

## ACH ORIGATION PRODUCT SCHEDULE

Atlanta Postal Credit Union

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By signing this ACH Origination Product Schedule ("Product Schedule") You ("Member") hereby requests Atlanta Postal Credit Union (APCU) ("Financial Institution") to provide the Services described in this Product Schedule, and Member accepts and agrees to all terms, conditions, and provisions of this Product Schedule and agrees that this Product Schedule sets forth the terms and conditions pursuant to which Financial Institution will provide to Member the ACH Services outlined herein ("Services"). Member further agrees that this Product Schedule is entered into as a Product Schedule under the Business Online Banking and Master Cash Management Agreement ("Master Agreement"). Financial Institution and Member agree that by executing this Product Schedule, Member acknowledges receipt of and agrees to the terms of the Master Agreement.

Member wishes to initiate credit and/or debit Entries through the Financial Institution to accounts maintained at Financial Institution and in other depository financial institutions by means of the Automated Clearing House Network ("ACH") pursuant to the terms of this Product Schedule and the rules of the National Automated Clearing House Association ("NACHA") and Financial Institution's operating rules and procedures for electronic entries, including any exhibits or appendices thereto now in effect, or as may be amended from time to time, (the "Rules"), and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries. In the event of inconsistency between a provision of this Product Schedule, the Uniform Commercial Code ("UCC"), the Master Agreement, and/or the Depository Agreement, the provisions of this Product Schedule shall prevail. Terms not otherwise defined in this Product Schedule shall have the meaning ascribed to those terms in the Rules. The term "Entry" shall have the meaning provided in the Rules and shall also mean the data received from Member hereunder from which Financial Institution initiates each Entry.

Therefore, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Financial Institution and Member, intending to be legally bound, do hereby agree as follows:

#### AGREEMENT

- 1. COMPLIANCE WITH RULES AND LAWS.** Member acknowledges it has a copy or has access to a copy of the Rules. The Rules may also be purchased online at [www.nacha.org](http://www.nacha.org) under the publications tab. Member agrees to comply with and be subject to the Rules of NACHA in existence at the date of this Product Schedule, and any amendments to these Rules made from time to time. It shall be the responsibility of the Member that the origination of ACH transactions complies with U.S. law, including but is not limited to sanctions enforced by the Office of Foreign Assets Control ("OFAC"). It shall further be the responsibility of the Member to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at 800- 540-OFAC or from the OFAC's home page site at [www.ustreas.gov/ofac](http://www.ustreas.gov/ofac). Member agrees that the performance of any action by Financial Institution to debit or credit an account or transfer funds otherwise required by the Rules is excused from the performance of such action to the extent that the action is inconsistent with United States law, including the obligations of the Financial Institution under OFAC or any program administered by the United States Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"). Member agrees generally and warrants to Financial Institution that all actions by Member contemplated by this Product Schedule, including the preparation, transmittal, and settlement of Entries and payment orders, shall comply in all material respects with United States laws, regulations, regulatory guidelines and guidance, and official commentaries, including without limitation all such regulations, guidelines, and commentaries issued by the Board of Governors of the Federal Reserve and the Federal Financial Institutions Examination Council ("FFIEC"). Financial Institution will charge the Member with any fines or penalties imposed by OFAC, NACHA or any organization which are incurred as a result of non-compliance by the Member and the Member agrees to fully reimburse and/or indemnify Financial Institution for such charges or fines. The specific duties of the Member provided in the following paragraphs of this Product Schedule in no way limit the foregoing undertaking. The duties of the Member set forth in the following paragraphs of this Product Schedule in no way limit the requirement of complying with the Rules.

2. **UNDERWRITING.** Member approval for use of this Service may be subject to underwriting criteria established by Financial Institution from time to time. If Financial Institution requires application of underwriting criteria to Member approval for use of this Service, Financial Institution will communicate to Member the nature and content of that criteria and the information Member will be required to provide to Financial Institution. Member agrees to provide Financial Institution such financial, business and operating information as Financial Institution may reasonably request in connection with Financial Institution's underwriting and approval process.
3. **SECURITY INTEREST.** To secure the payment and performance of Member's obligations set forth herein, Member grants to Financial Institution a security interest in and pledges and assigns to Financial Institution all of Member's right, title, and interest in the following described property, whether now owned or hereafter existing or acquired and wherever located: (a) all monies, instruments, savings, checking and other accounts of Member (excluding IRA, Keogh, trust accounts and other accounts subject to tax penalties if so assigned) that are now or in the future in Financial Institution's custody or control; (b) any other collateral described in any security instrument securing the obligations of Member to Financial Institution under this Product Schedule or any other obligation of Member to Financial Institution; and (c) all proceeds and products of the property as well as any replacements, accessions, substitutions, and additions to any of the above.
4. **DESIGNATION OF ADMINISTRATOR.** In order to originate ACH Entries, Member must designate at least one Administrator. Administrator(s) shall be responsible for designating "Users" who Member authorizes to issue Entries on its behalf. For the purposes of this Product Schedule, the term User shall also include the Administrator. The Financial Institution shall be entitled to rely on the designations made by the Member's Administrator(s) and shall not be responsible for matching the names of the Member Users designated by the Administrator(s) to names or titles listed in Member's banking resolutions. Member agrees that any such online Entries shall comply with Financial Institution's Security Procedures, which are subject to change without notice to Member. Although Financial Institution is only required to act upon the instructions of the User(s), the Financial Institution may, in its sole discretion, execute debit or credit Entries initiated by any individuals authorized by Member to sign checks on Member accounts. The signature cards establishing the authorized signatories for Member deposit accounts are hereby incorporated by reference and made a part hereof.
5. **TRANSMISSION OF ENTRIES BY MEMBER.** User(s) shall initiate the debit or credit Entries in **Schedule A** hereunder on behalf of and selected by Member. Financial Institution shall be entitled to deem any person having knowledge of any Security Procedure, defined below in Section 8 of this Product Schedule and required to initiate Entries under this Product Schedule, to be a User. User(s) shall transmit Entries to Financial Institution in computer readable form in compliance with the formatting and other requirements set forth in the NACHA file specifications or as otherwise specified by Financial Institution. Entries shall be transmitted to Financial Institution no later than the time and the number of days prior to the Effective Entry Date specified in **Schedule A**. For the purposes of this Product Schedule, "Business Day" means Monday through Friday, excluding federal holidays and the "Settlement Date" with respect to any Entry shall be the Business Day when such Entry is debited or credited in accordance with the Rules. A federal holiday calendar can be found in **Schedule A**. Entries received after the cut off time shall be deemed to have been received on the next Business Day. The total dollar amount of Entries transmitted by Member to Financial Institution on any one Business Day shall not exceed the lesser of the amount of collected funds in Member's account or the established ACH Limits. Member may not reinitiate entries except as prescribed by the Rules.

"Entry Settlement Limit" means the maximum aggregate amount of In-Process Entries permitted to be outstanding at any time, which amount shall be separately communicated to Member by Financial Institution in writing from time to time.

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

"Overlimit Entry" means an Entry the amount of which would cause the aggregate amount of In-Process Entries to exceed the Entry Settlement Limit. Member agrees that Financial Institution will not process an Overlimit Entry. Financial Institution will suspend any Overlimit Entry submitted by Member and may, following its receipt of an Overlimit Entry; suspend all In-Process Entries. Member acknowledges that any Overlimit Entry or other In-Process

Entries suspended by Financial Institution will not settle on their scheduled Settlement Date. If Member wishes to initiate an Entry that would cause the amount of In-Process Entries to exceed the Entry Settlement Limit, Member may submit to Financial Institution its request to initiate an Entry that otherwise would be an Overlimit Entry. Member must submit its request at least 2 banking days prior to the date on which Member wishes to initiate the Entry that otherwise would be an Overlimit Entry. Financial Institution may require from Member financial or other information in connection with Financial Institution's consideration of the request. Financial Institution may grant or deny Member's request at its sole discretion. In addition to the foregoing, Financial Institution generally reserves the right to limit the nature and amount of the preauthorized debit/credit Entries processed under this Product Schedule or to refuse to process any debit/credit Entries under this Product Schedule if, in Financial Institution's sole judgment (i) there is reasonable cause to believe that any Entry will be returned or will not settle in the ordinary course of the transaction for any reason, (ii) to do otherwise would violate any limit set by the applicable clearing house association or any governmental authority or agency to control payment system risk, or (iii) a preauthorized credit Entry or the return of a preauthorized debit Entry would create an overdraft of Member's Accounts. If any of the foregoing actions are taken by Financial Institution with respect to a particular preauthorized debit/credit Entry, Financial Institution will notify Member as promptly as practicable, but in no event later than 2 banking days after its decision. Member may not reinitiate entries except as prescribed by the Rules.

6. **THIRD-PARTY SERVICE PROVIDERS.** Member may be using special equipment, services or software provided by a third party to assist it in processing Files hereunder ("Service Provider"). Member agrees not to use a Service Provider to transmit files to Financial Institution without first entering into Financial Institution's Third-Party Service Provider Agreement. If Member uses Service Provider to transmit Files to Financial Institution and Member and Service Provider have not entered into a Third-Party Service Provider Agreement, Member (a) agrees that Service Provider is acting as Member's agent in the delivery of Files to Financial Institution, and (b) agrees to assume full responsibility and liability for any failure of Service Provider to comply with the laws of the United States, the Rules and this Product Schedule. Financial Institution will not be liable for any losses or additional costs incurred by Member as a result of any error by Service Provider or a malfunction of equipment provided by Service Provider. Member is solely responsible for maintaining compliance with the requirements of Service Provider, including obtaining any software updates. Financial Institution's sole responsibility shall be to transmit Financial Institution approved transactions to the ACH Operator and Financial Institution shall not have any responsibility for any File handled by Service Provider until that point in time when Financial Institution accepts and approves a File from such Service Provider for processing. If Financial Institution authorizes Member to use a Service Provider, the terms and conditions governing the relationship between Member and the Service Provider shall be governed by a separate agreement between Member and Service Provider ("Service Provider Agreement"). All of Member's obligations and responsibilities under this Product Schedule will apply to the Service Provider, and Member's separate agreement with the Service Provider must so provide. At Financial Institution's request, Member will provide to Financial Institution a true and exact copy of such agreement. Member shall designate the Service Provider as a User and the Service Provider must also enter into a Service Provider Agreement before the Service Provider sends Files to Financial Institution. Notwithstanding the foregoing, Member hereby authorizes Financial Institution to accept any File submitted by the Service Provider even if the Service Provider has not been designated as a User or if the Third-Party Service Provider has not executed the Service Provider Agreement. Member hereby indemnifies and holds Financial Institution harmless for any losses, damages, fines, assessments, costs and expenses incurred or suffered by Financial Institution or any other person as a result of or arising from Member's use of Service Provider, including fines or assessments incurred under or pursuant to the Rules and attorneys' fees.
7. **SECURITY PROCEDURES.** In addition to, and without limiting the generality of, the Security Procedure provisions of the Master Agreement, the Member shall comply with the below Security Procedures.

Your Business Wire (online banking) and ACH entry protection is important to us. Because of this importance, APCU offers numerous security procedures to protect your online banking and ACH transfers, especially given the current levels of online banking fraud. You and your business understand and agree that the authenticity of any ACH transaction or Wire transmitted to APCU will be verified pursuant to the following security procedures

#### **SECURITY PROCEDURES:**

- 1) **Dual control-** Dual control requires two employees or authorized individuals to approve an ACH transfer or wire.
- 2) **Dedicated Computer-** your company selects a computer or authorized device to be used solely for the execution of financial transactions. This dedicated computer has limited user access and limited use for financial transactions.
- 3) **Payment Activity Review-** APCU will monitor the Wire and ACH transactions to see if they comply with transactions that are in the normal course and scope of your business' transactions.

- 4) Daily Transfer Limits: The credit union will limit the amount of funds your business can transfer through wire or ACH based off approved limits requested on this application. Additionally, the credit union offers the ability for the business to set limits for employees to draft or approve ACH or Wires.
- 5) Soft tokens- This is a software program that provides a security token and technique that offers two factor authentication based on a passcode or Personal Identification Number (PIN) which is used to authorize a transaction or use of a particular service.
- 6) E-Mail verification- E-mail verification entails APCU sending designated individuals at the business an email confirming that wire or ACH has been initiated and to verify that this initiation of transfer is valid.
- 7) Process calendar- limits dates and times when wire and ACH transfers can take place.
- 8) Malware Protection Software: APCU warrants that the business has up to date virus/malware software installed and running on the computer or device being used to conduct financial transactions.

If the Business fails to meet these security procedures, the Business acknowledges that APCU first offered to the Business a “commercially reasonable Security Procedures” and is assuming responsibility for chosen risk. The Business further warrants that it waives its ability to bring suit against APCU for violating Article 4A of the Uniform Commercial Code. The Business further warrants that by failing to adopt to these commercially reasonable Security Procedures offered by APCU it agrees to hold harmless APCU for any erroneous or fraudulent wire or ACH transfers. Additionally, APCU/Center Parc Credit Union may refuse to accept any request for wire or ACH transfers initiated by the business and discontinue services should business reject these security procedures.

8. **PHYSICAL AND ELECTRONIC SECURITY.** In addition to, and without limiting the generality of, the Physical and Electronic Security provisions of the Master Agreement, Member specifically acknowledges and agrees that as part of its obligation to provide for the security of data and systems in Member’s possession or under Member’s control, Member shall comply with the provisions of Section 1.6 of the Rules, entitled “Security Requirements,” for the safeguarding of Protected Information, as that term is defined in the Rules.
9. **INTERNATIONAL ACH TRANSACTIONS (“IAT”).** Member shall not initiate any IAT Entries without Financial Institution’s prior approval. If approved by Financial Institution, the following provisions apply to IAT Entries originated by Company:
  - a) IAT Entries are transmitted by Financial Institution in U.S. dollars and converted to the local currency for receipt in the foreign country at the exchange rate determined by Financial Institution’s processor on the date determined by Financial Institution’s processor. All risk of fluctuation in the applicable exchange rate is borne by Member and Member agrees and acknowledges that Financial Institution shall not be liable to Member for any loss or charge incurred by Member as the result of the application of any foreign currency exchange criteria imposed by any institution or agency located outside the United States.
  - b) In the event of a returned IAT Entry, consumer payments will be credited to Member at the originated U.S. dollar amount; corporate payments will be credited to Member at the exchange rate determined by Financial Institution’s processor at the time of return.
  - c) In the event of an error in an Entry or duplicate entries, Member acknowledges and agrees that Member shall be liable for any and all losses caused by and a direct or indirect result from the error or duplicate Entry.
  - d) Member shall originate all International ACH Transactions, as that term is defined in the Rules, with an IAT SEC code and Member hereby agrees to abide by all of the Rules related to IAT Entries.
  - e) Member agrees that in the case of a non-Consumer Account, Member shall enter into an agreement with the Receiver whereby the Receiver agrees to abide by the Rules in effect from time to time.
  - f) Member acknowledges that it has reviewed and understands the section of the Rules entitled (or otherwise dealing with) “Rules Exceptions for Outbound IAT Entries” and Member understands and agrees that laws, regulations, and rules of the country in which the Receiver is located shall govern the matters listed within that subsection. Member further acknowledges that Member understands how such laws, regulations and rules differ from the Rules.
  - g) Member hereby indemnifies Financial Institution from and against any and all resulting claims, demands, losses, liabilities, or expenses, including attorneys’ fees and costs, resulting directly or indirectly from Member’s origination of an IAT Entry.
  - h) Member agrees and acknowledges that any assistance by Financial Institution does not in any manner obligate Financial Institution for the accuracy or enforceability of the Entry in any country outside the United States.
  - i) Member bears the risk of any loss caused by any delay, tax, cost, tariff, fee, or other charge incurred on account of the Entry in any country outside the United States.

- j) If the settlement of any IAT Entry involves clearing of the Entry in more than one country outside the United States, Financial Institution shall be permitted to rely upon any advice or instruction received by Financial Institution from the financial institution or financial agency located in the first country outside the United States to which the Entry is directed.
- k) IAT Entries must be authorized as provided in the Rules. The form and content of the authorization, including whether such authorization may be oral, electronic, or written, shall be governed by the laws and payment system rules of the receiving country.
10. **CREDIT AND DEBIT ENTRIES; RECORDS RETENTION.** Member shall obtain an authorization ("Authorization Agreement") as required by the Rules from the person or entity whose account will be debited or credited as the result of a debit or credit Entry initiated by Member and Member shall retain the Authorization Agreement in original form while it is in effect and the original or a copy of each authorization for three (3) years after termination or revocation of such authorization as stated in the Rules. Upon request, Member shall furnish the original or a copy of the authorization to any affected Participating Depository Financial Institution, as defined in the Rules. Financial institution agrees to provide the identity of affected Participating Depository Financial Institutions to Member upon written request by Member. Member shall be solely responsible for communicating with the Participating Depository Financial Institution to establish the method by which the Authorization Agreement will be provided and Member agrees to provide the Authorization Agreement to the identified Participating Depository Financial Institution within the time frame identified in the Rules.
- Member shall ensure that all authorization requirements of the Rules for each SEC Code are satisfied and in compliance with the Rules.
11. **RECORDING AND USE OF COMMUNICATIONS.** Member and Financial Institution agree that all telephone conversations or data transmissions between them or their agents made in connection with this Product Schedule may be electronically recorded and retained by either party by use of any reasonable means. Financial Institution shall not be obligated to make such recordings.
12. **PROCESSING, TRANSMITTAL, AND SETTLEMENT BY FINANCIAL INSTITUTION.** Except as otherwise provided for in this Product Schedule and if Financial Institution elects to accept Entries, Financial Institution shall:
- a) (i) use commercially reasonable efforts to comply with the instructions of Member, (ii) process Entries received from Member to conform with the file specifications set forth in the Rules, (iii) transmit such Entries as an ODFI to the "ACH" processor selected by Financial Institution, (iv) settle for such Entries as provided in the Rules, and (v) in the case of a credit Entry received for credit to an account with Financial Institution ("On-Us Entry"), Financial Institution shall credit the Receiver's account in the amount of such credit Entry on the Effective Entry Date contained in such credit Entry provided such credit Entry is received by Financial Institution at the time and in the form prescribed by Financial Institution in Section 5.
- b) transmit such Entries to the ACH processor by the deposit deadline of the ACH processor, provided: (i) such Entries are completely received by Financial Institution's cut-off time at the location specified by Financial Institution to Member from time to time; (ii) the Effective Entry Date satisfies the criteria provided by Financial Institution to Member; and (iii) the ACH processor is open for business on such Business Day. Member agrees that the ACH processor selected by Financial Institution shall be considered to have been selected by and designated by Member. The Member will receive immediately available funds for any electronic debit entry initiated by it on the Settlement Date applicable thereto.
13. **PAYMENT FOR CREDIT ENTRIES AND RETURNED DEBIT ENTRIES.** Member agrees to pay for all credit Entries issued by Member, User(s), or credit Entries otherwise made effective against Member. Member shall make payment to Financial Institution on the date as determined by Financial Institution in its sole discretion, ("Payment Date"). Member shall pay Financial Institution for the amount of each debit Entry returned by a Receiving Depository Financial Institution ("RDFI") or debit Entry dishonored by Financial Institution. Payment shall be made by Member to Financial Institution in any manner specified by Financial Institution. Notwithstanding the foregoing, Financial Institution is hereby authorized to charge the account(s) ("Authorized Account(s)") designated on the Business Online Banking Cash Management Application, as payment for all payments due Financial Institution under this Agreement. Member shall maintain sufficient collected funds in the Authorized Account(s) to pay for all payments due Financial Institution under this Agreement on the Payment Date. In the event the Authorized Account or any other Member credit union account does not have collected funds sufficient on the Payment Date to cover the total amount of all Entries to be paid on such Payment Date,

Financial Institution may take any of the following actions:

- a) Refuse to process all Entries, in which event Financial Institution shall return the data relating to such credit Entries to Member, whereupon Financial Institution shall have no liability to Member or to any third party as a result thereof; or
  - b) Process that portion of the credit Entries as Member has sufficient available funds in the Authorized Account to cover, in whatever order Financial Institution in its sole discretion shall elect to process, in which event Financial Institution shall return the data relating to such credit Entries as are not processed to Member, whereupon Financial Institution shall have no liability to Member or any third party as a result thereof; or
  - c) Process all credit Entries. In the event Financial Institution elects to process credit Entries initiated by Member and Member has not maintained sufficient available funds in the Authorized Account with Financial Institution to cover them, the total amount of the insufficiency advanced by Financial Institution on behalf of Member shall be immediately due and payable by Member to Financial Institution without any further demand from Financial Institution. If Financial Institution elects to pay Member's account in the overdraft on any one or more occasions, it shall not be considered a waiver of Financial Institution's rights to refuse to do so at any other time nor shall it be an agreement by Financial Institution to pay other items in the overdraft.
14. **PRE-FUNDING.** Financial Institution reserves the right to require Member to pre-fund an Account maintained at Financial Institution prior to the Settlement Date of the ACH file. Financial Institution shall determine whether pre-funding is required based on criteria established from time to time by Financial Institution. Financial Institution will communicate directly to Member if pre-funding is required and, if requested by Member, will provide Member with an explanation of its pre-funding criteria. If it is determined that pre-funding is required, Member will provide immediately available and collected funds sufficient to pay all Entries initiated by Member (a) not later than 8:30 a.m. local time 3 banking days before each Settlement Date, and (b) prior to initiating any Entries for which pre-funding is required.
15. **ON-US ENTRIES.** Except as provided in Section 17, Rejection of Entries, or in the case of an Entry received for credit to an account maintained with Financial Institution (an "On-Us Entry"), the Financial Institution shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 12 (b) (i), (ii), and (iii) are met. If any of those requirements are not met, the Financial Institution shall use reasonable efforts to credit the Receiver's account in the amount of such Entry no later than the next Business Day following such Effective Entry Date.
16. **RESERVES.** From time to time, Financial Institution shall evaluate Member's transaction activity for the purpose of establishing averages for transaction frequency, amount, returns and adjustments. These evaluations will occur at least annually and may occur more frequently at Financial Institution's discretion. In connection with these evaluations, Financial Institution reserves the right to require Member to establish reserves with Financial Institution calculated by Financial Institution to cover Member's obligations to Financial Institution arising from ACH activities under this Product Schedule. Reserves may be expressed as a fixed dollar amount or as a "rolling reserve" calculated based on "rolling" averages determined by Financial Institution's periodic evaluations. The amount of reserves required by Financial Institution, if any, will be communicated directly to Member from time to time. Member agrees to establish reserves as required by Financial Institution within 10 banking days after receipt of a communication from Financial Institution setting forth the amount of required reserves and the basis of calculation used to determine the amount of reserves. Financial Institution may suspend ACH processing activity for Member if Member fails to establish the required amount of reserves within the time period specified by Financial Institution in its communication to Member.
17. **REJECTION OF ENTRIES.** Member agrees that Financial Institution has no obligation to accept Entries and therefore may reject any Entry issued by Member. Financial Institution has no obligation to notify Member of the rejection of an Entry but Financial Institution may do so at its option. Financial Institution shall have no liability to Member for rejection of an Entry and shall not be liable to pay interest to Member even if the amount of Member's payment order is fully covered by a withdrawable credit balance in an Authorized Account of Member or the Financial Institution has otherwise received full payment from Member.
18. **CANCELLATION OR AMENDMENT BY MEMBER.** Member shall have no right to cancel or amend any Entry after its receipt by Financial Institution. However, Financial Institution may, at its option, accept a cancellation or amendment by Member. If Financial Institution accepts a cancellation or amendment of an Entry, Member must comply with the Security Procedures provided in Section 6 of this Product Schedule. If such a request is received by the Financial Institution before the affected Entry has been transmitted to the ACH (or, in the case of an On-Us

Entry, before the Receiver's account has been credited or debited), the Financial Institution will use reasonable efforts to cancel or amend the Entry as requested, but the Financial Institution shall have no liability if the cancellation or amendment is not effected. If Financial Institution accepts a cancellation or amendment of an Entry, Member hereby agrees to indemnify, defend all claims and hold Financial Institution harmless from any loss, damages, or expenses, including but not limited to attorney's fees, incurred by Financial Institution as the result of its acceptance of the cancellation or amendment.

**19. REVERSALS OF ENTRIES.**

- a) **General Procedure.** Upon proper and timely request by the Member, the Financial Institution will use reasonable efforts to affect a reversal of an Entry or File to the extent reversal is expressly permitted by the Rules. To be "proper and timely," the request must (i) be made within five (5) Business Days of the Effective Entry Date for the Entry or File to be reversed; (ii) be made immediately, not to exceed ten (10) hours, upon discovery of the error; (iii) be accompanied by a Reversal/Cancellation Request form, and (iv) the basis for such reversal must be expressly permitted by the Rules and otherwise in compliance with the Rules. In addition, if the Member requests reversal of a Debit Entry or Debit File, it shall concurrently deposit into the Member Account an amount equal to that Entry or File. The Member shall notify the Receiver of any reversing Entry initiated to correct any Entry it has initiated in error. The notification to the Receiver must include the reason for the reversal and be made no later than the Settlement Date of the reversing Entry.
- b) **No Liability: Reimbursement to the Financial Institution.** Under no circumstances shall the Financial Institution be liable for interest or related losses if the requested reversal of an Entry is not effected. The Member shall reimburse the Financial Institution for any expenses, losses or damages it incurs in effecting or attempting to affect the Member's request for reversal of an Entry.

**20. ERROR DETECTION.** Financial Institution has no obligation to discover and shall not be liable to Member for errors made by Member, including but not limited to errors made in identifying the Receiver, or an Intermediary or RDFI or for errors in the amount of an Entry or for errors in Settlement Dates. Financial Institution shall likewise have no duty to discover and shall not be liable for duplicate Entries issued by Member. Notwithstanding the foregoing, if the Member discovers that any Entry it has initiated was in error, it shall notify the Financial Institution of such error. If such notice is received no later than four (4) hours prior to the ACH processing deadline, the Financial Institution will utilize reasonable efforts to initiate an adjusting Entry or stop payment of any On-Us" credit Entry within the time limits provided by the Rules. In the event that Member makes an error or issues a duplicate Entry, Member shall indemnify, defend all claims, and hold Financial Institution harmless from any loss, damages, or expenses, including but not limited to attorney's fees, incurred by Financial Institution as result of the error or issuance of duplicate Entries.

**21. PROHIBITED TRANSACTIONS.** Member agrees not to use or attempt to use the Services (a) to engage in any illegal purpose or activity or to violate any applicable law, rule or regulation, (b) to breach any contract or agreement by which Member is bound, (c) to engage in any internet or online gambling transaction, whether or not gambling is legal in any applicable jurisdiction, or (d) to engage in any transaction or activity that is not specifically authorized and permitted by this Agreement. Member acknowledges and agrees that Financial Institution has no obligation to monitor Member's use of the Services for transactions and activity that is impermissible or prohibited under the terms of this Agreement; provided, however, that Financial Institution reserves the right to decline to execute any transaction or activity that Financial Institution believes violates the terms of this Agreement.

**22. PRENOTIFICATION.** Member, at its option, may send prenotification that it intends to initiate an Entry or Entries to a particular account within the time limits prescribed for such notice in the Rules. Such notice shall be provided to the Financial Institution in the format and on the medium provided in the media format section of such Rules. If Member receives notice that such prenotification has been rejected by an RDFI within the prescribed period, or that an RDFI will not receive Entries without having first received a copy of the Authorization signed by its member, Member will not initiate any corresponding Entries to such accounts until the cause for rejection has been corrected or until providing the RDFI with such authorization within the time limits provided by the Rules.

**23. NOTICE OF RETURNED ENTRIES AND NOTIFICATIONS OF CHANGE.** Financial Institution may notify Member by e-mail, facsimile transmission, US mail, or other means of the receipt of a returned Entry from the ACH

Operator. Except for an Entry retransmitted by Member in accordance with the requirements of Section 5, Financial Institution shall have no obligation to retransmit a returned Entry to the ACH Operator if Financial Institution complied with the terms of this Product Schedule with respect to the original Entry. Member shall notify the Receiver by phone or electronic transmission of receipt of each return Entry no later than one Business Day after the Business Day of receiving such notification from Financial Institution. Financial Institution shall provide Member all information, as required by the Rules, with respect to each Notification of Change ("NOC") Entry or Corrected Notification of Change ("Corrected NOC") Entry received by Financial Institution relating to Entries transmitted by Member. Financial Institution must provide such information to Member within two (2) banking days of the Settlement Date of each NOC or Corrected NOC Entry. Member shall ensure that changes requested by the NOC or Corrected NOC are made within six (6) banking days of Member's receipt of the NOC information from Financial Institution or prior to initiating another Entry to the Receiver's account, whichever is later.

24. **ACCOUNT RECONCILIATION.** The Member agrees to notify the Financial Institution promptly of any discrepancy between the Member's records and the information shown on any periodic statement. If the Member fails to notify the Financial Institution within ten (10) calendar days of receipt of a periodic statement containing such information; the Member agrees that the Financial Institution shall not be liable for any other losses resulting from the Member's failure to give such notice or any loss of interest or any interest equivalent with respect to any Entry shown on such periodic statement. If the Member fails to notify the Financial Institution within thirty (30) calendar days of receipt of such periodic statement, the Member shall be precluded from asserting any discrepancy against the Financial Institution.
25. **PROVISIONAL SETTLEMENT.** Member shall be bound by and comply with the Rules as in effect from time to time, including without limitation the provision thereof making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry; and Member acknowledges that it has received notice of that Rule and or the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Member shall not be deemed to have paid the Receiver the amount of the Entry.
26. **MEMBER REPRESENTATIONS AND WARRANTIES; INDEMNITY.** With respect to each and every Entry transmitted by Member, Member represents and warrants to Financial Institution and agrees that (a) each person or entity shown as the Receiver on an Entry received by Financial Institution from Member has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry, (b) such authorization is operative at the time of transmittal or crediting or debiting by Financial Institution as provided herein, (c) Entries transmitted to Financial Institution by Member are limited to those types of credit and debit Entries set forth in **Schedule A**, (d) Member shall perform its obligations under this Product Schedule in accordance with all applicable laws, regulations, and orders, including, but not limited to, the sanctions laws, regulations, and orders administered by OFAC; laws, regulations, and orders administered FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services, (e) Member shall be bound by and comply with the provision of the *Rules* (among other provisions of the *Rules*) making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry; and (f) Member shall ensure that any and all non-public personal information provided by Member to Financial Institution shall be secure and will not be disclosed to any unauthorized person. Member specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Member shall not be deemed to have paid the Receiver the amount of the Entry. The Member shall defend, indemnify, and hold harmless the Financial Institution, and its officers, directors, agents, and employees, from and against any and all actions, costs, claims, losses, damages, or expenses, including attorney's fees and expenses, resulting from or arising out of (aa) any breach of any of the agreements, representations or warranties of the Member contained in this Product Schedule; or (bb) any act or omission of the Member or any other person acting on the Member's behalf.
27. **ADDITIONAL MEMBER WARRANTIES FOR SELECTED STANDARD ENTRY CLASSES.** NACHA, in its role of ensuring the safety, security, and viability of the ACH network, has determined that certain single-use or limited-use consumer authorizations have the potential to increase risk in the ACH system and compromise system effectiveness by increasing the incidence of returned Entries. Therefore, to qualify



as an Originator of such Entries, Member hereby warrants to Financial Institution that for each such ACH Entry submitted for processing, Member has obtained all authorizations from the Receiver as required by the Rules, by Regulation E or other applicable law, and this Product Schedule. Member also makes the additional warranties to Credit Union that Credit Union makes to each RDFI and ACH Operator under the Rules for the respective SEC codes for Entries originated by Member. Member hereby indemnifies and holds Financial Institution harmless from any liability arising out of Member's breach of these warranties.

28. **FINANCIAL INFORMATION AND AUDIT.** Financial Institution may from time to time request information from Member in order to evaluate a continuation of the Service to be provided by Financial Institution hereunder and/or adjustment of any limits set by this Product Schedule. Member agrees to provide the requested financial information immediately upon request by Financial Institution, in the form required by Financial Institution. Member authorizes Financial Institution to investigate or reinvestigate at any time any information provided by Member in connection with this Product Schedule or the Service. Upon request by Financial Institution, Member hereby authorizes Financial Institution to enter Member's business premises for the purpose of ensuring that Member is in compliance with this Product Schedule and Member specifically authorizes Financial Institution to perform an audit of Member's operational controls, risk management practices, staffing and the need for training and ongoing support, and information technology infrastructure. Member hereby acknowledges and agrees that Financial Institution shall have the right to mandate specific internal controls at Member's location(s) and Member shall comply with any such mandate. In addition, Member hereby agrees to allow Financial Institution to review available reports of independent audits performed at the Member location related to information technology, the Service and any associated operational processes. Member agrees that if requested by Financial Institution, Member will complete a self-assessment of Member's operations, management, staff, systems, internal controls, training and risk management practices that would otherwise be reviewed by Financial Institution in an audit of Member. If Member refuses to provide the requested financial information, or if Financial Institution concludes, in its sole discretion, that the risk of Member is unacceptable, if Member violates this Product Schedule or the Rules, or if Member refuses to give Financial Institution access to Member's premises, Financial Institution may terminate the Service and this Product Schedule according to the provisions hereof.

**29. LIMITATION OF LIABILITY.**

- a) IN THE PERFORMANCE OF THE SERVICES REQUIRED BY THIS AGREEMENT, FINANCIAL INSTITUTION SHALL BE ENTITLED TO RELY SOLELY ON THE INFORMATION, REPRESENTATIONS, AND WARRANTIES PROVIDED BY MEMBER PURSUANT TO THIS AGREEMENT, AND SHALL NOT BE RESPONSIBLE FOR THE ACCURACY OR COMPLETENESS THEREOF. FINANCIAL INSTITUTION SHALL BE RESPONSIBLE ONLY FOR PERFORMING THE SERVICES EXPRESSLY PROVIDED FOR IN THIS AGREEMENT, AND SHALL BE LIABLE ONLY FOR ITS GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN PERFORMING THOSE SERVICES. FINANCIAL INSTITUTION SHALL NOT BE RESPONSIBLE FOR MEMBER'S ACTS OR OMISSIONS (INCLUDING, WITHOUT LIMITATION, THE AMOUNT, ACCURACY, TIMELINESS OF TRANSMITTAL OR AUTHORIZATION OF ANY ENTRY RECEIVED FROM MEMBER) OR THOSE OF ANY OTHER PERSON, INCLUDING, WITHOUT LIMITATION, ANY FEDERAL RESERVE BANK, ACH OPERATOR OR TRANSMISSION OR COMMUNICATIONS FACILITY, ANY RECEIVER OR RDFI (INCLUDING, WITHOUT LIMITATION, THE RETURN OF ANY ENTRY BY SUCH RECEIVER OR RDFI), AND NO SUCH PERSON SHALL BE DEEMED FINANCIAL INSTITUTION'S AGENT. MEMBER AGREES TO INDEMNIFY FINANCIAL INSTITUTION AGAINST ANY LOSS, LIABILITY OR EXPENSE (INCLUDING ATTORNEYS' FEES AND COSTS) RESULTING FROM OR ARISING OUT OF ANY CLAIM OF ANY PERSON THAT THE FINANCIAL INSTITUTION IS RESPONSIBLE FOR ANY ACT OR OMISSION OF MEMBER OR ANY OTHER PERSON DESCRIBED IN THIS SECTION 29(a).
- b) FINANCIAL INSTITUTION SHALL BE LIABLE FOR MEMBER'S ACTUAL DAMAGES DUE TO CLAIMS ARISING SOLELY FROM FINANCIAL INSTITUTION'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; IN NO EVENT SHALL FINANCIAL INSTITUTION BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, PUNITIVE OR INDIRECT LOSS OR DAMAGE WHICH MEMBER MAY INCUR OR SUFFER IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT THE LIKELIHOOD OF SUCH DAMAGES WAS KNOWN OR CONTEMPLATED BY THE FINANCIAL INSTITUTION AND REGARDLESS OF THE LEGAL OR EQUITABLE THEORY OF LIABILITY WHICH MEMBER MAY ASSERT, INCLUDING, WITHOUT LIMITATION, LOSS OR DAMAGE FROM SUBSEQUENT WRONGFUL DISHONOR RESULTING FROM FINANCIAL INSTITUTION'S ACTS OR OMISSIONS PURSUANT TO THIS AGREEMENT.

- c) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING PROVISIONS, FINANCIAL INSTITUTION SHALL BE EXCUSED FROM FAILING TO ACT OR DELAY IN ACTING IF SUCH FAILURE OR DELAY IS CAUSED BY LEGAL CONSTRAINT, INTERRUPTION OF TRANSMISSION OR COMMUNICATION FACILITIES, EQUIPMENT FAILURE, WAR, EMERGENCY CONDITIONS OR OTHER CIRCUMSTANCES BEYOND FINANCIAL INSTITUTION'S CONTROL. IN ADDITION, FINANCIAL INSTITUTION SHALL BE EXCUSED FROM FAILING TO TRANSMIT OR DELAY IN TRANSMITTING AN ENTRY IF SUCH TRANSMITTAL WOULD RESULT IN FINANCIAL INSTITUTION'S HAVING EXCEEDED ANY LIMITATION UPON ITS INTRA- DAY NET FUNDS POSITION ESTABLISHED PURSUANT TO PRESENT OR FUTURE FEDERAL RESERVE GUIDELINES OR IN FINANCIAL INSTITUTION'S REASONABLE JUDGMENT OTHERWISE WOULD VIOLATE ANY PROVISION OF ANY PRESENT OR FUTURE RISK CONTROL PROGRAM OF THE FEDERAL RESERVE OR ANY RULE OR REGULATION OF ANY OTHER U.S. GOVERNMENTAL REGULATORY AUTHORITY.
- d) SUBJECT TO THE FOREGOING LIMITATIONS, FINANCIAL INSTITUTION'S LIABILITY FOR LOSS OF INTEREST RESULTING FROM ITS ERROR OR DELAY SHALL BE CALCULATED BY USING A RATE EQUAL TO THE AVERAGE FEDERAL FUNDS RATE AT THE FEDERAL RESERVE BANK OF NEW YORK FOR THE PERIOD INVOLVED. AT FINANCIAL INSTITUTION'S OPTION, PAYMENT OF SUCH INTEREST MAY BE MADE BY CREDITING THE ACCOUNT.

30. **INCONSISTENCY OF NAME AND ACCOUNT NUMBER.** The Member acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by the Financial Institution to the RDFI may be made by the RDFI (or by the Financial Institution in the case of an On-Us Entry) on the basis of the account number supplied by the Member, even if it identifies a person different from the named Receiver, and that the Member's obligation to pay the amount of the Entry to the Financial Institution is not excused in such circumstances. Member is liable for and must settle with Financial Institution for any Entry initiated by Member that identifies the Receiver by account or identifying number or by name and account or identifying number.

31. **PAYMENT FOR SERVICES.** The Member shall pay the Financial Institution the charges for the services provided in connection with this Product Schedule, as set forth in the deposit fee schedules and pricing proforma provided at time of application. All fees and services are subject to change upon thirty (30) days prior written notice from the Financial Institution. Such charges do not include, and the Member shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the Depository Agreement between the Financial Institution and the Member with respect to the Account.

32. **AMENDMENTS.** Except as provided in Section 31, the Financial Institution may amend this Product Schedule from time to time upon written notice to the Member. In the event that performance of services under this Product Schedule would result in a violation of any present or future statute, regulation or governmental policy to which the Financial Institution is subject, then this Product Schedule shall be amended to the extent necessary to comply with such statute, regulation or policy. Alternatively, the Financial Institution may terminate this Product Schedule if it deems such action necessary or appropriate under the circumstances. The Financial Institution shall have no liability to the Member as a result of any such violation, amendment or termination. Any practices or course of dealings between the Financial Institution and the Member, or any procedures or operational alterations used by them, shall not constitute a modification of this Product Schedule or the Rules, nor shall they be construed as an amendment to this Product Schedule or the Rules.

**33. NOTICES, INSTRUCTIONS, ETC.**

- a) Except as stated herein, the Financial Institution shall not be required to act upon any notice or instruction received from the Member or any other person, or to provide any notice or advice to the Member or any other person with respect to any matter.
- b) The Financial Institution shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an authorized representative of Member, and any such communication shall be deemed to have been signed by such person. Such notice shall be effective on the second Business Day following the day received by the Financial Institution.
- c) Except as stated herein, any written notice or other written communication required or permitted to be given under this Product Schedule shall be delivered or sent by US mail, if to Member, at the address of Member on the books of Financial Institution and if to Financial Institution, at the following address:

APCU  
Attn: ACH Department  
3900 Crown Road  
Atlanta, GA 30380

unless another address is substituted by notice delivered or sent as provided heron. Except as otherwise stated herein, any such notice shall be deemed given when received.

34. **DATA RETENTION AND PROTECTION.** The Member shall retain data on file adequate to permit the remaking of Entries for five (5) Business Days following the date of their transmittal by the Financial Institution as provided herein, and shall provide such Data to the Financial Institution upon its request. Member acknowledges and agrees to comply with any and all Data Security Requirements contained in the Rules, including without limitation any requirements of ACH Originators, Third-Party Service Providers and Third-Party Senders to protect account numbers used in the initiation of ACH Entries and Files by rendering them unreadable when stored electronically.
35. **DATA MEDIA AND RECORDS.** All magnetic tapes, Entries, security procedures and related records used by the Financial Institution for transactions contemplated by this Product Schedule shall be and remain the Financial Institution's property. The Financial Institution may, at its sole discretion, make available such information upon the Member's request. Any expenses incurred by the Financial Institution in making such information available to the Member shall be paid by the Member.
36. **COOPERATION IN LOSS RECOVERY EFFORTS.** In the event of any damages for which Financial Institution or Member may be liable to each other or to a third party pursuant to the services provided under this Product Schedule, Financial Institution and Member will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.
37. **TERMINATION.** In addition to, and without limiting the generality of, the Termination provisions of the Master Agreement, Financial Institution may terminate this Product Schedule immediately upon its determination that Member is in violation of this Product Schedule, the ACH Rules or applicable laws or if Member initiates any bankruptcy proceeding or is otherwise declared insolvent. Any termination of this Product Schedule shall not affect any of Financial Institution's rights or Member's obligations with respect to any Entries initiated by Member prior to such termination, or the payment obligations of Member with respect to services performed by Financial Institution prior to termination, or any other obligations that survive termination of this Product Schedule. Member's obligation with respect to any Entry shall survive termination of this Product Schedule until any applicable statute of limitation has elapsed.
38. **ENTIRE AGREEMENT.** This Product Schedule (including the Schedules attached) together with the Depository Agreement and the Master Agreement, is the complete and exclusive statement of the agreement between the Financial Institution and the Member with respect to the subject matter hereof and supersedes any prior agreement(s) between the Financial Institution with respect to such subject matter. In the event of any inconsistency between the terms of this Product Schedule, the Depository Agreement or the Master Agreement, the terms of this Product Schedule shall govern. In the event performance of the services provided herein in accordance with the terms of this Product Schedule would result in a violation of any present or future statute, regulation or government policy to which the Financial Institution is subject, and which governs or affects the transactions contemplated by this Product Schedule, then this Product Schedule shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and the Financial Institution shall incur no liability to the Member as a result of such violation or amendment. No course of dealing between the Financial Institution and the Member will constitute a modification of this Product Schedule, the Rules, or the security procedures, or constitute an agreement between the Financial Institution and the Member regardless of whatever practices and procedures the Financial Institution and the Member may use.
39. **NON-ASSIGNMENT.** The Member may not assign this Agreement or any of the rights or duties hereunder to any person without the Financial Institution's prior written consent.
40. **WAIVER.** The Financial Institution may waive enforcement of any provision of this Agreement. Any such waiver shall not affect the Financial Institution's rights with respect to any other transaction or modify the terms of this Agreement.
41. **BINDING AGREEMENT; BENEFIT.** This Agreement shall be binding upon and inure to the benefit of the parties

hereto and their respective legal representatives, successors, and assigns. This Agreement is not for the benefit of any other person, and no other person shall have any right against the Financial Institution or the Member hereunder.

42. **HEADINGS.** Headings are used for reference purposes only and shall not be deemed part of this Agreement.
43. **SEVERABILITY.** In the event that any provision of this Agreement shall be determined to be invalid, illegal, or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.
44. **GOVERNING LAW.** This Agreement shall be construed in accordance with and governed by the laws of the State of Georgia without reference to its conflict of laws provisions, and applicable federal law.
45. **SAME DAY ENTRIES.** If Same Day ACH is offered by Financial Institution, a credit or debit Entry with an Effective Entry Date of the date of or a date prior to the date of the transmission of the Entry or File to Credit Union and received by Credit Union prior to the applicable cut-off time set forth in Schedule B shall be considered a Same Day Entry. Entries in excess of the amount permitted in the Rules and IAT Entries are not eligible for Same Day ACH processing. In addition to any other fees that Member is obligated to pay Credit Union, Member hereby agrees to pay Credit Union the Same Day Entry fee established by Credit Union from time to time for Same Day Entries transmitted to Credit Union by Member.
46. **PRINCIPAL/OWNER GUARANTY.** The undersigned hereby guarantees the prompt payment and performance of all amounts, fees, and obligations of the member due and owing to APCU (Financial Institution) arising under or in connection with that certain Member Agreement for ACH Origination (the "Agreement"), dated of even date herewith between Member and Financial Institution. This Guaranty is intended to cover all obligations of Member under the Agreement, including, but not limited to, (a) the payment of fees and amounts arising under the Agreement or in connection with any deposit account maintained by Member with Financial Institution, (b) the compliance by Financial Institution with all laws, regulations and rules related to Member's origination and processing of ACH Entries under the Agreement, (c) Member's obligations with respect to Reserves and the return of ACH Entries under the Agreement and (d) the accuracy and performance of Member's warranties under the Agreement. In order to secure the payment and performance of this Guaranty, the undersigned hereby grants to Financial Institution a security interest in and to all deposit accounts owned by the undersigned and maintained at Financial Institution. The undersigned hereby agrees and acknowledges that this Guaranty is a guarantee of performance and not of collection, and that Financial Institution may, upon default or violation by Member of any terms of the Agreement, proceed directly against the undersigned for satisfaction and performance of the obligations of Member under the Agreement without first proceeding against Member.

**This Product Schedule must be signed on behalf of Member by an Authorized Member Representative.**

**IN WITNESS WHEREOF,** the parties hereto have executed this Product Schedule through their duly authorized officers on the dates indicated below.

\_\_\_\_\_  
Dated:

\_\_\_\_\_  
Company's Legal Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

## APCU/Center Parc Credit Union ACH Origination Services Training Guide May 2025

APCU/Center Parc Credit Union is pleased to provide ACH Origination Services. While we encourage you to read and become familiar with the NACHA Operating Rules, this guide was developed to give you an overview of important information you should be aware of as an ACH Originating member. This guide is to assist you with training, compliance, and risk associated with ACH Origination.

**What is NACHA?** The National Automated Clearing House Association (“NACHA”) administers the NACHA Rules and oversees the ACH network.

### **ACH Facts**

- ACH entries are categorized as “consumer or corporate”.
- ACH is a batch system (not real time).
- ACH entries are irrevocable once they have been sent for processing.
- ACH is capable of crediting or debiting checking or savings accounts.
- An ACH Originator is any entity or person that creates an ACH transaction.
- ACH stop payments for consumers may not have an expiration date.

### **ACH Legal Framework**

You are required to abide by multiple rules and agreements including, but not limited to, the following when submitting ACH transactions. APCU/Center Parc may ask for access to your premises and records to confirm compliance with ACH Rules.

APCU/Center Parc has the right to audit your compliance with the NACHA Operating Rules and your compliance with the Origination Agreement at any time. APCU/Center Parc has the right to terminate the Origination Agreement immediately for breach of the NACHA Operating Rules or applicable laws.

- NACHA Operating Rules ([www.nacha.org](http://www.nacha.org))
- Regulation E (for consumer entries)
- UCC4A (for corporate credits)
- Credit Union Deposit Agreement & Terms and Conditions
- Credit Union Business Online Banking & Cash Management Agreement
- Credit Union ACH Origination Product Schedule
- Authorizations from employees, customer, etc.

### **Revisions to the NACHA Operating Rules Annually**

Annually, you will receive a letter from APCU/Center Parc explaining changes in the NACHA rules. These changes are described in the Revisions to the NACHA Operating Rules section of the rule book. The changes will cover the time period of January 1 to December 31 of that year. If you have questions about the revisions, please contact us.

### **Definition of ACH Participants**

- **Originator** – The Originator is the entity or company 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 of funds to or from a consumer or another company’s account.
- **Originating Depository Financial Institution (ODFI)** – The ODFI is the financial institution that receives the payment instructions from Originators and forwards the entries to the ACH Operator.

- **Automated Clearing House Operator** – An ACH Operator is the central clearing facility operate by a private organization or the Federal Reserve Bank on behalf of Depository Financial Institutions.
- **Receiving Depository Financial Institution (RDFI)** – The RDFI is the Depository Financial Institution that receives ACH entries from the ACH Operator and posts the entries to the accounts of its depositors (Receivers).
- **Receiver** – A Receiver is a natural person or an organization that has authorized an Originator to initiate an ACH entry to the Receiver's account with the RDFI. A Receiver may be either a company or a consumer, depending on the type of transaction.

### **Your Responsibilities as an ACH Originator**

- Obtain proper authorizations, dependent upon the authorization type, and retain authorizations for two years past revocation.
- If requested by the Credit Union, provide a copy of the authorization. The Credit Union may request to see your authorizations from time to time as part of an annual audit.
- Send entries on the proper date.
- Give appropriate notice to debtor if changing amount or date.
- Cease subsequent entries when notified.
- Make necessary changes to payee account information within three (3) banking days upon receipt of a Notice of Change or before another entry is sent.
- Check payees against OFAC compliance checklists. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC or from the OFAC's home page site at [www.ustreas.gov/ofac](http://www.ustreas.gov/ofac).)
- Protect the banking information received to originate transactions including customer authorizations, social security number, account number and routing number information, policy numbers, etc.
- Ensure your computer and you are protected as outlined in the Credit Union Cash Management Agreement.
- Ensure the Originator is clearly identified as the source of the ACH transaction. Specifically, populate the Company Name Field of the NACHA formatted file with a name known to and readily recognized by the Receiver of the entry.
- Protect sensitive information no matter what form it is stored as, e.g., electronically or paper based, from the point it is collected until it is destroyed. Restrict and limit access to sensitive data. Use locks on doors and filing cabinets. Limit employee access to data to those that need it to do their jobs.
- Do not store sensitive information on portable storage devices (e.g., PDA's, USB drives, CD's laptops, iPhones, iPods, etc.) as these devices are frequently lost or stolen.

### **Direct Deposit Payroll Authorizations (Consumers)**

- Use a direct deposit authorization form that collects employee account information. This form should allow the company to make credit and/or debit entries in the event a payroll adjustment is necessary.
- Obtain a voided check from the employee (if possible).
- The most common SEC code for direct deposit is PPD.

### **Corporate Authorizations**

- For companies, there must be a record of an agreement between the two parties.
- The most common SEC code for corporate transactions are CCD or CTX, depending upon addenda origination. It is used for both debits and credits.

### **Prenotes**

- Prenotes are zero-dollar entries that precede the first live entry. The purpose of a prenote is to verify account information.
- Prenotes are optional for you to send. However, if sent, prenote rules must be followed and a prenote must precede the first live entry by at least three (3) banking days.

- The Receiving Bank is not required to validate the name of the payee on the prenote, although many do; they are only required to check the account number.

### **Notice of Change (NOC)**

- NOC is created by the Receiver's financial institution to notify the Originator (via the Credit Union) that:
  - Previously valid information in an ACH entry (Direct Deposit/Direct Payment) is now outdated and needs to be changed.
  - Information in an ACH entry (Direct Deposit/Direct Payment) is erroneous and needs to be corrected.
- The Credit Union will notify you of any NOCs received on your behalf.
- ACH Rules require the Originator to make changes or corrections within three (3) banking days of receiving the information from the Credit Union or before another entry is sent.
- The Receiving Bank warrants that the information they provide to you is correct.
- The Credit Union may pass along any fines received based upon your non-compliance.
- The Originator has the option of responding to NOCs for Single Entry (non-recurring) payments. This applies to the following SEC Codes Only: ARC, BOC, POP, POS, RCK and XCK entries, as well as TEL and WEB entries bearing a single-entry indicator ("S" or "Blank" for TEL and "S" for WEB).

### **Reversals (*can only be made under certain conditions*)**

- If a reversing entry must be made, this can be requested via the Business Online Banking. If you need further assistance please contact the credit union at 800-849-8431.
- Reversals may only be made for the following three conditions:
  - Wrong dollar amount
  - Wrong account number
  - Duplicate transaction
- When initiating a reversal, the reversing entry must be for the full amount, must be sent within five (5) banking days of the original entry and must be sent within 24 hours of discovering the error.
- The Receiving Bank is under no obligation to post the reversing debit if it overdraws the payee's account or if the payee's account is closed.
- A payee must be notified if a reversing entry debits his or her account. However, a payee does not need to authorize the reversing debit.
- The word "REVERSAL" must be in the Company Batch Header Field and if the file is reversing an erroneous file, then a correcting file must be initiated with the reversing file.

### **OFAC (Office of Foreign Asset Control)**

- You are required to check payees against OFAC compliance checklists.
- OFAC lists countries, groups and individuals with which U.S. Companies are not permitted to send or receive funds.
- The Credit Union must protect itself by informing every client that it is against the law to send debit or credit entries to OFAC-blocked entities.
- You may check the OFAC SDN list at : <http://sdnsearch.ofac.treas.gov>

### **What are the Fraud Risks for ACH?**

ACH Origination fraud is a challenge for Financial Institutions and ACH Originators like your company. In one origination system hacking scheme, perpetrators hack into the Originator's (Your Company) computer system using compromised User IDs and passwords and originate ACH credits to "mule" accounts created for the express purpose of committing fraud. Those accounts are then emptied and abandoned. The true Originator's account (Your Account) is debited for the invalid origination file. The credits are usually irretrievable by the time the fraud is discovered. The Originator's credentials may have been compromised by an insider within the organization or stolen through key loggers or Trojan Horse programs on the compromised computer.

Due to the risk of this type of fraud, it is essential that all computer equipment used by your company to operate APCU/Center Parc's Cash Management ACH Origination program is regularly updated and patched for security.

vulnerabilities (including the use of and updating of firewall, virus protection, anti-malware protection, anti-spam protection.) You may also want to consider having one computer in your office which is not used to browse the internet or read e-mail to be your sole source of access to the Cash Management system. Limiting access to the computer which is used to house and transmit ACH data may help avoid the accidental downloading of harmful programs/viruses that could potentially compromise your transactions.

The appropriate steps should be taken within your company to ensure that all User ID's, Passwords, Authentication Methods and any other applicable security procedures issued to your employees are protected and kept confidential. All staff should be aware of the need for proper user security, password controls and separation of duties.

As ACH Origination is a higher risk commercial banking function, we suggest that your company perform your own internal risk assessment and controls evaluation periodically to be sure you are considering all available security options.

For additional information on protecting your business from Internet fraud, please visit the U.S. Chamber of Commerce website and view the free link to the "Internet Security Essentials for Business" handbook (<https://www.uschamber.com/CybersecurityEssentials>).

### **What types of controls are in place to help combat ACH Origination fraud?**

The Credit Union's ACH Origination system requires the use of a token which creates a random code to be used in conjunction with your User ID and PIN. While this will hamper a hacker from gaining access outside of your company, the risk still exists for internal fraud by one of your employees or from a hacker who had gained access to your computer system through sophisticated key loggers or Trojan Horse programs.

APCU/Center Parc's (Credit Union) ACH Origination program requires a separation of duties for ACH processing, in which one employee generates the ACH batch and the system requires a secondary employee to log in and approve the ACH batch. Dual approval procedures such as this go a long way in preventing ACH origination fraud.

Cash Management ACH transaction rights are limited to personnel with appropriate business need for functionality. Company ensures that all individuals with access to the Cash Management program receive training necessary to understand their responsibilities and utilize the program in accordance with the applicable terms, agreements and ACH rules.

It is very important for your company to make it a practice of monitoring your accounts online daily. Reviewing both the balances and the account transactions daily within the Cash Management system will ensure that you are aware of all transactions, even when they have not yet posted to your account. The sooner account or ACH fraud can be detected, the more successful the Credit Union will be in assisting to recover your company's potentially lost funds.

APCU/Center Parc has automatically enabled security alerts to send notifications when your password has been changed, or when an outgoing ACH transaction has been generated.

Please keep in mind that we will **NEVER** email you requesting your Cash Management password or token credential. We may on occasion call to verify other information regarding your on-line activity should we see something of concern in your login patterns.

### **What happens if a Security Breach occurs?**

Immediately contact the Credit Union if you suspect an ACH data breach. As an ACH Originator, you are required to immediately report the breach to the Credit Union who must report it to NACHA.

### **Website Spoofing**

Website spoofing is the act of creating a fake website to mislead individuals into sharing sensitive information. Spoof websites are typically made to look exactly like a legitimate website published by a trusted organization.



**Prevention Tips:**

- Pay attention to the web address (URL) of websites. A website may look legitimate, but the URL may have a variation in spelling or use a different domain.
- If you are suspicious of a website, close it and contact the company directly.
- Do not click links on social networking sites, pop-up windows, or non-trusted websites. Links can take you to a different website than their labels indicate. Typing an address in your browser is a safer alternative.
- Only give sensitive information to websites using a secure connection. Verify the web address begins with "https://" (the "s" is for secure) rather than just http://.
- Avoid using websites when your browser displays certificate errors or warnings.

**Phishing**

Phishing is when an attacker attempts to acquire information by masquerading as a trustworthy entity in an electronic communication. Phishing messages often direct the recipient to a spoof website. Phishing attacks are typically carried out through email, instant messaging, telephone calls, and text messages (SMS).

**Prevention Tips:**

- Delete email and text messages that ask you to confirm or provide sensitive information. Legitimate companies don't ask for sensitive information through email or text messages.
- Beware of visiting website addresses sent to you in an unsolicited message.
- Even if you feel the message is legitimate, type web addresses into your browser or use bookmarks instead of clicking links contained in messages.
- Try to independently verify any details given in the message directly with the company.
- Utilize anti-phishing features available in your email client and/or web browser.

**File Delivery Deadlines and Cutoff Times**

All transmissions to APCU/Center Parc must be completed by the established Cutoff Time of 3:00 PM Eastern Time for processing of standard ACH entries and 2:00 PM Eastern Time for Same Day ACH entries to be processed. Any transmission completed and received by APCU/Center Parc after such cutoff Times or on any non-business day will be processed on the following Business Day.

**Business Days**

Atlanta Postal Credit Union will be closed on the following standard holidays observed by the Federal Reserve Bank. We will not accept any ACH Origination files for processing on these days or on Saturdays and Sundays.

New Year's Day (January 1)  
Martin Luther King Birthday (Third Monday in January)  
Presidents Day (Third Monday in February)  
Memorial Day (Last Monday in May)  
Juneteenth National Independence Day (June 19)  
Independence Day (July 4)  
Labor Day (First Monday in September)  
Columbus Day (Second Monday in October)  
Veterans Day (November 11)  
Thanksgiving Day (Fourth Thursday in November)  
Day after Thanksgiving (Fourth Friday in November)  
Christmas Eve (December 24)  
Christmas Day (December 25)

Note: If January 1, July 4, November 11, or December 25 falls on a Sunday, the next day (Monday) is a Federal Reserve Bank holiday. In general, if one of these holidays falls on a Saturday, Atlanta Postal Credit Union will be open the preceding Friday.