

Additional Originator Obligations for Specific Standard Entry Class (SEC) Codes

ARC

1. The Company warrants that only eligible items will be converted into electronic transactions.
Ineligible items include:
 - a. Checks that include an Auxiliary On-us field in the MICR line;
 - b. Checks in the amount greater than \$25,000;
 - c. Third-party checks;
 - d. Remotely created checks as defined by Regulation CC;
 - e. Credit card checks;
 - f. Money orders;
 - g. Obligations of financial institutions (cashier's checks, official checks, traveler's checks);
 - h. Treasury checks, federal, state or local government checks, Federal Reserve or Federal Home Loan Bank checks;
 - i. Checks drawn on an investment company;
 - j. Checks drawn on home equity lines of credit; and
 - k. Checks payable in a medium other than U.S. currency.
2. The Company warrants that they will only convert items that were received at a lockbox or drop box location.
3. The Company warrants that it has notified the receiver, in advance of receiving the source document, in a clear and conspicuous manner, that receipt of the item will authorize an ACH debit to the receiver's account. This must be done for *every* transaction.
4. During initial processing the Company will not key-enter information that was read off the MICR line. (If there are errors in the MICR line those may be corrected after the first pass.)
5. Each item converted by the Company must include a preprinted serial number and must be signed by the receiver.
6. The Company warrants that the information used to create the ACH debit is accurate and that the item itself will not be presented for payment unless returned by the RDFI.
7. The source documents will be securely stored in a locked, fireproof location until destruction. Destruction will occur [_____] days after the settlement date of the Entry by shredding or other reasonable means to ensure the item cannot be reconstructed.
8. The Company must retain a reproducible, legible image or copy of the front of the source document for a period of two years from the settlement date of the entry.
9. Upon receipt of a written request, the Company will produce and send a copy of a source document to the requesting financial institution within 10 banking days.
10. If the originator receives notice that receipt of the check does NOT authorize an ACH debit entry (opt-out) the originator does not have authorization and therefore must not convert the entry.

BOC

1. The Company warrants that only eligible items will be converted into electronic transactions.
Ineligible items include:
 - a. Checks that include an Auxiliary On-Us field in the MICR line;
 - b. Checks that have not been encoded in magnetic ink;
 - c. Checks in the amount greater than \$25,000;
 - d. Third-party checks;
 - e. Remotely created checks, as defined by Regulation CC;
 - f. Credit card checks;
 - g. Money orders;
 - h. Obligations of financial institutions (cashier's checks, official checks, traveler's checks);
 - i. Treasury checks, federal, state or local government checks, Federal Reserve or Federal Home Loan Bank checks;

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- j. Checks drawn on an investment company;
 - k. Checks drawn on home equity lines of credit;
 - l. Checks payable in a medium other than U.S. currency.
2. The Company warrants that they will only convert items that were received at the point of purchase and then converted in the back office.
3. The Company warrants that it has notified the receiver, in advance of receiving the receiver's source document, in a clear and conspicuous manner, that receipt of the item will authorize an ACH debit to the receiver's account. This must be done for *every* transaction. Until January of 2010 that notice must also include language that states that funds may be withdrawn from the account as soon as the same day and the consumer will not get their check back if converted.
4. The Company must establish and maintain a working customer service telephone number that is answered during normal business hours. This number must be displayed on the notice.
5. During initial processing, the Company must use a reading device to capture the information off the MICR line. (If there are errors in the MICR line, those may be corrected after the first pass.)
6. Each item converted by the Company must include a preprinted serial number and must be signed by the receiver.
7. The Company warrants that the information used to create the ACH debit is accurate and that the item itself will not be presented for payment unless returned by the RDFI.
8. The source documents will be securely stored in a locked, fireproof location until destruction. Destruction will occur [] days after the settlement date of the Entry by shredding or other reasonable means to ensure the Item cannot be reconstructed.
9. The Company must retain a reproducible, legible image or copy of the front of the source document for a period of two years from the settlement date of the entry
10. Upon receipt of a written request the Company will produce and send a copy of a source document to the requesting financial institution within 10 banking days.
11. The originator must employ a commercially reasonable process to verify the identity of the receiver.

POP

1. The Company warrants that only eligible items will be converted into electronic transactions.
Ineligible items include:
 - o Checks that include an Auxiliary On-Us field in the MICR line;
 - o Checks that have not been encoded in magnetic ink;
 - o Checks in the amount greater than \$25,000;
 - o Third-party checks;
 - o Remotely created checks, as defined by Regulation CC;
 - o Credit card checks;
 - o Money orders;
 - o Obligations of financial institutions (cashier's checks, official checks, traveler's checks);
 - o Treasury checks, federal, state or local government checks, Federal Reserve or Federal Home Loan Bank checks;
 - o Checks drawn on an investment company;
 - o Checks drawn on home equity lines of credit;
 - o Checks payable in a medium other than U.S. currency.
2. The source document provided to the Originator for use in obtaining the Receiver's routing number, account number, and check serial number for the initiation of the entry is (1) returned voided to the Receiver, and (2) has not been provided by the Receiver for use in any prior transaction.
3. An Originator of POP entries must provide each Receiver with a receipt that contains the required information with respect to each POP entry initiated to the Receiver's account. That information must include:
 - o Merchant's name (company name)
 - o Company or third party service provider phone number

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- Date of the transaction
 - Source document serial number
 - Merchant number (an identifier so the merchant can determine where the transaction transpired)
 - Terminal City
 - Terminal State
4. Prior to the receipt of each source document, the Company warrants that it has notified the receiver, in a clear and conspicuous manner, that receipt of the item may authorize an ACH debit to the receiver's account. This must be done for *every* transaction. Until January of 2010 that notice must also include language that states that funds may be withdrawn from the account as soon as the same day and the consumer will not get their check back if converted.
 5. The company must be able to produce a copy of a signed authorization for any entry generated as a POP entry for two years after the date of the transaction. (Usually on the sales receipt).

NOTE: It's recommended that the merchant's address and some information about the consumers F.I. (like the R/T# or part of the truncated account number) along with the receivers truncated identification number and a transaction reference number also be included on the receipt.

TEL

1. Originator has employed commercially reasonable procedures to verify the identity of the Receiver.
2. Originator has utilized commercially reasonable procedures to verify that routing numbers are valid.
3. The company warrants that the receiving consumer has orally authorized the transaction (TEL is a one-time only transaction). The authorization must be readily identifiable as an authorization and must clearly state its terms. The following minimum information must be included as part of the authorization:
 - The date on or after which the debit will occur
 - The amount of the entry
 - The consumers name
 - A phone number for inquiries that is answered during normal business hours
 - The date of the oral authorization
 - A statement by the company that the authorization was obtained from the consumer for a single-entry ACH debit
4. The company warrants that the authorization is either tape recorded, or a notice is sent to the consumer prior to the settlement date of the debit.

WEB

1. The company must employ a commercially reasonable method of authentication to verify the identity of the consumer.
2. The company will employ a commercially reasonable fraudulent transaction detection system to screen each entry.
3. The company will use commercially reasonable procedures to verify that routing numbers are valid.
4. The company will establish a secure Internet session with each Receiver utilizing a commercially reasonable security technology providing a level of security that, at a minimum, is equivalent to 128-bit encryption technology prior to and through the completion of the Receiver's key entry and through transmission to the Originator of any banking information, including, but not limited to, the Receiver's routing number, account number, and PIN number or other identification symbol.
5. The company will conduct an audit annually, and share this audit with the financial institution, to ensure that the financial information it obtains from Receivers is protected by security practices and procedures that include, at a minimum, adequate levels of:
 - a) Physical security to protect against theft, tampering, or damage;

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- b) Personnel and access controls to protect against unauthorized access and use; and
- c) Network security to ensure secure capture and storage and distribution

RCK

1. The company warrants that they will only originate an RCK item if the following conditions are met:
 - The item is a consumer check under \$2,500
 - It was returned as NSF or uncollected funds
 - The company has Good Title -- ODFI is entitled to or is authorized to obtain payment for the returned item
 - The signature is genuine -- all signatures on the returned item are authentic and authorized
 - The check has not been altered
 - There are no defenses -- there are no claims against the ODFI for the item.
 - There is no knowledge of insolvency
 - The RCK entry is accurate -- item is drawn on RDFI; amount, item number, and account number match information on item
 - The item itself will not be presented: the item to which the RCK entry relates will not be presented to the RDFI for payment
 - Encoding of the item is correct -- the information encoded after issue in magnetic ink on the item is correct
 - Restrictive endorsement are void -- any restrictive endorsement made by the Originator or its agent on the item is void or ineffective upon initiation of the RCK entry
 - A copy of the item may be requested -- RDFI may request a copy of the front and back of the item within 7 years. ODFI warrants that the Originator is maintaining copy of front and back and that it can be provided within 10 days.
 - The Entry information is accurate.
2. The company must provide the consumer with a notice that clearly and conspicuously states the terms of the represented check entry policy in advance of receiving the item to which the RCK entry relates.
3. The RCK entry is processed for the face value of the returned item.
4. Any return item fee collected must be authorized and processed separately.