



**Business Online  
Banking  
Automated  
Clearing House  
(ACH) User Guide**

# Contents

ACH TERMS OF SERVICE AND OBLIGATIONS .....	3
Compliance with Rules and Laws.....	3
Credit Approval .....	3
Format and Content of Entries.....	4
Standard Entry Class Codes .....	4
Processing Schedule and Deadlines .....	4
Notices .....	5
Prenotification.....	5
Error and Account Reconciliation Detection .....	6
Underwriting Limits and Transaction Evaluation.....	6
Funds Availability .....	7
Prefunded ACH Credit Entries .....	7
Rejected Entries, Returned Entries and Notifications of Change.....	7
Cancellation or Amendment of Entry.....	8
Reversal of Entries.....	8
Security Procedures .....	8
<i>Required Security Procedures .....</i>	<i>9</i>
<i>Recommended Security Procedures.....</i>	<i>9</i>
Data Retention and Protection .....	9
Authorization Agreements .....	9
Representations and Warranties; Indemnity .....	10
Additional Warranties for Selected Standard Entry Classes .....	10
Additional Third-Party Sender/Provider Terms of Service and Obligations.....	10
Financial Information and Audit.....	11
Third-Party Service Providers .....	11
SAMPLE AUTHORIZATION AGREEMENTS .....	12

## ACH Terms of Service and Obligations

---

This User Guide, along with the Treasury Services Terms and Conditions, and any other documents Atlantic Union Bank (“Bank”) gives a Customer pertaining to the use of the Bank’s ACH Services as described herein (the “Services”), (collectively, the “Agreement”), is a contract that establishes the rules which control Customer's use of the Services. By using the Services, or permitting any other person to use the Services, you acknowledge and agree to be bound by the terms of this Agreement.

Customer wishes to initiate credit and debit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and rules of the National Automated Clearing House Association (“Nacha”) (the “Rules”). Customer agrees to comply with and Bank is willing to act as an Originating Depository Financial Institution (“ODFI”) with respect to such Entries. The Bank may limit the transactions initiated by the Customer as Originator or Third-Party Sender/Provider to specific Standard Entry Class codes (“SEC”) as defined below in this User Guide.

This Agreement sets forth the terms and conditions pursuant to which the Bank will provide the Services. Throughout this document, Atlantic Union Bank is referred to as “Bank” and the entity using the Automated Clearing House (“ACH”) Services as “Customer,” however if the Customer is a Third-Party Sender/Provider this Agreement refers to them as Third-Party Sender/Provider and their customer is “Originator.” In the event of inconsistency between a provision of Article 4A of the Uniform Commercial Code as in effect in the Commonwealth of Virginia (the “UCC”) and this Agreement, the provisions of this Agreement shall prevail. Terms not otherwise defined in this Agreement have the meaning given to them in the Rules.

**Business Online Banking navigation information is available within Business Online Banking via Services, Help.**

Transaction authentication is required for ACH transactions. Authentication is accomplished through a one-time code displayed on the user's token device or on the Symantec VIP application.

### Compliance with Rules and Laws

Customer agrees to comply with the Bank’s Treasury Services Terms and Conditions, User Guides, procedures, as well as all applicable federal, state, and local laws and regulations. Additionally, Customer acknowledges it has a copy or has access to a copy of the Rules. Customer agrees to comply with and be subject to the Rules in existence on the date of this Agreement, and any amendments to the Rules made from time to time. Customer must obtain, will obtain or have access to a copy of the Rules which may be purchased online at [www.nacha.org](http://www.nacha.org) under the publications tab and updated annually.

### Credit Approval

By using the ACH Network in performance of this Agreement, the Bank must make certain warranties on behalf of Customer. Specifically, Bank is charged with assuring the financial soundness of the Customer and/or Third Party Sender/Provider to make the intended Entries. The Bank may request financial information from Customer and/or a separate credit agreement. Customer also authorizes the Bank to obtain credit reports on Customer as may be necessary from time to time. The Bank may also assign a Customer a limit representing the maximum aggregate dollar amount of Entries which may be initiated by Customer each day (“ACH Exposure Limit”). Customer acknowledges that the ACH Exposure Limit is solely for the protection of the Bank and its assets. Customer understands that daily requests for Entries exceeding the ACH Exposure Limit are honored solely at the discretion of the Bank.

In addition to the general requirements in this Section, a Third-Party Sender/Provider agrees that it shall perform a financial analysis of each Originator and establish and monitor an exposure limit for each Originator. Upon request, Third-Party Sender/Provider shall provide Bank a copy of the financial analysis and the exposure limit set for the Originator(s).

## Format and Content of Entries

Customers shall initiate debit or credit Entries using the SEC Codes identified below. All files must be submitted in Nacha format. Customer must comply with the Rules, including any amendments to the Rules as issued from time to time. Customer should refer to Appendix Three in the Nacha Rules for specific formatting details.

Bank requires a balanced file in computer readable format in compliance with the formatting and other requirements set forth in the Nacha file specifications or as otherwise specified by Bank at time of onboarding. Balanced files should have an equal amount of credits and debits, as indicated in the File Control Record or the “9” record, by the same amount listed for Total Debit Entry Dollar Amount and Total Credit Entry Dollar Amount in the file. Bank may accept unbalanced files at Bank’s discretion with advance notice. Entries shall be transmitted to the Bank in accordance with the Processing Schedule and Deadlines below.

## Standard Entry Class Codes

The following are the allowed and enabled SEC Codes approved for use by Customer, depending on Receiver and how Customer obtained the authorization to debit/credit an individual or company’s account, as per the Rules. Bank may allow additional SEC Codes for a Customer under its sole discretion and specific authorization to Customer.

<b>SEC Code</b>	<b>Debit / Credit</b>	<b>Account Type</b>	<b>Authorization Method</b>
<b>PPD</b> <i>Prearranged Payment and Deposit Entries</i>	Debit or Credit	Consumer Only	Document signed by individual or similarly authenticated, samples below.
<b>CCD</b> <i>Corporate Credit or Debit</i>	Debit or Credit	Business/Corporate Only	Document signed or similarly authenticated by Customer company.
<b>WEB*</b> <i>Internet Initiated/Mobile Entries</i>	Debit	Consumer Only	Internet or wireless network; Document signed by individual or similarly authenticated *Receiver account validation prior to live entry is <i>required by Nacha</i> , see <a href="#">Prenotification section</a> if prenotification will be used as <i>account validation</i>
<b>CTX*</b> <i>Corporate Trade Exchange</i>	Debit or Credit	Business/Corporate Only	Document signed or similarly authenticated by Customer company. *Only available with ACH Pass Thru origination

## Processing Schedule and Deadlines

### Effective Entry Date

- The “Effective Entry Date” is the Business Day specified by the Customer on which it intends a batch of Entries to be settled.
- ACH initiation can be done with Effective Entry Date of up to 30 Business Days in the future.
- Effective Entry Date must be a Business Day - not a weekend and not a Federal holiday.
- A batch of Entries containing an Effective Entry Date beyond 30 days will be rejected by Bank.

Processing deadlines:

Effective Entry Date	Files Must Be Received By*:	Funds Availability
Same Day	9:30AM ET	1:00PM ET
Same Day	1:00PM ET	5:00PM ET
Same Day	4:00PM files received after 4:00PM are considered Next Day	6:00PM ET
Next Day	5:00PM ET	Next Day
Future Date, beyond Next Day	5:00PM ET	On the Effective Entry Date

\*Files submitted after 5:00PM ET containing errors will be subject to resolution the following business day.

- Processing deadlines above are based on receipt of properly structured files. We recommend you transmit files or transactions by 4:00PM ET to allow for any error resolution. Deadline for ACH Pass Thru is 5:00PM ET for processing the next Business Day. We recommend you transmit by 4:00 PM ET to allow for any error resolution before close of business at 5:00PM ET. Bank may enable ACH Pass Thru service at its discretion at the time ACH origination services are implemented or upon written request from Customer.
- Deadline to transmit files via ACH Data Transmission method is 7:00PM ET. We recommend you transmit by 4:00PM ET to allow for any error resolution before close of business at 5:00PM ET. See Data Transmission User Guide, located at [www.atlanticunionbank.com/commercial/treasury-management/user-guides](http://www.atlanticunionbank.com/commercial/treasury-management/user-guides) for additional terms of service for ACH Data Transmission.
- Entries received after the processing deadlines described above shall be deemed to have been received on the next Business Day.

## Notices

All notices to Bank hereunder shall be in writing and sent to Bank at:

Atlantic Union Bank  
P.O. Box 5568  
Glen Allen, Virginia 23058  
Telephone: 1-877-920-6888

## Prenotification

“Prenotification” is a zero-dollar Entry utilized to validate recipient account information prior to initiating a monetary Entry or Entries. When transmitted, the Customer must abide by the time limit delay prescribed within the Rules before a monetary Entry or Entries can be transmitted using the same recipient account information. If the Customer receives notice that such Prenotification has been rejected by an RDFI within the prescribed period, or that an RDFI will not receive Entries without having first received a copy of the Authorization signed by its Customer, Customer will not initiate any corresponding Entries to such accounts until the cause for rejection has been corrected or until providing the RDFI with such authorization within the time limits provided within the Rules.

## **Error and Account Reconciliation Detection**

Bank cannot detect Customer errors. Bank has no obligation to discover and shall not be liable to Customer for errors made by Customer, including but not limited to errors made in identifying the Receiver, or an Intermediary or RDFI or for errors in the amount of an Entry or for errors in the Settlement Dates or for errors related to duplicate Entries issued by Customer. Notwithstanding the foregoing, if Customer discovers that an Entry it initiated was in error, Customer must notify bank of any errors detected and any discrepancy between the Customer's records and information on any periodic statement as quickly as possible. Notification to Bank should be immediate upon discovery of the error or discrepancy, within 30 days of transaction and within 10 calendar days of account statement date for reconciliation. If notification is received four (4) hours prior to ACH processing deadline, Bank will use reasonable best efforts to initiate an adjusting Entry or stop payment of any "On-Us" credit Entry within the time limits provided by the Rules. In the event the Customer makes an error or issues a duplicate Entry, Customer shall indemnify, defend all claims, and hold Bank harmless from any loss, damages, expenses, including but not limited to attorneys' fees, incurred by Bank as result of error or issuance of duplicate Entries.

## **Underwriting Limits and Transaction Evaluation**

Bank may establish and adjust ACH limits for Customer, which are approved by Bank and may involve underwriting and compliance with applicable credit standards or agreement. At least annually, Bank shall evaluate Customer's transaction activity including establishing averages for transaction frequency, amount, returns and adjustments. These evaluations will occur at least annually and may occur more frequently at Bank's discretion. In connection with these evaluations, Bank may adjust ACH limit and may require Customer to establish reserves with Bank calculated by bank to cover Customer's obligations to Bank arising from ACH activities under this User Guide. Bank may suspend ACH processing activity for Customer if Customer fails to establish the required amount of reserves within the time period specified by Bank in its communication to Customer.

"Entry Settlement Limit," referred to as "ACH limit," means the maximum daily aggregate amount of In-Process Entries permitted to be outstanding at any time, which amount shall be separately communicated to Customer by Bank in writing from time to time.

"In-Process Entries" means the aggregate dollar amount of all credit or debit Entries initiated by Customer and in process on any date for which settlement has not occurred with respect to credit Entries, or the applicable period for the return of items has not expired with respect to debit Entries.

"Overlimit Entry" means an Entry the amount of which would cause the aggregate amount of In-Process Entries to exceed the Entry Settlement Limit. Customer agrees that Bank will process an Overlimit Entry at Bank's discretion. Bank may suspend any Overlimit Entry submitted by Customer and may, following its receipt of an Overlimit Entry; suspend all In-Process Entries. Customer acknowledges that any Overlimit Entry or other In-Process Entries suspended by Bank may not settle on their scheduled Settlement Date. Bank may provide Customer with temporary increase to the ACH limit, allowing origination of the Overlimit Entry. If Customer wishes to initiate an Entry that would cause the amount of In-Process Entries to exceed the Entry Settlement Limit, Customer may submit to Bank its request to initiate an Entry that otherwise would be an Overlimit Entry. Customer should submit its request at least two (2) Business Days prior to the date on which Customer wishes to initiate the Entry that otherwise would be an Overlimit Entry. Bank may require from Customer financial or other information in connection with Bank's consideration of the request and Bank may grant or deny Customer's request at its sole discretion. In addition to the foregoing, Bank generally reserves the right to limit the nature and amount of the preauthorized debit/credit Entries processed under this Agreement or to refuse to process any debit/credit Entries under this Agreement if, in Bank's sole judgment (i) there is reasonable cause to believe that any Entry will be returned or will not settle in the

ordinary course of the transaction for any reason, (ii) to do otherwise would violate any limit set by the applicable clearing house association or any governmental authority or agency to control payment system risk, or (iii) a preauthorized credit Entry or the return of a preauthorized debit Entry would create an overdraft of Customer's accounts. If any of the foregoing actions are taken by Bank with respect to a particular preauthorized debit/credit Entry, Bank will notify Customer as promptly as practicable, but in no event later than two (2) Business Days after its decision Customer may not reinitiate Entries except as prescribed by the Rules.

## **Funds Availability**

For availability of credit entries, see the Business Account Agreement for your account.

## **Prefunded ACH Credit Entries**

Customer may elect or Bank may require ACH Credit Entries to be prefunded. If prefunding is required or elected by Customer, Customer will be required to have sufficient available and collected funds on deposit with Bank to pay all transactions on the date of transmission to Bank as a condition for Bank's processing of any outgoing ACH Credit Entries. When prefunding is required or elected by Customer, a hold will be placed on the funding account for settlement of the amount of the Customer's initiated ACH Credit Entries.

## **Rejected Entries, Returned Entries and Notifications of Change**

Bank will make reasonable efforts to notify Customer of a Rejected Entry and/or file and bank will take no action on the Entry and/or file. Bank shall notify Customer by e-mail, facsimile transmission mail, or other means of the receipt of a Returned Entry from the ACH Operator. Bank must provide such information to Customer within two (2) Business Days of the Settlement Date of the original entry. Customer designated account will be adjusted in the aggregate amount of the returned entry or entries. Bank shall have no obligation to retransmit a Returned Entry to the ACH Operator if Bank complied with the terms of this Agreement with respect to the original Entry. Customer shall notify the Receiver by phone or electronic transmission of receipt of each return Entry no later than one (1) Business Day after the Business Day of receiving such notification from Bank.

For Customers that originate debit Entries, Bank is required to track return percentages for various return categories which include:

Customer obligations in accordance with the Rules, require you to stay below the return rate thresholds outlined below:

- Unauthorized Returns – 0.5%
- Administrative Returns – 3.0%
- Overall Debit Returns – 15.0%

Bank will contact Customer through phone and/or email to obtain Customer's plan to reduce excessive returns that are over the thresholds. Customer's plan to reduce excessive returns must be acceptable to Bank. ACH service may be suspended or terminated if excessive returns are not reduced by Customer after notification from Bank, immediately or otherwise, at Bank's sole discretion.

Bank shall provide Customer all information, as required by the Rules, with respect to each Notification of Change ("NOC") Entry or Corrected Notification of Change ("Corrected NOC") Entry received by Bank relating to Entries transmitted by Customer. Bank must provide such information to Customer within two (2) Business Days of the Settlement Date of each NOC or Corrected NOC Entry. Customer shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) Business Days of Customer's receipt of the NOC information from Bank or prior to initiating another Entry to the Receiver's account, whichever is later, or issue a Refused Notification of Change.

## **Cancellation or Amendment of Entry**

Customer shall have no right to cancel or amend any Entry after its receipt by Bank. However, Bank may, at its option, accept a cancellation or amendment request received by Customer in writing or via bank recorded phone line. If Bank accepts a cancellation of an Entry, Customer must issue the cancellation in accordance with the Bank's security procedure and Bank shall use reasonable efforts to act on the request by Customer for cancellation of an Entry prior to transmitting it to the ACH processor or, in the case of an On-Us Entry, prior to crediting a receiver's account, but Bank shall have no liability if such cancellation is not affected. If Bank accepts a cancellation of an Entry, Customer hereby agrees to indemnify, defend all claims and hold Bank harmless from any loss, damages, or expenses, including but not limited to attorneys' fees, incurred by Bank as the result of its acceptance of the cancellation.

## **Reversal of Entries or File**

Upon proper and timely request by the Customer, Bank will use reasonable efforts to assist Customer with creation of a reversal of an Entry or File to the extent reversal is expressly permitted by the Rules. To be "proper and timely," the request must (i) be made within five (5) Business Days of the Effective Entry Date for the Entry or File and within 24 hours of recognition of File error ; (ii) be accompanied by written-request with all relevant detail; (iii) Customer will generate a reversal file with "REVERSAL" in company Entry description field; and (iv) the basis for such reversal must be expressly permitted by the Rules and otherwise in compliance with the Rules. In addition, if the Customer requests reversal of a Debit Entry or Debit File, it shall concurrently deposit into the Customer account an amount equal to that Entry or File. Customer shall make reasonable attempt to notify the Receiver of any reversing Entry initiated to correct any Entry it has initiated in error. The notification to the Receiver must include the reason for the reversal and be made no later than the Settlement Date of the reversing Entry.

Under no circumstances shall Bank be liable for interest or related losses if the requested reversal of an Entry is not affected. The Customer shall reimburse Bank for any expenses, losses or damages it incurs in effecting or attempting to affect the Customer's request for reversal of an Entry.

## **Security Procedures**

Customer is responsible to strictly establish and to maintain procedures to safeguard against unauthorized transactions (collectively, the "Security Procedures"). Customer warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by Bank. If Customer believes or suspects that any such information has been accessed by an unauthorized individual, Customer will verbally notify Bank immediately, followed by written confirmation.

The occurrence of such notification will not affect any transfers made in good faith by Bank prior to the notification and within a reasonable time period to prevent unauthorized transfers. Customer acknowledges and agrees that the Security Procedures including (without limitation) any code, password, person identification number, user identification technology, token, certificate, or other element, means, or method of authentication or identification used in connection with a Security Procedure used in connection with this Agreement, constitute commercially reasonable security procedures under applicable law for the initiation of ACH Entries.

Customer will protect, secure and maintain their operating systems and data by backing up and applying anti-virus software, security patches, firewalls and other security measures.

Limiting access and securely storing ACH data used in the routing and settlement of ACH transactions is a critical data security precaution. Customer's ability to limit access to production data can be done through commercially available software products. Access can be limited to specific programs, user IDs, or read-only or read-and-edit- only access functionality. Files can also be transmitted between ACH participants using the following data protection methods.



#### Encryption and Authentication:

- Encryption is a process of scrambling data content through hardware or software in order to protect the confidentiality of a file's contents. This information should remain encrypted between all parties in the ACH Network using commercially reasonable procedures and must be transmitted using security technology as provided in the Rules.
- Message Integrity is a process of ensuring that files and data content have not been altered between the Originator and receiving points. Like encryption, this can be done using hardware or software to ensure data integrity.

#### Required Security Procedures:

- Entry of Company ID, User ID, User Password
- System security challenge if logging in from an unregistered computer
- Entry of code from security token, secure text or secure phone call

#### Recommended Security Procedures:

- Dual control
- Dedicated computer
- Payment activity review

## Data Retention and Protection

Customer shall retain data on file adequate to permit remaking of Entries for three (3) Business Days following the date of their transmittal by Bank as provided herein, and shall provide such data to Bank upon its request. Without limiting the generality of the foregoing provisions, Customer specifically agrees to be bound by and comply with all applicable provisions of the Rules regarding the retention of documents or any record, including, without limitation, Customer's responsibilities to retain all items, source documents, and records of authorization in accordance with the Rules. Customer acknowledges and agrees to comply with any and all Data Security Requirements contained in the Rules, including without limitation any requirements of ACH Originators, Third-Party Service Providers and Third-Party Senders to protect account numbers used in the initiation of ACH Entries and Files by rendering them unreadable when stored electronically. To the extent Customer comes into possession, custody or control of any Personally Identifiable Information ("PII") or other non-public information, including information (1) provided by a consumer to Customer, (2) resulting from any transaction with the consumer or any service performed for the consumer, or (3) otherwise obtained by Customer with regard to a consumer, including account information, Customer represents and warrants to Bank and its Customers, clients, vendors and processors that Customer will protect such PII by rendering it unreadable and inaccessible by persons who do not have legal authority to access such PII.

## Authorization Agreements

Customer shall obtain an authorization ("Authorization Agreement") as required by the Rules from the Receiver whose account will be debited or credited as the result of a debit/credit Entry initiated by Customer. A sample of an Authorization Agreement is provided within this User Guide. Customer shall retain the Authorization Agreement as a copy or original form while it is in effect and for two (2) years after termination or revocation of such authorization as stated in the Rules. Upon request, Customer shall furnish the original or a copy of the authorization to any affected Participating Depository Financial Institution, as defined in the Rules. Customer and Third-Party Sender/Provider's Originators shall be solely responsible for communicating with the Participating Depository Financial Institution to establish the method by which the Authorization Agreement will be provided and Customer will provide the Authorization Agreement to the identified Participating Depository Financial Institution within the time frame identified in the Rules. Customer shall ensure that all authorization requirements of the Rules for each SEC Code are satisfied and in compliance with the Rules.

If you need support, please contact Treasury Services Support at 877.920.6888, Monday – Friday 8 am – 5pm.

## Representations and Warranties; Indemnity

With respect to each and every Entry transmitted by Customer, Customer represents and warrants to Bank and agrees that (a) each person or entity shown as the Receiver on an Entry received by Bank from Customer has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the effective Entry date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Bank as provided herein, (c) Entries transmitted to Bank by Customer are limited to those types of credit and debit Entries described in this guide, (d) Customer shall perform their obligations under this Agreement in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC; laws, regulations, and orders administered by FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services, and (e) Customer shall be bound by and comply with the provision of the Rules (among other provisions of the Rules) making payment of an Entry by the Receiving Depository Financial Institution (RDFI) to the Receiver provisional until receipt by the RDFI of final settlement for such Entry. Customer specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Customer shall not be deemed to have paid the Receiver the amount of the Entry. Customer shall defend, indemnify, and hold harmless Bank, and its officers, directors, agents, and employees, from and against any and all actions, costs, claims, losses, damages, or expenses, including attorney's fees and costs resulting from or arising out of (i) any breach of any of the foregoing warranties, representations, or agreements, representations or warranties of the Customer contained in this Agreement; or (ii) any act or omission of the Customer or any other person acting on the Customer's behalf.

## Additional Warranties for Selected Standard Entry Classes

Nacha, in its role of ensuring the safety, security, and viability of the ACH network has determined that certain single-use or limited-use consumer authorizations have the potential to increase risk in the ACH system and compromise system effectiveness by increasing the incidence of returned Entries. Therefore, to qualify as an originating Customer of such Entries, Customer hereby warrants to Bank that for each such ACH Entry submitted for processing, Customer and Third-Party Sender/Provider's Originators have obtained all authorizations from the Receiver as required by the Rules, by Regulation E or other applicable law, and this Agreement. Customer also makes the additional warranties to Bank that Bank makes to each Receiving Depository Financial Institution and ACH Operator under the Rules for the respective SEC codes for Entries originated by Customer. Customer indemnifies and holds Bank harmless from any liability arising out of Customer's breach of these warranties.

## Additional Third-Party Sender/Provider Terms of Service and Obligations

The following terms and obligations apply to all Third-Party Sender/Providers, in addition to all established duties, responsibilities, warranties, representations and liabilities under the Agreement and all applicable federal, state, and local laws and regulations.

- (a) **Representations and Warranties:** Except for any Entry initiated by Third-Party Sender/Provider as a Customer, in addition to all established duties, responsibilities, warranties, representations and liabilities under the Agreement and all applicable federal, state, and local laws and regulations, for each and every Entry transmitted by Third-Party Sender/Provider to Bank, Third-Party Sender/Provider represents and warrants to Bank and agrees that Third-Party Sender/Provider shall: (i) perform all of the duties, including, but not limited to, the duty to identify Originators and, upon request of Bank, provide the identity of the Originators to Bank; (ii) identify and register any third-party Sender/Providers of Third-Party Sender/Provider ("Nested Third-Party Sender/Provider") as required by the Rules and enter into an ACH agreement with such Nested Third-Party Sender/Provider warranting compliance with the Rules; (iii) assume all of the responsibilities, including, but not limited to, the responsibilities of an Originating Depository Financial Institution (ODFI) and Originators; (iv) make

If you need support, please contact Treasury Services Support at 877.920.6888, Monday – Friday 8 am – 5pm.

all of the warranties, including, but not limited to, the warranties of ODFIs and the warranty that Originators have agreed to assume the responsibilities of Originators under the Rules; (v) make all of the representations; (vi) assume all of the liabilities, including, but not limited to, liability for indemnification for failure of an Originator to perform its obligations as an Originator; or a Third-Party Sender/Provider in accordance with the Rules; (vii) conduct, or have conducted, an audit of its compliance with the Rules in accordance with the Rules; and (viii) before permitting an Originator to originate an Entry, Third-Party Sender/Provider shall enter into an ACH Agreement as required by the Rules.

- (b) Relationship with Originators: Third-Party Sender/Provider agrees and acknowledges requirement to notify Bank of any and all Nested Third-Party Sender/Providers and that Bank does not maintain a separate contractual relationship with any of the Originators for which Third-Party Sender/Provider intends to transmit Entries. Subject to Bank's right of approval, Third-Party Sender/Provider may from time to time agree to process Entries for new Originators. Bank reserves the right to terminate, immediately or otherwise at Bank's sole discretion, its agreement to process any Entries created for the benefit of any Originator.

## **Financial Information and Audit**

Bank may from time-to-time request information from Customer in order to evaluate a continuation of the ACH service to be provided by Bank hereunder and/or adjustment of any limits set. Customer agrees to provide the requested financial information immediately upon request by Bank, in the form required by Bank. Customer authorizes the Bank to investigate or reinvestigate at any time any information provided by Customer in connection with the ACH service. Upon request by Bank, Customer hereby authorizes Bank enter Customer's business premises for the purpose of ensuring that Customer is compliant with this Agreement and Customer agrees to provide information to Bank regarding Customer's operational controls, risk management practices, authentication methods, fraudulent transaction detection systems, copies of audits, staffing and the need for training and ongoing support, and information technology infrastructure. Customer hereby acknowledges and agrees that Bank shall have the right to mandate specific internal controls at Customer's location(s) and Customer shall comply with any such mandate. In addition, Customer hereby agrees to allow Bank to review available reports of independent audits performed related to information technology, the ACH service and any associated operational processes. Customer agrees that if requested by Bank, Customer will complete an assessment of Customer's operations, management, staff, systems, internal controls, training and risk management practices that will be reviewed by Bank. If Customer refuses to provide the requested financial information, or if Bank concludes, in its sole discretion, that the risk of Customer is unacceptable, or if Customer violates this Agreement or the Rules, or if Customer refuses to give Bank access to Customer's premises, Bank may terminate the Service and this Agreement according to the provisions hereof.

## **Third-Party Service Providers**

Customer may be using special equipment, services or software provided by a third party to assist it in processing entries ("Service Provider"). Specific transmission implementation documents are required by the Bank to establish Customer processing using secure transfer protocol via a Service Provider. If Customer uses Service Provider to transmit files to Bank, Customer (a) agrees that Service Provider is acting as Customer's agent in the delivery of files to Bank, and (b) agrees to assume full responsibility and liability for any failure of Service Provider to comply with the laws of the United States, the Rules and this Agreement. Financial Institution will not be liable for any losses or additional costs incurred by Customer as a result of any error by Service Provider or a malfunction of equipment provided by Service Provider. Customer is solely responsible for maintaining compliance with the requirements of Service Provider, including obtaining any software updates. If Bank authorizes Customer to use a Service Provider, the terms and conditions governing the relationship between Customer and the Service Provider shall be governed by a separate agreement between Customer and Service Provider. All of Customer's obligations and responsibilities under this Agreement will apply to the Service Provider, and Customer's separate agreement with the Service Provider must so provide. At Bank's request, Customer will provide to Bank a true and exact copy of their agreement with the Service Provider. Notwithstanding the foregoing, Customer hereby authorizes Bank to accept any file submitted by the Service Provider even if the Service Provider has not been designated as a User in accordance with this Agreement. Customer hereby indemnifies and holds Financial Institution harmless for any losses, damages, fines, assessments, costs and expenses incurred or suffered by Bank or any other person as a result of or arising from Customer's use of Service Provider, including fines or assessments incurred under or pursuant to the Rules and attorneys' fees.

**Sample Authorization Agreements**

Consumer Authorization for Direct Payment via ACH  
(ACH Debits)

*Direct Payment via ACH is the transfer of funds from a consumer account for the purpose of making a payment.*

I (we) authorize \_\_\_\_\_ [Company Name] \_\_\_\_\_ (“COMPANY”) to electronically debit my (our) account (and, if necessary, electronically credit my (our) account to correct erroneous debits<sup>1</sup>) as follows:

Checking Account /  Savings Account (select one) at the depository financial institution (“DEPOSITORY”) named below.

Depository Name \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

Amount of debit(s) or method of determining amount of debit(s) [or specify range of acceptable dollar Amounts authorized]: \_\_\_\_\_

Date(s) and/or frequency of debit(s): \_\_\_\_\_

I (we) understand that this authorization will remain in full force and effect until I (we) notify COMPANY {insert manner of revocation, i.e., in writing, by phone, location, address, etc.} that I (we) wish to revoke this authorization. I (we) understand that COMPANY requires at least [X days/weeks] prior notice in order to cancel this authorization<sup>2</sup>.

Name(s) \_\_\_\_\_  
(Please Print)

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_

<sup>1</sup> *The Nacha Rules do not require the consumer’s express authorization to initiate Reversing Entries to correct erroneous transactions. However, Originators should consider obtaining express authorization of debits or credits to correct errors.*

<sup>2</sup> *Written debit authorizations must provide that the Receiver may revoke the authorization only by notifying the Originator in the time and manner stated in the authorization. The reference to notification should be filled with a statement of the time and manner that notification must be given in order to provide company a reasonable opportunity to act on it (e.g., “In writing by mail to 100 Main Street, Anytown, NY that is received at least three (3) days prior to the proposed effective date of the termination of authorization”).*

## Consumer Authorization for Direct Deposit via ACH

### (ACH Credits)

*Direct Deposit via ACH is the deposit of funds to a consumer's account for payroll, employee expense reimbursement, government benefits, tax and other refunds, and annuities and interest payments.*

**Check all that apply:**     Begin Deposit             Change Information             Split Among Multiple Accounts  
I have provided information for each of my accounts below.

I (we) hereby authorize \_\_\_\_\_ [Company Name] \_\_\_\_\_ ("COMPANY") to electronically credit my (our) account (and, if necessary, to electronically debit my (our) account to correct erroneous credits<sup>1</sup>). I (we) agree that ACH transactions I (we) authorize do comply with all applicable law.

#### Account #1

Checking Account/ Savings Account (select one) at the depository financial institution ("DEPOSITORY") named below.

Depository Name \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

Name(s) on the Account \_\_\_\_\_

Amount of credit (i.e., flat amount or percentage) \_\_\_\_\_

Date(s) and/or frequency of credit(s) \_\_\_\_\_

#### Account #2

Checking Account/ Savings Account (select one) at the depository financial institution ("DEPOSITORY") named below.

Depository Name \_\_\_\_\_

Routing Number \_\_\_\_\_ Account Number \_\_\_\_\_

Name(s) on the Account \_\_\_\_\_

Amount of credit (i.e., flat amount or percentage) \_\_\_\_\_

Date(s) and/or frequency of credit(s) \_\_\_\_\_

I (we) understand that this authorization will remain in full force and effect until I (we) notify COMPANY {insert manner of revocation, i.e., in writing, by phone, location, address, etc.} that I (we) wish to revoke this authorization. I (we) understand that COMPANY requires at least [X days/weeks] prior notice in order to cancel this authorization.<sup>2</sup>

Names(s) \_\_\_\_\_  
(Please Print)

Date \_\_\_\_\_ Signature(s) \_\_\_\_\_

<sup>1</sup> The Nacha Rules do not require the consumer's express authorization to initiate Reversing Entries to correct erroneous transactions. However, originators should consider obtaining express authorization of debits or credits to correct errors.

<sup>2</sup> Written credit authorizations must provide that the Receiver may revoke the authorization only by notifying the Originator in the time and manner stated in the authorization. The reference to notification should be filled with a statement of the time and manner that notification must be given in order to provide company a reasonable opportunity to act on it (e.g., "In writing by mail to 100 Main Street, Anytown, NY that is received at least three (3) days prior to the proposed effective date of the termination of authorization")