Alloya's Automated Clearing House
ACH Origination Contingency Processing Product Operating Agreement~~Services Product Operating Agreement~~

Authorization. The Master Membership Agreement ("MMA") and Master Membership Contract ("MMC") between Member and Alloya are incorporated herein by reference and represent additional terms that are part of this Product Operating Agreement ("POA").

I. **Scope of Service.** Alloya will provide Automated Clearing House (ACH) Origination Contingency Processing Services (Services) to Member as described herein.~~Alloya provides Automated Clearing House ("ACH") services ("Services") to Member as described herein in accordance with the rules of the National Automated Clearing House Association (NACHA Rules), the ACH Operator (the Federal Reserve Bank ("FRB") as selected by Alloya. Member may choose to use any of the services listed below.~~

~~1. **ACH Receipt Services.** Member elects to designate Alloya to be the Receiving Point with FRB for Member's ACH file containing credit, debit and/or zero dollar ACH Entries. Member may also originate return and notification of change ("NOC") Entries for credit, debit and/or zero dollar amounts using Alloya's ACH System.~~

~~(A) Member is the Receiving Depository Financial Institution ("RDFI") and Alloya or its Agent is the Receiving Point and/or Third Party Service Provider with respect to all receipt Entries.~~

~~(B) Member is the Originating Depository Financial Institution ("ODFI") and the Originator and Alloya or its Agent is the Sending Point and/or Third Party Service Provider with respect to return and NOC Entries.~~

~~2.~~1. **ACH Origination Services.** Member elects to originate credit, debit and/or zero dollar ACH Entries to and from accounts maintained at Member and at other participating depository financial institutions using Alloya's ACH System.

(A) Member is the ODFI and Alloya or its Agent is the Sending Point and/or ~~Third Party~~Third-Party Service Provider with respect to all Entries.

(B) Member may also be the Originator for all Entries. If Member is not the ~~Originator~~Originator, then it will have an appropriate ODFI/Originator agreement in place with the Originator.

~~3. **ACH Business Member Origination.** Member elects to allow its business member to originate credit, debit and/or zero dollar ACH Entries to and from accounts maintained at Member and at other participating depository financial institutions using Alloya's ACH System.~~

~~(A) Member is the ODFI and Alloya or its Agent is the Sending Point and/or Third Party Service Provider with respect to all Entries.~~

~~(B) Member's business member is the Originator for all Entries. Member will have an appropriate ODFI/Originator agreement in place with the Originator.~~

~~4. **ACH Returns/Information File.** Member elects to designate Alloya to be the recipient of an information only copy of Members ACH file from the ACH Operator so that Member may originate return and NOC Entries for credit, debit and/or zero dollar amounts using Alloya's ACH System.~~

~~(A) Alloya or its Agent is the Information Point and/or Service Provider that will receive Member's Information File.~~

~~(B) Member is the ODFI and the Originator and Alloya or its Agent is the Sending Point and/or Third Party Service Provider with respect to return and NOC Entries.~~

~~5.~~2. **ACH System.** Member must use Alloya's ACH System for ~~receiving and/or~~ originating ACH Entries as described in the services listed above.

(A) Alloya's ACH System consists of a web-based transaction processing system and a secure file transfer application. Members may use either or both systems.

(B) Alloya will be responsible for maintaining the ACH System and for providing manuals that define the requirements for processing Entries.

(C) Alloya will make the system available at a minimum on all business days, Monday through Friday, excluding Federal Holidays. Alloya will process Entries according to the cutoff times published in Premier View.

(D) Member will be responsible for establishing and maintaining an Internet connection to the ACH System.

(E) Member will comply with the terms of the Security Procedures and Computer Services as defined in the MMA when using the ACH System. Member is responsible for all Entries given to Alloya by any form of communications which are received by Alloya and identified in accordance with Security Procedures, whether such requests were properly authorized by Member, so long as such request(s) were identified in accordance with Security Procedures.

(F) Member will comply with the formatting and other data entry requirements as defined in the NACHA Rules and as defined in Alloya's ACH documentation made available to Member.

II. **Compliance with NACHA and FRB Operating Rules.** Member acknowledges it has a copy of or has access to the current version of the NACHA Rules and the FRB Operating Circular No. 4. Member agrees to comply with and be subject to NACHA Rules and FRB Operating Rules in existence at the date of the ACH Services Agreement, and any amendments to the NACHA Rules and FRB Operating Rules made from time to time and to conduct an audit of such compliance on an annual basis. The duties of Member set forth in the following paragraphs of the ACH Services Agreement in no way limit the requirement of complying with the NACHA Rules, FRB Operating Rules, or any of the rules defined in Alloya's MMA.

III. **Network Fees.** Member acknowledges that there will be separate ACH Operator and NACHA Network Administration fees that will be charged to Member. These charges may be settled through Alloya if Member elects to use Alloya as its FRB correspondent.

~~IV.~~ ~~**ACH Receipt Services Processing.** The following terms define the responsibilities of each party for ACH Receipt Services processing.~~

~~1. **Responsibilities of Alloya.** Alloya shall receive ACH Entries from the ACH Operator on behalf of Member and will forward all Entries to Member. Alloya may also receive return and NOC Entries from Member and transmit to the ACH Operator on behalf of Member.~~

~~(A) Alloya will process a receipt Entry based on the routing number defined in the ACH entry detail record and is not responsible for any loss or delay resulting from acting on the number, whether the number is consistent with any other designation of the Member on the Entry. Alloya is not responsible for the accuracy of a routing number or the validity or completeness of any Entry.~~

~~(B) By prior arrangement with Member, Alloya will make ACH Entries available to Member based on Member's preferences (file format type, file delivery schedule, file delivery location) and Alloya's distribution time schedule as defined from time to time and listed in documentation made available to~~

~~Member. Alloya is not responsible for any delays that are caused by the ACH Operator or Internet Service Providers that are beyond the control of Alloya.~~

~~(C) Alloya will receive return and/or NOC Entries from Member and forward to the ACH Operator during Alloya's processing hours as published in Premier View. Alloya shall have no obligation to transmit Entries received after the cutoff time.~~

~~(D) Alloya is not responsible for the timeliness, authorization, or validity of any Entry. The transmission of Entries by Alloya to the ACH Operator on behalf of the Member will occur only when Member has complied with all formatting and other requirements specified in the ACH Services Agreement.~~

~~2. Responsibilities of Member. Member shall receive ACH Entries from Alloya and may originate return and NOC Entries using Alloya's ACH System.~~

~~(A) Member is responsible for retrieving files containing ACH Entries from Alloya's ACH System. Member must promptly advise Alloya if it does not receive the file by the expected delivery date.~~

~~(B) Member warrants that all return and NOC Entries are properly authorized and conform to NACHA Rules.~~

~~(C) Member warrants that the information contained within the corrected data field of a NOC Entry is correct.~~

~~(D) Member may receive ACH Entries or transmit return and NOC Entries to/from Alloya through its third party service provider (TPSP). Member agrees it has full responsibility and liability for all actions performed by TPSP and that TPSP shall comply with all applicable provisions of the MMA and the ACH Services Agreement with respect to its transmission of such Entries. Member agrees to indemnify Alloya against and hold it harmless from any loss incurred by any person or entity because of any of TPSP's actions or failures to act, specifically including all costs and attorney fees which may be incurred by Alloya.~~

~~(E) Member is liable for all Entries transmitted by Alloya on its behalf to the ACH Operator.~~

~~(F) Member must transmit Entries prior to the cutoff time. Entries received after the cutoff time shall be deemed to be received on the next business day.~~

~~V.~~IV. **ACH Origination Services Processing**. The following terms define the responsibilities of each party for ACH Origination Services processing.

1. **Responsibilities of Alloya.** Alloya shall transmit ACH Entries to the ACH Operator on behalf of Member.

   (A) Alloya shall receive ACH origination Entries from Member and forward to the ACH Operator during Alloya's processing hours as published in Premier View. Alloya shall have no obligation to transmit Entries received after the cutoff time.

   (B) Alloya will process all Entries based on the Effective Entry Date provided by Member. If Member provides a stale date for the Effective Entry Date, Alloya will automatically advance the Entry to the earliest next available Effective Entry Date based on when Alloya receives the item and Alloya's cutoff time.

   (C) Alloya is not responsible for the timeliness, authorization, or validity of any Entry. The transmission of Entries by Alloya to the ACH Operator on behalf of the Member will occur only when Member has

complied with all formatting and other requirements specified in the ACH Services Agreement.

2. **Responsibilities of Member.** Member may submit ACH origination Entries to Alloya by use of Alloya's ACH System.

(A) Member is responsible for ensuring that the origination of ACH Entries complies with U.S. laws, including but not limited to sanctions enforced by the Office of Foreign Assets Control.

(B) Member warrants that:

(1) All Entries are properly authorized and conform to NACHA Rules;

(2) Each person or entity shown as the Receiver on an Entry received by Alloya from Member has authorized the initiation of such Entry and the crediting or debiting of its account in the amount and on the Effective Entry Date shown on such Entry;

(3) Such authorization is operative at the time of transmittal;

(4) At the time the Entry is transmitted to the ACH Operator by Alloya, Member does not have actual knowledge of the revocation or termination of the authorization by the Receiver;

(5) The Receiver's authorization is neither inoperative nor ineffective by operation of law, nor has it been terminated by operation of law;

(6) Entries transmitted to Alloya by Member are limited to those types of Entries and NACHA Standard Entry Class Codes agreed upon by Alloya and Member;

(7) Member has provided all written disclosures required by NACHA Rules and all applicable laws and regulations to all consumers on whose behalf Alloya performs any Service.

(C) Member acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Alloya to the RDFI may be made by the RDFI on the basis of the account number supplied by Member, even if it identifies a person different from the named Receiver, and that the Member's obligation to pay the amount of the Entry to Alloya is not excused in such circumstances. Member is liable for and must settle with Alloya for any Entry initiated by Member that identifies the Receiver by account or identifying number or by name and account or identifying number.

(D) Member shall be bound by and comply with the provision of UCC4A making payment of an Entry by the RDFI to the Receiver provisional until receipt by the RDFI of final settlement for such Entry. Member specifically acknowledges that it has received notice of the rule regarding provisional payment and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Receiver of the amount credited and Member shall not be deemed to have paid the Receiver the amount of the Entry.

(E) Member may transmit Entries to Alloya through a TPSP. Member agrees it has full responsibility and liability for all actions performed by TPSP and that TPSP shall comply with all applicable provisions of the MMA and the ACH Services Agreement with respect to its transmission of such Entries. Member agrees to indemnify Alloya against and hold it harmless from any loss incurred by any person or entity as a result of any of TPSP's actions or failures to act, specifically including all costs and attorney fees which may be incurred by Alloya.

(F) If Member settles ACH transactions through Alloya then Member shall maintain a line of credit at Alloya (LOC) sufficient to cover settlement for ACH Origination Entries.

(G) Member is liable for all Entries transmitted by Alloya on its behalf to the ACH Operator.

(H) Member may elect to originate Same Day ACH Entries. Same Day Entries will be identified by using a date that is no later than the current day's date in the Effective Entry Date field of the Company/Batch Header record. Member will also pay each RDFI for each Same Day Entry that is originated.

(I) Member must transmit Entries prior to the cutoff time as defined in documentation made available to Member. Entries received after the cutoff time shall be deemed to be received on the next business day.

(J) Member will monitor all debit Entry returns that RDFI's return to ensure that the return rate thresholds are not exceeded according to the NACHA Rules:

    (1) Member will pay each RDFI for all unauthorized debit Entry returns that RDFI's return to Member.

    (2) If Member consistently exceeds these thresholds, then Alloya may terminate ACH Origination Services.

~~VI.~~V. **ACH Business Member Origination Processing.** All the terms of ACH Origination Contingency Processing ~~Origination Services Processing~~ shall apply in addition to the following terms.

1. **Responsibilities of Alloya.** Initially, and as needed, Alloya may request and Member will provide additional business or financial information on behalf of the business member.

2. **Responsibilities of Member.** Member is responsible for all Entries originated by Member's business member and warrants that all Entries are authorized and conform to NACHA Rules. ~~If Member settles through Alloya, all settlements generated by Entries created by Member's business member will settle to~~ Member's account at Alloya.

~~VII.ACH Information File Processing. The following terms define the responsibilities of each party for ACH Information File processing.~~

~~1. Responsibilities of Alloya. Alloya shall receive a copy of Member's ACH File from the ACH Operator. Alloya may also receive return and NOC Entries from Member and transmit to the ACH Operator on behalf of Member.~~

~~(A) Alloya will receive an information only copy of Member's ACH File. Alloya will make the details of the Entries within the file available within the ACH System so that Member may automatically create return and notification Entries.~~

~~(B) Alloya will receive return and/or NOC Entries from Member and forward to the ACH Operator during Alloya's processing hours as published in Premier View. Alloya shall have no obligation to transmit Entries received after the cutoff time.~~

~~(1) Alloya is not responsible for the timeliness, authorization, or validity of any Entry. The transmission of Entries by Alloya to the ACH Operator on behalf of the Member will occur~~

Formatted: Indent: Left: 0.75", No bullets or numbering

Formatted: Indent: Left: 1"

~~only when Member has complied with all formatting and other requirements specified in the ACH Services Agreement.~~

~~2. **Responsibilities of Member.** Member may originate return and NOC Entries using Alloya's ACH System.~~

> ~~(A) Member warrants that all return and NOC Entries are properly authorized and conform to NACHA Rules.~~

> ~~(B) Member warrants that the information contained within the corrected data field of a NOC Entry is correct.~~

> ~~(C) Member is liable for all Entries transmitted by Alloya on its behalf to the ACH Operator.~~

> ~~(D) Member must transmit Entries prior to the cutoff time. Entries received after the cutoff time shall be deemed to be received on the next business day.~~

~~VIII.~~VI. **Acknowledgement**. Alloya may provide an acknowledgement to Member that it has received ACH files containing ACH origination, return, and/or NOC Entries by electronic transmission from Member and has performed limited processing of the files. An acknowledgment does not mean that Alloya has accepted, and will not reject, the Entries contained in the files. Member is responsible for verifying the information in the acknowledgment and notifying Alloya immediately of any discrepancy or non-receipt of an acknowledgment.

~~IX.~~VII. **Record Retention**. Alloya will maintain copies of all Entries and make the data available to Member for a period of up to one (1) year. Member is responsible for retaining all data, including Entries and authorizations, based on NACHA Rules and other industry data retention regulations and guidelines.

1. **Receipt Entries.** Data will be available online for up to twenty (20) business days. Historical data that is older than twenty (20) business days and less than one (1) year will be available upon request. Alloya will make every effort to provide historical data in a timely manner.

2. **Origination Entries.** Data will be available online for up to one (1) year. Historical data beyond one (1) year will not be available.

~~X.~~VIII. **Settlement**. Member may establish a correspondent/respondent relationship with Alloya for the purpose of settling ACH Operator debit and credit Entries and fees. On the settlement date, Alloya (correspondent) will debit or credit Member's (respondent) account at Alloya in the amount of the credit or debit advice provided to Alloya by the ACH Operator. Alloya may terminate the correspondent/respondent settlement relationship by giving reasonable notice to Member and Member will then be responsible for establishing a settlement relationship directly with FRB. Alloya may, but is not obligated to, make a loan advance to Member to cover any insufficient account balance per the terms of the MMA.

~~XI.~~IX. **Line of Credit**. If Member settles through Alloya and uses the Services then Member must also establish and maintain a LOC with Alloya. Member shall maintain an Alloya LOC sufficient to cover settlement for ACH Origination Entries. Alloya may suspend processing or reject Entries if Member does not have sufficient funds or an available LOC to cover the total value of all origination Entries on each processing date. If any Entries are rejected, Alloya will provide timely notification to Member of such rejection.

~~XII.~~X. **Exposure Limit**. Alloya may assign a limit representing the maximum aggregate dollar amount of Entries that may be initiated by Member each day (ACH Exposure Limit). Member acknowledges that the ACH Exposure Limit is solely for the protection of Alloya and its assets and Member and its assets. Alloya may suspend processing or reject Entries if the ACH Exposure Limit is exceeded on each processing date. If any Entries are rejected, Alloya will provide timely notification to Member of such rejection.

XIII. ~~Audit.~~ ~~Alloya may from time to time request financial, business, and operating information from Member reasonably necessary to grant access to Services, to evaluate a continuation of Services and/or to adjust any limits set. Member agrees to provide the requested information in a timely manner.~~

XIV. ~~Termination.~~ ~~Alloya will have the right to immediately terminate or suspend ACH Services to Member should Member, Member's TPSP, or Member's business member breach the ACH Services Agreement.~~

XI. **Extended Services.** If Member needs contingency processing for more than five (5) business days, Alloya will provide Services, in its sole discretion, based on Alloya's available resources. T~~and t~~here is no guarantee of Services availability. If Alloya cannot continue to provide Services after five (5) business days, it will ~~so~~ notify member within twenty-four (24) hours of such determination.

XII. **Testing.** Member may request to test these services initially and on a recurring basis as needed. All testing must be scheduled in advance at a mutually agreed time.