

## ACH ORIGATION ADDENDUM

This ACH Origination Addendum (the "Addendum") to the Internet Banking Agreement for Business and Other Non-Personal Accounts (the "Agreement") sets forth the terms and conditions that will govern your use of HVFCU Automated Clearing House services ("ACH Service"), which enable you to initiate credit and/or debit Entries through HVFCU to accounts maintained at HVFCU and to other depository financial institutions.

- 1. Scope; Definitions.** By signing below and through the use of the ACH Service, you agree to be bound by the terms and conditions hereof. It is understood and agreed that this Addendum shall supplement and is hereby incorporated into the Agreement. Any reference to "we", "us", or "HVFCU" shall refer to Hudson Valley Federal Credit Union, and any reference to "you" or the "Company" shall refer to the entity countersigning this Addendum below. The rules of the National Automated Clearing House Association ("NACHA"), as amended from time to time, (the "Rules"), and the Uniform Commercial Code ("UCC") establish a comprehensive legal framework covering the duties, responsibilities and liabilities of all parties involved in an ACH funds transfer. HVFCU 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 Addendum, and/or the Uniform Commercial Code ("UCC"), the Agreement and the provisions of this Addendum shall prevail. The term "Entry" shall have the meaning provided in the Rules and shall also mean the data received from Member hereunder from which HVFCU initiates each Entry. Unless otherwise defined herein, capitalized terms have the meanings ascribed to them in the Agreement, the Rules, the Glossary, or in the sections in which they are used.
- 2. Compliance with Rules and Laws.** You acknowledge you have a copy or have access to a copy of the Agreement. You agree to comply with and be subject to the Rules. You agree to be responsible for ensuring the origination of ACH transactions comply with U.S. law, including, without limitation, sanctions enforced by the Office of Foreign Assets Control ("OFAC"). You further agree to be responsible for obtaining 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).) You agree that the performance of any action by HVFCU 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 HVFCU under OFAC or any program administered by the United States Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"). You agree generally and warrant to HVFCU that all of your actions contemplated by this Addendum, 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"). HVFCU will charge you with any fines or penalties imposed by OFAC, NACHA or any organization which are incurred as a result of your non-compliance and you agree to fully reimburse any/or indemnify HVFCU for such charges or fines immediately upon request. HVFCU reserves the right to immediately suspend and terminate your use of ACH Services as a result of such non-compliance.
- 3. Underwriting.** Your use of the ACH Service may be subject to underwriting criteria established by HVFCU from time to time. You agree to provide HVFCU such financial, business and operating information as HVFCU may reasonably request in connection with HVFCU's underwriting and approval process.

4. **Authorizations.** Before you initiate the first debit or credit Entry to an account, you will obtain a proper authorization in accordance with the Rules and U.S. laws. An authorization agreement must be readily identifiable as either an ACH credit or an ACH debit authorization and must clearly and conspicuously state the terms of the authorization in order that the consumer or entity understands the authorization to which he or she is agreeing. All debits to consumer accounts must be authorized by the consumer in writing and must be signed or similarly authenticated using a digital signature or other code, with the exception of Entries for RCK, ARC, and BOC, which require you to provide the consumer with notice of the check conversion policy. For debit Entries, you must provide the consumer with evidence of the authorization and information regarding the manner in which authorization may be revoked. You, upon request, must present a copy of the consumer’s authorization to HVFCU within five (5) business days. You must retain the signed or authenticated authorization for a period of two (2) calendar years following the termination or revocation of the authorization. You agree not to initiate an Entry after the termination or revocation of a consumer’s authorization.

The following table shows the proper SEC Codes to use depending on how you obtained the authorization to debit/credit an individual or company’s account:

<u>SEC Code</u>	<u>Debit / Credit</u>	<u>Authorization Method</u>
PPD	Debit or Credit	Document signed by individual or similarly authenticated
CCD, CTX	Debit or Credit	Document signed by authorized representative of entity*

\* All transactions from a business account must be CCD or CTX. Please see the CCD and CTX definition in section 1 above or refer to the NACHA Rules for a detailed explanation.

5. **Types of Entries.** HVFCU will transmit debit and/or credit Entries initiated by you to the ACH Network as provided in the Rules and this Addendum. As used in this Addendum, the following are ACH Standard Entry Class Codes (SEC):

- **ARC - Accounts Receivable Entry** - An ACH debit created from a check received in the U.S. Mail or a drop box location and converted to an ACH debit. (Refer to NACHA Rules regarding items eligible for check conversion).
- **BOC - Back Office Conversion** - During back office processing, an ACH debit is created from a check received at the point of check being tendered or received at a “manned” bill payment location for in-person payments. (Refer to NACHA Rules regarding items eligible for check conversion).
- **CCD - Corporate Credit or Debit** - Either a credit or debit where funds are either distributed or consolidated between corporate entities.
- **CTX - Corporate Trade Exchange** -The transfer of funds (debit or credit) within a trading partner relationship in which payments related information is placed in multiple addenda records.
- **IAT- International ACH Transaction** - A debit or credit Entry that is part of a payment transaction involving a financial agency’s office that is not located in the territorial jurisdiction of the United States. (Refer to NACHA Rules for further definitional details)
- **POP - Point-Of-Purchase** - ACH debit application used by Originators as a method of payment for the in-person purchase of goods or services by receivers (check conversion). (Refer to NACHA Rules regarding items eligible for check conversion).
- **PPD - Prearranged Payment and Deposit**
  - **Direct Deposit** - The transfer of funds into a consumer’s account. Funds being deposited can represent a variety of products, such as payroll, interest, pension, dividends, etc.

- **Direct Payment** - Preauthorized payment is a debit application. This includes recurring bills that do not vary in amount -- insurance premiums, mortgage payments, charitable contributions, and installment loan payments or standing authorizations where the amount does vary, such as utility payments.
- **RCK – Re-presented Check** - An ACH debit application used by originators to re-present a consumer check that has been processed through the check collection system and returned because of insufficient or uncollected funds. (Refer to NACHA Rules regarding items eligible for check conversion).
- **TEL - Telephone-Initiated Entry**- This is used for the origination of a single Entry debit transaction to a consumer’s account pursuant to an oral authorization obtained from the consumer via the telephone.
- **WEB - Internet-Initiated Entry** - A debit Entry or enrollment in recurring debit to a consumer account initiated by an Originator pursuant to an authorization that is obtained from the receiver via the Internet.

The above SEC Codes are the most commonly-used.

6. **Notifications of Change.** HVFCU will notify you of Correction Entries (“COR”), which are commonly referred to as Notification of Change (NOC) Entries, received no later than 2 business days after the settlement date of the NOC. You agree to make the changes submitted within 6 business days of the receipt of the NOC information or before the next “live” Entry, whichever is later. If the NOC is incorrect, you will generate a Refused NOC and deliver it to HVFCU within 15 calendar days.
7. **Transmission of Entries and Security Procedures.** You will transmit all Entries to HVFCU on or before the deadlines described on Schedule A to this Agreement. You will conform all Entries to the format, content, data encryption, and other specifications contained in the Rules. You authorize HVFCU to transmit all Entries received by HVFCU from you in accordance with the terms of this Addendum and to credit or debit such Entries to the specified accounts. You are strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. You warrant that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agree to take reasonable steps to maintain the confidentiality of the Security Procedures and any passwords, codes, security devices and related instructions provided by HVFCU in connection with the ACH Service. See Schedule E for suggested security procedures.
8. **HVFCU Obligations.** In a timely manner and in accordance with the Rules, HVFCU will process, transmit, and settle for the Entries received from you which comply with the terms of this Addendum, including the Security Procedures. HVFCU shall have no obligation to transmit Entries if you are in default of any of your obligations under this Addendum, including any obligation to pay HVFCU, as well as any other obligation you may have to HVFCU.
9. **Warranties.** You certify to HVFCU all warranties HVFCU is deemed by the Rules to make with respect to Entries originated by you. Without limiting the foregoing, you warrant and agree that (a) each Entry is accurate, is timely, has been authorized by the party whose account will be credited or debited, and otherwise complies with the Rules; (b) each debit Entry is for the sum which, on the settlement date with respect to it will be owing to you from the party whose account will be debited, is for a sum specified by such party to be paid to you, or is a correction of a previously transmitted erroneous credit Entry; and (c) you will comply with the terms of the Electronic Funds Transfer Act and Regulation E, if applicable, or

Uniform Commercial Code Article 4A, if applicable, and shall otherwise perform your obligations under this Agreement in accordance with all applicable laws and regulations.

10. **Data Retention.** You shall retain essential data on file sufficient to permit remaking of Entries for one calendar year following the date of their transmittal by HVFCU as provided herein, and shall provide such data to HVFCU upon its request. You are responsible to retain all items, source documents and records of authorization in accordance with the Rules.
11. **Provisional Credit.** You acknowledge that the Rules make provisional any credit given for an Entry until HVFCU credits the account specified in the Entry receives final settlement. If HVFCU does not receive final settlement, it is entitled to a refund from the credited party and the originator of the Entry shall not be deemed to have paid the party.
12. **Form and Format.**

Credit Entries. HVFCU reserves the right to require that you pay HVFCU in immediately available funds at the time of transmittal or at any time prior to settlement the amount of each credit Entry submitted by you.

Debit Entries. HVFCU shall on the applicable Settlement Date credit the account with the amount of each debit Entry transmitted to HVFCU. In the event any Entry is returned in accordance with the Rules by a Receiving Depository Financial Institution after HVFCU has provided credit, you shall, upon demand, repay HVFCU the amount of the Return Entry. HVFCU may require you to maintain reserves in accordance with Section 14 of this Addendum.

Entry Settlement. You shall provide HVFCU with immediately available funds not later than 2:30 p.m. one banking day before each Settlement Date sufficient to pay all Entries initiated by you which are to be settled on that date. You hereby authorize and instruct HVFCU to make deposits, withdrawals and transfers to and from your account as appropriate or necessary in connection with any of the ACH services provided by under this Addendum. Notwithstanding anything in this Addendum to the contrary, HVFCU reserves the right to require that sufficient collected funds be in your Account prior to the time any Entry is processed by HVFCU under this Addendum.
13. **Pre-Funding.** HVFCU reserves the right to require you to pre-fund an Account maintained at HVFCU prior to the Settlement Date of the ACH file. HVFCU shall determine whether pre-funding is required based on criteria established from time to time by HVFCU. HVFCU will communicate directly to you if pre-funding is required and, if requested by you, will provide you with an explanation of its pre-funding criteria. If it is determined that pre-funding is required, you will provide immediately available and collected funds sufficient to pay all Entries initiated by you (a) not later than 2:30 p.m. one business day before each Settlement Date, and (b) prior to initiating any Entries for which pre-funding is required.
14. **Reserves.** From time to time, in its sole discretion, HVFCU may evaluate your transaction activity for the purpose of establishing averages for transaction frequency, amount, returns and adjustments. These evaluations may occur on an annual or other periodic basis and may occur more frequently at HVFCU's sole discretion. In connection with these evaluations, HVFCU reserves the right to require you to establish reserves with HVFCU calculated by HVFCU to cover your obligations to HVFCU arising from ACH activities under this Addendum. Reserves may be expressed as a fixed dollar amount or as a "rolling reserve" calculated based on "rolling" averages determined by HVFCU's periodic evaluations. The amount of reserves required by HVFCU, if any, will be communicated directly to you from time to time. You agree to establish reserves as required by HVFCU within two (2) business days after receipt of a communication from HVFCU setting forth the amount of required reserves and the basis of calculation used to determine

the amount of reserves. HVFCU may suspend ACH processing activity for you if you fail to establish the required amount of reserves within the time period specified by HVFCU in its communication to you.

15. **Settlement.** You will maintain an Account with HVFCU at all times during the term of this Addendum and until the period for Return Entries has elapsed. You will maintain in the Account immediately available funds sufficient to cover all credit Entries originated and returns of debit Entries originated. You authorize HVFCU to debit your Account in the amount of each file.
16. **Settlement Discrepancies.** The periodic statement issued by HVFCU for your Account will reflect Entries credited and debited to your account. You agree to notify HVFCU within a reasonable time not to exceed thirty (30) calendar days (except where applicable law provides a sixty (60) calendar day review period) after you receive a periodic statement of any discrepancy between your records and the information in the periodic statement. You and HVFCU agree to cooperate with the other party in performing loss recovery efforts in the event either party may be liable to the other for damages.
17. **Cancellation or Amendment of Entries.** You shall have no right to cancel or amend any Entry/File after receipt of Entry/File by HVFCU. However, HVFCU shall use reasonable efforts to act on a request by you to cancel an Entry/File before transmitting it to the ACH Network or processing it as an on-us Entry. HVFCU shall have no liability if it fails to effect the cancellation.
18. **Rejection of Entries.** HVFCU has no obligation to accept Entries and therefore may reject any Entry issued by you, including an on-us Entry, and may reject any Entry if you are not otherwise in compliance with the terms of the Addendum. HVFCU has no obligation to notify you of the rejection of an Entry but may do so at its sole option. HVFCU shall have no liability to you for rejection of any Entry and shall not be liable to pay interest to you even if the amount of your payment order is fully covered by a withdrawable credit balance in your Account or HVFCU has otherwise received full payment from you. It shall be your responsibility to remake any Entries rejected by HVFCU or the ACH Operator.
19. **Return Entries.** HVFCU shall notify you of the receipt of a Return Entry from the ACH no later than one (1) business day after the day of such receipt. HVFCU shall have no obligation to re-transmit a Return Entry if HVFCU complied with the terms of this Addendum with respect to the original Entry. You authorize HVFCU to charge back returns to your designated Account the amount of any Return Entry as soon as information is made available to HVFCU. You will promptly provide immediately available funds to indemnify HVFCU if any debit Entry is returned after HVFCU has permitted you to withdraw funds in the amount thereof or if any adjustment memorandum that relates to such Entry is received by HVFCU.
20. **Reversals.** You may initiate a reversing Entry for erroneous or duplicate transactions, as permitted by the Rules. In doing so you warrant that you have initiated the Entries within five (5) business days of the original Entry or Entries and within 24 hours of discovery of the error. You also warrant that the account holder of a reversing Entry has been notified of the reversal, and the reason for the reversal, no later than the settlement day of the reversal. For both reversing Entries and files, you indemnify all parties of the transaction(s) from and against any claim, demand, loss, liability, or expense.
21. **Name and Account Number Inconsistency.** You acknowledge that, if an Entry describes the receiver inconsistently by name and account number, payment of the Entry may be made as provided in the Rules on the basis of the account number even if it identifies a party different from the named receiver.

22. **Fees.** You authorize HVFCU to debit your designated Account for services provided under the Agreement in accordance with the Fee Schedule. HVFCU may change its fees from time to time immediately upon notice to you.
23. **Liability.** HVFCU shall be responsible only for performing the services expressly provided for in the Addendum, and shall be liable only for its gross negligence or willful misconduct in performing those services. In such event, HVFCU's absolute liability shall be limited to no more than the amount of the credit or debit. In no event shall HVFCU have any liability for any consequential, special, punitive, or indirect loss or damage which you may incur or suffer in connection with this Addendum. In addition, HVFCU 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 communications facilities, equipment failure, war, emergency conditions, or other conditions beyond HVFCU's control. HVFCU shall not be held liable for any delay by an ACH Operator or Receiving Depository Financial Institution in processing any credit or debit Entry you originate, nor shall it be held liable for the failure of a third party to process, credit, or debit any such Entry, or for other acts of omission.
24. **Exposure Limits.** You shall comply with the monetary file limits established by HVFCU (See Exposure Limits in Schedule B attached to this Addendum).

"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 you by HVFCU in writing from time to time.

"In-Process Entries" means the aggregate dollar amount of all credit or debit Entries initiated by you 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.

You agree that HVFCU will not process an Overlimit Entry. HVFCU will suspend any Overlimit Entry submitted by you and may, following its receipt of an Overlimit Entry, suspend all In-Process Entries. You acknowledge that any Overlimit Entry or other In-Process Entries suspended by HVFCU will not settle on their scheduled Settlement Date. If you wish to initiate an Entry that would cause the amount of In-Process Entries to exceed the Entry Settlement Limit, you may submit to HVFCU your request to initiate an Entry that otherwise would be an Overlimit Entry. You must submit your request at least two (2) business days prior to the date on which you wish to initiate the Entry that otherwise would be an Overlimit Entry. HVFCU may require your financial or other information in connection with HVFCU's consideration of the request. HVFCU may grant or deny your request at its sole discretion. In addition to the foregoing, HVFCU generally reserves the right to limit the nature and amount of the preauthorized debit/credit Entries processed under this Addendum or to refuse to process any debit/credit Entries under this Addendum if, in HVFCU'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 your Accounts. If any of the foregoing actions are taken by HVFCU with respect to a particular preauthorized debit/credit Entry, HVFCU will notify you as promptly as practicable, but in no event later than two business days after its decision.

25. **Security Interest.** To secure the payment and performance of your obligations set forth herein, you grant to HVFCU a security interest in and pledge and assign to HVFCU all of your 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 (excluding IRA, Keogh, and other Accounts subject to tax penalties if so assigned) that are now or in the future in HVFCU's custody or control; (b) any other collateral described in any security instrument securing your obligations to HVFCU under this Addendum or any other obligations you may have to HVFCU; and (c) all proceeds and products of the property as well as any replacements, accessions, substitutions, and additions to any of the above.

26. **Designation of Administrator.** In order to originate ACH Entries, you must designate at least one (1) Administrator. Administrator(s) shall be responsible for designating "Users" who you authorize to issue Entries on its behalf. For the purposes of this Addendum, the term User shall also include the Administrator. HVFCU shall be entitled to fully rely on the designations made by your Administrator(s) and shall not be responsible for matching the names of your users designated by the Administrator(s) to names or titles listed in your banking resolutions. You agree that any such online Entries shall comply with HVFCU's Security Procedures, which are subject to change without notice to you. Although HVFCU is only required to act upon the instructions of the User(s), HVFCU may, in its sole discretion, execute debit or credit Entries initiated by any individuals authorized by you to sign checks on your Accounts. The signature cards establishing the authorized signatories for your deposit Accounts are hereby incorporated by reference and made a part hereof.
27. **Amendments to Addendum.** From time to time HVFCU may amend any of the terms and conditions contained in this Addendum, including any part of Schedules A through E attached hereto. Such amendments shall become effective upon receipt of notice by you or such later date as may be stated in HVFCU's notice to you.
28. **Termination of Addendum.** Either party may terminate this Addendum upon thirty (30) calendar days written notice to the other; provided however that HVFCU may terminate this Addendum immediately without notice upon its determination that you are in violation of the Rules or applicable laws or if you initiate any bankruptcy proceeding or are otherwise declared insolvent. Any termination of this Addendum shall not affect any of HVFCU's rights or your obligations with respect to any Entries initiated by you prior to such termination, or the payment obligations of you with respect to services performed by HVFCU prior to termination, or any other obligations that survive termination of this Addendum. Your obligation with respect to any Entry shall survive termination of this Addendum until any applicable statute of limitation has elapsed.
29. **Miscellaneous.** This Addendum, including Appendix A and the attached Schedules A through E, is a part of this ACH Origination Addendum between HVFCU and you with respect to the subject matter and supersedes any prior agreement(s) between HVFCU and you with respect to such subject matter. You may not assign this Addendum or any of the rights or duties hereunder without HVFCU's prior written consent. HVFCU may waive enforcement of any provision of this Addendum. Any such waiver shall not affect HVFCU's rights with respect to any other transaction or modify the terms of this Addendum. This Addendum shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This Addendum is not for the benefit of any other person, and no other person shall have any right against HVFCU or you hereunder. In the event that any provision of this Addendum shall be determined to be invalid, illegal, or unenforceable to any extent, the remainder of this Addendum shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law. HVFCU shall be entitled to rely on any written notice believed by it in good faith to be signed by one of the authorized representatives whose names and signatures are set forth in this Addendum and the implementation process and forms. This Addendum

shall be governed by and construed in accordance with the laws off the United States of America and the State of New York.

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

COMPANY: \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_



## **Glossary**

“ACH Network” means the funds transfer system (network) governed by the Rules which provides for the inter-financial institution clearing of electronic entries for participating financial institutions.

“Account” means a demand deposit account or other deposit account you have with HVFCU that HVFCU permits to be linked to a Service.

“Addendum” means the ACH Origination Addendum, which may change from time to time. All references to Addendum include all Schedules, and User Guides HVFCU provides to you from time to time.

“Effective Entry Date” means the date placed on an ACH transaction by the Originator of the transaction or the ODFI - it is normally the date the Originator or ODFI intends the transfer to take place.

“Electronic Funds Transfer Act” means the law passed by the US congress in 1978, which set out the rights and obligations of consumers and their financial institutions regarding the use of electronic systems to transfer funds. This act is implemented in the Federal Reserve Bank’s Regulation E.

“Entries” mean Credit Entries and Debit Entries, including On-Ups Entries consistent with the Rules and also includes any data for entries or any pre-notification entries.

“File” means a group of ACH entries stored for delivery to an ACH receiving point.

“ODFI or Originating Depository Financial Institution” means financial institutions that originate ACH transactions on behalf of its customers. ODFI’s must abide by the Rules.

“Originator” means a company, individual or entity that initiates entries into the ACH Network.

“Password” means confidential, unique personal numbers, codes, marks, signs, public keys or other information composed of a string of characters used as a means of authenticating and accessing a Service.

“RDFI or Receiving Depository Financial Institution” means a financial institution qualified by NACHA to receive ACH transactions.

“Regulation E” means the regulation published by the Federal Reserve Bank to implement the Electronic Fund Transfer Act mandating consumer rights and obligation with regard to electronic fund transfers.

“Return Entry or Return Entries” mean any item, which cannot be processed and is being returned by the RDFI to the ODFI for correction or re-initiation.

“Rules” mean the NACHA Operating Rules which provide a complete guide to the Rules and Regulations governing the ACH Network.

“SEC Codes” or Standard Entry Class codes mean the three-character code within an ACH company/batch header, which identifies the type of transactions within that batch (e.g. CCD, CTX, PPD, etc.).

“Security Procedures” means, unless we agree otherwise with you, the applicable security requirements and procedure for verifying the authenticity of Entries.

“Service” means the ACH Services and features of those services which HVFCU may provide from time to time to HVFCU’s commercial or small business customers.

“Settlement Date” means the date on which settlement occurs, i.e., funds actually change hands as a result of an ACH entry.

“Uniform Commercial Code Article 4A (UCC4A)” means the portion of the Uniform Commercial Code which deals with certain funds transfers, including ACH credit transactions not subject to the Electronic Fund Transfer Act of Regulation E. This law outlines the protections and responsibilities given to the parties to wholesale credit transactions, and sets the legal standard for commercially reasonable security procedures to be used in conjunction with those transactions.

## **Schedule A - Delivery Specifications**

Delivery Deadline: All ACH entries must be completed by 2:30 p.m. at least one business day before the Settlement Date.

Effective Entry Date: The Effective Entry Date is a date specified by you on which you intend an Entry to be posted and settled. The Effective Entry Date must be a future date and must not be a Saturday, a Sunday, or a holiday observed by the Federal Reserve Bank as listed in Schedule C.

**Schedule B- Exposure Limits**

Daily Limit for Debits / ACH Collections	\$ <u>125,000.00</u>
Daily Limit ACH Payments	\$ <u>125,000.00</u>
Daily Limit for ACH Payroll	\$ <u>125,000.00</u>
Daily Limit for Electronic Federal Tax Payment System	\$ <u>125,000.00</u>

## Schedule C - Holidays

Use the list below or access the exact dates as provided by the Federal Reserve website at: <http://www.frb services.org/holidayschedules/index.html>

Holiday Calendar: HVFCU will be closed on the following standard holidays observed by the Federal Reserve Bank. HVFCU will not accept files for processing on the following days, as well as all Saturdays and Sundays. Be careful to make sure that these dates are not used as Effective Entry Dates:

New Year's Day (January 1)  
Martin Luther King's Birthday (Third Monday in January)  
Presidents Day (Third Monday in February)  
Memorial Day (Last Monday in May)  
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)  
Christmas Day (December 25)

Note: If January 1, July 4, November 11, or December 25 fall on a Sunday, the next following Monday is a standard Federal Reserve Bank holiday.

**Schedule D - Principal/Owner Guaranty**

The undersigned hereby individually and irrevocably guarantees the prompt payment and performance of all amounts, fees, and obligations of \_\_\_\_\_ due and owing to HVFCU arising under or in connection with that certain Addendum, dated of even date herewith between you and HVFCU. This Guaranty is intended to cover all obligations of the Company under the Addendum, 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 Company with HVFCU, (b) the compliance by HVFCU with all laws, regulations and rules related to your origination and processing of ACH Entries under the Addendum, (c) Company obligations with respect to Reserves and the return of ACH Entries under the Addendum and (d) the accuracy and performance of Company's warranties under the Addendum.

In order to secure the payment and performance of this Guaranty, the undersigned hereby grants to HVFCU a security interest in and to all deposit Accounts owned by the undersigned and maintained at HVFCU.

The undersigned hereby agrees and acknowledges that this Guaranty is a guarantee of performance and not of collection, and that HVFCU may, upon default or violation by you of any terms of the Addendum, proceed directly against the undersigned for satisfaction and performance of Company obligations under the Addendum without first proceeding against the Company.

Executed this \_\_\_\_\_ day of \_\_\_\_\_

(X) \_\_\_\_\_  
Signature of Principal/Owner

## **Schedule E- Security Procedures**

You are responsible to strictly establish and to maintain procedures to safeguard against unauthorized transactions. You warrant that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and you agree to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by HVFCU. If you believe or suspect that any such information has been accessed by an unauthorized individual, you will verbally notify HVFCU immediately, followed by written confirmation. The occurrence of such notification will not affect any transfers made in good faith by HVFCU prior to the notification and within a reasonable time period to prevent unauthorized transfers.