

ACH Origination Agreement



9637 N. Greenville Rd. • Lakeview, MI 48850
PH: 989-352-6031 • www.cffcu.biz

This Agreement is the contract, which covers your and our rights and responsibilities concerning the ACH Origination Services offered to you by Community First Federal Credit Union (“Credit Union”). In this Agreement, the words “you” and “yours” “Company” mean the business entity executing this agreement and any authorized users. In this Agreement the words “we” and “us” and “our” and “ours” mean Community First Federal Credit Union.

1. ACH Origination Service

Company wishes to initiate Credit or Debit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of the National Automated Clearing House Association (the “Rules”), and Credit Union is willing to act as an Originating Depository Financial Institution with respect to such Entries. Company shall, at its own expense, maintain a current subscription to or copy of the NACHA ACH Rules (available at www.nacha.org.) and shall take reasonable measures to remain informed of changes in the Rules. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules. The term “Entries” shall have the meaning provided in the Rules and shall also mean the data received from Company hereunder from which Credit Union prepares Entries.

2. Transmittal of Entries by Company

Company shall transmit Entries to Credit Union to the location(s) and in compliance with the formatting and other requirements specified by Credit Union. Company shall only transmit the types of Entries shown in Schedule A, which is incorporated herein.

3. Security Procedures

Company and Credit Union shall comply with the security procedure requirements described in Schedule B attached hereto with respect to Entries transmitted by Company to Credit Union. Company acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between Credit Union and Company. Company is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Company warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by Credit Union in connection with the security procedures described in Schedule B. If Company believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, Company agrees to notify Credit Union immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Credit Union prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

4. Compliance with Security Procedures

If an Entry (or a request for cancellation or amendment of an Entry) received by Credit Union purports to have been transmitted or authorized by Company, it will be deemed effective as Company’s Entry (or request) and Company shall be obligated to pay Credit Union the amount of such Entry even though the Entry (or request) was not authorized by Company, provided Credit Union accepted the Entry in good faith and acted in compliance with the security procedure referred to in Schedule B with respect to such entry. If signature comparison is to be used as a part of that security procedure, Credit Union shall be deemed to have complied with that part of such procedure if it compares the signature accompanying a file of Entries (or request for cancellation or

amendment of an Entry) received with the signature of an authorized representative of Company (an “Authorized Representative”) and, on the basis of such comparison, believes the signature accompanying such file to be that of such authorized representative. If an Entry (or request for cancellation or amendment of an Entry) received by Credit Union was transmitted or authorized by Company, Company shall pay Credit Union the amount of the Entry, whether or not Credit Union complied with the security procedure referred to in Schedule B with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if Credit Union had complied with such procedure.

5. Recording and Use of Communications

Company and Credit Union agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means.

6. Processing, Transmittal & Settlement by Credit Union

- a. Except as provided in Section 7, On-Ups Entries, and Section 8, Rejection of Entries, Credit Union shall (i) process Entries received from Company to conform with the file specifications set forth in the Rules, (ii) transmit such Entries as an Originating Depository Financial Institution to the ACH Operator (the “ACH”) acting as an Automated Clearing House Operator, and (iii) settle for such Entries as provided in the Rules.
- b. Credit Union shall transmit such Entries to the ACH network by the deadline of the ACH set forth in Schedule C attached hereto one (1) business day prior to the Effective Entry Date shown in such Entries, provided (i) such Entries are received by Credit Union’s related cut-off time set forth on Schedule C on a business day, (ii) the Effective Entry Date is at least two (2) days after such business day, and (iii) the ACH is open for business on such business day. For purposes of this Agreement, a “business day” is a day on which Credit Union is open to the public for carrying on substantially all of its business (other than a Saturday or Sunday), and Entries shall be deemed received by Credit Union, in the case of transmittal by tape, when received by Credit Union at the location set forth in Schedule A, and in the case of transmittal by electronic transmission, when the transmission (and compliance with any related security procedure provided for herein) is completed as provided in Schedule A.
- c. If any of the requirements of clause (i), (ii), or (iii) of Section 6.b. is not met, Credit Union shall use reasonable efforts to transmit such Entries to the ACH by the next deposit deadline of the ACH following that specified in Schedule C which is a business day and a day on which the ACH is open for business. Credit Union shall not be responsible for any delays by the ACH or any Receiving Depository Financial Institution in processing any credit or debit transmitted by Credit Union or any failure to process or credit or debit any such Entry or any other acts or omissions of any third party.
- d. Credit Union shall have the right to defer any credit to Company’s Account until Credit Union receives final settlement for a Debit Entry. Any credit provided prior to that time shall be provisional and Credit Union shall have the right to immediate payment of the amount of such credit upon its receipt of notice that final settlement has not occurred. In addition, Credit Union shall have the right to payment by Company of any returned or rejected Entry for which Company has previously received credit at the time Credit Union receives such rejection or return.

- e. Company shall pay Credit Union the amount of each Credit Entry transmitted by Credit Union pursuant to this Agreement at such time on the date of settlement for such Entry as Credit Union, in its discretion, may determine, and the amount of each On-Us Entry at such time on the Effective Entry Date of such Entry as Credit Union, in its discretion, may determine. Credit Union may in its sole discretion require Company to pre-fund the Account prior to the Effective Date for settlement of Credit Entries as a condition for transmission of such Entries.

7. On-Us Entries

Except as provided in Section 8, Rejection of Entries, in the case of an Entry received for credit to an account maintained with Credit Union (an "On-Us Entry"), Credit Union 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 clauses (i) and (ii) of Section 6.b. are met. If either of those requirements is not met, Credit Union 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.

8. Rejection of Entries

Credit Union may reject any Entry which does not comply with the requirements of Section 2, Transmittal of Entries By Company, or Section 3, Security Procedures, or which contains an Effective Entry Date more than five (5) days after the business day such Entry is received by Credit Union. Credit Union may reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Credit Union may reject any Entry if Company has failed to comply with its account balance obligations under Section 13, The Account. Credit Union may reject any entry if Company does not adhere to security procedures as described in Schedule B. Credit Union shall notify Company in writing by mail or e-mail of such rejection no later than the business day such Entry would otherwise have been transmitted by Credit Union to the ACH or, in the case of an On-Us entry, its Effective Entry Date. Notices of rejection shall be effective when given. Credit Union shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

9. Cancellation or Amendment By Company

Company shall have no right to cancel or amend any Entry after its receipt by Credit Union. However, if such request complies with the security procedures described in Schedule B for the cancellation of Data, Credit Union shall use reasonable efforts to act on a request by Company for cancellation of an Entry prior to transmitting it to the ACH or, in the case of an On-Us Entry, prior to crediting a Receiver's account, but shall have no liability if such cancellation is not effected. Company shall reimburse Credit Union for any expenses, losses, or damages Credit Union may incur in effecting or attempting to effect Company's request for the reversal of an entry.

10. Returned Entries

Credit Union shall notify Company by mail, e-mail or telephone of the receipt of a returned entry from the ACH no later than one (1) business day after the business day of such receipt. Except for an Entry retransmitted by Company in accordance with the requirements of Section 2, Transmittal of Entries By Company, Credit Union shall have no obligation to retransmit a returned Entry to the ACH if Credit Union complied with the terms of this Agreement with respect to the original Entry. If an Entry is returned for insufficient funds, Company may not reinitiate that Entry more than two times. If the Rules restrict the Company from reinitiating the Entry more than once, the limitation in the Rules applies.

11. Receiver's Right to Refund

Company acknowledges that a Receiver, under the applicable Rules, has the right to obtain a refund of funds debited from the Receiver's account by sending a notice to its institution that an Entry was, in whole or in part, not authorized, and that a Receiver's institution may obtain payment of the amount of such Entry from Credit Union by transmitting an adjustment entry in the amount of

such refund. Company agrees to pay Credit Union the amount of (i) any such adjustment entry upon its receipt by Credit Union, and (ii) with respect to any On-Us Entry, any refund paid by Credit Union to a Receiver in connection with such Receiver's claim that an Entry was, in whole or in part, not authorized

12. Notice to Receivers

- If the amount of a Debit Entry varies in amount from the previous Entry relating to the same authorization or preauthorized amount, Company shall, at least ten (10) calendar days before the effective Entry Date of such Debit Entry, send the Receiver written notice of the amount of such Entry and its Entry Date, unless the Receiver has previously been notified of the Receiver's right to receive such notice and has elected to receive such notice only when the Entry does not fall within a specified range of amounts or varies from the most recent Entry by an agreed amount.
- If Company makes any change in the scheduled Entry Date of one or more Entries, Company shall, at least seven (7) calendar days before the Entry Date of the first such Entry to be affected by such change, send the Receiver a written notice of the new Entry Date(s) of such Entry or Entries.

13. The Account

The Credit Union may, without prior notice or demand, obtain payment of any amount due and payable to it under this Agreement by debiting the account(s) of Company maintained with Credit Union (the "Account"), and shall credit the Account for any amount received by Credit Union by reason of the return of an Entry transmitted by Credit Union for which Credit Union has previously received payment from Company. Such credit shall be made as of the day of such receipt by Credit Union. Company shall at all times maintain a balance of available funds in the Account sufficient to cover its payment obligations under this Agreement. In the event there are not sufficient available funds in the Account to cover Company's obligations under this Agreement, Company agrees that Credit Union may debit any account maintained by Company with Credit Union in order to satisfy Company's obligations under this Agreement. In addition, Company agrees Credit Union may hold funds necessary for the scheduled ACH for a required one day prior to the effective date of the transaction. In the event funds are not available on the day prior to the scheduled ACH transaction, the Credit Union may suspend the scheduled transaction.

14. Account Reconciliation

Entries transmitted by Credit Union or credited to a Receiver's account maintained with Credit Union will be reflected on Company's periodic statement issued by Credit Union with respect to the Account pursuant to the agreement between Credit Union and Company. Company agrees to notify Credit Union promptly of any discrepancy between Company's records and the information shown on any periodic statement. If Company fails to notify Credit Union of any discrepancy within thirty (30) days of receipt of a periodic statement containing such information, Company agrees that Credit Union shall not be liable for any other losses resulting from Company's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Company fails to notify Credit Union of any such discrepancy within thirty (30) days of receipt of such periodic statement, Company shall be precluded from asserting such discrepancy against Credit Union.

15. Company Representations and Agreements; Indemnity

With respect to each and every Entry initiated by Company, Company represents and warrants to Credit Union and agrees that:

- The authorization is in full compliance with every applicable aspect of the Rules.
- Each person shown as the Receiver on an Entry received by Credit Union from Company has authorized the initiation of such Entry and the crediting of its account in the amount and on the

Effective Entry Date shown on such Entry. Company agrees that Credit Union may at any time audit Company's records to verify Receiver authorizations.

- c. The authorization is operative at the time of transmittal or crediting by Credit Union as provided herein.
- d. Entries transmitted to Credit Union by Company are limited to those types of Credit Entries set forth in Section 2, Transmittal of Entries By Company, and
- e. Company shall perform its obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by OFAC.

16. Compliance with Rules

Company shall be bound by and comply with the Rules as in effect from time to time, including, without limitation, the provision making payment of an Entry by the Receiving Depository Financial Institution to the Receiver provisional until receipt by the Receiving Depository Financial Institution of final settlement for such Entry. Company 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 Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. Company shall indemnify Credit Union against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements. The Credit Union has the right to audit the Company's compliance with this Agreement and the Rules at any time.

17. Credit Union Responsibilities; Liability; Limitations on Liability; Indemnity

- a. In the performance of the services required by this Agreement, Credit Union shall be entitled to rely solely on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. Credit Union shall be responsible only for performing the services expressly provided for in this Agreement, and shall be liable only for its negligence or willful misconduct in performing those services. Credit Union shall not be responsible for Company's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal, or authorization of any Entry received from Company) or those of any other person, including without limitation any Federal Reserve Bank, Automated Clearing House, or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed Credit Union's agent. Company agrees to indemnify Credit Union against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any claim of any person that the Credit Union is responsible for any act or omission of Company or any other person described in this Section 17(a).
- b. In no event shall Credit Union be liable for any consequential, special, incidental, punitive, or indirect loss or damage which Company may incur or suffer in connection with this Agreement, whether or not the likelihood of such damages was known or contemplated by the Credit Union and regardless of the legal or equitable theory of liability which Company may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from Credit Union's acts or omissions pursuant to this Agreement.
- c. Without limiting the generality of the foregoing provisions, Credit Union 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 Credit Union's control. In addition, Credit Union shall be

excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Credit Union's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in Credit Union's reasonable judgment otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

- d. Subject to the foregoing limitations, Credit Union'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 Credit Union's option, payment of such interest may be made by crediting the Account resulting from or arising out of any claim of any person that Credit Union is responsible for any act or omission of Company or any other person described in Section 17(a).

18. Inconsistency of Name And Account Number

Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Credit Union to the Receiving Depository Financial Institution may be made by the Receiving Depository Financial Institution (or by Credit Union in the case of an On-Us Entry) on the basis of the account number supplied by the Company, even if it identifies a person different from the named Receiver, and that Company's obligation to pay the amount of the Entry to Credit Union is not excused in such circumstances.

19. Notifications of Change

Credit Union shall notify Company of all notifications of change received by Credit Union relating to Entries transmitted by Company by mail or email no later than five (5) business days after receipt thereof.

20. Payment for Services

Company shall pay Credit Union the fees and charges for the services provided in connection with this Agreement, as set forth in Schedule C attached hereto. All fees and services are subject to change upon thirty (30) calendar days prior written notice from Credit Union to Company. Such charges do not include, and Company 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 Business Membership and Account Agreement between Credit Union and Company.

21. Amendments

From time to time Credit Union may amend any of the terms and conditions contained in this Agreement, including without limitation, any cut-off time, any business day, and any part of Schedules A through C attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Credit Union's notice to Company. Credit Union may utilize the services of third party providers upon prior written notice to Company.

22. Additional Obligations of Company

Company agrees to provide Credit Union copies of Company's most recent financial statements on an annual basis and as otherwise requested by the Credit Union. Company agrees that Credit Union may obtain a yearly credit report from a credit reporting agency on Company's owners to verify credit worthiness of exposure limits requested.

23. Notices, Instructions, Etc.

- a. Except as otherwise expressly provided herein, Credit Union shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.

- b. Credit Union 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, and any such communication shall be deemed to have been signed by such person. The names and signatures of Authorized Representatives are set forth below. Company may add or delete any Authorized Representative by written notice to Credit Union signed by at least two (2) Authorized Representatives other than that being added or deleted. Such notice shall be effective on the business day following the day of Credit Union's receipt thereof.
- c. Except as otherwise expressly provided herein, any written notice or other written communication required or permitted to be given under this Agreement shall be delivered, or sent by United States registered or certified mail, postage prepaid, or by express carrier, and, if to Credit Union at the address above or if to the Company, at the address below. Except as otherwise expressly provided herein, any such notice shall be deemed given when received.

24. Data Retention

Company shall retain data on file adequate to permit remaking of Entries for fourteen (14) days following the date of their transmittal by Credit Union as provided herein, and shall provide such Data to Credit Union upon its request.

25. Tapes and Records

All magnetic tapes, Entries, security procedures, and related records used by Credit Union for transactions contemplated by this Agreement shall be and remain Credit Union's property. Credit Union may, at its sole discretion, make available such information upon Company's request. Any expenses incurred by Credit Union in making such information available to Company shall be paid by Company.

26. Evidence of Authorization

Company shall obtain all consents and authorizations required under the Rules and shall retain such consents and authorizations for two (2) years after they expire.

27. Cooperation in Loss Recovery Efforts

In the event of any damages for which Credit Union or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Credit Union and Company 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.

28. Termination

Company may terminate this Agreement at any time. Such termination shall be effective on the business day following the day of Credit Union's receipt of written notice of such termination or such later date as is specified in that notice. Credit Union reserves the right to terminate this Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Credit Union's rights and Company's obligations with respect to Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by Credit Union prior to termination, or any other obligations that survive termination of this Agreement.

29. Right to Audit

Credit Union reserves the right to audit its ACH originators to ensure compliance with this agreement and the NACHA ACH rules and regulations governing the ACH network. The Company shall, upon the Credit Union's request, provide the Credit Union any audit related information (i.e. member authorization/ proof of record retention, system security, etc.) and assistance as the Credit Union may require to perform any such review.

30. Entire Agreement

This Agreement (including the schedules attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between Credit Union and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Credit Union and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which Credit Union is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and Credit Union shall incur no liability to Company as a result of such violation or amendment. No course of dealing between Credit Union and Company will constitute a modification of this Agreement, the Rules, or the security procedures or constitute an agreement between the Credit Union and Company regardless of whatever practices and procedures Credit Union and Company may use.

31. Non-Assignment

Company may not assign this Agreement or any of the rights or duties hereunder to any person without Credit Union's prior written consent. Credit Union may utilize the services of third party providers upon prior written notice to Company.

32. Waiver

Credit Union may waive enforcement of any provision of this Agreement. Any such waiver shall not affect Credit Union's rights with respect to any other transaction or modify the terms of this Agreement.

33. 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 Credit Union or Company hereunder.

34. 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.

35. Enforcement

This Agreement shall be construed in accordance with and governed by the laws of the State of Michigan. You agree to be liable to the Credit Union for any liability, loss, or expense as provided in this Agreement that the Credit Union incurs as a result of any dispute involving your accounts or services. You authorize the Credit Union to deduct any such liability, loss, or expense from your account without prior notice to you. This Agreement shall be governed by and construed under the laws of the state of Michigan as applied to contracts entered into solely between residents of, and to be performed entirely in, such state. In the event either party brings a legal action to enforce the Agreement or collect any overdrawn funds on accounts accessed under this Agreement, the prevailing party shall be entitled to, subject to Michigan law, payment by the other party of its reasonable attorney's fees and costs, including fees on any appeal, bankruptcy proceedings, and any post-judgment collection actions, if applicable. Should any one or more provisions of this Agreement be determined illegal or unenforceable in any relevant jurisdiction, then such provision be modified by the proper court, if possible, but only to the extent necessary to make the provision enforceable and such modification shall not affect any other provision of this Agreement.

EXECUTION OF AGREEMENT

Name of Company (Member)

Name (printed)	Position/Title	Signature	Date
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Name (printed)	Position/Title	Signature	Date
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AUTHORIZED REPRESENTATIVES (Each Authorized Party must be listed and sign below)

Name (printed)	Position/Title	Signature	Date
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Name (printed)	Position/Title	Signature	Date
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Name (printed)	Position/Title	Signature	Date
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Name (printed)	Position/Title	Signature	Date
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**SCHEDULE A
PERMITTED ENTRIES AND LIMITATIONS**

Types of Entries Permitted: Credit Only Debit Only Both Credit and Debit Other _____

Dollar Limitation on Credit or Debit entries:

Company shall not initiate more than _____ Dollars (\$) _____
in total Credit or Debit entries on any one (1) business day.

Max Limit per file: _____

Dollar Limitation on Credit or Debit transactions:

Company shall not initiate more than _____ Dollars (\$) _____
in Credit or Debit per individual transaction on any one (1) business day.

Max Limit per file: _____

The company agrees to the authorized transaction limits set forth above.

Agreement to Authorized Limits

Name of Company (Member)

Name (printed)	Position/Title	Signature	Date
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Name (printed)	Position/Title	Signature	Date
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SCHEDULE B ACH ORIGINATION SECURITY PROCEDURES

This Schedule identifies the security procedures agreed to by Company and Credit Union for origination of ACH entries pursuant to the ACH Origination Agreement (“Agreement”).

Credit Union and Company agree:

1. Security Procedure Selection.

Company’s _____ (title) will determine which of Company’s employees will be authorized to create/modify and to verify ACH transfer requests (each, an “Operator”) and the dollar limits per transaction and per day assigned to each Operator and will communicate this information to Credit Union. Credit Union will set up the Operators by assigning each an Operator ID.

The Company’s _____ (title) will also be responsible for communicating any changes in Operators or in Operator limits or authorization(s) to Credit Union in writing with a signed authorization form and promptly reporting any breach of the security code.

Company agrees to use the Credit Union’s Security Procedures selected below as described herein and as such Security Procedure may be amended as agreed upon by Company and the Credit Union from time to time, for the purpose of verifying the authenticity of ACH originations and communications amending or canceling ACH Orders. The Credit Union’s Security Procedure consists of a combination of security devices, questions and protocols, which include: dual authorization, Tokens, Passwords, and call back procedures, which are described in more detail below. The Credit Union maintains commercially reasonable Security Procedures based primarily of its knowledge of the service users’ circumstances and its knowledge of security procedures employed by similarly situated users and receiving banks. Company and its Users and other agents shall maintain the highest possible level of confidentiality with regard to the Security Procedure, and will take all steps necessary to prevent access to them by unauthorized persons. Company agrees to notify us immediately following your discovery of any unauthorized use. Subject to the Credit Union’s obligations under this Agreement, the Credit Union will have no liability in connection with, or resulting from, the execution of any transfer by the Credit Union that was verified pursuant to the Security Procedure, except to the extent applicable law prohibits the parties from varying the Credit Union’s liability with respect to such transfers. You understand that the Security Procedure is not for the purpose of detecting errors in transmission or content of an ACH Order.

[NOTE: SECURITY PROCEDURES NEED TO BE CUSTOMIZED TO FIT WHAT THE CU ACTUALLY DOES. BUT THERE MUST BE A VALID SECURITY PROCEDURE.]

Security Code. This procedure requires that a unique code separately agreed upon in writing by Company and Credit Union be presented with Company’s ACH file. Company may be required to change the code on a regular basis.

Dual authorization. Dual authorization requires that at least two Users be involved in the initiation and release of any ACH batch origination. Dual authorization may be required for Company ACH origination over a certain dollar limit, as agreed upon between Company and the Credit Union. Dual authorization requires that two Users login to initiate an ACH batch – one User to create the ACH batch and the other to initiate it.

Callback. A call back procedure is the process of an authorized individual with the Credit Union telephoning a User to verify the information prior to completion of the transfer. In the event that the call back cannot be completed or the information cannot be verified at the time of the call back, the Credit Union is under no obligation to proceed with the transfer request.

Tokens or OOB. The Security Procedure utilizes two factor authentication secure token or Out-of-Band (OOB) technology. To initiate ACH transactions a token may be required, or OOB may be required over a certain dollar limit, as agreed upon between Company and the Credit Union. An Authorized User must be in physical possession of the token or registered phone for OOB to Initiate an ACH Order. You agree that it is your sole and absolute responsibility to secure and protect access to all tokens and phones used for two factor authentication.

Other (describe).

2. Security Procedure Protection.

Company and Credit Union will preserve the confidentiality of the security procedure. If Company becomes aware of a breach, or suspects that a breach may occur, it will immediately notify Credit Union in a matter affording Credit Union a reasonable, opportunity to act on the information.

3. Company Bound by Payment Orders.

Company will be bound by any payment order, whether or not authorized, issued in its name and accepted by Credit Union in compliance with the designated security procedure.

4. Inconsistency of Name and Number.

If a payment order describes the receiver inconsistently by name and account number (i) payment may be made on the basis of the account number even if it identifies a person different from the named receiver (ii) Credit Union may in its sole discretion refuse to accept or may return the payment order. If a payment order describes a participating financial institution inconsistently by name and identification number, the identification number may be relied upon as the proper identification of the financial institution. If a payment order identifies a non-existent or unidentified person or account as the receiver or the receiver's account, Credit Union may in its sole discretion refuse to accept or may return the payment order.

5. Terminology.

Unless specifically defined in this Security Procedure Agreement, terms used herein have the meanings, if any, provided in the Agreement and the other Service Documentation, as each may be amended from time to time.

**SCHEDULE C
ACH DEADLINES AND FEE SCHEDULE**

DELIVERY METHOD	DEADLINE	DAY OF DELIVERY
Credit		
Transmission or Internet	3:00 PM EST	Two business days prior to effective date
Debit		
Transmission or Internet	3:00 PM EST	Two business days prior to effective date
Pre-Note	3:00 PM EST	Six business days prior to submission of credit (payroll) or debit file

FEE SCHEDULE	
Setup	No Cost
Monthly Fee	\$50.00
Return Item Fee	\$30.00
Password Reset Fee	\$ 5.00