ACH Originator Guide

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About the ACH Originator Guide

The Automated Clearing House (ACH) Network is at the center of commerce in the U.S., moving money and information from one financial institution to another through recurring and single-Entry credit and debit Entries for government, consumer, and business-to-business payments. The ACH Network is one of the largest, safest and most reliable payment systems in the world, creating value and enabling innovation for all participants.

As an ACH Originator with American Riviera Bank, your company must follow all Nacha Rules (The Rules) and guidelines for the creation, submission, and processing of ACH Entries and files. The Rules are established by Nacha, an organization which manages the development, administration, and governance of the ACH Network. The Nacha Rules include the legal framework for the ACH Network and the basic obligations of each participant. This ACH Originator Guide provides an overview of your role and responsibilities as an ACH Originator. It is designed to serve as a guide to help your organization understand essential industry rules related to originating ACH Entries.

Although this material covers a variety of important topics, it is not intended to be a replacement or substitute for the Nacha Operating Rules and Guidelines.[1] To ensure compliance with current regulations, all ACH Originators must stay abreast of The Rules, including periodic changes. Please contact the Online Support team, if you'd like to purchase a copy of the Nacha Rules.

> Please note that failure to comply with the Nacha Rules can lead to termination of services and/or industry fines. American Riviera Bank may contact your company periodically to verify your internal ACH procedures and policies. Upon review of the ACH Originator Guide, we encourage you to call us at 805-880-7606 with any questions or concerns.

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[1] Nacha owns the copyright for the Nacha Operating Rules and Guidelines. Additional information can be found at www.nachaoperatingrulesonline.org.

ACH Overview

ACH Main Participants & Key Definitions

The ACH Network is a batch processing system in which financial institutions accumulate Entries throughout the day for later initiation. Rather than using paper to carry necessary payment information such as with checks, ACH Entries are electronic which allows for faster processing times and cost savings. There are a multitude of use cases for ACH, including the disbursement of funds to vendors, direct deposits for payroll, and the collection funds for consumer bill payments, to name a few of the most common.

When you call the Online Support team for assistance with ACH origination, it is important that you become familiar with the common ACH Network terms.

ACH Network Participants

The ACH participants of the ACH Network are outlined below:
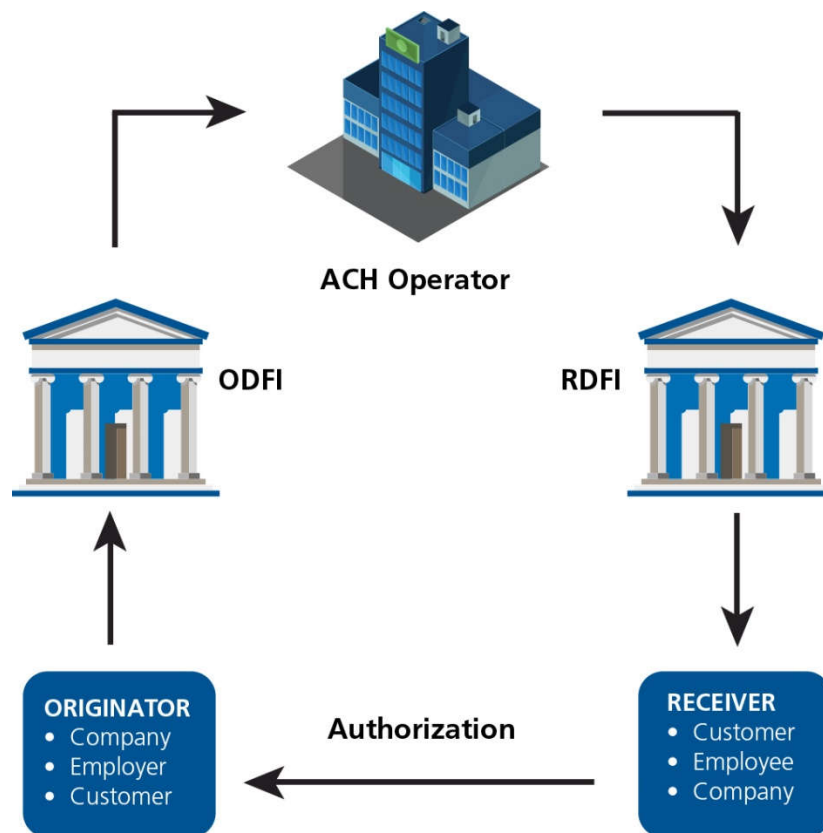
Originator (you): The Originator is the entity that initiates the ACH Entry, either credits or debits, according to an arrangement with or authorization from the Receiver (see definition below).

Originating Depository Financial Institution (ODFI): The ODFI is the financial institution that has an agreement with the Originator to provide origination services. American Riviera Bank is acting as your ODFI when it receives the payment instructions from you and forwards the Entries to the ACH Operator. Your business account with American Riviera Bank will be debited or credited in connection with the Entries submitted for processing.

ACH Operator: An ACH Operator is a central clearing facility that receives ACH Entries from ODFIs, distributes them to appropriate RDFIs (see definition below), and performs the settlement functions between financial institutions. The ACH Operator also performs some editing functions, ensuring that mandatory information required in ACH Entries is included. There are currently two ACH Operators in the U.S: The Federal Reserve Bank and the Electronic Payments Network.

Receiving Depository Financial Institution (RDFI): The RDFI is the financial institution that accepts ACH Entries from the ACH Operator and posts them to the accounts of its Receivers (see definition below). The RDFI provides information regarding each ACH Entry to the Receiver via their periodic statements, online banking systems, and the like.

Receiver: A Receiver is a consumer or business that has authorized an Originator to initiate an ACH Entry to their account with the RDFI. For example, an employee is the Receiver of a direct deposit of payroll from their employer, the Originator.

Laws, Rules & Regulations Governing ACH

The ACH Network is primarily governed by the Nacha Rules. There are other various Federal Government regulations, the most important being the Uniform Commercial Code, Regulation E, The Code of Federal Regulations Title 31 CFR Part 210 (Green Book), and the Office of Foreign Assets Control (OFAC) that also apply to how the ACH Network is managed. The Nacha Rules serve as the primary source for ACH-specific requirements. More information about other rules and regulations that govern ACH Entries can be found in Exhibit J of this Guide.

Your Warranties and Liabilities

When originating ACH Entries, your company and American Riviera Bank have liabilities and make specific warranties related to those Entries. As an Originator, you agree to and warrant the following, and American Riviera Bank has outlined these details within your Business Electronic Banking Agreement:

- You authorize American Riviera Bank to originate Entries on your behalf to Receivers' accounts.

- You agree to be bound by the Nacha Rules as amended from time to time.

- You agree to not originate Entries that violate the laws of the United States.

- You agree that American Riviera Bank may terminate or suspend ACH origination services for your breach of the Nacha Rules or the Business Electronic Banking Agreement.

- You agree that American Riviera Bank may audit your compliance with the Nacha Rules and/or the Business Electronic Banking Agreement.

- The correct SEC Code has been used based on the type of Receiver and the method you collected authorization.

- Every Entry you originate has been properly authorized by the Receiver.

- You warrant that all Entries are authorized by a Receiver who is defined by the Nacha Rules as a signer on the account at the RDFI.

- You have not been given notice by the Receiver that they have revoked the authorization.

- The authorization for the Entry has not been terminated, in whole or in part, by operation of law.

- You make no warranty related to the goods or services to which the Entry relates. For example, a Receiver cannot dispute a debit Entry to their account due to non-delivery or issue with goods or services they purchased from you.

- All sensitive banking information related to the Entry is secured during transmission and at rest (e.g., files on servers or computers are protected, physical authorization forms are in a locked drawer/cabinet, etc.).

Consumer vs. Corporate Entries

All ACH Entries are categorized as either consumer or corporate, depending on the account type of the Receiver. Within the details of every ACH Entry, there is a code used to aid in identifying the type of Receiver for the Entry as well. That code is called the Standard Entry Class (SEC) Code. More information about SEC Codes is provided in the next section of this Guide.

- **Corporate Entry:** The term corporate payment generally refers to any Entry to a non-consumer account and includes corporations, businesses, and non-profit organizations alike. Furthermore, cash concentration and disbursement allows companies to achieve efficiencies in cash management through the timely intra-company transfer of funds. Corporate trade payments enable companies to exchange both information and funds with trading partners, facilitating an automated process of updating their accounts receivable and payable systems. This is done through the use of Addenda Records contained within ACH Entries. The Addenda Record within an Entry is a free-form field that Originators can use to include payment-related information. For example, if your company is paying a supplier for parts and need to identify the serial numbers for the parts purchased, you could include them within the Addenda Record of an ACH Entry.

- **Consumer Entry:** Consumer payments made via ACH include both credit and debit Entries. Common types of ACH credits include payroll, employee expense reimbursements, dividend disbursements, interest and annuity payments, and many others. For ACH debits, common types of Entries include the collection of membership dues, mortgage and rent payments, insurance premiums, installment payments, and other recurring obligations.

- **Important Differences:** A key difference to acknowledge between corporate and consumer Entries is the timing requirements for when an RDFI is able to return them. Return timing for both consumer and corporate Entries related to administrative reason types (e.g., non-sufficient funds, account closed, stop payment, etc.) are the same. A RDFI is required to return any Entries for those reasons within two banking days from the original settlement date of the Entry.

- The two-banking day return timeframe also applies for corporate Entries to corporate accounts. In some cases, a corporate Entry can be returned outside of that timing and American Riviera Bank will communicate with you in those

instances to conduct further investigation related to the dispute.

- Consumers are given different protections under the Nacha Rules and under Regulation E, that allow for extended timeframes to dispute debit Entries to their accounts. A consumer is able to dispute a debit Entry to their account up to sixty (60) days from the original settlement date of the Entry. In some exceptional cases, the timeframe could exceed sixty (60) days and American Riviera Bank will communicate with you in those instances to conduct further investigation related to the dispute.

Standard Entry Class Codes

Every ACH Entry is identified and recognized by a unique three character code referred to as the Standard Entry Class (SEC) code. The SEC Code identifies:

- The method in which authorization was obtained from the Receiver;

- The nature of the Entry as either consumer or corporate;

- The specific format to be used for the Entry and payment-related information relevant to the Entry.

The Nacha Rules define the specific requirements and parameters for each SEC Code. For example, some codes may only be used for consumer Entries while others are exclusive to corporates. As an Originator, you are responsible for using the SEC Codes appropriately and in accordance with the Nacha Rules. Please note that use of certain SEC Codes have additional warranties associated with them and may require special approval from American Riviera Bank. (See Exhibit B for a list of supported SEC Codes.)

Authorization Requirements

One of the most important warranties that you make as an Originator when creating ACH Entries is that you have obtained proper authorization to debit or credit Receiver(s). Authorizations can take a variety forms: a document signed by the Receiver giving the Originator permission to debit them, a form the Receiver completes over the Internet, a recorded telephone call, or a check that a consumer writes which is converted into an ACH debit Entry, to state a few. The Nacha Rules provide the requirements for each type of authorization used. The Rules stipulate

the specific language, security controls, and/or notifications you must provide the Receiver as a form of receipt for the authorization. Additional information about the authorization requirements is included in Exhibit H.

It is important to note there are different Nacha file formatting requirements for each type of authorization used. You are responsible for ensuring the assigned SEC Code of the ACH Entries you originate corresponds to the method of authorization obtained from Receivers. Specifics regarding ACH file formats are addressed in a later in this guide.

Credit Authorizations: Originators that send credits to Receivers are not required to obtain a formal authorization from the Receiver. As an Originator, you do need to collect the Receiver's banking account information in some form to enable you to input this information into the ACH Entry, but there are no formal Nacha Rules requirements for a credit authorization.

Debit Authorizations: Conversely, when you originate debit Entries to Receivers, you must obtain a formal authorization. As mentioned above, the authorization can take a variety of forms (e.g., paper form, over the Internet, by telephone, converted check, etc.); however, the authorization must:

- Be readily identifiable as an authorization;

- Have clear and readily understandable terms; and

- Provide instructions on how the Receiver can revoke the authorization.

Retention and Provision of the Authorization

The Nacha Rules require that you must retain the original or a copy of each authorization for two (2) years from the termination or revocation of that authorization. The Nacha Rules also provide Receivers or their RDFI the right to request a copy of the authorization from you as the Originator within ten (10) business days. In the event such a request is received, American Riviera Bank will communicate that to your company and give you more details on how to provide the proof of authorization.

The Nacha Rules allow for you as an Originator to respond differently to requests for proof of authorization, depending on whether the Receiver is a consumer or business. For consumer Receivers, the Originator must provide a copy of the actual authorization. For business Receivers, in addition to providing a copy of the

authorization, the Originator has the option of providing the contact information for the Originator that includes the Originator's name, phone number or email address for inquiries regarding authorizations.

It is important that you have a procedure and methodology in place to retain and catalog authorizations for at least the required two-year period following termination or revocation. Responding timely and accurately to an RDFI's request for proof of authorization can help an Originator prove it had proper authorization to debit a Receiver and avoid the potential of returned Entries.

Authorization Requirements for Variable Amounts or Dates

Authorizations for static amounts, or single or regularly recurring debits are straightforward. However, when the Originator needs to obtain authorization from the Receiver for recurring payments that can be different each month (e.g., variable dollar amounts), then the Nacha Rules require the Originator to provide the Receiver written notice at least ten calendar days prior to the scheduled debit.

An alternative some Originators utilize to providing notice every time the amount of a recurring debit changes would be to define a dollar amount range in the original authorization that the Receiver agrees to authorize. There could be a cap above which the Receiver can opt to receive special notice, but providing a range of amounts or logic on how the recurring debit amount will be calculated in the original authorization can help to streamline the authorization process and not require the Receiver to have to give authorization each month.

If the Originator changes the scheduled date on or after which the debit is to post to the Receiver's account, it must send a written notice to the Receiver of the new date at least seven (7) calendar days before the first entry posts. The Nacha Rules do not consider variation in debiting dates due to weekends or holidays to be changes to scheduled dates.

ACH Processing Limits

Processing limits are risk exposure thresholds used by American Riviera Bank to determine whether the ACH Entries submitted are within approved guidelines. The ACH processing limits establish the cumulative maximum dollar amount of debits and/or credit Entries allowed. American Riviera Bank will assign you a Daily, Per Entry, Weekly, Monthly origination limit.

As part of the Nacha Rules, American Riviera Bank is required to establish and periodically monitor an ACH exposure limit for each Originator. Your assigned relationship manager will review your originated activity compared to established limit thresholds and will reach out to you periodically to discuss any recommended changes.

If your company is anticipating an increase in the dollar amount of your ACH Entries, you should proactively reach out to the Online Support team to discuss the situation and evaluate either a temporary or permanent limit adjustment based on the situation. Please note that additional scrutiny, including credit approval, may apply to a requested limit change.

There are two primary ways that ACH risk is evaluated by a financial institution in order to establish a processing limit: prefunding or credit-based exposure. Descriptions of both approaches are listed below:

- **ACH Prefunding:** When you originate ACH credits Entries, prefunding allows American Riviera Bank to debit the funds prior to releasing the Entries into the ACH Network. For example, if you submit a payroll file on Wednesday for your employees to be paid on Friday, American Riviera Bank will debit your funds on Wednesday. ACH prefunding is an ideal option for small businesses, start-ups and Originators with insufficient credit history, or wish to avoid a lengthier credit review.

- **Credit-Based Exposure:** With credit-based exposure, American Riviera Bank performs a credit evaluation based on your company's application for ACH origination services and collects financial information, such as credit reports, financial statements, etc. to make the approval decision. Credit-based exposure could apply to either credit or debit origination and is an ideal option for Originators wishing to fund ACH activity on the Settlement Date. For example, if your company sends an ACH file to American Riviera Bank on Wednesday to pay the staff on Friday, your business account would be debited on Friday.

During the application process to establish ACH origination services, your relationship manager & Digital Banking team determined the most suitable approach for your business in order to establish the necessary limit to meet your needs. Please contact your relationship manager with any questions about this determination or approach.

ACH Entries and Exceptions

ACH File Format

All files and Entries processed and exchanged within the ACH Network are required to meet specific formats, as prescribed by the Nacha Rules, in order to allow for standardized programming and efficient processing. Every Originator should be familiar with the basics of the Nacha file format. When you originate a file by using American Riviera Bank's digital banking service by manually entering information, our system will automatically generate a file formatted to the requirements of the Nacha Rules. The Online Support team can provide you with the information on how to create and submit your ACH Entries, including a detailed Nacha file format guide to build your file from scratch, if needed. The following is a summary of the three main types of records within a Nacha file and the important fields within each:

Entry Detail Records: This record contains all the banking account information that you, as an Originator, must obtain from the Receiver in the authorization. It includes designating the Entry as a debit or credit, the routing transit and account number of the Receiver's bank account, and an indicator of Receiver's account type (e.g., checking, savings, etc.). The Receiver's name is required for each Entry, in addition to a 14-digit field titled, "Individual Identification Number" which allows you to input information used to identify the Receiver (e.g., employee number for payroll purposes). Some Entry Detail records also allow you to include Addenda Records, or additional information related to the payment, that can be used to provide further details related to the Entry (e.g., invoice numbers) to the Receiver.

Batch Level Records: Every Entry Detail Record must be "wrapped" in a batch. The Nacha file format allows for a single or multiple Entries within a batch, and every file must include at least one batch.

Each batch includes required fields for processing Entries contained within it. Each Batch Header Record includes a Company Name, which identifies the source of the Entries within the batch. The Nacha Rules require this field to contain the name of the Originator, which is known and readily recognized by the Receiver. Originators that have a need to separate the activity of multiple divisions or activities within the company may use the Company Number field to identify those unique lines of business. The Online Support team can assist you in assigning a Company Number to rogiginated batches, if needed.

The Batch Header Record also includes the Effective Entry Date, which indicates when

an Originator intends for an Entry to post to a Receiver's account. The assigned SEC Code, which indicates the method in which all of the Entries within the batch were authorized by the Receiver, is included.

The Nacha Rules' formatting specifications also permit multiple batches to be included within a single file. This allows for assignment of varying Settlement Dates for Entries, use of different SEC Codes, or internal accounting preferences.

File Level Records: The outmost "wrapper" of an ACH file is the File Header Record. This indicates the source and destination of the file, and the date and time it was created. The File Trailer Record indicates the total Entry and batch counts, and total debit and credit dollar amounts of the file.

Below is a sample of an originated ACH file, which includes all of the required details to be compliant. For a full list of all fields and formatting standards, including how to program your systems to create an ACH-formatted file, please reference Appendix Three of the Nacha Rules.

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101 041036012 0210000181603241030A094101ACH OPERATOR NAME       BANK NAME
5200Classic Homes   800-555-5555            1845678921CTXREMITTANCE1603241603250851021000010000001
62202140916911224589         0000015000CDC456789     C&D CONSTRUCTION        0021000010002511
62230707000510096555551123   0000250000RMI778999     ROCKY MOUNTAIN STEEL    0021000010002512
63212240204910045785610      0000070000BRI445778     BLUE RIDGE INC          1021000010002513
705ISA*00*00000000*00*0000000*ZZ*INV*102457\GS8RA81111111111TRS*1*ZZ*BLUE R\      00010002513
7053*U*00200*00000000463*0*P* ~REF*72*M980311301\REF*55*0000000009\              00020002513
820000000050155088124000000000000000000003350001845678921              021000010000001
5225EPIC RENTAL       800-555-2456        1844577545ARCcheckpymt        1603250851021000010000002
6271010888245432234567-10   00000400002250            1ck22345in22345        0021000010002514
822500000100101088820000000400000000000001845678921            021000010000002
5200ANYTOWN BANK                   9021000018WEBTRANSFER        1603250851021000010000003
62731408853044577458950     0000010000456123-789456  Mickey Mouse        S 0021000010002515
62230707005045637800        0000010000Mickey Mouse    Donald Duck         S 0021000010002516
8200000002006211585800000001000000000001000090210018              021000010000003
900000300000300000008452784567800000050000000000345000
9999999999999999999999999999999999999999999999999999999999999999999999999999999999
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ACH Prenotifications

An ACH Prenotification (Prenote) is a zero-dollar ($0) Entry used to help validate that you have the correct bank account information from the Receiver prior to sending live-dollar Entries. While prenotes are optional, it is an industry best practice for Originators to submit these validation Entries to avoid situations such as an employee's payroll not posting or debiting the wrong account.

If you choose to transmit Prenotes, you may initiate live-dollar Entries as soon as the

third (3) Banking Day following the Prenote's Settlement Date, provided that it has not been returned, nor has American Riviera Bank been notified of a correction to the information. If American Riviera Bank receives a returned Entry or correction request, we will notify you upon receipt and you must correct your records prior to initiating further live-dollar Entries. You may choose to submit another Prenote after making your corrections, but it is not required. Please note that the RDFI is not required to validate the name of the Receiver on the Prenote, only that the account number is valid.

Aside from being a zero-dollar ($0) Entry, Prenotes have the same formatting requirements as live-dollar Entries and require use of unique transaction codes identifying them as Prenotes. If you are using American Riviera Bank's digital banking system, the system will automatically create the Prenote Entries with the correct configurations and transaction codes upon selecting the Prenote option. If you are creating a standard ACH-formatted file for ACH Pass Thru, then you must ensure that the Entries contain the appropriate Prenote transaction codes in the Entry detail record.

The following chart includes transaction codes by account and transaction type. Note that debit Entries to loan accounts are not permitted.

Account & Transaction Type	Standard Entry	Prenote Entry
Checking Account Credit	22	23
Checking Account Debit	27	28
Savings Account Credit	32	33
Savings Account Debit	37	38
General Ledger Credit	42	43
General Ledger Debit	47	48
Loan Account Credit	52	53

Notifications of Change

A Notification of Change (NOC) is a non-monetary Entry transmitted by an RDFI to the Originator through American Riviera Bank as the ODFI. It is created when the RDFI receives a Prenote or a live-dollar Entry that contains incorrect information. A NOC does the following:

- Identifies the Entry that has been received at the RDFI;
- Pinpoints the specific information on that Entry that is incorrect; and
- Provides the correct information in a precise format so the Originator can make the change.

As an Originator, you must respond to NOCs by investigating incorrect data and making corrections within six (6) Banking Days of receipt or prior to originating another Entry to the Receiver's account, whichever is later. Failure to change or correct the errors identified on the NOCs could cause subsequent Entries to that account to be delayed or returned and can expose your company and American Riviera Bank to industry fines. American Riviera Bank may pass along any fines received based upon your non-compliance.

All NOCs are defined by change codes which describe the error that needs to be corrected. NOC codes generally fall into two categories:

- An error in the account information which indicates that the RDFI received the Entry but the account or information regarding the Receiver was incorrect. Changes must be made so that the RDFI can handle future Entries appropriately.
- An error in the routing of the Entry which indicates that the Entry needs a change in the RDFI's routing number information.

The most common change codes are listed below. For a list of additional codes, please reference Exhibit F of this Guide or for a list of all possible change codes, refer to Appendix Five of the Nacha Rules.

Code	Description
C01	Incorrect Account Number
C02	Incorrect Routing Number
C03	Incorrect Routing Number and Incorrect Account Number
C05	Incorrect Transaction Code

C13	Addenda Format Error

Returned Transactions

All ACH Entries can be returned to an Originator for several valid reasons, including non-sufficient funds, invalid account number, or unauthorized, among many other reasons. Most returns are received within two Banking Days of the Entry's original Settlement Date and will create an adjustment Entry to your designated business account with American Riviera Bank. Upon receipt of a returned ACH Entry, American Riviera Bank will notify you promptly via the ACH Reports within Online Banking.

Some ACH return reasons allow for extended deadlines. Consumers can dispute and return Entries for a revoked authorization or as unauthorized for up to sixty (60) days from the original statement date of the Entry. If the RDFI receives a dispute claiming a debit was unauthorized, it must obtain a signed form called a Written Statement of Unauthorized Debit from the Receiver. You may request a copy of the form related to any such returns you receive by contacting your relationship manager or the Online Support team.

All returns are defined by specific codes which describe the reason for the return. The most common Return Reason Codes are listed below. For a list of additional codes, reference Exhibit E of this document or for a list of all possible Return Reason Codes, refer to Appendix Four of the Nacha Rules.

Code	Description
R01	Insufficient Funds
R02	Account Closed
R03	No Account / Unable to Locate Account
R04	Invalid Account Number
R06	Returned Per ODFI Request
R07	Authorization Revoked by Customer
R08	Payment Stopped
R09	Uncollected Funds
R10	Customer Advises Originator is Not Known to Receiver and/or Originator is Not Authorized by Receiver to Debit Receiver's Account
R11	Customer Advises Entry Not in Accordance with the Terms of the Authorization

R29	Corporate Customer Advises Not Authorized

Options for Receiving Returns and Notifications of Change

You will receive prompt advice of all Returns and NOCs from American Riviera Bank via the ACH Reports within Online Banking. Prior to making any adjustments to your account, American Riviera Bank will validate all received Returns and NOCs to ensure that the Entry was originated by your company.

For an example of the Return and NOC notices, please refer to Exhibit G.

Reinitiation of Return Entries

Debit Entries can be returned by an RDFI if there are insufficient or uncollected funds in the Receiver's account. These Returns are unique because the Entries can be reinitiated, subject to certain timing and frequency limitations.

The Nacha Rules impose a limit on the number of times an Entry returned for either of these reasons may be reinitiated; a maximum of two (2) times following the Return of the original Entry (i.e., originated a maximum of three (3) times). In addition, for all returned Entries other than Re-Presented Check Entries (RCK), the Nacha Rules permit reinitiation if:

- the Entry has been returned for non-sufficient or uncollected funds;
- the Entry has been returned for stopped payment and reinitiation has been authorized by the Receiver; or
- the Originator has taken corrective action to remedy the reason for the Return.

Outside of the limited circumstances stated above, the Nacha Rules explicitly prohibit the reinitiation of other Entries. The Nacha Rules also clarify three categories of Entries that are not considered reinitiations:

(1) A debit Entry in a series of preauthorized recurring Entries will not be treated as a reinitiated Entry, even if the subsequent debit Entry follows a returned debit Entry, as long as the subsequent Entry is not contingent upon whether an earlier debit Entry in the series has been returned. For example, if a consumer authorizes the minimum amount for a payment plan to be paid monthly via recurring debits and the consumer's debit Entry for the September minimum payment is returned for non-sufficient funds, the debit Entry for October's

minimum payment would not be considered a reinitiation with respect to the returned September Entry.

(2) A debit Entry is not considered a reinitiation if the Originator obtains a new authorization for the debit after the receipt of the Return. For example, if an Originator has twice attempted to re-present an Entry returned as non-sufficient funds and the consumer later provides a new authorization because they now have funds in their account, the Originator is permitted to debit the account.

(3) An Entry that has been returned due to invalid or incorrect routing and account information is not considered to be a reinitiated Entry when corrected and subsequently transmitted into the ACH Network. By definition, a reinitiated Entry is to the same Receiver's account. In this situation, a new Entry with corrected routing and/or account number information would be the first presentment to the correct account and should not be identified as a reinitiated Entry. Since there was no previous attempt to post the Entry to the correct Receiver's account, classifying this Entry as reinitiated may cause confusion for the Receiver.

Exception Handling Procedures

If your company releases an Entry or file in error, American Riviera Bank accepts delete and reversal requests to help correct the situation. Sample ACH Delete or ACH Reversal/Deletion forms are included in Exhibit C and D of this Guide. These forms must be completed by an authorized signer and emailed by 3:00 PM (Pacific Time) to onlinesupport@arb.bank. Please follow your email with a telephone call to the Online Support team 805-880-7606 to confirm that we received your request.

Submitting an ACH Delete Request

Occasionally, you may need to delete Entries after you've sent an ACH file to American Riviera Bank. A deletion request can be processed if the Entry(ies) has not been distributed or released to the ACH Network by American Riviera Bank. If your Entries were delivered today or if your ACH files include future-dated Entries of more than three (3) days in the future, those Entries may be eligible to be deleted by us. For ACH Entries that have not yet been processed, American Riviera Bank can delete an individual Entry, a batch, or a file.

To Delete a File, Batch, or Individual Transaction

Please contact the Online Support team with the below information in order to request an ACH deletion.

File deletion requires the following information:

- The Originator ACH Company Identification Number;
- The Effective Entry Date(s);
- The total amount contained in the file; and
- The total number of credit and debit Entries in the file.

Batch deletion requires the following information:

- The Originator ACH Company Identification Number;
- The Effective Entry Date;
- The total amount contained in the batch; and
- The total number of credit and debit Entries in the batch.

Individual transaction deletion requires the following information:

- The Originator ACH Company Identification Number;
- The Effective Entry Date;
- The account name and number of the specific Receiver;
- The amount of the specific Entry;
- The transit/routing number; and
- Identification of whether the Entry is a credit or debit.

Submitting an ACH Reversal Request

Originators sometimes determine that they need to correct a duplicate or erroneous file, or an erroneous Entry previously initiated and processed by American Riviera Bank. Processed Entries can be reversed on a per file, batch, or Entry level. However, Reversal requests can only be initiated within five (5) Banking Days of the Entry's original Settlement Date. Any Reversal requests received after the expiration of such period will not be honored.[2]

Please note that American Riviera Bank cannot guarantee the funds will be returned to the Originator or that all Entries within the ACH batch submitted for Reversal are going to be honored by the RDFI, as funds may not be available in the Receiver's

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[2] If the effective date of your original processed entry or batch is beyond the five banking days, your authorized ACH company contact may contact the Online Support team about requesting Reversal. Not all RDFIs honor Reversals and there is no guarantee that funds will be returned. For Reversal assistance, call 805-880-7606.

account. It is imperative that Originators of credit Entries take special care to ensure that no Entries are sent to unintended Receivers. Your company should not rely on the Reversal process to recover funds, as the RDFIs are under no obligation to post the reversing debits if they overdraw the Receiver's account or if the account is closed.

When you request that American Riviera Bank reverse an Entry, the Nacha Rules require that you notify the Receiver of the Reversing Entry and the reason.[3] This notice must be provided no later than the Settlement Date of the Reversal. If these criteria are not met, American Riviera Bank can only request that the RDFI return the Entry.

If you have questions about reversing ACH Entries or files you've submitted, please contact the Online Support team.

File Delivery Deadlines & Cutoff Times

All ACH Entry requests must be completed by the established cutoff times in order for processing to occur on the same business day. Any Entry completed and received by American Riviera Bank after such cutoff times or on any non-business day, will be processed the following business day. The cutoff times noted below apply to business days, excluding federal holidays.

Traditional Next-Day Processing or Future-Dated Requests: For processing that can result in payment settlement and receipt as early as the next day, the deadlines are:

Online Banking ACH Origination:

- 3:30 PM Pacific Time

Special Note: ACH Entries submitted to American Riviera Bank with stale or invalid Effective Entry Dates will be settled at the earliest opportunity, which could be the same day. American Riviera Bank recommends that all Effective Entry Dates are reviewed prior to submitting your ACH file.

Holiday Processing Schedule

American Riviera Bank observes Federal Reserve Bank holidays as non-processing

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[3] A Receiver must be notified if a reversing Entry debits their account; however, a Receiver does not need to authorize the reversing debit Entry.

days for ACH Entries. All ACH files and other online funds transfers will not be processed on days that American Riviera Bank is closed. In the event the requested Effective Entry Date falls on a weekend or holiday, the processing will be deferred until the next available business day.

The holiday schedule below lists dates that American Riviera Bank will be closed for ACH processing, corresponding to the dates the Federal Reserve Bank is closed. Please make note of these dates, as they may require a change to your normal ACH processing schedule.

Federal Holiday Schedule[4]

Observed Holiday	Official Date
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
Juneteenth National Independence Day	June 19
Independence Day	July 4
Labor Day	First Monday in September
Columbus Day	Second Monday in October
Veterans Day	November 11
Thanksgiving Day	4th Thursday in November
Christmas Day	December 25

MITIGATING FRAUD RISK

Fraud schemes and attacks are inevitable for most businesses and represent a serious threat to you and your business accounts. Fraud statistics continue to grow year-over-year and electronic methods of generating payments are increasingly being targeted. American Riviera Bank's goal is to create awareness for our Originators and to partner with you to mitigate the risk of fraud through employing

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[4] When the holiday falls on a Sunday, it is observed on the following Monday.

commercially reasonable security parameters, in tandem with regularly sharing tips and best practices that you can utilize within your company to minimize your risks. Combatting fraud is a team effort.

Below are select guidelines and best practices to employ within your organization to effectively mitigate the risk of payments fraud. Please contact the Online Support team with any questions or to discuss additional ways to proactively minimize your risks.

- **Implement dual controls:** Dual control is one of the most effective fraud deterrents in a layered security approach and can help protect your business accounts from the risk of fraud. American Riviera Bank recommends dual controls within our online systems to help your company maintain separation of duties for creating and approving ACH Entries. In addition, you should consider requiring all payments or user modifications initiated by one user to be approved by a separate user or administrator on a different device.

- **Establish ACH Entry limits:** American Riviera Bank establishes limits for each Originator but your company can further minimize the amount of funds at risk in the event of a breach by setting ACH Entry limits on specific users, accounts, or ACH types. For example, if your payroll clerk only needs to access direct deposit of payroll for employees, set that user's ACH limit according to the standard amount of your staff's pay.

- **Establish customized user privileges and entitlements:** ACH Entry rights should be limited to personnel with appropriate business need for functionality. Some users may only need access to the origination tool for credits or debits but perhaps not both. Your company should ensure that all individuals with access to ACH origination receives training necessary to understand their responsibilities and utilize the program in accordance with the applicable policies.

- **Protect your company and user access credentials:** Your company representatives should never give out passwords, identification, token codes, or other authentication credentials. Train your staff that should they receive an email, phone call, or text message claiming to be from American Riviera Bank, Nacha, or other similar organization asking for their credentials, it is most likely a fraud attempt. Please report the incident to American Riviera Bank immediately.

- **Educate your employees:** Your employees can be your best defense against fraud. Remind your team not to click on links purporting to be antivirus or anti-malware software without further scrutiny, not to download files from unknown sources, click on suspicious or non-business related links, or respond to on-screen pop-ups, especially those asking them to enter their contact information, online credentials, or the like.

  In addition, your employees should be trained to scrutinize any payment request, including those that may appear to come from company executives. The employee should always verify the validity of the request through out-of-band means, such as calling the requestor via contact information already on file versus responding to an email request.

- **Verify your vendors' account number changes:** Require that all changes to vendor payment account numbers be made in writing on the vendor's letterhead and verified with a call to the vendor's telephone number in your files. You should always double check the change to payment instructions before you initiate and approve the request.

- **Perform Daily Reconciliation and Monitoring:** It is also important for your company to make it a practice to monitor your accounts online daily. Reviewing both the account transaction activity and ACH activity reports will ensure that you are aware of all Entries, even when they have not yet posted to your account. The sooner fraud can be detected, the more successful American Riviera Bank will be in assisting to recover your company's potentially lost funds.

- **Strengthen your internal controls to protect your computers from malware:** Due to the high-risk of this type of fraud, it is critical that all computer equipment used by your company to operate American Riviera Bank's ACH origination program is regularly updated and patched for security vulnerabilities, including the use of and updating of firewalls, virus protection, anti-malware protection, and anti-spam protection. American Riviera Bank recommends having a dedicated computer, which is not used to browse the Internet or read email, to be the sole source of access to Online Banking. This helps avoid the accidental downloading of harmful programs or viruses that could potentially compromise your Entries.

  Due to the risks inherent in the processing of electronic funds transfers, American Riviera Bank suggests that your company perform an internal risk assessment and an evaluation of your controls periodically to make sure you are considering and leveraging all available security options to your company.

- **Be proactive.** Please notify American Riviera Bank immediately if you experience a fraud attempt or breach so we can work together to remedy the situation, change passwords, etc. Also, please notify the Online Support team of any changes to your online users with access to accounts, ACH origination, etc. It is important that terminated employees or users that no longer need access to these services be disabled timely.

NACHA RULE CHANGES

Each company originating ACH Entries through American Riviera Bank must comply with the Nacha Rules as stated within the ACH agreement between American Riviera Bank and your company. American Riviera Bank will communicate any applicable Nacha Rules changes to ensure that our Originators are educated and make any necessary changes to daily processes as a result. As an Originator, your company is required to stay updated and comply with the Nacha Rules, including changes.

The Nacha Rules are subject to change periodically. To access a complimentary, basic copy of the Nacha Rules online, visit www.nachaoperatingrulesonline.org to sign up for access. Within the website, you may also purchase the full version of the Nacha Rules via a physical book or more robust online access. Please contact American Riviera Bank's Online Support team with any questions.

Exhibits & Supporting Documents

Exhibit A - ACH Contact Information

For questions regarding the following issues, please contact:	
• Deletions and Reversals • ACH File Delivery & Verification • Notifications of Change & Return Notices	Online Support 805-880-7606 onlinesupport@arb.bank Hours: Monday through Friday from 8:00 AM to 5:00 PM Pacific Time
• ACH Limit Adjustments • Origination of special Standard Entry Class Codes	Online Support 805-880-7606 onlinesupport@arb.bank
• Dual Approval of ACH Batches • ACH Special Reports • System Questions	Online Support 805-880-7606 onlinesupport@arb.bank

Exhibit B – Supported Standard Entry Class Codes

The following chart outlines and defines the Standard Entry Class (SEC) Codes[5] supported by American Riviera Bank. Please refer to the Nacha Rules for additional details about each SEC Code.

SEC Code	Description	Transaction Type	Entity Type	Authorization Requirement
PPD	Prearranged Payment & Deposit Entry: An Entry originated by a business to a consumer account based on a standing or single Entry authorization from the Receiver of the Entry. PPD Entries are more widely known as Direct Deposit and Direct Payment. The Direct Deposit application provides the ability to disburse funds to consumer accounts.	Debit or Credit Single or Recurring Entry	Consumer	In writing and signed or similarly authenticated for consumer debits Orally or other written or non-written means for credits
CCD	Corporate Credit or Debit Entry: An Entry originated by a business to/from the account of the same business or another organization. The Entry can be monetary or non-monetary. CCD Entries include the transfer of funds between businesses or to consolidate funds from several accounts of the same business ownership. Child Support Payments and Federal & State Tax Payments are also examples of CCD Entries.	Debit or Credit Single or Recurring Entry	Corporate	Agreement between Originator and Receiver

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[5] Note that your ACH origination privileges may not be enabled for all codes. Please check with the Online Support team regarding your specific setup.

Exhibit C – ACH Deletion Request

ACH Deletion Request

Important Instructions: A deletion request can be processed if the entry has not left American Riviera Bank. Requests must be received no later than 3:00 PM (Pacific Time). Steps:

1. Telephone American Riviera Bank's Online Support team at 805-880-7606 to schedule your request before this form is submitted via email.
2. Complete the company portion of the form. If batch is indicated, it is not necessary to list individual Entries.
3. Ensure the form is signed and the signer's name is printed, then email the form to our Online Support team at onlinesupport@arb.bank.

COMPANY INFORMATION

Name of Company: _____

Originator ACH Company ID: _____

Business Checking Offset Account: _____

Name of Person Submitting the Request: _____

Authorized Contact Name: _____

Phone Number: _____

Requester Email Address: _____

Date ACH Entry(ies) were sent to American Riviera Bank: _____

Effective Entry Date of Entry(ies): _____

Delete Entire Batch/File:

If yes, Batch/File Total:

☐ Yes - Entire Batach/File

Debits Total: _____

☐ No - Individual Entry(ies) only

Credits Total: _____

DELETE INDIVIDUAL ENTRY(IES)

Credit = CR Debit = DR	Account Holder Name	Amount	Account #	Routing #	Checking/ Savings

Reason for Deletion:

AUTHORIZATIONS

Please delete the ACH Entry(ies) with the effective date shown above. We understand and agree that American Riviera Bank is under no obligation to honor this request and wwill only make a best effort to comply with this request. We understand and agree that if, for any reason, the American Riviera Bank is unable to delete this/these Entry(ies), American Riviera Bank will have no financial obligation or liability to the Originator. We agree to indemnify and hold harmless American Riviera Bank and the RDFI from and against any and all claims, demands, loss, liability, or expense including attorney's fees and costs resulting directly or indirectly from American Riviera Bank's compliance with your request.

Authorized Signer: _____

Printed Name: _____

Date: _____

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Exhibit D – ACH Reversal Form

ACH Reversal Request

INSTRUCTIONS

Important Instructions: Requests must be received no later than 3:00 PM (Pacific Time) within five (5) business days of the original Entry(ies)'s Settlement Date. Steps:

1. Telephone American Riviera Bank's Online Support team at 805-880-7606 to schedule your request before this form is submitted via email.
2. Complete the company portion of the form. If batch is indicated, it is not necessary to list individual Entries.
3. Ensure the form is signed and the signer's name is printed; then email the form to our Online Support team at onlinesupport@arb.bank.

COMPANY INFORMATION

Name of Company:

Business Checking Offset Account:

Authorized Contact Name:

Phone Number:

Date ACH Entry(ies) were sent to American Riviera Bank:

Originator ACH Company ID:

Name of Person Submitting the Request:

Requester Email Address:

Effective Entry Date of Entry(ies):

Delete Entire Batch/File:

☐ Yes - Entire Batach/File

☐ No - Individual Entry(ies) only

If yes, Batch/File Total:

Debits Total:

Credits Total:

DELETE INDIVIDUAL ENTRY(IES)

Credit = CR Debit = DR	Account Holder Name	Amount	Account #	Routing #	Checking/ Savings

Reason for Reversal:

AUTHORIZATIONS

Please reverse the ACH Entry(ies) with the effective date shown above. We acknowledge that Reversal requests are accepted under the express understanding that American Riviera Bank does not guarantee that the request will be honored by the RDFI and will only make a best effort to comply with this request. You agree to indemnify both American Riviera Bank and the RDFI from and against any and all claims, demands, losses, liabilities or expenses (including attorneys' fees and costs) resulting directly or indirectly from compliance by American Riviera Bank and the RDFI with such request or Reversing Entry. We further understand and agree that the RDFI may reject and return the Reversal(s) Entry(ies) for any reason and this/these will be charged back to our American Riviera Bank offset account. We agree to send appropriate notification of the Reversal(s) and the reason(s) thereof to the Receiver(s) no later than the Settlement Date(s) of the Reversing Entry(ies).

Authorized Signer:
Printed Name:

Date:

FDIC

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Exhibit E – Return Reason Codes

The table below lists the Return Reason Codes most frequently used by RDFIs and indicates the appropriate action that should be taken depending upon the reason for each Return. For a complete listing of Return Reason Codes and timeframes, please refer to Appendix Four of the Nacha Rules.

Return Code	Reason for Return	SEC Codes	Return Timeframes	Action by Originator
R01	Insufficient Funds: Available balance not sufficient to cover the dollar amount of the debit Entry.	All	2 Banking Days	May initiate a new ACH Entry within 180 days of the Settlement Date of the original Entry.
R02	Account Closed: A previously open account is now closed.	All	2 Banking Days	Must stop initiation of Entries and obtain an authorization from the Receiver for another account.
R03	No Account / Unable to Locate: The account number structure is valid but does not correspond to the individual identified in the Entry.	All	2 Banking Days	Must stop initiation of Entries and contact the Receiver for correct account information.
R04	Invalid Account Number: The account number fails the check digit validation or may contain an incorrect number of digits.	All	2 Banking Days	Must stop initiation of Entries until account number / structure is corrected.
R05	Unauthorized Debit to Consumer Account using Corporate SEC Code: A corporate debit Entry was transmitted to a consumer's account who had not authorized the Entry.	CCD, CTX	60 Calendar Days	Must stop initiation of Entries. RDFI obtains a Written Statement of Unauthorized Debit form from consumer Receiver.
R06	Returned per ODFI's Request: ODFI requested that the RDFI return the Entry.	All	Undefined, determined by ODFI and RDFI	Must accept requested Return.

R07	**Authorization Revoked:** Consumer accountholder who previously authorized an Entry claims authorization has been revoked from the Originator. Disagreements regarding authorization must be handled outside the ACH Network.	**IAT, PPD, TEL, WEB**	**60 Calendar Days**	**Must stop initiation of Entries until new consumer authorization is obtained. Depending upon the terms of the original authorization, the Originator may have recourse for collection outside the ACH Network. RDFI obtains a Written Statement of Unauthorized Debit form from consumer Receiver.**
R08	**Payment Stopped:** Accountholder had previously requested a stop payment of a single or recurring Entry.	**All**	**2 Banking Days**	**Must contact Receiver to identify the reason for the stop payment and obtain authorization before reinitiating the Entry.**
R09	**Uncollected Funds:** Ledger balance is sufficient, but value of uncollected items brings available balance below the amount of debit Entry.	**All**	**2 Banking Days**	**May initiate a new ACH Entry within 180 days of the Settlement Date of the original Entry.**
R10	**Accountholder Advises Not Authorized, Wrong Amount or Date, Improperly Initiated, or Part of Incomplete Transaction:** The consumer advises that the Originator is unknown and/or is not authorized to debit the Receiver's account. Disagreements regarding authorization must be handled outside the ACH Network.	**ARC, BOC, IAT, POP, POS, PPD, TEL, WEB**	**60 Calendar Days**	**Must stop initiation of Entries. Return Reason Code is used when a Receiver claims they do not know the Originator or does not have a relationship with the Originator. RDFI obtains a Written Statement of Unauthorized Debit form from consumer Receiver.**

R11	Accountholder Advises Entry is not in Accordance with the Terms of the Authorization: The accountholder notified their RDFI that the debit Entry to their account was authorized but there was an error (e.g., different amount or date than authorized, check was incorrectly converted to an ACH, etc.).	ARC, BOC, IAT, POP, POS, PPD, TEL, WEB	60 Calendar Days	Must correct initiation of future Entries. Return Reason Code is used when a Receiver claims wrong amount or debit date, incomplete transaction, improper source document, or exceeds reinitiation attempts. RDFI obtains a Written Statement of Unauthorized Debit form from consumer Receiver.
R16	Account Frozen: Access to account is restricted due to specific action taken by the RDFI, by legal action, or returned per OFAC instruction.	All	2 Banking Days	Must stop initiation of Entries. Terms of authorization may offer recourse outside the ACH Network. OFAC may have instructed the debit to be returned.
R17	Entry with Invalid Account Number Initiated Under Questionable Circumstances: Entry is a returned due to having an invalid account number and is believed by the receiving institution to be originated under questionable circumstances, with further details included within the Addenda Record of the Return.	All	2 Banking Days	Originator must accept the Return and investigate the provided authorization from the Receiver. If a valid authorization exists, the Originator may have recourse outside the ACH Network for resolution.
R20	Non-Transaction Account: Policies or regulations (such as Federal Regulation D) prohibit or limit activity to the account indicated.	All	2 Banking Days	Originator must stop initiation of Entries.

R23	Credit Entry Declined by Receiver: Customer refuses Entry because amount is inaccurate, account is in litigation or Originator is not known to Receiver.	All	2 Banking Days from notification by Receiver	Dependent upon notification by the Receiver to the RDFI. Must obtain authorization prior to reinitiating the Entry.
R24	Duplicate Entry: Entry is a duplication of another Entry. The trace number, date, dollar amount, etc., match another Entry.	All	2 Banking Days	Originator should accept the return. If the Entry has already been reversed, Originator should work with the ODFI to contact the RDFI to determine a solution. An Originator may reverse an erroneous or duplicate ACH Entry/file up to five (5) Banking Days after the Settlement Date of the Entry/file or it may request the RDFI to send a Return.
R29	Corporate Entry Unauthorized: ODFI has been notified by non-consumer accountholder that a specific Entry is unauthorized.	All	2 Banking Days	Originator must stop initiation of Entries until subsequent authorization has been obtained. If a valid authorization exists, the Originator may have recourse outside the ACH Network. Corporate Receiver with ACH Positive Pay may need to add your ACH Company ID to their filters.
R31	Permissible Late Return for CCD or CTX Entry: ODFI has accepted a request from an RDFI for a Return of a CCD or CTX Entry beyond the normal two-day Banking Day timeframe. Typically, the ODFI obtains additional information and/or authorization	CCD, CTX	Undefined, determined by ODFI and RDFI	Originator can work with ODFI to provide more information and/or permission for the late Return of the Entry. Investigate the provided authorization from the Receiver and if a valid authorization exists, the Originator may have

	from the Originator prior to granting permission for the Return.			**recourse outside the ACH Network for resolution.**

Exhibit F – Notification of Change Codes

The table below lists the change codes most frequently used by RDFIs and indicates the appropriate action that should be taken, depending upon the reason for each code. For a complete guide on Notification of Change Codes, please refer to Appendix Five of the Nacha Rules.

NOC Code	Description of Error	Corrective Action Required by Originator
C01	Incorrect Account Number	The account number is incorrect or is formatted incorrectly. Originator should update the Receiver's account number.
C02	Incorrect Transit Routing Number	Due to a merger or consolidation, a once valid routing number must be changed. Originator should update the Receiver's financial institution routing number.
C03	Incorrect Transit Routing Number and Incorrect Account Number	Due to a merger or consolidation, a once valid routing number must be changed, and this change will cause a change to the account number structure. Originator should update both the Receiver's financial institution routing number, as well as the account number.
C05	Incorrect Transaction Code	An incorrect transaction code is causing the Entry to be routed to the wrong type of account. Originator should update the type of account field.
C06	Incorrect Account Number and Incorrect Transaction Code	The account number is incorrect, and the Entry is being routed to the wrong type of account. Originator should update both the account type field and the account number.
C07	Incorrect Transit Routing Number, Incorrect Account Number and Incorrect Transaction Code	Due to a merger or consolidation, a once valid transit/routing number must be changed, the account number structure is no longer valid, and the transaction code is incorrect causing the ACH Entry to be routed to the wrong application (e.g., checking or savings). Originator should update the Receiver's financial institution routing number, account number, and type of account.

C13	Addenda Format Error	Information in the Entry Detail Record was correct, and the Entry was able to be posted by the RDFI, but information in the Addenda Record was unclear or formatted incorrectly. Originator should review the formatting in the Addenda Record to identify and correct errors.

Exhibit G – Sample Return and Notification of Change Report

Below is a sample copy of an Incoming ACH Originator report. This sample is designed to help you understand the type of information that will be included should you receive a Return and/or NOC. Please contact American Riviera Bank's Online Support team with any questions.

Incoming ACH Originator Report

‹ Back to Search Parameters

Client	Return Date	Effective Entry Date	Processed Date	Return Code	Company Name	Amount
Big City Elec...	09/18/2020	09/16/2020	04/15/2021	Insufficient F...	KEY 2 RECOVERY	$60.00
Big City Elec...	09/18/2020	09/16/2020	04/15/2021	No Account/...	GREAT MIAMI V...	$52.18
Big City Elec...	09/18/2020	09/18/2020	04/15/2021	Invalid Accou...	DICKERSONACC...	$1,408.16
Big City Elec...	09/18/2020	09/16/2020	04/15/2021	No Account/...	First Financial	$0.30

Client – the name of the client.

Date from – the date from which to start the search. By default, the date is today's date.

Date to – the date from which to end the search. By default, the date is today's date.

Date – specifies whether to search by processed date (default) or effective date.

Return Date – the date the transaction was returned.

Effective Entry Date – the date specified by the originator on which it intends a batch of entries to be settled.

Processed Date – the date the transactions were inputted into the Exact/ARS system.

Return Code – this field contains a standard code used by an ACH Operator or RDFI to describe the reason for returning an entry.

Account Number – the account number of the originator.

Amount – the amount of the transaction.

Receiving Name – the field identifies the individual or company name of the receiver.

Receiving Account Number – this field identifies the account number of the receiver.

Correted Data – this field identifies the corrected data from the notification of change addenda record.

Company Entry Decription – this field identifies a vault set by the originator to provide a description of the purpose of the entry.

Receiving DFI ID – this field identifies the routing number of the RDFI.

Tran Code – this field identifies the type debit or credit entry.

ID Number – this field identifies the accountint number by which the receiver is known to the originator.

Exhibit H – PPD Authorization Requirements

Obtaining the proper authorization for your ACH Entries is the most significant step you can take to protect your business against disputes, return fees, and reversed Entries. ACH debit Entries intended for consumer accounts are heavily regulated and mandate special authorization requirements.

The most common Standard Entry Class code for consumer debits is PPD. These Entries must be authorized in writing on a form or contract that grants an Originator permission to debit a consumer's personal checking or savings account. The PPD authorization form used should clearly outline the terms under which the you are permitted to debit the account of the consumer, such as amount, date, and frequency, as well as conditions for termination or change of the authorization.

The Receiver must unambiguously express consent, and you must clearly understand and fulfill the specific authorization requirements for the Entries submitted or the Receivers can dispute the Entries for several reasons, including improper authorization, the processing on a date earlier than authorized, or for an amount different than authorized, among other reasons.

Below are some best practices and tips as it relates to recurring debits to consumer accounts:

(1) Have your Receiver sign and date a form that includes the bank account to be charged, how to terminate or revoke the authorization, and the information specified, as follows, for the type of recurring payment schedule being used:
   a) Payments for the same amount on a regular schedule: Include the amount, frequency, and start date of the debits.
   b) Payments for a different (variable) amount on a regular schedule: Include the frequency, start date, and a maximum amount.
   c) Payment plans: Include the total due, number of payments, amount of payment, frequency, and start date.
(2) Give your Receiver a copy of the signed form, including a telephone number that is available to them and answered during normal business hours for inquiries also helps reduce the volume of unauthorized Entries.
(3) Keep this form on file, stored digitally or on paper in a secure fashion for two years after the last payment on the schedule.

The following two pages include sample ACH Debit and ACH Credit Authorization Forms. **These are included for example purposes and should be thoroughly reviewed by your legal counsel prior to use.**

Sample PPD Authorization for Recurring Debits

ACH Recurring Debits Authorization Form
<Originator Business Name or DBA>
< Street Address, City State Zip>
< Phone Number>

Please complete the information below:

I, _____, authorize **<Insert Business Name>** to charge my bank account indicated below on the _____ of each **<insert frequency>** for payment of my **<insert type of bill>**. I agree that ACH Entries I authorize comply with all applicable law.

Billing Address _____ City, State, Zip Code_____

Phone #_____ Email _____

Account Type: Checking   Savings

Acct Owner Name _____

Financial Institution Name _____

Account Number _____ Routing Number_____

Financial Institution City/State _____

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify **<business name>** of any changes in my account information or termination of this authorization at least **XX** days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that since this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. I acknowledge that the origination of ACH Entries to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my financial institution so long as the Entries correspond to the terms indicated in this authorization form.

SIGNATURE _____ **DATE** _____

Instruction – Sample PPD Authorization for Recurring Debits

Authorization Sample: Your company can customize the authorization form to fit your specific application needs, but it must be readily identifiable as a payment authorization and at a minimum, include the following:

- Acknowledgement that Entries must comply with laws of the United States
- Statement authorizing Originator to initiate credit or debit Entries
- Account number and routing number of accounts
- Identification of account type (i.e., checking, savings, loan, or general ledger)
- Provisions for termination of the authorization
- Individual identification (name and address are suggested)
- Date and signature

Changing Date or Amounts: The Nacha Rules require you to notify your customers of any changes in date or amount debited under the following circumstances for consumer debits:

- Seven (7) calendar days' notice for a change of date
- Ten (10) calendar days' notice for a change in amount

Sample PPD Authorization for ACH Credits

ACH Credit Authorization Form
<Originator Business Name or DBA>
< Street Address, City State Zip>
< Phone Number>

Please complete the information below:

I, _____, authorize **<Insert Business Name>** to initiate ACH credits to my account information below until such time when my authorization is revoked. In addition, I also authorize **<Insert Business Name>** to debit my account to correct erroneous credits that are received in error. I agree that ACH Entries I authorize comply with all applicable law.

Billing Address _____ City, State, Zip Code_____

Phone #_____ Email _____

Account Type: Checking   Savings

Acct Owner Name

_____

Financial Institution Name _____

Account Number _____ Routing Number_____

Financial Institution City/State _____

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify **<business name>** of any changes in my account information or termination of this authorization at least **XX** days prior to the next receipt of payment. I acknowledge that the origination of ACH Entries to my account must comply with the provisions of U.S. law.

SIGNATURE _____ DATE _____

Exhibit I – Glossary of Common ACH Terms

Below are the definitions of select ACH terms that are commonly used. For a full description of all ACH terminology, please refer to the Nacha Rules at www.nachaoperatingrulesonline.org.

ACH Authorization: An agreement provided by a Receiver to authorize an Originator to generate one or more ACH Entries to the Receiver's account.

ACH Credit: An Entry that deposits funds into a Receiver's account, such as direct deposit of payroll, vendor payments, etc. As an Originator, your account will be debited to fund the Entry(ies).

ACH Debit: An Entry that pulls funds from a Receiver's account, such as gym membership dues, client invoicing, etc. As an Originator, your account will be credited for the Entry(ies).

ACH Operator: The central clearing facility for ACH Entries to/from Network participants (i.e., the Federal Reserve Bank or the Electronic Payments Network).

ACH Return: An Entry initiated by a Receiving Depository Financial Institution (RDFI) that returns a previously originated debit or credit Entry. As an Originator, your account will be debited or credited for all returned Entry(ies) that you've submitted.

ACH Reversal: An Entry intended to reverse a previous Entry that has already been processed through the ACH Network. Reversals must meet certain requirements, as described within the Reversals section of this Guide.

ACH Stop Payment: An instruction from a Receiver which indicates that a particular ACH Entry should not be paid.

Addenda Record: Supplemental information contained within an ACH Entry that is useful to the Receiver in applying the Entry, such as invoice numbers, customer numbers, purchase order numbers and the like.

Banking Day: The business days in which a financial institution is open to the public to perform its substantial business functions.

Deletion: An action performed by a financial institution to eliminate an Entry, batch or file after the Entry(ies) have been transmitted into the ACH Network, but prior to final processing or distribution.

Effective Entry Date: The date requested by an Originator for the ACH Entry(ies) to settle. Note: While you may request a preferred date, the ACH Operator will assign the actual Settlement Date.

Electronic Data Interchange (EDI): The movement of payment-related data related to an Entry(ies) between corporate trading partners.

Entry/Entries: A credit or debit transaction to a Receiver's account held with an RDFI. An Entry can be utilized for both live-dollar and non-monetary purposes.

Nacha: The agency that manages the development, administration and governance of the ACH

Network.

Notification of Change (NOC): A non-monetary Entry transmitted by an RDFI to notify the ODFI and ultimately, the Originator, of a correction that must be made to an ACH Entry.

Originating Depository Financial Institution (ODFI): The financial institution that maintains a contractual relationship with an Originator and submits ACH Entries into the Network. The ODFI acts as a gatekeeper and is responsible for the risk management and oversight of Originators.

Originator: The organization that agrees to initiate either debit and/or credit Entries into the ACH Network. The Originator must obtain proper authorization pursuant to each type of ACH Entry and submit lawful Entries.

Prenotification (Prenote): A non-monetary Entry transmitted by an Originator to an RDFI to verify the accuracy of account information prior to submitting a live Entry.

Receiver: The intended recipient of an ACH Entry, either a consumer or business. The Receiver must authorization the Entry pursuant to the specific ACH Entry type.

Receiving Depository Financial Institution (RDFI): The financial institution that receives incoming ACH Entries on behalf of the Receiver. The RDFI plays an important role in the ACH Network and must comply with all Nacha Rules.

Same Day ACH: The delivery of ACH Entries within the same business day pursuant to ACH Network cutoff times and dollar amount limits.

Settlement Date: The date assigned by the ACH Operator when the requested Entries settle by both the Originator and Receiver.

Standard Entry Class (SEC) Code: A three-character code used to identify the format, application, and authorization method for the ACH Entry.

Third-Party Sender: If your company originates Entries on behalf of another party and that party does not have an ACH agreement or relationship with American Riviera Bank, you may be considered a Third-Party Sender in the ACH Network. Please contact the Online Support team if you believe your company may be acting as a Third-Party Sender.

Exhibit J – Other Laws, Rules & Regulations Governing ACH

Office of Foreign Assets Control (OFAC): The U.S. Department of the Treasury, OFAC, administers economic sanctions and embargo programs that prohibit Entries involving targeted countries, regimes, terrorists, international narcotics traffickers, etc. OFAC maintains a list of Specially Designated Nationals and Blocked Persons (SDN List) to assist all U.S. participants in the ACH Network in identifying prohibited parties. All ACH Network participants are accountable for complying with OFAC when originating ACH Entries.

Regulation E and Electronic Fund Transfer Act (EFTA): Regulation E, governed by The Consumer Financial Protection Bureau (CFPB), establishes the basic rights, liabilities and responsibilities of consumers who receive electronic fund transfer services, which includes ACH Entries. Regulation E also addresses the responsibilities of financial institutions regarding stop payments and unauthorized debit Entries to consumer accounts and defines the process for resolving errors. If your company originates debits to consumer accounts, you should be familiar with the Regulation E protections available to those consumers.

State Law: State laws vary and could impact the origination of certain types of ACH Entries. For instance, some states allow companies to mandate that employees be paid by direct deposit. However, most state labor codes restrict companies from only offering direct deposit as a means of receiving pay. Many states have mandated that state taxes paid by businesses be initiated via ACH. Please consult with your state's Office of the Attorney General for specifics.

Uniform Commercial Code Article 4A (UCC 4A): The Uniform Commercial Code (UCC) is a series of state laws that govern commercial credit Entries. Article 4A of the UCC specifically governs wholesale credit Entries. UCC4A also addresses the commercially reasonable security procedures that must in place for ACH Originators. Originators who make ACH credit payments to business accounts should be familiar with this regulation.