



19-01 Route 208 North, Fair Lawn NJ 07410

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## **ACH SERVICE AGREEMENT**

This Agreement is made between \_\_\_\_\_ (hereinafter referred to as the “Customer”) and Columbia Bank (hereinafter referred to as the “Bank”). The Customer has requested that the Bank permit it to initiate electronic debits and credit through the Bank to accounts maintained at the Bank, in other banks and financial institutions, by means of the Automated Clearing House (“ACH”). Therefore in consideration of the mutual promises contained herein, it is agreed as follows:

### **BANK’S RESPONSIBILITIES**

The Bank will transmit the credit and debit entries initiated by the Customer to the ACH provided in the ACH Rules.

### **CUSTOMER’S RESPONSIBILITIES**

The Customer agrees to comply with and be bound by the operating rules of the National Automated Clearing House (NACHA) [as amended from time to time]. The Bank agrees to inform the Customer of revisions to the Rules of which the Bank has knowledge.

The Customer will comply with the Rules insofar as applicable. The specific duties of the customer are provided in the following paragraphs of this Agreement.

The Customer will comply with the Electronic Funds Transfer Act if applicable or Uniform Commercial Code Article 4A.

It shall be the responsibility of the customer that the origination of ACH transactions complies with U.S. Law. This includes, but is not limited to, sanctions enforced by the Office of Foreign Assets Control (OFAC). It shall further be the responsibility of the Customer to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at: (800-540-OFAC).

The Customer will obtain written authorizations for consumer entries in accordance with the ACH Rules and U.S. Law and shall retain the original or a microfilm record for two (2) years after termination or revocation of such authorization.

The Customer will send pre-notifications prior to initiating the first entry to a particular account. Such notice shall be provided to the Bank in the format and on the medium provided in the ACH Rules. If the Customer receives notice that a receiving bank has rejected any such notification, or that a receiving bank will not receive entries without having first received a copy of the authorization signed by its customer, the Customer will not initiate any entry to such customer, except after providing the receiving bank with such authorization within the time limits provided in the Rules.

The Customer will provide computer readable information on the mutually agreed upon medium and in the format specified within the ACH Rules.

The Customer shall provide immediately available funds to cover any credit entry initiated by it no later than day prior to the Settlement Date applicable thereto.

The Customer will receive immediately available funds for any electronic debit entry initiated by it on the Settlement Date applicable thereto.

The Customer acknowledges that the Bank will not initiate any reversals, debits or credits from their employee's checking account without the employee's signed authorization.

## **UNAUTHORIZED ACCESS**

You should notify us immediately if you believe any of your Accounts have been accessed without permission. Contacting us right away will help you reduce possible losses. Telephone or write us at:

1-800-522-4167, X-5656  
Columbia Bank  
19-01 Route 208 N  
Fair Lawn, NJ 07410

## **TIME FRAMES**

Each entry or file shall be delivered to the Bank's Electronic Banking Department no later than 4:45 P.M. two business days prior to the Settlement Date, (Effective Date).

## **ERROR RESOLUTION**

If the Customer discovers that any entry it has initiated was in error, it should notify the Bank of such error. If such notice is received 24 hours prior to the ACH receiving deadline, the Bank will utilize its best efforts to initiate an adjusting entry or stop payment of any "On Us" credit entry within the time limits provided by the Rules. If such notice from the Customer is received after the time provided above, the Bank will utilize its best efforts on behalf of the Customer.

The Customer shall notify the Receiver of any reversing entry initiated to correct an entry it has initiated in error. The notification to the Receiver must include the reason for the reversal and be made no later than the Settlement Date of the reversing entry.

In the event any entries are rejected by the ACH for any reason whatsoever, it shall be the responsibility of the Customer to remake such entries. The Bank shall remake such entries in any case where such rejection by the ACH was due to mishandling of such entries by the Bank and sufficient data is available to the Bank to permit it to remake such entries. The Customer shall retain and provide the Bank on request all information necessary to remake any file or entries for four (4) days after midnight of the Settlement Date.

The Customer will promptly provide immediately available funds to indemnify the Bank if any debit entry is rejected after the Bank has permitted the Customer to withdraw immediately available funds in the amount thereof or if any adjustment memorandum that relates to any such entry is received by the Bank.

The Customer will indemnify the Bank if the Bank incurs any loss or liability on account of the breach, with respect to any entries initiated by the Customer, if any of the warranties of an originating bank contained in the Rules, except due to the Bank's own negligence.

In the event the Customer incurs any loss due to mishandling of a particular entry or entries, the Bank's liability to the Customer shall be limited to (1) liability of its' own negligence (2) the amount recoverable by the Bank from the ACH, or any third party pursuant to the Rules or any indemnity agreement.

You are fully responsible for any transactions made by use of your company user name and password to access your business account(s). You agree to immediately reimburse us for any loss, claim, or damage which we sustain as a result of the use of your company user name and password to access your business account(s). We shall have no liability for any loss, claim or damage which you sustain as a result of the use of your company name and password to access your business account(s). This is true even if the password is lost, stolen, or obtained or retained by a person not authorized by you to initiate electronic transfers.

## **SECURITY PROCEDURES**

The Bank's security procedures shall include the determination of certain exposure limits which includes, but may not be limited to, (1) the value of ACH files, (2) the value or number of individual ACH entries, (3) the frequency of origination of ACH files and (4) the consideration of exposure over multiple settlement dates. The Customer shall comply with exposure limits established by the Bank. The Bank is responsible to notify the Originator of exceptions and to periodically review such established exposure limits. Columbia Bank's security procedures include the origination of ACH files via dual control.

## **FEES**

The Customer agrees to pay the Bank for services provided under this Agreement in accordance with its "Schedule of Fees". The Bank may change its fees from time to time upon notice to the Customer.

## **TERMS AND CONDITIONS**

The Bank may amend the terms of the agreement from time to time by notice to the Customer.

This Agreement is terminable on ten (10) days written notice by either party, provided that applicable portions of this Agreement shall remain in effect with respect to any entries initiated by the Customer prior to such termination. This Agreement shall be governed by and constructed in accordance with the Laws of the State of New Jersey.

IN WITNESS WHEREOF, the undersigned have duly executed the Agreement by their duly authorized officers.

Addendum 1: **Unauthorized Access: Security Procedures**. The Customer shall be solely responsible for protecting against unauthorized access to the Scanner and the Program and any and all losses and damages arising from any unauthorized access to the Scanner and the Program. The Customer shall establish physical security, passwords and other security procedures necessary to ensure the confidentiality of access features. The Customer shall make such procedures and security features known only to those authorized representatives of the Customer who will use the Scanner and the Program. The Bank shall have no obligation, liability, or control, either directly or indirectly over said procedures or the

failure of the Customer to maintain said procedures. The Customer shall be solely responsible for designating its authorized representatives and disclosing the identity of said representatives, and all changes thereof, to the Bank, provided, however, the Bank shall not be responsible for verifying the authenticity of any person claiming to be a representative of the Customer or the authenticity of any instruction, direction or information provided to any said person. Any instructions, directions or other information provided by the Customer, any representative of the Customer, or any person claiming to be a representative of the Customer, under the Services shall be deemed to have been authorized by the Customer, and the Bank shall be indemnified and held harmless by the Customer for acting upon any such direction, instruction or information.

- a. The Bank will provide the Customer with an Administrative and Gateway User Name and Password. Customer may appoint an individual ("Administrator") with the authority to: (a) determine who will be authorized to use the Services; (b) establish separate Passwords for each user; and (c) establish limits on each user's authority to access information and conduct transactions. Customer is responsible for the actions of its Administrator, the authority the Administrator gives others to act on its behalf, and the actions of the persons designated by the Administrator to use the Bank service. Customer agrees to: (a) take reasonable steps to safeguard the confidentiality of all Passwords; (b) limit access to its Passwords to persons who have a need to know such information; (c) closely and regularly monitor the activities of employees who access the Bank service; (d) prohibit its employees and agents from initiating Entries without proper supervision and adequate controls; and (e) remove users deemed no longer authorized to use the Services.
- b. Customer understands that the use of Passwords and the Bank service instructions are confidential and agrees to assume all risks of disclosure or use by any party whatsoever, whether such disclosure or use are on account of the Customer's negligence, gross negligence, misfeasance, malfeasance, deliberate acts, or otherwise. Customer acknowledges that no person from the Bank will ever ask for any Passwords and that the Bank employees do not need and should not ask for Passwords.
- c. Customer shall change its Passwords periodically and whenever anyone who has had access to a Password is no longer employed or authorized by it to use the Bank service. The Bank may require the Customer to change its Passwords at any time. The Bank may deny access to the Bank's service without prior notice if it is unable to confirm (to its satisfaction) any person's authority to access the service or if the Bank believes such action is necessary for security reasons.

Addendum 2: If a DDA accessed on cash management or a computer that is utilized to view accounts is compromised, then the DDA's, money market's and LOC accounts must be closed and transferred to new accounts.

Addendum 3: If the funds are not available in the business DDA account to cover an outgoing ACH file, the file will reject and will not be processed. This determination will occur during the end of night processing. The customer will be notified by 10:00 am the next business day. Originated ACH's must be offset against accounts drawn on Columbia Bank. The customer should collect funds for payroll files by wire the previous business day.

Addendum 4: The Customer has received a Daily ACH limit of \$ .00 with monthly limit of \$ .00. This limit may be increased by written consent and subsequent review by Columbia Bank. Permanent ACH

limit increases must be requested by the customer in writing by facsimile or email 3 business days prior to the files effective date. Temporary ACH limit increases must be requested in writing via facsimile or email 1 business day before.

**AUTHORIZED SIGNERS**

\_\_\_\_\_  
By

Date \_\_\_\_\_

\_\_\_\_\_  
By

Date \_\_\_\_\_

**COLUMBIA REPRESENTATIVE**

\_\_\_\_\_  
By Linda K LeMond  
Title Senior VP, Treasury Management

Date \_\_\_\_\_