



Implementation Guide

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Introduction

Thank you for choosing our ACH.COM product for your ACH processing needs. We are dedicated to providing you with forward thinking, state of the art products and excellent Customer Care throughout our relationship.

We have compiled the following information that we feel will be beneficial to you in understanding our services, in addition to the rules and requirements in the ACH industry.

This implementation guide will:

- Introduce the participants of the ACH network
- Describe our Corporate Services
- Describe the various types of ACH transactions
- Introduce authorization and disclosure requirements
- Provide samples for each authorization and disclosure requirement
- Address timing of transaction delivery, returns and settlement
- Discuss ACH returns
- Discuss Change Notifications
- Provide instructions for logging in, creating payments and reviewing returns in the ACH.COM product
- Provide descriptions and instructions for Online Reporting
- Answer Frequently Asked Questions
- Provide contact information

If you have any questions when reviewing the guide, please feel free to contact us via telephone at (866) 859-0555 or via email at customercare@ach.com. We look forward to servicing all your ACH needs in a long and mutually beneficial relationship.

ACH Participants

Originator – (Your Company) The Originator is the entity that agrees to initiate ACH entries into the payment system according to an arrangement with a Receiver. The Originator is usually a company directing a transfer from a consumer's or another company's account.

Third Party Service Provider – (TPSP) The entity that acts as the collection point for transactions created by the Originator and then forwards the transactions to the ACH Operator on behalf of the ODFI.

Originating Depository Financial Institution (ODFI) – The ODFI is the financial institution that warrants all transactions created by the Originator that are forwarded to the ACH Operator.

ACH Operator – (Federal Reserve Bank) An automated Clearing House (ACH) Operator is the central clearing facility operated by EPN or the Federal Reserve Bank. The ACH Operator performs the settlement function and transaction delivery between ODFI's and RDFI's.

Receiving Depository Financial Institution (RDFI) – (Your Customer's Bank) The Receiving Depository Financial Institution is the financial institution that receives ACH entries from the ACH Operator and posts the entries to the accounts of its depositors (Receivers).

Receiver – (Your Customer) A Receiver is a natural person or an organization that has authorized an Originator to create an ACH entry to their account with the RDFI. A Receiver may be either a company or a consumer, depending on the type of transaction.

NACHA – (National Automated Clearing House Association) The entity that governs the framework and the Rules of the ACH network. All participants are obligated by legal agreement to abide by the Rules set forth by NACHA.

ACH Definitions

ACH – Automated Clearing House - A nationwide electronic funds transfer network which enables participating financial institutions to distribute electronic credit and debit entries to bank accounts and to settle such entries.

Addenda Record – Carries additional payment related information for the entry detail record. These can be optional or mandatory depending on the SEC code.

Administrative Return (R02, R03, R04) – Returns to debit entries due to administrative or account data errors.

Effective Entry Date (EED) – The date that the originator wants the funds to post to the receiver’s account.

FI – Financial Institution(s).

IAT – SEC code defined by NACHA as “a credit or debit that is part of a payment transaction involving a financial agency’s office that is not located in the territorial jurisdiction of the United States.”

NACHA – National Automated Clearing House Association - develops operating rules and business practices for the Automated Clearing House (ACH) Network and for electronic payments.

ODFI – Originating Depository Financial Institution.

OFAC – Office of Foreign Assets Control - Administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries, terrorists, international narcotics traffickers, and those engaged in activities related to the proliferation of weapons of mass destruction. A division of the U.S. Department of Treasury.

On-us File – These are transactions where the RDFI and the ODFI are the same financial institution. Instead of passing these transactions through the Federal Reserve, they can be passed directly to the partner financial institution.

Operator – Acts as the central clearing facility for ACH items. Also has the duty of delivering the ACH items to the RDFI.

Origination – The process of creating ACH transactions and delivering them to the ACH Operator.

Pre-notes – A zero dollar transaction sent before the first live transaction to test account information. These are optional.

Notification of Change (NOC) - Notification of Change is an advice from a RDFI to an ODFI that entry information requires corrections and includes the correction details. Resubmission is not required, but corrections are mandatory before next transaction is originated.

RDFI – Receiving Depository Financial Institution.

Return – When an originated ACH transaction is sent back due to an error or problem. (Invalid Account Number, Insufficient Funds, etc.)

Same Day ACH – An entry for which the Effective Entry Date is the same Banking Day as the date on which the entry is transmitted to the Federal Reserve. These items must be less than \$25,000, credit items (until September 15, 2017 wherein debits are allowed) and cannot be IAT items.

Settlement Date – The date the funds actually settle in the receiver’s account.

Standard Entry Class (SEC) Code – A 3 letter code that identifies the application and the rules that apply to that specific transaction.

Trace Number – A 15 digit number that is assigned to each entry detail record to uniquely identify it. The first 8 digits represent the ODFI for that transaction.

Transaction Code (Tran Code) – A 2 digit code that identifies whether the transaction is a debit or a credit and the account type (checking, savings, loan, GL).

Unauthorized Returns – (R05, R07, R10, R29, R51) A return that is submitted back from the RDFI with the confirmation form the Receiver that the item did not receive the appropriate authorization or the transaction is different from the authorized details.

ACH.COM Product Services

- **Single-Entry ACH-** Single-Entry ACH provides the ability for companies to create one-time withdrawals or deposits to their customers or employees.

- **Uses:**

- Payments received over the telephone
- Refunds that need to be issued to customers
- Cash concentration transfers
- Expense reimbursements
- Custom reporting to meet your specific needs

- **Features:**

- Supports multiple users simultaneously
- Approval level options
- Immediate validations for error checking
- Verification options
- Minimum entry fields for saving time

- **Benefits:**

- Web-based application provides automatic system updates
- No software installations on your computers
- Minimizing on invoicing saves paper costs and employee time
- Error checking and audit research saves money and relationships
- 24/7/365 system access
- Access to expert knowledge base for assistance

- **Recurring ACH-** Recurring ACH provides companies with the ability to set up monthly, weekly, bi-weekly, etc. payments

- **Uses:**

- Collecting for membership dues
- Collecting for monthly fees for services
- Paying reimbursements for company cell phone bills
- And many more

- **Features:**

- Multiple frequency options
- Adjustable last payment amount
- Supports multiple users simultaneously
- Approval level options

- Immediate validations for error checking
- Custom reporting to meet your specific needs

Benefits:

- One-time set up saves time
 - Web-based application provides automatic system updates
 - No software installations on your computers
 - Minimizing invoices saves on paper costs and employee time
 - Error checking and audit research saves money and relationships
 - 24/7/365 system access
 - Access to expert knowledge base for assistance
- **ACH Batch Creation-** ACH Batch Creation provides the ability for companies to set up a template that can be copied to produce a batch of payments for the same group of people, amounts can vary or remain the same.

▪ **Uses:**

- Creating payroll batches for processing
- Creating collection batches for monthly bills
- Cash concentration between multi-location stores
- And many more

▪ **Features:**

- Easy to copy batch process
- Import data to create batches
- Approval level options
- Immediate validations for error checking
- Verification options
- Custom reporting to meet your specific needs

▪ **Benefits:**

- Simple set up saves time
- Web-based application provides automatic system updates
- No software installations on your computers
- Moving away from using checks saves paper costs and employee time
- Error checking and audit research saves money and relationships
- 24/7/365 system access
- Access to expert knowledge base for assistance

- **ACH File Acceptance-** ACH File Acceptance provides the ability for companies that have the technology to create their own files to submit their batches for processing. Multiple format types will be accepted.

- **Uses:**

- Customer creates their payroll file and submits the file for processing
- Customer creates their billing/collection file and submits file for processing
- And many more

- **Features:**

- Secure automated and/or manual file upload options
- Flexible formats to choose from
- Secure automated and/or manual file download options for feedback files
- Approval level options
- Immediate validations for error checking
- Verification options
- Custom reporting to meet your specific needs

- **Benefits:**

- Save time and money via secure automation options
- Web-based application provides automatic system updates
- No software installations on your computers
- Error checking and audit research saves money and relationships
- 24/7/365 system access
- Access to expert knowledge base for assistance

- **Standard/Custom Reporting-** Standard/Custom Reporting provides the ability for companies to define their own report formats if they desire more info than the standard reports offer.

- **Uses:**

- Corporate office wants detailed reporting on return reasons and percentages
- Hi-tech company desires reports in data file formats for importing
- And many more

- **Features:**

- Many recommended default report types to choose from
- Ability to create custom reports by choosing columns to include and format types
- Ability to save your created report format for future use
- Many default format types for data file reporting

- **Benefits:**
 - Get just the data you need, or get all the data available
 - Web-based application provides automatic system updates
 - No software installations on your computers
 - 24/7/365 system access
 - Access to expert knowledge base for assistance
 -
- **Verify Data** – A tool used when entering account information for transactions which verifies:
 - The validity of routing numbers
 - The account number is recognized as an open account
 - The account is not in overdraft status
- **Payment Approval** – Used to view and approve transactions, batches or files, with two options on approval level: Bank or Parent approval.
 - Parent/Customer Approval – Dual control feature where one or more users are allowed to create/upload payments with one or more users allowed to approve the items.
 - Bank Approval – Dual control feature where the company users are allowed to create/upload payments, but the bank must approve the items before releasing for payment.

**Note: If items have not been approved within 1 hour and/or 30 minutes before cutoff, an email will be sent to the Bank/Parent (depending on what has been turned on for approvals). Notification is based on Cutoff time + EED (based on Debit = 1 day/Credit = 2/day release).*
- **User Permissions** – Permissions per user type (Admin, Operator, or Read Only) can be customer adjusted to allow for any or all of the following:
 - **Create Payments** –
 - Write – submit, edit or create payments
 - Read – ability to call up transaction information in warehouse or see structure of payments
 - Deny – renders user unable to pull up any transaction detail
 - **Upload Files** –
 - Write – submit or upload ACH files online
 - Read – ability to access warehouse from Upload files for research
 - Deny – Section is unavailable to user
 - **Manage Users** –
 - Write - reset passwords, create new users
 - Read – ability to call up user details for research only
 - Deny – inability to pull up any user detail

- **Manage Customers –**
 - o Write – ability to make changes to certain areas of Customer setup (still requires system personnel to complete dual control audit and requires a change form)
 - o Read – ability to view customer setup details for research only
 - o Deny – inability to pull or see any setup information (section is unavailable to user)
- **Online Support –**
 - o Write – can access the Chat feature, upload sensitive data to information exchange, or email Customer Care from website
 - o Read – ability to call up user details for research only
 - o Deny – Section is unavailable to user
- **Payment Approval –**
 - o Write – (when enabled) can approve payments submitted and waiting to be placed in warehouse for release upon cutoff
 - o Read – ability to call up pending payment details for research only
 - o Deny – Section is unavailable to user
- **Reporting –**
 - o Write – ability to pull various report types from Customer, Bank or Risk reporting and export or print
 - o Read – ability to pull various report types from Customer, Bank or Risk reporting for research
 - o Deny – Section is unavailable to user
- **Review Returns –**
 - o Write – ability to pull return files with pertinent account and return/correction information for download
 - o Read – ability to pull return files with pertinent account and return/correction information for research
 - o Deny – Section is unavailable to user
- **Verify Data –**
 - o Write – (when enabled) can verify that account information is valid
 - o Read – can view for research only
 - o Deny – Section is unavailable to user

**Note: New user form must be submitted to allow for Customer Care team to validate information and audit new users before the setup is completed.*

Prohibited Originators

****Prohibited Originators are industry types that cannot be processed through the system****

Adoption Agencies (non or for profit)
Adult Entertainment / Pornographic / Adult Materials
Collection Agencies
Companies headquartered outside the United States
Companion or Escort Services / Sexual Encounter Agencies
Consulting firms operating in (get rich quick schemes, credit repair & debt reduction, mortgage reduction services, Investment programs)
Credit Restoration / Repair Services
Door to Door Sales Drug Paraphernalia
E-Cigs/Tobacco Dist
Factoring
Flea Markets
Gambling / Lotteries / Raffles
Gun Sales
Law Firms engaged in bankruptcy
Mailing Lists
Massage Parlors Mortgage Companies
Neighborhood Party Sales
Nutraceutical Companies
Online Consumer Finance
Online Dating Services
Outbound Telemarketing
Payday Lending
Protection Services Pseudo - pharmaceuticals Psychics
Pyramid / Multi-Level Sales
Sports Forecasting
Tattoo Parlors
Time Share
Travel Agencies
Virtual Coin / Bit Coin

Restricted Originators

****Restricted Originators are businesses that are reviewed on a case by case basis****

Airlines

Auctions

Auto Rental Agencies & Auto Sales Bail Bond Services / Pawn Shops Bars / Taverns (not serving food) Business Loans B 2 B Lending

Cable Boxes

Check Cashing Institutions

Computer Hardware & Software (retail) Consignment Stores

Consumer Loans / Leases Contractors / Home Repairs Cooperative Discount Groups Credit Card Protection

Employment Agencies Forward Delivery Providers Freight Forwarders Furniture Stores

Hair Growth and / or Replacement / Vitamin and Supplement Sales

Health Spas / Clubs (except country clubs) Import / Export

Inbound Telemarketing Internet Fulfillment Houses Investment Opportunities Limousine or Taxi Services

Long Distance Providers / Network Providers

Mall Kiosks

Membership Type Business

Merchant Cash Advance

Modeling Agencies / Talent Booking Agencies

Network Providers

Pawn Shops

Precious Metal or Stamp

Prepaid Services

Real Estate Services

Resort Land Promotions / Sale of Real Estate

Resume Preparers

Talent Booking Agencies

Telephone Cards

ACH Transaction Types

ACH transaction types are easily identified by SEC or Standard Entry Class Codes. Proper use of SEC codes is crucial in ensuring that your company and the ODFI are in compliance with NACHA rules.

Each SEC code has different rules, authorization and/or disclosure requirements.

Below you will find a list of transaction types (with referenced SEC codes) that are supported by the ACH.COM product.

Acknowledgment Entries = ACK & ATX

- Two standard entry class codes that are available for use by ACH participants that allow Originators to request an acknowledgement from the RDFI that a corporate credit entry has been received and that the RDFI will attempt to post the payment to the Receiver's account.
- It is a non-dollar transaction transmitted by the RDFI to a request for an acknowledgment contained within the forward CCD or CTX credit entry.
- ACK is used to acknowledge receipt of entries originated using the CCD format.
- ATX is used to acknowledge receipt of entries originated using the CTX format.
- These codes are optional for all participants.

Back Office Conversion Entries = BOC

- This allows Originators to convert checks presented by the receiver for payments made at either the point of purchase or a manned bill payment location, provided that you:
 - Capture MICR information with an electronic device
- They are single entry debits and may only be used for non-recurring, in person payments where there is no standing authorization for the origination of ACH debits to the Receiver's account.
- Originators are only permitted to convert checks in the amount of \$25,000 or less.

Direct Debit/Direct Deposit = PPD (Pre-arranged Payment/Deposit)

- Direct Debit-Your Company (Originator) may debit the account of your customer (Receiver) for goods or services as they become due, provided you have obtained written authorization from your customer. (See sample on page 12.)
- Direct Deposit-Your Company (Originator) may credit the account of your employees or customers (Receiver) for payroll, interest, dividends or pensions. Although written authorization is not required, it is recommended as a method of obtaining valid routing and account numbers.
- This type of transaction can only be submitted to consumer accounts.

Corporate Collection/Payment = CCD (Corporate Cash Deposit/Disbursement)

- CCD-Your Company (Originator) can collect, distribute or consolidate funds between corporate entities provided that you have obtained written authorization or have an agreement in place with the corporate entity. (See sample on page 13.)
- This type of transaction can only be submitted to corporate accounts.

Corporate Trade Exchange = CTX

- CTX is used to move funds between the buyer's and seller's financial institution.
- This format is typically used to pay multiple invoices that are listed in the addenda records, although it may be used for a single invoice.

Customer-Initiated Entries = CIE

- CIE is a credit entry initiated on behalf of, and upon the instruction of, a consumer to transfer funds to a Receiver.
- This code is used when a consumer sends payments to a biller as opposed to a biller pulling (use of PPD, WEB, e.g.) funds from a customer's account.

Telephone Check = TEL (Telephone Initiated Entry)

- TEL-Your Company (Originator) can accept payments over the phone from your customers (Receiver) using their savings or checking account information when there is either:
 - An existing relationship between your company (Originator) and your customer (Receiver).

- No existing relationship between the Originator and the Receiver, but the Receiver has initiated the call.
- Oral authorization is obtained via recording and/or notice is sent prior to the debit entry posting to the customer's account (the recording and notice are both required with a recurring TEL). (See sample on pages 14-15.)
- TEL entries are for one-time payments or recurring.
- Recurring TEL payments requires both a recorded and written authorization.

Internet Check = WEB (Web Initiated Entry)

- WEB – Your Company (Originator) can accept payments, both single or recurring, over the internet from your customers (Receiver) using their savings or checking account information provided that you:
 - Obtain electronic authorization by posting of appropriate disclosure on the site. (See authorization requirements on page 16.)
 - Have incorporated commercially reasonable authentication and verification methods, i.e. log in with PIN number, social security number, account number.
 - Are providing a secure session for the transaction.

Check Conversion-In Person = POP (Point of Purchase Check Conversion)

- POP – Your Company (Originator) may convert checks presented in person by your customers (Receiver) into ACH items, provided that you:
 - Capture MICR information with an electronic device.
 - Void the check and give back to the customer upon receipt.
 - **DO NOT convert Corporate Checks, Money Orders, Cashier's Checks, or Third Party Checks.**

Check Conversion-Mail In/Drop Box = ARC (Accounts Receivable Conversion)

- ARC – Your Company (Originator) may convert checks received by mail or in a drop box from your customers (Receivers) into ACH items, provided that you:
 - Capture MICR information with an electronic device.
 - Properly disclose this practice on your invoice, statement or agreement.
 - Retain an image of the front and back of the check for 2 years.
 - Destroy the paper item after 14 days.
 - **DO NOT convert Corporate Checks, Money Orders, Cashier's Checks or Third Party Checks.**

Electronically Collect NSF Paper Checks = RCK (Returned Check Re-Presentation)

- RCK – Your Company (Originator) can collect paper checks that have been returned for NSF or Uncollected funds by creating an ACH item provided that you:
 - Post signage at the point of sale indicating that if a check is returned it will be collected electronically. (See sample on page 17.)
 - Initiate the item for the face value of the check only.
 - **DO NOT deposit the paper item after you have created an electronic item.**
 - **DO NOT attempt to collect Corporate Checks electronically.**
- NSF fees may be collected electronically, however the NSF fee must be created as a PPD entry and written authorization must have been obtained at the point the check was presented.

Destroyed Check Entries = XCK

- This code allows ACH to be used by a collecting financial institution to collect certain checks that have been destroyed or lost.
- This is a voluntary code.
- Use of this code is limited to the loss of an entire cash letter only and is not for use with single lost items.

When it comes to ACH transactions, following the rules for proper authorizations is critical to ensuring that you can defend yourself in the event that one of your customers disputes a charge.

Collection of Return Fees

Summary

Used for collecting return fees from Consumer Accounts that are returned insufficient (NSF) or Uncollected Funds (UCF), may be used for Non-Consumer accounts when the original source document for an underlying ARC, BOC or POP transaction does not contain an auxiliary On-Us field.

Authorization

- Authorizations must bear the SEC Code in which the authorization was obtained and must be obtained in one of the following ways:
 - By providing notice to the Receiver that conforms to the Requirements of Regulation E at the time the original/underlying ACH debit is authorized/accepted.

Authorization is obtained in writing.
 - Provides authorization over the phone (SEC Code - TEL)
 - Customer Authorizes an ACH debit for the return fee from the Merchants website (SEC Code – WEB)

Identification

- **“RETURN FEE”** must be included in the Company Entry Description field of the Company Batch Header Record, regardless of the manner in which authorization was obtained, the nature of the transaction, or the SEC Code used in the Entry.
- The Originator will be required to identify itself in the Company Name field using the identical name that was used in the underlying ACH debit.
- A Return Fee Entry related to any underlying ACH debit that carries a check serial number (ARC, BOC, POP and RCK), or related to an underlying check

transaction, must carry the check serial number of the underlying transaction in the Individual Identification Number field of the Return Fee Entry.

Number and Timing of Return Fees

- Allows only one Return Fee Entry in relation to an underlying transaction returned NSF/UCF, regardless of the number of times the underlying transaction is returned.
- A Return Fee Entry that is itself returned NSF may be re-initiated in accordance with the rules on re-initiation.
- A Return Fee Entry that is authorized by notice must have a Settlement Date that is no later than 45 days after the Settlement Date of the ACH Return Entry or the receipt of the return of the underlying check transaction.

PPD Sample Authorization

AUTHORIZATION AGREEMENT/DIRECT PAYMENTS.ACH DEBITS

I (we) hereby authorize _____ (company name), hereinafter called Company, to debit entries and, if necessary, credit entries to correct erroneous debits from the account at the Financial Institution named below, hereinafter called Financial Institution. If a debit is scheduled to take place on a non-banking date, the transaction will take place on the next banking day. I (we) acknowledge the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

_____ FINANCIAL INSTITUTION	_____ ACCOUNTNAME
_____ ROUTING/TRANSIT NUMBER	_____ ACCOUNT NUMBER
ACCOUNT TYPE <input type="checkbox"/> CHECKING <input type="checkbox"/> SAVINGS	
ONE TIME DEBIT AMOUNT \$ _____	
RECURRINGAMOUNT \$ _____	
RANGE MINIMUM _____	RANGE MAXIMUM _____

This authority is to remain in full force and effect until Company has received written notification from me of termination in such time and manner as to afford Company and Financial Institution a reasonable opportunity to act on it.

_____ PRINTAUTHORIZED SIGNER'SNAME	_____ TITLE
_____ SIGNATURE	_____ DATE

****Please Attach Copy of Voided Check to This Form****

CCD Debit Sample Authorization

AUTHORIZATION AGREEMENT / DIRECT PAYMENTS (ACH DEBITS)

We _____(company name), hereby authorizes _____(your company name), hereinafter called Company, to debit entries and, if necessary, credit entries to correct erroneous debits from the account at the Financial Institution named below, hereinafter called Financial Institution. If a debit is scheduled to take place on a non-banking date, the transaction will take place on the next banking day. I (we) acknowledge the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

FINANCIAL INSTITUTION

ACCOUNTNAME

ROUTING/TRANSIT NUMBER

ACCOUNT NUMBER

ACCOUNT TYPE CHECKING SAVINGS

ONE TIME DEBIT AMOUNT \$ _____

RECURRINGAMOUNT \$ _____

RANGE MINIMUM _____ RANGE MAXIMUM _____

This authority is to remain in full force and effect until Company has received written notification from me of termination in such time and manner as to afford Company and Financial Institution a reasonable opportunity to act on it.

PRINTAUTHORIZED SIGNER'SNAME

TITLE

SIGNATURE

DATE

****Please Attach Copy of Voided Check to This Form****

Sample Telephone Authorization Notification

Your Company Name

Your Company Address
& Contact Information

Joseph Truman
123 Main Street
Chattanooga, TN 37421-8902

August 5, 2010
071-039-606

Dear JOSEPH TRUMAN:

This letter is confirmation of your verbal authorization to (Your Company Name) via phone for payment for (order number, account number, whichever is applicable).

On (enter date) you authorized us to electronically debit your bank account in the amount of _____ for payment to _____. This debit will be processed on (enter date).

Please retain this letter for your records.

If you should have any questions or concerns regarding the transaction, please call us at 1-800-234-5678.

Sincerely,

Customer Care Department

The following information MUST be included during the telephone authorization:

- Today's date or the date the authorization was obtained
- The date that the transaction to the consumer's account will occur
- Amount of the transaction
- Receiver's name
- Customer Care telephone number that is answered during normal business hours
- A statement from your organization that the authorization just obtained is for a Single-Entry ACH debit.

The above pieces of information need to also be included in the scripts for recorded authorizations.

The following provisions are also necessary when initiating TEL transactions:

- Routing Number Verification – The Company will employ a commercially reasonable procedure to verify routing numbers.
- Receiver Identification – The Company will employ a commercially reasonable procedure to verify the identity of the Receiver.

Copies of the authorizations, either the notice or the recording, must be retained for a period of two years from the date of the transaction.

WEB Authorization Requirements

Originator must keep the authorization, whether it is the actual document or electronic copy, for 2 years following termination of the authorization.

- The authorization for WEB entries can be written, signed or similarly authenticated
- The Receiver (consumer) must be able to read the authorization language on the screen
- The authorization must be readily identifiable as an ACH debit authorization
- The authorization must clearly and conspicuously state its terms
- The Originator must provide a method for revoking the authorization if it is a recurring entry
- The Consumer must be prompted to print or be provided with a hard copy upon request

Originators of WEB entries also agree to the following:

- Originator has employed a commercially reasonable fraudulent transaction detection system to screen each entry
- Originator has employed commercially reasonable methods of authentication to verify the identity of the receiver (i.e. PIN, Account Number, Password, etc.)
- Originator will use commercially reasonable procedures to verify that routing numbers are valid
- Originator will implement a secure internet session 128-bit encryption technology prior to receiver key entry

Originator will conduct an annual audit to ensure that the financial information it obtains from the receiver (consumer) is protected by security practices and procedures that include, at a minimum, adequate levels of 1) physical security to protect against theft, tampering, or damage, 2) personnel and access controls to protect against unauthorized access and use, and 3) network security to ensure secure capture, storage, and distribution.

Point of Purchase (POP) Check Conversion Authorization

I authorize the merchant to convert my check and debit my account for the sale amount via ACH. In the event that the ACH item is returned unpaid, I agree to pay and have my account debited electronically for the returned item fee of _____. Questions may be directed to _____.

Signature: _____

RCK Signage & NSF Fee Authorization

“In the event your check is returned unpaid for insufficient or uncollected funds, it may be re-deposited electronically for payment.”

If the merchant intends to assess a returned check fee electronically, they are required to have the consumer sign a written authorization, which may be stamped on the back of the check.

In the event this check is returned, I hereby authorize the merchant to debit my account for a returned check fee of \$ _____.

Signature: _____ Phone: _____

Explanation of Settlement Flow

Direct Settlement – 3 Day Debit Delay:

Monday	Tuesday	Wednesday	Thursday	Friday
Process Date: <i>Originator sends debit file to TPSP in the amount of \$100,000</i>	Effective Entry Date: <i>Transactions hit Consumer/Corporate Accounts</i>	<i>5 returns for a total amount of \$5,000 are received by ACH.COM</i> <i>ACH.COM releases the returns settlement in the nightly release</i>	<i>\$5,000 is debited from originator's settlement account for collection of returns</i> <i>ACH.COM release the originator's settlement in the nightly release</i>	Settlement Date: <i>Settlement in the amount of \$100,000 is credited to originator's settlement account</i>

Direct Settlement- The ACH.COM product will settle with the originator exactly the amount that they process. This type could have a delay period. The returns will then be collected from the originator as they are returned.

Same Day ACH Settlement

10:30 a.m. EST Window	2:45 p.m. EST Window
ACH.COM product cutoff time: <i>9:30 a.m. EST</i> Fed Settlement time: <i>1:00 p.m. EST</i>	ACH.COM product cutoff time: <i>*11:30 a.m. EST / 1:30 p.m. EST</i> Fed Settlement time: <i>5:00 p.m. EST</i> <i>*11:30 a.m. EST is DIRECT CUSOTMERS</i>

Origination Timing

The ACH Rules govern timing of transaction delivery to the ACH Operator and the timeframes for returning an item. Timing of Settlement entries to your company's (Originator) account are typically determined by the ODFI or TPSP based on a risk evaluation conducted through the underwriting process.

It is important to note that several terms are used when discussing the processing of ACH items. These are outlined below:

1. **Cut-off Time:** The daily time established as a deadline to insure transactions are processed that day. Your cut-off time for processing is established in your ACH Origination Agreement. Files submitted after the cut-off time are not processed until the next day unless approval is granted, at which time late file fees will be assessed.
2. **Process Date:** The date transactions received by the cut-off time are processed and forwarded to the ACH Operator by TPSP or the ODFI.
3. **Effective Entry Date:** The date your company (Originator) intends payment or collection to post to your customer's (Receiver) account. Effective entry dates may be adjusted if they are stale dated, fall on a holiday or weekend.
4. **Non-Processing Holidays:**
 - New Year's Day
 - Martin Luther King Jr.'s Birthday
 - President's Day
 - Memorial Day
 - Independence Day
 - Labor Day
 - Columbus Day
 - Veteran's Day
 - Thanksgiving Day
 - Christmas Day

5. **Settlement Date:** The date your company (Originator) is debited or credited for the sum of ACH transactions processed for a particular day. This day varies and is determined during the underwriting process. Your settlement date is established in your ACH Origination Agreement.
6. **Same Day ACH:** The date your company (Originator) submits a transaction with the same Effective Entry Date as the processing date. The items must be submitted before the two early windows (10:30 a.m. EST and 2:45 p.m. EST). ACH.COM product cutoff times for each window will be 9:30 a.m. EST and 1:30 p.m. EST, respectively.
 - a. ***DIRECT CUSTOMER SAME DAY ACH CUTOFF TIME*** - The items must be submitted before the 11:30 a.m. EST ACH.COM product cutoff to be submitted at the last Fed Same Day ACH Window at 2:45 p.m. EST.

Since your customers'/employees' banks (RDFI's) use different processing systems, the ACH network requires specific timing of transactions to be considered when transmitting these entries to the ACH Operator. These rules are as follows:

- **Credit Transactions** are to be delivered by the deadline of the process date at least two business days prior to the Effective Entry Date of the transactions.
- **Debit Transactions** are to be delivered by the deadline of the process date at least one business day prior to the earliest Effective Entry Date of the transactions within the file.

Settlement Timing & Types

Timing of settlement is determined by TPSP or the ODFI based on a risk evaluation conducted during the underwriting process. Timing of settlement can occur as follows:

1. **Same Day Settlement** is when your company (Originator) is debited or credited for the sum of transactions on the same day as the effective entry date of transactions processed to your customer's (Receiver) account. Example: Your customers are debited on the 10th of the month, and funds are deposited into your account on the 10th of the month.

2. **Delayed Settlement** is when your company (Originator) is debited or credited for the sum of transactions after the effective entry date of transactions processed to your customer's (Receiver) account. Delayed settlement can be up to 7 days business days. Example: Your customers are debited on the 10th of the month; funds are deposited into your account on the 15th of the month. The illustration below shows the flow of each settlement type.

Monday	Tuesday	Wednesday	Thursday	Friday
<ul style="list-style-type: none"> • Process Date 	<ul style="list-style-type: none"> • Effective Entry Date • Same Day Settlement Occurs 	<ul style="list-style-type: none"> • 1-Day Delay Settlement Occurs 	<ul style="list-style-type: none"> • 2-Day Delay Settlement Occurs 	<ul style="list-style-type: none"> • 3-Day Delay Settlement Occurs

3. Same Day ACH Settlement is based upon the processing window the items were transmitted to the Federal Reserve. If the items were submitted and processed at the first window at 10:30 a.m. EST, the items will settle at 1:00 p.m. EST. If the items were submitted and processed at the second window at 2:45 p.m. EST, the items will settle at 5:00 p.m. EST.

10:30 a.m. EST Window	2:45 p.m. EST Window
<p>ACH.COM product cutoff time: 9:30 a.m. EST</p> <p>Fed Settlement time: 1:00 p.m. EST</p>	<p>ACH.COM product cutoff time: 11:30 a.m. EST / 1:30 p.m. EST</p> <p>Fed Settlement time: 5:00 p.m. EST</p> <p><i>*11:30 a.m. EST is DIRECT CUSOTMERS</i></p>

Return Timing

The ACH Network requires your customers' banks (RDFI) to return all entries by the opening of the second business day following the effective entry date of a transaction, with the exception of Revoked or Unauthorized transactions which can be sent back on the banking day following the sixtieth calendar day following the settlement date of the entry. The following section on Returns will provide more detailed information regarding timeframes for returns and return reason codes.

Returns

Returns are sent when a receiving bank cannot post an ACH transaction.

Return Reason Codes are used to identify the reason for the return (See attached list of Common Return Reason Codes on pages 28-29)

The Return Reason Code also determines the timeframe that a receiving bank can return an item.

The general rule for return timeframes is for the return entry to reach the originating bank no later than the opening of business on the second banking day following the effective date of the original transaction. (To make it simple – returns, in general, can come back for up to 2 days after the transactions hit the customer's account.)

Return Thresholds

Unauthorized Returns (R05, R07, R10, R29, R51) must stay under half of a percent (.5%) of total debit entries initiated during the preceding 60 days or two calendar months.

Administrative Returns (R02, R03, R04) must stay under three percent (3.0 %) of total debit entries returned for administrative or account data errors.

Overall Return must stay below fifteen percent (15.0%) for all debit entries (excluding RCK) that are returned for **any** reason.

Reinitiating Returned Entries

An Originator or ODFI may reinitiate any Entry (except RCK) that was previously returned **only** if the Entry was returned:

- Insufficient or Uncollected Funds
- Stop payment and reinitiation has been separately authorized
- The original returned transaction was corrected
- The original return settlement was within 180 days of the reinitiation

A Reinitiated payment **must** contain:

- Entry Description “RETRY PYMT”
- All original transactional data must be identical

Return Fee Entries

An Originator or ODFI may initiate a Return Fee Entry in relation to the return, but must

- Have authorization established by providing notice at the time of the initial return or the original item is accepted
- Be submitted with an SEC Code of “PPD”
- Have an Entry Description of “RETURN FEE” in Batch Header Record
- Have the same Company Name of the original transaction
- Identify the Receiver of the Return Fee by Individual Name/Company Name
- Have a Settlement Date within 45 days of the Settlement Date of the Return Entry of the underlying debit entry

Unauthorized Returns

There is an extended return timeframe for some Return Reason Codes. For this extended return timeframe, the return entry must be sent to the ACH Operator (Federal Reserve) in order for the return to be available to the originating bank no later than the opening of business on the banking day following the sixtieth calendar day following the effective date of the original transaction.

For PPD, ARC, BOC, POP, WEB, & TEL the extended return deadline can be used for the following reasons:

- Entry was not authorized by the Receiver (customer) – R10 return code
- Debit amount was greater than authorized amount – R10 return code (Notice of change in amount from original authorized amount must be provided to consumer 10 calendar days prior to debit)
- Debit date was earlier than authorized date – R10 return code (Notice of change in date from the original authorized date must be provided to consumer seven (7) calendar days prior to debit)
- Authorization had been revoked by the Receiver (customer) – R07 return code (R07 can only be used for recurring debits only)
- Incorrect SEC Code (CCD) sent to a Consumer Account – R05 return code
- The source document used for the POP, BOC or ARC entry is improper – R10 return code
- The source document to which the BOC, POP or ARC entry relates has been presented for payment – R37 return code
- Stop Payment has been placed on the item to which the ARC or BOC entry relates – R38 return code

The receiver (customer) must execute a Written Statement of Unauthorized Debit when an ACH entry is claimed to be unauthorized, improper, or authorization revoked – R05, R07, R10, R37, R51 and R53.

Originator's Bank may request, in writing, a copy of the Written Statement of Unauthorized Debit up to 1 year from the date of the returned entry. The Receiver's Bank must provide the copy within 60 days of the request.

Originators receiving entries returned as R07 (Authorization Revoked), R08 (Payment Stopped), or R10 (Customer advises not Authorized) may NOT reinitiate these entries unless subsequent authorization of their customer has been obtained. R05 (Unauthorized Debit to

Consumer Account using Corporate SEC Code) may not be reinitiated unless subsequent authorization has been obtained and the SEC code has been corrected.

NACHA'S Rules Enforcement on Unauthorized Returns

Unauthorized returns (R05, R07, R10, R29, R51) must stay under half of a percent (.5%) of total debit entries initiated during the preceding 60 days or two calendar months.

- If percentage exceeds half of a percent (.5%) NACHA will have the ability to request specific information from the Originators who have exceeded the half of a percent (.05%) maximum.
- TPSP will receive the notice regarding the excessive unauthorized return rate and must respond to NACHA within ten (10) banking days, either refuting or acknowledging the claim. TPSP will then contact the originator to discuss reasons for the unauthorized returns.
- If refute of the claim is substantiated, the process ends until the threshold is exceeded again.
- If claim is acknowledged, TPSP must provide additional information as well as a plan to reduce the return rate below half of a percent (.5%) within 60 days. TPSP will discuss with the originator to obtain this information.

NACHA will be able to initiate a rules enforcement proceeding under National System of Fines if:

- TPSP and the originator fail to provide NACHA complete and accurate information.
- TPSP and the originator fail to reduce the rate below half of a percent (.5%) within 60 days of receipt of NACHA's written request.
- The return rate is reduced to a rate below half of a percent (.5%) within the 60 day time period, but fails to maintain the return rate below half of a percent (.5%) for 180 additional days.

If any of the above requirements are not met, NACHA may assess fines up to a maximum of \$500,000 per month until the requirement(s) are met or originator has been terminated from processing transactions.

Dishonored and Contested Dishonored Returns

TPSP has the right to dishonor a return for which a loss was incurred when the returned entry is untimely or contains incorrect or incomplete information.

- Dishonor Returns must be sent by the originating bank within five (5) banking days of the effective date of the returned entry.
- TPSP may contest a dishonored return within two (2) banking days from the effective date of the dishonored return.

Stop Payment VS Authorized Revoked

Stop Payment – R08 can be used for all SEC codes.

- A stop payment can be used to stop one payment or multiple payments.
- If a stop pay applies to more than one payment, the order remains in effect until ALL entries are stopped.
- Stop payments are temporary and are effective until Receiver withdraws stop payment order.

Authorization Revoked – R07 – used for recurring debits to consumer account only.

- When a valid authorization has been in place for recurring debits to a consumer's account and the consumer decides they no longer want the service/product that they previously authorized.
- The consumer must notify the company and explain that they want to revoke the authorization that is currently in place. This must be done by the customer, not the

customer's bank. If debits continue, the consumer notifies the bank that a debit which affected their account had been previously revoked. The bank will return the transaction using the R07 return code.

Common ACH Return Codes

RDFI - Receiving Depository Financial Institution - customer's bank

ODFI - Originating Depository Financial Institution - originator's originating bank

Return Codes:

R01 Insufficient Funds - available balance is not sufficient to cover the dollar amount of the debit entry

R02 Account Closed - previously active account has been closed by customer or customer's bank

R03 No Account/Unable to Locate Account - account structure is valid and passes editing process, but does not correspond to individual or is not an open account (this can also be because the account type is wrong)

R04 Invalid Account Number - unauthorized debit to consumer account using corporate SEC Code (CCD, CTX, CBR)

R05 Unauthorized Debit Entry - account number structure not valid: entry may fail check digit validation or may contain an incorrect number of digits

R06 Returned Per ODFI's Request - ODFI has requested RDFI to return the ACH entry (optional to RDFI); ODFI indemnifies RDFI

R07 Authorization Revoked by Customer - consumer, who previously authorized ACH payment, has revoked authorization from Originator (must be returned no later than 60 days from settlement date and customer must sign the Written Statement of Unauthorized Debit)

R08 Payment Stopped - Receiver of a recurring debit transaction has stopped payment on a specific ACH debit. (RDFI should verify the Receiver's intent when a request for stop payment is made to insure this is not intended to be a revocation of authorization)

R09 Uncollected Funds - sufficient book or ledger balance exist to satisfy dollar value of the transaction in process of collection brings available or cash reserve balance below dollar value of the debit entry

R10 Customer Advises Not Authorized - customer has authorized RDFI that Originator of transaction is not authorized to debit account (must be returned no later than 60 days from settlement date of original entry and customer must sign affidavit)

R11 Check Safekeeping Entry Return - used when returning a check safekeeping entry, RDFI should use appropriate field in addenda to specify reason for return (i.e., "exceeds dollar limit," "stale date," etc)

R12 Branch Sold To Another DFI - financial institution receives entry destined for an account at a branch that has been sold to another financial institution

R13 RDFI Not Qualified to Participate - financial institution is not qualified to participate in ACH or the routing number is incorrect

R14 Account Holder Deceased - account-holder is deceased (used in the event of a Representative Payee, Guardian, or trustee)

R16 Account Frozen - funds unavailable due to specific action by the RDFI or by legal action

R17 File Record Edit Criteria - fields not edited by the ACH Operator are edited by the RDFI, field(s) causing processing error must be identified in the addenda record of return

R20 Non-Transaction Account - ACH entry is destined for a non-transaction account (i.e., an account against which transactions are prohibited or limited)

R21 Invalid Company Identification - number used in the Company ID field in error

R22 Invalid Individual ID Number - in CIE entry the individual ID Number is used by the Receiver to identify the account; Receiver has indicated to RDFI that number Originator identified is not correct

R23 Credit Refused by Receiver - Receiver refuses credit entry because of one of the following conditions: (1) minimum amount required by Receiver has not been remitted, (2) exact amount has not been remitted, (3) account subject to litigation and Receiver will not accept transaction, (4) acceptance of transaction results in overpayment, (5) Originator is not known by Receiver, or (6) Receiver has not authorized the credit entry

R24 Duplicate Entry - RDFI has received what appears to be a duplicate entry (i.e., trace number, date, dollar amount and/or other data matches another transaction)

R29 Corporate Customer Advises Not Authorized - RDFI has been notified by Receiver (non-consumer) that entry was not authorized

R31 Permissible Return Entry - RDFI has been notified by ODFI that ODFI agrees to accept a return entry beyond normal return deadline

R33 Return of XCK Entry - RDFI, at its discretion, returns an XCK entry (code only used for XCK returns), XCK entries may be returned up to 60 days after settlement date

Notification of Change

A Notification of Change can be used when Receiving Bank receives an ACH entry that contains incorrect information.

Although the Receiving Bank may be able to identify the intended account holder, the error may cause the item to reject automatic posting.

Notification of Change allows the Receiving Bank to send a message requesting the correction of information **without returning** the entry.

The Notification of Change will be for a zero dollar amount because the item was actually posted to the correct account. The NOC is just to let you know there needs to be a correction made to the information. The correct information will be included in the addenda attached to the NOC.

NOCs must be sent to the Operator (Federal Reserve) by the receiving bank within 2 banking days from the effective date of the original entry.

The Originating Bank must report NOC information to Originator within 2 banking days from the effective date of the NOC. (This information will be included in the Return Report that is made available to the Originator daily).

Originators receiving NOCs are required to make the requested changes within 6 banking days or prior to the initiation of the next entry to that account, whichever is later.

Notification of Change Codes

C01 Incorrect DFI Account Number - Customer's account number is incorrect

C02 Incorrect Routing Number - Customer's routing number is incorrect

C03 Incorrect Routing Number and DFI Account Number - Customer's routing number and DFI account numbers are incorrect

C04 Incorrect Individual/Company Name - Customer's name is incorrect

C05 Incorrect Transaction Code - Customer's account type (Savings/Checking) is incorrect

Logging into the ACH.COM product

First-time login:

With a web browser, connect to <https://secure.ach.com>. Log in with the temporary login and password provided to you. You will be taken to a screen to select the email notifications you wish to receive. These notifications can be useful if you need to know when certain events take place.

Returns Complete – Notifies you when the morning return processing has been complete and your reports and/or return files are ready for retrieval.

Transactions Processed – Notifies you when your cutoff time passes and transactions move from your warehouse into the ACH warehouse for processing to the Federal Reserve.

Pending Approval Notification – If your company requires payment approval prior to payments being released to the Federal Reserve, this notification is very important to you. This notification will be sent on all items pending approval 1 hour and/or 30 minutes before cutoff time. Notification is based on Cutoff time + EED (based on Debit = 1day/ Credit = 2day release). This is to help everyone remember to approve the items prior to the cutoff time.

You are not required to select any notifications but if you do, please click the 'Update' button. Once you have completed the notifications section, scroll down to the Security and ID section. Upon first login to the system, you have the ability to change your login name. If you choose to change your login name, enter the new login name and click 'Update'. You will need to update your password. Please enter your new password in both the 'Your New Password' and 'Confirm New Password' boxes. The system will force a strong password with at least seven characters in length and can contain both alphanumeric characters but must contain at least one special character. Click 'Update' when complete. You will receive the message 'Please select your security questions'. Click 'OK' and scroll down to the Security Images section. Select a security image that will appear each time you login to the system and then scroll down to the Security Questions section. You will need to select a question and provide an answer for each of the six (6) questions. The system will randomly ask two (2) questions upon future system logins. When complete, please click the 'Save' button and you will be logged into the system.

Five consecutive incorrect username/password combinations will result in the user being locked out. Five failed attempts at the multi-factor details or the security questions will also result in the login being locked. If at any time your password is locked out or needs to be reset by Customer Care, you will be required to complete the above steps again.

Password criteria:

Passwords must be (1) at least 7 characters in length and (2) contain a special character (e.g. !, @, #, %, &, ? etc.)

Password resets are determined on Bank level for 30, 60, or 90 days.

Notification/Password/Security Image/Security Questions reset:

To reset any or all of your Notifications, Password, select a different Security Image and/or Security Questions you must be logged into the ACH.COM product. Click on your login name at the top of the screen to access the User Details screen. You can scroll down to reset any portion(s) that you need.

Multi-factor Authentication

The Multi-factor Authentication process is an enhancement to the set of activities for enabling authorized users to gain access to the ACH.COM product. There are multiple steps that a user follows as part of their login process today for the system to authenticate them and to grant access to the application - those steps include entering an ID and password, answering two security questions and viewing their security image. The authentication process is being enhanced to include a 2nd factor - "something that the user has", using the user's phone and machine. For the purposes of this project, machine is defined as any device that supports a browser that is currently able to access the ACH.COM product.

The new authentication enhancement includes the user entering a one-time password that is sent via text message or voice calls in addition to the existing authentication steps. While entering this one-time password, the user can choose to register the machine they are logging in from so that in the future, the system can check to see if they are logging in from a registered machine. If the user is logging in from a registered machine that becomes the 2nd authentication factor and the user does not have to be sent a one-time password for access. If the user is not logging in from a registered machine, they will always be sent the one-time password which they will have to enter to access the system. This process also includes the ability for Customer Care to generate the one-time passcode for the customer in the event of a service interruption or when voice/SMS text is not available.

Navigating the Headquarters Screen

A user's permission and the capability that a company was approved and setup to process will determine which buttons and areas a user will have access to.

Payments Center:

The Payments Center is on the far left hand side of the screen. This section is used for creating and managing payments.

Create Payments – Used to create or manage ACH Single Payments, Recurring Payments, Batch Payments, Edit Recurring Payments and to view Search Warehouse Payments under the ACH heading. If a customer has access to Credit Card payments, they could also see Single Payments, Recurring Payments, Auth Only Payments, Edit Recurring Payments and to view Search Warehouse Payments under the Credit Cards heading.

Upload Files – Used to upload a pre-built file for a selected company for processing. The file should be in an agreed upon format of either NACHA, ACH or CSV format.

Payment Approval – Used to view and approve transactions, batches or files. If your company's transactions require approval prior to being processed to the ACH warehouse for release to the Federal Reserve, the items will appear in Payment Approval.

Online Reporting Center:

The Online Reporting Center is located in the center of the screen. This section is used for running and exporting reports, reviewing return activity, downloading return files and researching historical transactions.

Reporting – The Reporting section will allow a user to run reports pertaining to their activity. A user can also export the report data if desired.

Review Returns – This screen gives a user the ability to quickly view return information as well as download return files.

Research Transactions – This section allows your company to research historical transaction information to retrieve trace numbers, effective dates, return status, etc.

Help and Support:

Help and Support allows a user access to information regarding frequently asked questions, online support via online chat or email, and a secure place to pass documents or files back and forth for testing, etc.

Information Exchange – This allows a user a secure place to pass documents or files back and forth for testing, etc. Information Exchange can be used to pass information from the customer to ACH or from ACH to the customer.

Online Support – The Online Support page is the place for you to view frequently asked questions as well as to access the online chat and email support area.

Payments Center (How to create or upload transactions)

The Payments Center is where you will create transactions, manage recurring transactions and batches as well as make any edits or voids to transactions.

Create Payments – Single Payments:

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click 'Single Payments'.
- Payment Type: Select a SEC code from the dropdown list. This list will display only the options that your account has been set up for.
- Transaction Type: Select a Debit, Debit Pre-Note, Credit or Credit Pre-Note from the dropdown list to put money into or pull money from the receiver's bank account. This list will display only the options that your account has been set up for.
- Account Type: Select Checking or Savings account from the dropdown list. This is the bank account type of the receiver.
- Individual Name: Enter the name of the receiver. This field can contain up to 22 characters.

- Individual ID: Enter an identifier for the receiver of this transaction. You may use this field in any way you wish but you must enter something. This field can contain up to 15 alphanumeric characters.
- Routing Number: Enter the bank routing number of the receiver. The routing number is always 9 digits.
- Account Number: Enter the bank account number of the receiver. The account number will be between 4-17 digits.
- Description: Enter the description for your transaction. This description should help identify what the transaction is for. The description can be up to 10 characters.
- Amount: Enter the dollar amount for the transaction including the decimal and cents. Do not include the dollar sign.
- Note: If you want to assign a note to the transaction, enter it in the note box. The note remains in the system attached to the transaction but does not release to the Federal Reserve.
- Effective Date: Click the calendar and select the effective entry date of the transaction. This is the date you intend the item to reach the receiver's bank account. The earliest effective date will be selected for you by default and all other valid effective dates are on business days.
- Click the 'Save' button when you have completed the entry and are ready to submit your transaction for processing. If your account is set up to require approval prior to transactions releasing to the Federal Reserve, please review the 'Payment Approval' section in this document.

Create Payments – Recurring Payments:

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click 'Recurring Payments'.
- Payment Type: Select a SEC code from the dropdown list. This list will display only the options that your account has been set up for.

- Transaction Type: Select a Debit, Debit Pre-Note, Credit or Credit Pre-Note from the dropdown list to put money into or pull money from the receiver's bank account. This list will display only the options that your account has been set up for.
- Account Type: Select Checking or Savings account from the dropdown list. This is the bank account type of the receiver.
- Individual Name: Enter the name of the receiver. This field can contain up to 22 characters.
- Individual ID: Enter an identifier for the receiver of this transaction. You may use this field in any way you wish but you must enter something. This field can contain up to 15 alphanumeric characters.
- Routing Number: Enter the bank routing number of the receiver. The routing number is always 9 digits.
- Account Number: Enter the bank account number of the receiver. The account number will be between 4-17 digits.
- Description: Enter the description for your transaction. This description should help identify what the transaction is for. The description can be up to 10 characters.
- Note: If you want to assign a note to the transaction, enter it in the note box. The note remains in the system attached to the transaction but does not release to the Federal Reserve.
- Number of Payments: Enter the total number of recurring payments for the system to create. If the recurring items do not have an end date, click the checkbox for 'No End Date'.
- Schedule: Select the dropdown and select the frequency of the recurring transactions. For example, you have the ability to select the recurring transactions to generate weekly, monthly, etc.
- Payment Amount: Enter the dollar amount for the transaction including the decimal and cents. Do not include the dollar sign.
- Effective Date: Click the calendar and select the effective entry date of the transaction. This is the date you intend the item to reach the receiver's bank account. The earliest effective date will be selected for you by default and all other valid effective dates are on business days.

- Final Payment Amount: This field is optional. If the recurring transaction is due to have a different final amount than the normal, enter the final payment amount.
- Click the 'Save' button when you have completed entry and are ready to submit your transaction for processing. If your account is set up to require approval prior to transactions releasing to the Federal Reserve, please review the 'Payment Approval' section in this document.

Create Payments – Edit Recurring Payments:

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click 'Edit Recurring Payments'.
- Enter search criteria and click the 'Search' button or, to view all recurring setups, click the 'Search' button without entering any search criteria.
- Click 'Open' next to the recurring setup you wish to edit.
- Enter the new information and click 'Update' or to void/suspend the recurring item, click the 'Suspend Recurring' button.

Create Payments – Batch Payments – Batch Creation:

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click on 'Batch Payments'.
- Click 'New Template'.
- Template name: Template name should help you identify what the template contains. For example, if the template is for payroll, most companies will use "Payroll" as the template name.
- Type: The type dropdown allows you to restrict the template to debits, credits or both. If your account only has permission to process debits, 'Debits Only' will be the only option, etc.

- Click 'Next'.
- Click 'New Transaction' to add new item.
- Select Payment Type dropdown (Example, PPD for consumer).
- Select Transaction Type dropdown (Example, Credit).
- Select Account Type dropdown (Checking or Savings).
- Input Individual Name.
- Input Bank Routing Number.
- Input Bank Account Number.
- Input Individual ID.
- Input Amount (including decimal point).
- Note: If you want to assign a note to the transaction, enter it in the note box. The note remains in the system attached to the transaction but does not release to the Federal Reserve.
- Click Save.
- Repeat per transaction until all are entered.
- Click 'Finish' when complete.

Create Payments – Batch Payments – Batch Processing:

When you are ready to process the transactions:

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click on 'Batch Payments'.

If you need to add new transactions or adjust someone's bank account information, do so now by clicking 'Edit' on your template and 'Add Transaction', then save template.

- Click 'New Batch'.

- Select template from dropdown.
- Enter a Batch Name (example, Payroll 100204).
- Select Effective Date (date you want money to hit employee/customer account). Click 'Next'.
- Adjust dollar amounts as needed.
- Click 'Save'.
- Click 'Process' next to the batch that you want to process (you should receive a 'Successful' message).
- Click 'Back to Menu' button at bottom of screen.

If your account requires payment approval prior to the release of transactions, follow the next 2 steps. If not, skip the next 2 steps.

- Go to Payments, Click 'Payment Approval'.
- Highlight the batches to approve, Click 'Approve'.
- Go to the Payments Center; click 'Create Payments'.
- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click on 'Search Warehouse Payments' button.
- Click 'Search'.
- Verify that you see your items in the section 'Transactions in Warehouse'.

Upload Files:

Upload files is used when you need to manually upload a pre-built batch file (in an agreed upon format) to the system for processing.

- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.
- Click 'Browse' to select the file from your computer or network. When selected, click the 'OK' button.
- Click 'Upload'.
- When you are ready to process the file, click the 'Process' button. The system will display a confirmation message that will display file counts and totals which you need to confirm if they are correct. Once you follow the prompts and confirm the steps, you should receive a 'Successfully Processed' message.

If your account requires payment approval prior to the release of transactions, follow the next 2 steps. If not, skip the next 2 steps.

- Go to Payments, Click 'Payment Approval'.
- Highlight the batches to approve, Click 'Approve'.

- Go to the Payments Center; click 'Create Payments'.
- Select your company from the 'Company' dropdown list. If you only have one company mapped to your user the company will be selected for you.

- Click on 'Search Warehouse Payments' button.

- Click 'Search'.

- Verify that you see your items in the section 'Transactions in Warehouse'.

Reviewing Returns

Returns need to be checked daily. The returns can be viewed several different ways, either by running a Return Report, by going under Reporting and clicking on 'Review Returns' or by downloading a Return File.

Return Report – Displays details for returned items. It can be pulled for any date range.

- Category Type: ACH Returns
- Report Type: Return Report
- Company: Please select the company name
- Bank: Leave Blank
- Reseller: Leave Blank
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click "View Report"

Reporting – Review Returns-

- Under the Reporting tab at the top of the page click 'Review Returns'
- Select your company from the 'Company' dropdown list.
- Select the 'From Date' and the 'Until date' of the Returns you would like to view.
- Click 'Search'
- The Return file will show the company, date created, amount of Debits, and amount of Credits.
 - Click 'Details' beside the Return file to view each individual transaction.
 - If you need further details on a single transaction, highlight the transaction that you need and click 'View Details'. This will give you all the information on the single transaction.
- You can download the Return File by clicking on the icons to the right of the file. The formats for download include: ACH Format, CSV Format, and INT3 Format.
 - Click the format you want to download.
 - A box will appear asking if you want to Open or Save the file.

Online Reporting Descriptions

To run a report on the ACH.COM product, click on “Reporting” in the Online Reporting Center. From the Report screen, in the category field, choose either “ACH Processing”, “ACH Returns” or “ACH Risk”. The following reports can be found under these three categories. Detailed instructions on how to pull each report follow the report’s name and description below.

Activity Summary – Displays daily origination, return and settlement activity by date. It can be pulled for any date range.

- Category Type: ACH Processing
- Report Type: Activity Summary
- Company: Please select the company name
- Date: Automatically pulls for the current month, but you can change the date(s) if you need to run the report for a different date range
- Click “View Report”

Confirmation Report – Displays daily origination activity by file name, and is also broken down by SEC code. This report also shows any rejected transactions and amounts. It can be pulled for any date range.

- Category Type: ACH Processing
- Report Type: Confirmation Report
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Customer Warehouse Balancing – Displays items that have been entered, but not yet processed. It is pulled for only a single day.

- Category Type: ACH Processing
- Report Type: Customer Warehouse Balancing
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Customer Warehouse Detail – Displays detail of items in customer’s warehouse (items entered but not yet processed). It is pulled for a single day.

- Category Type: ACH Processing
- Report Type: Customer Warehouse Detail
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Source Batch: Leave Blank
- Source File: Leave Blank
- Click “View Report”

Dishonor Report – Displays items that have been dishonored, and details regarding those items. This report can be pulled for any date range.

- Category Type: ACH Returns
- Report Type: Dishonor Report
- Company: Please select the company name
- Bank: Leave Blank
- Reseller: Leave Blank
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Monthly Billing Invoice Report – Displays details for monthly billing. It can be pulled for a specific month.

- Category Type: ACH Processing
- Report Type: Monthly Billing Invoice
- Company: Please select the company name
- Bank: Leave Blank
- Reseller: Leave Blank
- Date: Automatically pulls for the current month, but can be changed for any previous calendar month
- Click “View Report”

Notification of Change Details – Displays details of all Notifications of Change received. It can be pulled for any date range.

- Category Type: ACH Returns
- Report Type: Notification of Change Details
- Company: Please select the company name
- Bank: Leave Blank

- Reseller: Leave Blank
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”
-

Origination Detail Report – Displays details of originated items. It can be pulled for any date range.

- Category Type: ACH Processing
- Report Type: Origination Detail Report
- Company: Please select the company name
- Bank: Leave Blank
- Reseller: Leave Blank
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Source Batch: Leave Blank
- Source File: Leave Blank
- Click “View Report”

Return Reason Analysis – Displays returns (number, amount, and percentages) by reason code. It can be pulled for any date range.

- Category Type: ACH Risk
- Report Type: Return Reason Analysis
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Return Report – Displays details for returned items. It can be pulled for any date range.

- Category Type: ACH Returns
- Report Type: Return Report
- Company: Please select the company name
- Bank: Leave Blank
- Reseller: Leave Blank
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Settlement Report – Displays details of settlement for originated items and returns. Report is pulled for a single day.

- Category Type: ACH Processing
- Report Type: Settlement
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Unauthorized Detail – Displays details for items that have been returned as unauthorized. Report can be pulled for any date range.

- Category Type: ACH Risk
- Report Type: Unauthorized Detail
- Company: Please select the company name
- Date: Automatically pulls for the current day, but you can change the date(s) if you need to run the report for a different day
- Click “View Report”

Requesting Changes to your Account

Please contact the Risk Department if you are requesting any of the following changes to your account:

- Company name
- Limit increase/decrease
- Settlement terms
- Reserve or prefund
- Bank account
- New/additional account setup

The above changes must be approved by Risk before they can be processed.

Please contact Customer Care if you are requesting any of the following changes to your account:

- Contact information (name, email, phone number, address)
- New user setup
- Reset password
- Any other changes

Either the Risk Department or Customer Care will email you a change form reflecting the requested changes. You will need to sign the form and fax it back to TPSP at the fax number on the bottom of the form. Please allow two (2) business days for the change to be made.

User Control Considerations

Control structure is designed in such a way as to enable user entities to implement controls in conformity with their internal policies, procedures, and internal control requirements. The application of specified controls at user entities is necessary to achieve the control objectives included in this report.

This section describes controls that may be needed at user entities to complement the controls at the TPSP. The user entity controls presented below should not be regarded as a comprehensive list of all of the controls that should be employed by user entities. User entity auditors should consider whether the following controls have been placed in operation at user entities. Although the TPSP has designed control procedures which are intended to provide effective control over the processing of user entity transactions, TPSP cannot be expected to develop control procedures to address all contingencies nor are they able to prescribe or perform the required user procedures, which must take place at the user entities. With these limitations in mind, the following user entity controls have been presented to facilitate user entities to address control issues that are an integral part of the entire control environment in which their data is processed.

The user entity is responsible for the development, implementation, documentation, review, and modification of appropriate internal control procedures to confirm that items and data processed through the ACH.COM product are performed completely, accurately, and in a timely manner. Some of the controls which user entities are responsible for include, but are not limited to, the following:

- User organizations should restrict physical access to their premises.
- User organizations should require that users lock their workstations when not in use or away from their desk.
- Access to workstations, servers, and networking equipment should be restricted by the user organization to properly authorized individuals.
- User organizations should implement a strong password policy and other account security controls.
- User organizations should ensure to request new user IDs for new employees that require access to the ACH.COM product on a timely basis.
- Login IDs and passwords should not be shared.
- User organizations should notify TPSP on a timely basis of any employees who have been terminated or left the user organization.
- On a periodic basis, user organizations should review which employees have access to the ACH.COM product and what type of access has been granted and update as deemed necessary.

- User organizations are responsible for maintaining and monitoring their internal networks, including assessing the vulnerabilities associated with the user organization's networks and performing penetration testing on those networks.
- User organizations are responsible to ensure that reports are reviewed by appropriate personnel for completeness and accuracy on a daily basis.
- Controls should be in place at the user organization's location to provide reasonable assurance that manual procedures, to be applied in the event of system unavailability, are developed, communicated, and tested regularly. Consideration should be given to procedures which may be appropriate and necessary for both a short-term and long-term interruption.
- User organizations should implement controls to report problems related to the ACH.COM product in a timely manner.
- User organizations should implement dual controls on higher risk transactions using the approval controls in the ACH.COM product.
- User organizations should implement processes and procedures for monitoring transaction totals on a daily basis.
- User organizations should ensure the automated notifications feature is enabled within the ACH.COM product related to processing activity.
- User organizations are responsible for ensuring the transaction, daily, and monthly limits are set in the correct range.
- User organizations should ensure that users log out of the ACH.COM product when the application is no longer needed.

Privacy Policy

- Collection and Use of Information About You
- How We Use It
- Employee Access
- Sharing Information
- Data Security Information
- Contact Us

Introduction

The TPSP understands that you expect privacy and security concerning your personal and financial information. Because of this, our customers' privacy will always be our utmost concern. We are committed to protecting our customers' information in accordance with state and federal laws. Helping us to comply with these laws and regulations are the standards and procedures designed to prevent the misuse of this information. We want you to feel confident in your relationship with us and know that we value your trust and will handle your information with care.

Procedure 1 / Collection and Use of Information About you

We collect, retain, and use information to provide our products and services, process transactions, and to administer our business. Information regarding our customers is used solely in the legitimate conduct of our business. We only obtain information when a company applies for an account to use our services. At that time, we will collect contact information (such as name, address, telephone number, email address, etc.), date of birth and social security number, information pertaining to the business, including but not limited to financial statements, bank

account information, and what services you are requesting from the TPSP. The customer application will include a section to obtain customer authorization in writing to access additional credit and/or background information. Additionally, when processing transactions for our customers, any personal information we might receive varies according to the type of transaction. Personal consumer information is used to process the transaction and for no other reason.

Procedure 2 / How We Use It

The TPSP uses your personal information in different ways such as to complete your transaction, manage any problems that may arise in effect to the transaction, to service the relationship with the customer with a better understanding, to guarantee excellent service, to prevent any fraudulent activity or abuse, for purposes of risk management and to complete underwriting on the applicant for approval of processing services and verification with consent or as permitted by law.

Procedure 3 / Employee Access

At the TPSP our employees are informed of their responsibility to protect customer information and are educated about the importance of confidentiality and privacy. Employees are required to sign and to comply with a security policy when they are hired. The employee's access to customer information is authorized for business purposes only.

Procedure 4 / Sharing Information

The TPSP will not sell, rent, or lease your personal information. We will only disclose customer information when we are required to do so by lawful judicial process or by court order. The TPSP may disclose some or all of the personal information to service providers (Originating Depository Financial Institution's, etc.) for the purposes of processing requested transactions or to perform business support functions on our behalf. Our agreements with these service providers contain confidentiality restrictions and provisions on using this information for any other purposes.

Procedure 5 /Data Security Information

We maintain security standards and procedures to help prevent unauthorized access to confidential information about you. Our information is stored on servers located in a secure

data center. State of the art, security technology is used to prevent system servers and computers from being accessed by unauthorized persons. Access to these servers is very limited. Any information not stored on a server is kept in a locked, fire proof cabinet. Only a select group of people have access to these cabinets. Protecting customers' personal information is a critical part of our business.

Contact Us

If you have any questions regarding our privacy statement or about how personal information is used, you may contact us directly at:

200 W ML King Blvd
Suite 200
Chattanooga, TN 37402
Phone: 866-859-0555
Fax: 866-661-4225

Frequently Asked Questions

Q - Can we do a test transaction to see if the account information is correct before sending the real transaction?

A – Yes. A test transaction is referred to as a “Pre-note” transaction. These are real transactions that flow through the ACH system and reach your customer’s bank account. If there is an error with the account information, your customer’s bank will return the pre-note letting you know what is incorrect. Pre-notes have to be \$0.00 so no money movement will occur, since it is simply a test transaction.

Q - I received a return today that was for \$0.00 and the return code begins with a “C”. What is this? And what do I need to do?

A - Returns that come back with a “C” code are referred to as Notifications of Change (NOC). These are used by your customer’s bank to let you know about a change that needs to occur to the bank account information that you used in the transaction when you sent it out. In the situation of a NOC the transaction posted to your customer’s account and the money will move as expected. You will just need to apply any necessary changes listed in the NOC to any future transactions that you send to this customer. It is mandatory for you to make any changes that are sent to you via a NOC. This may require you to follow up with your customer to verify these changes.

Q – I created a transaction for one of my customers and it should have been credited to the customer’s bank account today, but they do not see it. How can I find out if the transaction was processed and when the customer should see it on his account?

A - You can research the status of a transaction through the Online Reporting Center using Research Transactions. You can complete a search using the customer’s name, the amount of the transaction, the individual ID, the customer’s routing and account number or any combination of these. The search results will provide the effective date (date the transaction will hit the customer’s account) and the trace number associated with the transaction. If the transaction was returned for any reason, the search results will provide the date of the return and the reason for the return.

Q – I processed a file with an effective date of October 8 and today is October 10, when will I see the settlement funds in my account?

A - The timeframe between the effective date of the file processed and the date the funds are posted to the originator’s settlement account is defined as the settlement delay. The

settlement delay timeframe is included in the risk settings portion of a new company account setup. For example, if the company has a 3 day settlement delay the settlement would go to the company's settlement account on the 3rd business day following the effective date.

Effective Date – Monday 10/8

Settlement Date – Thursday 10/11

Effective Date – Tuesday 10/9

Settlement Date – Friday 10/12

Effective Date – Wednesday 10/10

Settlement Date - Monday 10/15

The Customer Activity Summary Report will provide a list of files processed, including the effective date, settlement date and amount of the file, for a specified period of time. This report can be accessed through the Online Reporting Center.

Q- I sent a credit to one of my customers in error, is there any way to stop the credit from going to their account or reverse the credit to get my money back from the customer?

A – Once a transaction has been processed there is not a way to stop it from being sent to the customer's account. However, a reversal of the transaction can be done within five (5) business days of the effective date of the transaction. It is important to remember that there is no guarantee that the funds originally credited to the customer's account will still be available in the account.

Q – How can I change/add contact information on my account?

A - To change contact information on an account the customer would request a Change Request Form from TPSP and submit any requested changes.

Q – How can I find out why a transaction was returned?

A - You can go into the Review Returns area on the system and query return data to see any information regarding returns. Also, the Reporting area of the System will allow a customer to pull a Return Reason Report. This report will show any returns received by the customer within the requested timeframe. For each return shown on the report there will be a return reason code and explanation of the code.

Q - Do I need to make sure the Payment Type setting is correct?

A - Yes. The Payment Type identifies how the authorization for a transaction was obtained. For example, the requirement for a PPD transaction (debit or credit to a consumer bank account) is a written authorization. If your company is requested to provide authorization to the TPSP for a particular item, the correct type of authorization must be provided.

Q - Do I need to make sure the Account Type setting is correct?

A - Yes. The Account Type identifies if the receiving bank account number is a checking or savings account. If the Account Type is set incorrectly, the receiving bank can return the transaction. The receiving bank has the option to return the transaction or post it and send a notification of change. If the notification of change (C code return reason code) is returned, the item will have posted to the correct account and any change should be made for future items only. If the return reason is an R coded return code, the item should be resubmitted.

Q - How do I upload a file for Same Day ACH?

A – The upload process will be the same as current; however, the Same Day Cutoff times will be 9:00 a.m. EST and 1:30 p.m. EST. All files uploaded before those cutoff times for Same Day ACH Processing will have to have the Effective Entry Date set to the current processing date.

Q - What if I don't want the file, which I upload early in the morning, to go out Same Day?

A – The Effective Entry Date within the file will determine if the files will release for Same Day Processing. The Effective Entry Date should be greater than current date.

Q - How can I turn on Same Day ACH capabilities?

A – Contact your ACH sales representative.

Q - When will my Same Day items settle?

A – Same Day ACH items processed at 9:30 a.m. EST cutoff for the 10:30 a.m. EST Same Day Window will settle at 1:00 p.m. EST.

Same Day ACH items processed at 1:30p.m. EST cutoff for the 2:45 p.m. EST Same Day Window will settle at 5:00 p.m. EST.

Contact Information

Mailing Address: 200 Martin Luther King Blvd
Suite 200
Chattanooga, TN 37401

Phone Numbers: (866) 859-0555 – Toll Free
(866) 661-4225 - Fax

General Email: customercare@ach.com Customer Care
opsteam@ach.com Processing Department
riskteam@ach.com Risk Department

You can also contact Customer Care via our Online Chat feature during business hours.

Employee Contact Listing:

Clint Blaylock, AAP – General Manager
Office: (423) 702-7060 / Cell: (423) 834-0498 clint.blaylock@ach.com

Amanda Farmer, AAP – Compliance Director
Office: (423) 702-7067 amanda.farmer@ach.com

Jason Trundle, AAP – Processing Manager
Office: (423) 702-7064 / Cell: (423) 598-8959 jason.trundle@ach.com

Marites Erwin, AAP – Customer Care Manager
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