconduct, the Company will indemnify and defend the Bank and hold the bank harmless at Company's cost and expense from and against any and all losses, claims, demands, damages (including punitive damages), actions, including reasonable attorney's fees, expenses and costs arising out of this Agreement or transactions arising out of the Agreement. The Company understands that wrongful debiting of their employee's account or the account of another may give rise to indirect or consequential damages. The Company understands that wrongful crediting or debiting of their employee's (or former employee) account or the account of another may give rise to indirect or consequential damages.

The Company will keep accurate and complete accounting records. Upon no less than ten days written notice and no more than once per fiscal year, the Bank may audit or use a reputable accounting firm to audit the Company's records relating to its performance under this Agreement.

## **12. BANK'S RESPONSIBILITIES**

- a) In the performance of the services required by this Agreement, Bank shall be entitled to rely solely on the information, representations and warranties provided by Company pursuant to this Agreement, shall not be responsible for the accuracy or completeness thereof. The Bank will in no event be liable to the Company for any loss attributable to malfunction of equipment or software or attributable to any delay in furnishing any service pursuant to this Agreement except for such loss as proximately results from gross negligence or the willful misconduct of the Bank. The Bank shall in no event be liable for any indirect, special, consequential, or punitive damages or for fraudulent acts committed by the Company or its employees.
- b) the Bank does not make any representations or warranties with respect to the legal effect or sufficiency, under any Federal, State or local statutes regulation or other law, of any forms, documents or other matters provided by Bank from time to time in connection with this Agreement, and disclaims any expressed or implied warranties in connection therewith, including any warranties or fitness for particular purpose or use and any warranties of merchantability.
- c) If damages are sustained, the damages shall be limited to general monetary damages not to exceed the total amount paid by the Company for the affected Service, as performed by the Bank under this Agreement for the preceding thirty (30) calendar days.
- d) The Bank shall have no liability for non-performance resulting from major events such as; fire, casualty, breakdown in equipment, lockout, strike, unavoidable accidents, acts of God, war, adverse governmental action, ruling, regulation, order or decree, or emergency.
- e) The Bank shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in the Bank's having exceeded any limitation upon its intraday net funds position established pursuant to present or future Federal Reserve guidelines or in the Bank's otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U S governmental regulatory authority.

### **13. AUTHORIZATION AND ACCURACY OF INSTRUCTIONS**

When the Company has delivered instructions to the Bank to initiate Entries, said instructions are effective as the order of the Company whether or not said instructions or orders were authorized by the Company.

With respect to any “check in” or “call back” procedures, the Bank is entitled to rely on what it believes to be the party or parties with whom it is speaking and the authenticity of any instructions provided.

The accuracy of instructions or orders as to Entries are the sole responsibility of the Company, and the Company understands that any Receiving Depository Financial Institution (RDFI) is entitled to and may rely and act on an identifying or bank account number even though it identifies a person different from the Companies named employee. Furthermore, the Company understands that in the event it provides an incorrect number for any such RDFI, the actual RDFI may rely on the number even if it identifies a bank or person different from the bank identified by name. In such events, the Company’s obligation to pay the amount of the Entry is not excused.

In any event, the company agrees to examine all reports, statements, and items received from the Bank and promptly report any unauthorized transactions or errors. The Bank will not be responsible for unauthorized transactions or errors not reported to it within thirty (30) days following the Bank’s mailing of said reports, statements and items nor any unauthorized transactions or errors perpetuated by the Company’s failure to so report.

### **14. SECURITY PROCEDURES**

The Company agrees to abide by the terms and conditions of Exhibit C entitled “Security Procedures”.

### **15. EMPLOYEE RIGHTS TO REFUND FOR DEBIT ENTRIES**

The company acknowledges that its employees have the right to obtain a refund of the funds debited from their account by such customer’s sending a notice to their RDFI within sixty (60) days after any Debit Entry is made to the customer’s account or ninety (90) days after the customer’s monthly statement is made available to the customer, whichever comes first, identifying the Entry, stating it was an error, and demanding that the amount of the Debit Entry be credited back to the employee’s account. The Company agrees to promptly reimburse the Bank for all funds the Company has received when customers follow the procedures described in this paragraph.

### **16. GOVERNING LAW/VENUE**

This agreement shall be governed by and construed in accordance with the Laws of the State of Illinois and all actions or proceedings arising out of, from or related to this Agreement shall be litigated in courts having sites within the county of Mason, State of Illinois.

### **17. WAIVER OF JURY TRIAL**

The parties to this Agreement knowingly consent to a waiver of the right to a jury trial in the event that litigation should arise out of or relating to this Agreement.

## **18. SEVERABILITY**

If one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable, the remaining provisions of the Agreement shall remain in full force and effect.

## **19. FEES**

The Bank's charges for services rendered to the Company under this agreement have been waived. These charges can be changed at the Bank's discretion with thirty days notice prior to implementing or changing.

## **20. TERMINATION**

In the event the Company fails to perform any of the terms of this Agreement or any other agreement, loan or security documents entered into between the Company and the Bank; the Company files a petition in bankruptcy or otherwise files for protection under any insolvency law or makes any assignment for the benefit of creditors; or the Company's Settlement Account or any other account in the Bank is of insufficient funds, or is garnished or levied upon or otherwise made inaccessible for purposes under this Agreement; or the Bank believes that the Company's ability to perform its indemnity under section 11 hereof is or will be impaired; the Bank may immediately thereon cease providing the services required under this Agreement including processing Entries. In all other events, the Bank may terminate this Agreement on thirty (30) days prior written notice to the Company. On such termination, the Bank will be excused from all liability in connection with terminating services; and will be indemnified in accordance with Section 11 hereof; however, the applicable portions of the Agreement shall remain in effect with respect to any Entries initiated by the Company and the Bank prior to such termination. The Company may terminate this Agreement on thirty (30) days prior written notice to the Bank.

## **21. ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the parties, superseded all prior agreements, oral or written and may be modified or amended only by instrument in writing signed by both parties.

In WITNESS WHEREOF, the parties hereto, each acting under due and proper authority, have executed this Agreement as of the day, month and year first above written.

**ILLINI CENTRAL CUSD #189**

**MASON CITY NATIONAL BANK**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT A – RESOLUTION NOTICE

### AUTOMATED CLEARING HOUSE SERVICE AGREEMENT

At a (special) (regular) meeting of the Board of Directors (“Council”) of Illini Central CUSD #189 (“Company”) duly held on the \_\_\_\_ day of \_\_\_\_\_, 2025, at which a quorum was present and attending throughout, the following resolution, which is still in force and effect, was duly adopted and a written record thereof made, namely:

Resolved that:

1. The following authorized personnel of Company:

\_\_\_\_\_ or \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_

is/are hereby designated as the signatory Company Representative(s) (“SCR”) and is/are authorized for and on behalf of Company:

1. To execute and deliver to the Mason City National Bank, 104 W Pine St., Mason City, IL 62664 (“Bank”) the Automated clearing House Service Agreement (“ACH Agreement”) attached hereto.
  2. To designate Authorized Company Representative(s) (which may include the above SCR’s) in accordance with the ACH Agreement as the sole representative(s) of Company authorized to initiate, correct, modify verify and/or transmit electronic fund transfer entries (“Entry” or Entries”) to the Bank.
  3. To modify, substitute or revoke, in accordance with the ACH Agreement, the designation of Authorized Company Representatives.
  4. To execute and deliver to the Bank, any amendments, waivers or special agreement between Company and Bank respecting the ACH agreement or any security procedures, including any such waiver or special agreement respecting the Bank’s standard of care of obligating Company to indemnify the Bank.
  5. To execute and deliver to the Bank any other written agreement or notice respecting the rights and obligations of the parties to the ACH agreement.
2. This resolution will continue in full force and effect until the Bank receives notification in writing from the Secretary, or any Assistant Secretary of Company, of the revocation thereof by a resolution duly adopted by the Council.

Signed and delivered to Michele Vaughn (Bank Representative), on this \_\_\_\_ day of \_\_\_\_\_ 2025

Tax identification number (required by Federal law)- \_\_\_\_\_

(SEAL)

\_\_\_\_\_  
Signatory Company Representative

\_\_\_\_\_  
Signatory Company Representative

**EXHIBIT B**

**DISIGNATION OF AUTHORIZED COMPANY REPRESENTATIVES**

**AUTOMATED CLEARING HOUSE SERVICE AGREEMENT**

Ladies and/or gentlemen:

Company Name: Illini Central CUSD #189

Account Number: 173312 (General Fund)

The following individuals are hereby designated as Authorized Company Representatives and the sole representatives of the company to initiate verify and/or transmit ACH entries respecting the above referenced accounts to Mason City National Bank, 104 W Pine St, Mason City, IL, 62664 ("Bank") on behalf of Company:

PRINTED NAME

SIGNATURE

TITLE

|       |       |       |
|-------|-------|-------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

This authorization form must be signed on behalf of the Company by an individual authorized to do so by written resolution of the Company.

\_\_\_\_\_  
Signatory Company Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

## EXHIBIT C – SECURITY PROCEDURES

Pursuant to the Automated Clearing House Service Agreement, the following security procedures are hereby adopted by the Company.

1. The Company will use their present payroll system to prepare the Entries required for ACH transmission. The Entries will be delivered via secure email, CD, or flash drive to the Bank. Emailing this data involves certain Security Procedures which may safeguard against unauthorized transcription of Entries including but not limited to:
  - A. Limited access to the system by the use of personal identification numbers and passwords,
  - B. Methods by which the Company can impose additional transmission control, monitor daily activity and transmissions, and regulate dollar limits of parties having access to the system.
  - C. The Company is strictly responsible for establishing and maintaining commercially reasonable security measures to safeguard against unauthorized transmissions, network infections, and breaches of Protected Information (i.e. non-public consumer data). The Company warrants that such measures will include, but not be limited to, security technology (e.g. secure web-servers) that provides a minimum level of security equivalent to 128-bit RC4 encryption technology for the Entry and transmission of Entries over the Internet, and network security to safeguard account information and access from unauthorized parties.

The Company may email a secure link to the data to Mason City National Bank, 104 W Pine St, Mason City, IL [michele.vaughn@masoncitynationalbank.com](mailto:michele.vaughn@masoncitynationalbank.com).

All payroll email, CD's or flash drives must be accompanied by a transmittal letter containing the Company name, date to be entered into ACH, presentment date, total dollars of debits and credits, and a debit and credit item count.

2. The Bank will verify the dollar total and number of Entries with the transmittal letter accompanying the payroll file. **If requested by the Company in writing**, prior to the Bank's transmission of the Entries on the payroll file to the ACH System, the bank will attempt to verify the dollar total and number of Entries with another person who the Bank believes to be an Authorized Company Representative (other than the Authorized Representative indicated on the Transmittal Letter). Therefore, if two unsuccessful attempts are made to so verify, the Entries will not be processed until the new payroll file is resubmitted to the Bank and verification is successfully made.

Adopted the \_\_\_\_\_ day of \_\_\_\_\_, 2025

Illini Central CUSD #189

By: \_\_\_\_\_ Title \_\_\_\_\_  
Signatory Company Representative