

RESOLUTION # 59 OF 2015

TOWN OF CLAYTON



WSB Municipal Bank

Commitment To Our Community - Commitment To Our Customers

**MOTION BY: Robert W. Cantwell III Seconded by: Mary Zovistoski
Taylor-aye; Peterson-aye; Cantwell III-aye; Matthews-aye; Zovistoski-aye.**

**ACH ORIGATION
AGREEMENT AND DISCLOSURE**

This Agreement, dated as of **January 1, 2016**, is between **Town of Clayton** ("Company") and WSB Municipal Bank ("Bank").

RECITALS

- A. 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 and the Regional ACH Association, Payments Central (the "Rules"), and Bank is willing to act as an Originating Depository Bank with respect to such Entries.
- B. Unless otherwise defined herein, capitalized terms shall have the meaning 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 Bank prepares Entries.

AGREEMENT

1. Transmittal of Entries By Company. Company shall transmit Credit or Debit Entries to Bank to the location(s) and in compliance with the formatting and other requirements set forth in Schedule A attached hereto. The total dollar amount of Credit or Debit Entries transmitted by Company to Bank on any one day shall not exceed **\$ 60,000.00** exposure limit, with an equal offsetting entry to the settlement account.
2. Security Procedure.
- (a) Company and Bank shall comply with the security procedure requirements described in Schedule B attached hereto with respect to Entries transmitted by Company to Bank. 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 the Bank and Company.
- (b) 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 the Bank 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 Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.
3. Compliance With Security Procedure.
- (a) If an Entry (or a request for cancellation or amendment of an Entry) received by Bank 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 Bank the amount of such Entry even though the Entry (or request) was not authorized by Company, provided Bank 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, Bank 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.

(b) If an Entry (or request for cancellation or amendment of an Entry) received by Bank was transmitted or authorized by Company, Company shall pay Bank the amount of the Entry, whether or not Bank 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 Bank had complied with such procedure.

4. Recording and Use of Communications. Company and Bank 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.

5. Processing, Transmittal And Settlement By Bank.

(a) Except as provided in Section 6, On-Us Entries and Section 7, Rejection of Entries, Bank 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 Bank to the Electronic Payments Network (EPN) acting as an Automated Clearing House Operator, and (iii) settle for such Entries as provided in the Rules.

(b) **Bank shall transmit such Entries to the ACH by the deadline of the ACH operator one business day prior to the Effective Entry Date shown in such Entries, provided (i) such Entries are received by Bank's related cut-off time of 1:30p.m. on a business day, (ii) the Effective Date is at least one day after such business day, and (iii) the ACH is open for business on such business day. For purposes of this Agreement (a) a "business day" is a business day on which Bank is open to the public for carrying on substantially all of its business (other than a Saturday or Sunday), and (b) Entries shall be deemed received by Bank, in the case of transmittal by electronic transmission, when the transmission (and compliance with any related security procedure provided for herein) is completed and received by the Bank by 1:30 p.m., Monday through Friday, excluding Bank published Holiday's.**

(c) If any of the requirements of clause (i), (ii), or (iii) of Section 5(b) is not met, Bank shall use reasonable efforts to transmit such Entries to the ACH by the next deposit deadline of the ACH which is a business day and a day on which the ACH is open for business.

6. On-Us Entries. Except as provided in Section 7, Rejection of Entries, in the case of an Entry received for credit to an account maintained with Bank (an "On-Us Entry"), Bank 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 5(b) are met. If either of those requirements is not met, Bank 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.

7. Rejection of Entries. Bank may reject any Entry which does not comply with the requirements of Section 1, Transmittal of Entries By Company, or Section 2, Security Procedures, or which contains an Effective Entry Date more than 5 days after the business day such Entry is received by Bank. Bank may reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Bank may reject any Entry if Company has failed to comply with its account balance obligations under Section 11, The Account. Bank may reject any Entry if Company does not adhere to security procedures as described in Schedule B. Bank shall notify Company by phone of such rejection no later than the business day such Entry would otherwise have been transmitted by Bank to the ACH or, in the case of an On-Us Entry, its Effective Entry Date. Notices of rejection shall be effective when given. Bank 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.

8. Cancellation or Amendment By Company. Company shall have no right to cancel or amend any Entry after its receipt by Bank. However, if such request complies with the security procedures described in Schedule B for the cancellation of Data, Bank 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 Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect Company's request for the reversal of an Entry.

9. Notice of Returned Entries. Bank shall notify Company by secure email and paper mail of the receipt of a returned Entry from the ACH no later than one business day after the business day of such receipt. Except for an Entry retransmitted by Company in accordance with the requirements of Section 1, Transmittal of Entries By Company, Bank shall have no obligation to retransmit a returned Entry to the ACH if Bank complied with the terms of this Agreement with respect to the original Entry.
10. Payment by Company for Entries. Company shall pay Bank the amount of each Entry transmitted by Bank pursuant to this Agreement at such time on the Settlement Date with respect to such Entry as Bank, 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 Bank, in its discretion, may determine.
11. The Account. Bank 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 identified in Schedule D attached hereto (the "Account"), and shall credit the Account for any amount received by Bank by reason of the return of an Entry transmitted by Bank for which Bank has previously received payment from Company. 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 Bank may debit any account maintained by Company with Bank or any affiliate of Bank or that Bank may set off against any amount it owes to Company, in order to obtain payment of Company's obligations under this Agreement.** Bank may terminate performance hereunder without notice to Company. Bank shall have no obligation to perform a Credit Entry if such payment would result in an overdraft in the Settlement Account. Company agrees to pay Bank the amount of each Entry on the Settlement Date at such time as Bank, in its discretion, may determine, and the amount of each On-Us Entry that is a Credit Entry at such time on the effective date of the Entry as Bank, in its discretion, may determine. Bank will automatically debit an Account in the aggregate amount of each batch/file of Entry Data communicated to Bank resulting in Entries or transactions hereunder. Bank shall credit an Account for any Debit Entry or for any amount received by Bank due to the return of a Credit Entry for which Bank has previously received payment from Company. Bank shall make reasonable attempts to make the credit as of the day Bank receives the return of the Entry. Bank shall be entitled to charge back to Company the amount of any Debit Entry that is unable to be charged to the account of the person from whom payment was to be received, whether as the result of insufficient funds, stop payment order, or any other reason.
12. Account Reconciliation. Entries transmitted by Bank or credited to a Receiver's account maintained with Bank will be reflected on Company's periodic statement issued by Bank with respect to the Account pursuant to the agreement between Bank and Company. Company agrees to notify Bank promptly of any discrepancy between Company's records and the information shown on any periodic statement. If Company fails to notify Bank of any discrepancy within thirty (30) days of receipt of a periodic statement containing such information, Company agrees that Bank 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 Bank of any such discrepancy within thirty days of receipt of such periodic statement, Company shall be precluded from asserting such discrepancy against Bank.
13. Company Representations And Agreement; Indemnity. With respect to each and every Entry initiated by Company, Company represents and warrants to Bank and agrees that (a) each person shown as the Receiver on an Entry received by Bank from Company 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/debiting by Bank as provided herein, (c) Entries transmitted to Bank by Company are limited to those types of Credit or Debit Entries set forth in Section 1, Transmittal of Entries By Company, (d) Company shall perform its obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by OFAC, and (e) 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 Bank to the Receiver provisional until receipt by the Receiving Depository Bank 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 Bank 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 Bank against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

14. Bank Responsibilities; Liability; Limitations on Liability, Indemnity.

(a) In the performance of the services required by this Agreement, Bank shall be entitled to rely solely on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. Bank 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. Bank 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 Bank (including without limitation the return of an Entry by such Receiver or Receiving Depository Bank, and no such person shall be deemed Bank's agent. Company agrees to indemnify Bank against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any claim of any person that the Bank is responsible for any act or omission of the Company or any other person described in this Section 14(a).

(b) Bank shall be liable only for Company's actual damages; in no event shall Bank 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 Bank 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 Bank's acts or omissions pursuant to this Agreement.

(c) Without limiting the generality of the foregoing provisions, Bank 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 Bank's control. In addition, Bank shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in Bank's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines or in Bank'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, Bank'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 Bank'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 Bank is responsible for any act or omission of Company or any other person described in Section 14(a).

15. 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 Bank to the Receiving Depository Bank may be made by the Receiving Depository Bank (or by Bank 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 Bank is not excused in such circumstances.

16. Notifications of Change. Bank shall notify Company of all notifications of change received by Bank relating to Entries transmitted by Company by secure email or mail no later than two business days after receipt thereof.

17. Payment for Services. Company shall pay Bank the charges for the services provided in connection with this Agreement, as set forth in Schedule E attached hereto. All fees and services are subject to change upon thirty (30) calendar days prior written notice from Bank 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 agreement between Bank and Company with respect to the Account (the "Account Agreement").

18. Amendments. From time to time Bank 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

E attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in Bank's notice to Company.

19. Notices, Instructions, Etc.

(a) Except as otherwise expressly provided herein, Bank 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) Bank 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 Signer (as listed on the signature cards for the account as identified in Schedule D), and any such communication shall be deemed to have been signed by such person.

(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 Bank, addressed to:

WSB Municipal Bank
111 Clinton St
Watertown, NY 13601
Attention: Jaime N Hall

and, if to Company, addressed to:

Town of Clayton

PO Box 379

Clayton, NY 13624-0379

Attention: Alicia Dewey

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

20. Data Retention. In addition to the retention requirements of the ACH Rules, Company shall retain data on file adequate to permit remaking of Entries for seven days following the date of their transmittal by Bank as provided herein, and shall provide such Data to Bank upon its request.

21. Evidence of Authorization. Company shall obtain all consents and authorizations required under the Rules and shall retain such consents and authorizations for two years after they expire.

22. Cooperation in Loss Recovery Efforts. In the event of any damages for which Bank or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, Bank 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.

23. Termination. Company may terminate this Agreement at any time. Such termination shall be effective on the second business day following the day of Bank's receipt of written notice of such termination or such later date as is specified in that notice. If you breach the terms of this Agreement or the ACH Rules the Bank reserves the right to terminate or suspend this Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Bank'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 Bank prior to termination, or any other obligations that survive termination of this Agreement.

24. Information. You will promptly provide us with any information, explanations, and copies we request which are necessary for us to comply with the ACH Rules or which are pertinent in any way to your initiation of entries. We can audit your compliance with this Agreement and the ACH Rules, and you will give us access to your premises and records and provide us with all information we request in connection with such audits.

25. Exposure Limits. We can establish exposure limits with respect to this Agreement and change them from time to time. The exposure limits will be effective immediately upon their establishment or change. We will notify you of the exposure limits promptly after they are established or changed. __

26. Entire Agreement. This Agreement (including the Schedules attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between Bank and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Bank 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 Bank 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 Bank shall incur no liability to Company as a result of such violation or amendment. No course of dealing between Bank and Company will constitute a modification of this Agreement, the Rules, or the security procedures or constitute an agreement between the Bank and Company regardless of whatever practices and procedures Bank and Company may use.

27. Assignment. Company may assign this Agreement or any of the rights or duties hereunder to any person without Bank's prior written consent. When in compliance with security procedures in Schedule B of this agreement, the Company Online Banking Administrator has the ability to add, change, and delete Authorized Individuals as well as the authority level of those individuals.

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

29. 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 Bank or Company hereunder.

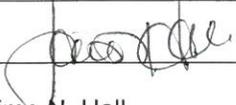
30. Headings. Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

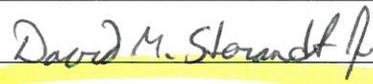
31. Severability. In the event that any provision of this Agreement shall be determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

32. Unlawful Internet Gambling Notice. Restricted transactions as defined by Federal Reserve Regulation GG are prohibited from being processed through this account or relationship.

33. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

WSB Municipal Bank
By: 
Name: Jaime N. Hall
Title: ACH Cash Management Administrator

Town of Clayton
By: 
Name: David M Storandt
Title: Town Supervisor

Schedule A

ACH File Formatting Requirements

To ensure compatibility in electronic file transmission all fields within the ACH module of Online Banking must be completed with valid* and correct information.

*Only routing numbers for banks within the United States will be considered valid.

Schedule B

Security Procedures

To protect the Company and the Bank of unauthorized ACH activity, the following security procedures must be adhered to when initiating ACH batches to WSB Municipal Bank. In addition to the procedures listed in the following sections, Company must conform to the following security procedures regardless of how the ACH files are provided to WSB Municipal Bank:

1. ACH files must be balanced. Debits must equal credits.
2. The Company must create an offsetting debit or credit to their checking account at WSB Municipal Bank as identified in Schedule D attached hereto, for all Entries contained within the ACH file.
3. In order for the Bank to process the file in a timely fashion, the Company must initiate the ACH batch to WSB Municipal Bank by 1:30pm at least one business day before the Effective Entry Date of the file.
4. The Company may not originate ACH files from a wireless network device.

Authorized User Access ID & Passwords

WSB Municipal Bank utilizes Tokens for our Multifactor Authentication to establish a user's identity. Multifactor Authentication is an authentication protocol which requires two independent ways to establish identity and privileges.

Each Company initiating ACH files through WSB Municipal Bank's Online Banking System will receive an access ID and a small device called a "token". A token is a small non-connecting device that generates one-time random passwords, which is used in conjunction with a users login ID and password when accessing the Online Banking Program. All users accept responsibility for the confidentiality and security of their signon and token.

Each Company granted access to WSB Municipal Bank's Online Banking system will designate an Online Banking Administrator as identified in Schedule D. WSB Municipal Bank will contact the Company Administrator to provide instructions for logging into the system as well as instructions on how to create and initiate ACH batches through the Online Banking system.

Online Banking Administrators are solely responsible for (i) assuring that each Authorized user uses their Access Id, password and token each and every time the Authorized User accesses the system, (ii) assuring that each Authorized user individually determines their own Password, (iii) assuring that each Authorized user provides for the safety and security of their password and token, (iv) assuring that each Authorized user's password is not disclosed or known by anyone other than the Authorized user, (v) immediately notifying us if you have any reason to believe that any Authorized user's password or token is stolen or becomes known to any unauthorized individuals, and (vi) assuring each Authorized user changes their Password from time to time on such intervals as you or we deem necessary or appropriate and immediately if the password becomes known to any unauthorized individuals.

Online Banking Administrators are encouraged to limit ACH capabilities to only a few users within the Company. In addition, since the Online Banking system offers a two step process to create and send ACH batches to the Bank, it is recommended that a dual control process be established within the Company so that only one user can create the ACH batch while another user is given authority to initiate the ACH batch to the Bank. All batches created through the Online Banking system must be in balance and must use the Company's account at WSB Municipal Bank, identified in Schedule D, as the offset for the generation of the Entries.

Any ACH Batch received by the Bank through the Online Banking System will be deemed to be a valid file authorized by the Company.

Virus Protection Software

The Company agrees to maintain up-to-date virus protection software on all computers that will be used to access the WSB Municipal Bank website.

Annual Security Training

The Company agrees to complete annual security training provided by the Bank.

Schedule C

Cutoff times and Valid Processing Days

In order for ACH transactions to be processed timely, ACH files must be received by the Bank no later than 1:30pm at least one business day prior to its effective date.

Files received later than 1:30pm one day prior to its effective date will be processed on the following business day, however, the Bank cannot guarantee the funds will be available in the receiver's account on the Effective Date of the Entry.

Files may only be received by the Bank Monday through Friday between 8:30 a.m. and 4:00 p.m., excluding the following holiday's:

- New Year's Day (January 1)
- Martin Luther King, Jr. Day (third Monday in January)
- Presidents' Day (third Monday in February)
- Memorial Day (last Monday in May)
- Fourth of July (July 4)
- Labor Day (first Monday in September)
- Columbus Day (second Monday in October)
- Veteran's Day (November 11)
- Thanksgiving Day (fourth Thursday in November)
- Christmas Day (December 25)

If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Holiday.

Schedule E

ACH Rules

The Company agrees that no entrees will be initiated that violate the laws of the United States. Below is a list of the NACHA ACH rules that the company must abide by:

- 1) Company must obtain authorizations appropriate to the type of entry being originated and provide the receiver with a copy of the authorization.
 - a. Proof of Authorization for Consumer Entries: An authorization for a PPD Entry must be in writing, and signed or similarly authenticated by the Indirect Customer. The authorization should include account number and routing number which should be clearly stated (ex. A copy of the account holder's check stapled to authorization ensures the numbers are clearly obtained), company identification is easily understandable, and the Originator must obtain authorization for both consumer credit and debit entries. The Customer is responsible for ensuring the authorization is clear and readily understandable. An authorization that is not clear and readily understandable is not considered a valid authorization.
 - b. Proof of Authorization for Non-Consumer Entries: As with all ACH entries, a Business (non-consumer) Receiver must explicitly authorize any ACH entry made to its account. The Receiver of CCD (Corporate Credit and Debit), must enter into an agreement with the Originating Company to which the Receiver has agreed to be bound by the NACHA Operating Rules. This agreement for credits and/or debits to the corporate customer account should be clear as to what the credit/debit represents. The Bank may request proof of a Non-Consumer Receiver's authorization. The originating Business must provide a copy of the authorization within ten banking days of the receipt of the request.
- 2) If sending a pre-notification, the company may not initiate live dollar entries for three banking days. If a pre-notification is returned during the three banking days or a notification of change is received, the live dollar entry cannot be sent until the reason for the return has been addressed or the change information has been corrected.
- 3) Retention - The signed or similarly authenticated authorization must be retained by the Customer for a period of two (2) years following the termination or revocation of the authorization. In the case of a paper authorization that has been signed by the consumer, the Customer must retain either the original or a copy of the signed authorization. This authorization may be obtained in an electronic format that (1) accurately reflects the information in the record, and (2) is capable of being accurately reproduced for later reference, whether by transmission, or printed or otherwise.
- 4) Re-initiation of returned entries:
 - a. If entries are returned for the reasons of authorization revoked by customer, payment stopped, or customer advises that the entry was not authorized, they cannot be re-initiated until the originator has obtained authorization again from the account holder.
 - b. **If entries are returned for insufficient funds or uncollected funds, the entry cannot be re-initiated more than two times.** Re-initiation must take place within one hundred eighty days after the Settlement Date of the original Entry.
 - c. If the entry returned for one of these two reasons is a Re-presented Check Entry (RCK), the RCK cannot be re-initiated unless the item to which the RCK entry relates has been presented no more than one time as a check and no more than one time as an RCK entry.
- 5) Changes requested in a notification of change must be made within six banking days prior to the origination of the next entry.
- 6) Notice of change in amount or change in debiting date for a recurring debit. When the debit amount varies the Originator must notify the account holder/receiver within ten (10) calendar days before the scheduled transfer date. If an Originator changes the date in which it debits the account

holder/receiver, it must notify the account holder/receiver in writing of the new date of the entry at least seven (7) days before the first entry to be affected by the change is scheduled to be debited to the Receiver's account.

- 7) Reversing files or reversing entries must be transmitted in time to be available to the receiving financial institution within five banking days following the settlement date of the erroneous file or entry. The account holder/receiver must be notified of the reversing entry and the reason for the reversing entry no later than the Settlement Date of the reversing entry.
- 8) Companies acting as a Third Party Sender are required to have an annual audit completed by December 31st every year in compliance with Appendix Eight of the NACHA rules. Confirmation of this audit must be provided to the Bank by December 31st every year. Confirmation of the audit must include a list of Companies transactions are originated for and the purpose of their business.
- 9) The Unauthorized Entry Return rate on items returned as Unauthorized Debit to Consumer, Authorization Revoked, Customer Advices Not Authorized, Corporate Customer Advices Not Authorized, Item is Ineligible or RCK Entry is Improper must not exceed 1.0%. If the return rate on the above transactions exceeds 1.0%, NACHA has the right to begin an existing risk investigation and possible enforcement proceedings process.

Schedule F

Charges and Fees

The following fees will be assessed by Bank to Company for the origination of ACH files. Fees are charged in one lump sum, on a monthly basis, and will be posted on the monthly bank statement. You will pay us the fees designated in this Agreement, even if we reject your entries as permitted by this Agreement. We can change the fees you are required to pay under this Agreement and the amounts thereof by giving you 30 days written notice.

**Lost or compromised tokens will be subject to a replacement fee of \$20.00 each.
Up to 4 Tokens included at no charge. Additional tokens \$20.00 each**

Security Administration Fee
(This fee is waived upon completion of the Annual Security Training)
Annual Fee \$250.00

ACH Item Returned Unpaid Fee
\$10.00

