



### Automated Clearing House (ACH) Agreement

#### Merchant Information

Merchant:			Gateway ID:	ISO ID: <b>R2040</b>
Address:			Federal Tax ID:	
City:	State:	Zip:	State Tax ID:	
Telephone:	Fax:		Email:	Web Address:

#### Principal(s) / Individual(s)

Name (1):		DOB:	Title:		% of Ownership:
Residence Address:			City:	State:	Zip:
Residence Telephone #:		Social Security #:		Drivers Lic. #:	State:
Name (2):		DOB:	Title:		% of Ownership:
Residence Address:			City:	State:	Zip:
Residence Telephone #:		Social Security #:		Drivers Lic. #:	State:

#### Trade References

Business Name:	Address:	Contact	Phone #
Business Name:	Address:	Contact	Phone #
Business Name:	Address:	Contact	Phone #

#### Bank of Deposit

Bank Name:	Address:	Phone:
Name on Account:	Bank Routing Number:	Account Number:

#### Estimated Transaction Volume and Threshold Parameters

Maximum Monthly Transactions: <b>200</b>	Maximum Monthly Amount: <b>\$25,000</b>	Maximum Daily Transactions: <b>20</b>	Maximum Daily Amount: <b>\$5,000</b>	Maximum Single Amount: <b>\$1,000</b>
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#### Return Thresholds

Zero Amount	2%	Notification of Change and Rejected Prenote Items
Standard	2%	All Positive Value Items Excluding High Risk
High Risk	1%	Customer Advises Not Authorized, Authorization Revoked and Stop Payment
Total	5%	

#### Fees

Per Transaction: <b>\$ 0.65</b>	Per Return: <b>\$ 1.50</b>	Discount Rate: <b>0</b>	Monthly Maintenance: <b>\$25.00</b>	Application / Setup: <b>\$25.00</b>	ACH Software: <b>0</b>
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#### Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if the parties had all signed the same document. All counterparts shall be construed together and shall constitute one agreement.

#### Binding Contract

This Agreement, which includes Schedule A, ACH Agreement Terms and Conditions, shall be binding on both parties only upon execution by an authorized representative of Financial National Electronic Transfer, Inc.

**Financial National Electronic Transfer, Inc.**

**Merchant Name:** \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name (Print or Type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name (Print or Type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

# SCHEDULE A: ACH AGREEMENT TERMS AND CONDITIONS

## AUTHORIZATION

As a duly authorized representative for the MERCHANT named above, I authorize the account above to be debited and or credited by Financial National Electronic Transfer, Inc. ("FINET") according to the ACH Agreement Terms and Conditions. I further authorize FINET to process electronic funds transfers as a Third Party Originator through the account listed above. This authorization is also applicable for any new account information provided by me at a future date. I agree to be bound by the ACH Agreement Terms and Conditions as stated on elsewhere in this agreement. I agree to provide new account information to FINET at least 10 days prior to closing or changing the above account.

## CANCELLATION

Either party may cancel this agreement with 30 days written notice to the other party.

## CONSUMER CREDIT INQUIRIES

A credit report may be made in connection with this application. Applicant(s) authorize FINET, or any credit bureau or any credit reporting agency employed by FINET or any agents of FINET to investigate the references provided or any other statements or data obtained from the Company, or any of the above principals, for the purpose of this application.

FINET and MERCHANT have contracted for FINET to provide Automated Clearing House ("ACH") services as a third party processor of ACH transactions. These transactions will be placed through a financial institution used by FINET who will be acting as the Originating Depository Financial Institution ("ODFI"). FINET will debit funds ("Debit Entry") for the purpose of collecting Automatic Payments from the accounts of the MERCHANT's customers ("Receivers") and/or credit funds ("Credit Entry") for the purpose of paying the MERCHANT's accounts receivable in accordance with the terms of this agreement, the Operating Rules ("Rules") of the National Automated Clearing House Association ("NACHA"), and applicable Federal regulations ("Regulations") governing ACH transactions. The terms and conditions of this Agreement do not limit MERCHANT's obligation to comply with the Rules. "Entry or "Entries" shall mean either a Credit Entry or a Debit Entry.

## MERCHANT RESPONSIBILITIES

**AUTHORIZATION.** MERCHANT agrees to obtain authorization from Receivers prior to debiting and or crediting Receivers' accounts. MERCHANT will maintain copies of the authorizations as necessary to resolve disputes for a period of two years.

**REPRESENTATIONS.** MERCHANT represents and warrants with respect to all Entries originated by FINET for the MERCHANT that (1) each Receiver has authorized the debiting and or crediting of its account, (2) each Entry is for an amount agreed to by the Receiver, and (3) each Entry is in all other respects properly authorized. MERCHANT agrees to indemnify FINET for any losses, liabilities, costs or expenses suffered or incurred as a result of the breach of these representations and warranties.

**IDENTIFYING NUMBERS.** MERCHANT understands that FINET may rely solely on identifying numbers provided by the MERCHANT to determine the bank and account of a Receiver even if the numbers identify a bank or account holder different from the one identified by the MERCHANT by name. MERCHANT will indemnify FINET for any losses, liabilities, costs or expenses suffered or incurred as a result of an incorrect account of other identification.

**REGULATORY COMPLIANCE.** MERCHANT bears the final responsibility to insure that the MERCHANT's policies and procedures meet the requirements of the Rules and Regulations. MERCHANT is encouraged to consult counsel regarding compliance with authorization and payment procedures whenever there is any doubt about compliance.

**NOTICE OF ERRONEOUS UNAUTHORIZED TRANSFERS.** MERCHANT agrees to promptly and regularly review all entries and other communication received from FINET and to immediately notify FINET if there are any discrepancies between MERCHANT's records and those provided FINET, the ODFI or your bank, or with respect to any transfer not authorized by MERCHANT. If MERCHANT fails to notify FINET within 7 days of the date FINET mails or otherwise provides a statement of account or other report of activity to MERCHANT, then the MERCHANT will be responsible for all losses or other costs associated with any erroneous or unauthorized transfer.

## FINET RESPONSIBILITIES

**ACCEPTING TRANSACTIONS.** FINET will only be responsible for processing Entries that have arrived at FINET's premises in proper format and on a timely basis. FINET will advise MERCHANT of any applicable cut-off time. MERCHANT does not have the right to cancel or amend any entry after submission to the ACH.

**ORIGINATING TRANSACTIONS.** FINET will use the information provided by the MERCHANT to originate Entries to the ACH. MERCHANT acknowledges understanding that FINET may reject Entries for any reason permitted or required in the Rules or Regulations. MERCHANT also understands that entries or files may be rejected which exceed the threshold parameters identified and set for the MERCHANT. MERCHANT also understands that an Entry may be rejected if the Entry would cause FINET to violate any Federal Reserve or other regulatory risk control program or any other law or regulation. At MERCHANT's request FINET will make reasonable efforts to reverse, modify, or delete an entry, but will have no responsibility for the failure to comply with that request. All requests must be made in writing and faxed, delivered, or mailed to FINET.

**RETURNED ENTRIES AND NOCS.** FINET will apply returned entries to MERCHANT's account when they are received. FINET will create and make available to the MERCHANT a report containing detailed information about returned Entries. If the MERCHANT requests that the returned Entries be provided electronically, FINET may do so according to the rules and regulations regarding those transactions.

**SETTLEMENTS AND FINALITY.** MERCHANT's account will settle \_\_\_ business days following the effective date of Entries originated. If any Entry is returned beyond this settlement, FINET will at FINET's discretion, either apply the debit to the current day's settlement, or debit the MERCHANT's account for the amount of the returned Entry plus associated fees.

**LIMITS OF LIABILITY.** FINET will be responsible for the performance of ACH services as a Third Party Processor in accordance with the terms of this Agreement and the Rules and Regulations. FINET will not accept responsibility for errors, acts, or failure to act by others, including but not limited to, bank communication common carriers or clearing houses through which Entries may be passed and or originated. FINET will not be responsible for any loss, liability or delay caused by fires, earthquakes, war, civil disturbances, power surges or failures, acts of governments, labor disputes, failures in communication networks, legal constraints or other events beyond the control of FINET.

## ADDITIONAL TERMS AND CONDITIONS

**FEES AND PAYMENT.** FINET will notify MERCHANT of fees due for services rendered. Any changes to the existing fee structure as stated in this Agreement must be made in writing to the MERCHANT with 30 days notice. MERCHANT has the right to cancel the agreement in writing at that time. MERCHANT also agrees to provide FINET the information necessary to facilitate an electronic debit to MERCHANT's account(s) for fees due.

**VOLUME ANALYSIS.** FINET will routinely analyze MERCHANT origination and return activity. In the event the MERCHANT exceeds its established threshold parameters or ceases to do business with FINET, FINET shall have the right at any time to place a percentage of the provisional or final credit provided to MERCHANT for each Debit Entry originated by it in Escrow for a period of 180 days after the last return.

**CONFIDENTIALITY.** Each party represents, warrants and mutually agrees that all information concerning the other party which comes into its possession during the term of this Agreement shall be maintained as confidential and shall not be used or divulged to any other party except as necessary to permit the activities contemplated under this Agreement or as required by law.

**GOVERNING LAW.** This Agreement is governed by, and shall be construed under, the laws of the Commonwealth of Kentucky without regard for the principles and conflicts of law.

**ARBITRATION.** Any dispute between the parties shall be submitted to binding arbitration, to be conducted pursuant to the rules of the American Arbitration Association. Any award may include an award for attorney fees and costs.

**AGREEMENT MODIFICATION AND TERM.** Notice will be made in writing before this agreement can be modified. Use of services after any such modification will evidence acceptance of the modification(s). Agreements may be terminated at any time with 30 days written notice. Any termination will not affect the rights or obligations of either party arising before termination of this Agreement.

**DAMAGE WAIVER.** FINET will not be liable to the MERCHANT for any special, consequential, indirect or punitive damages, whether or not (1) any claim for these damages is based on tort or contract law or, (2) either party knew or should have known the likelihood of these damages in any situation. FINET makes no representations or warranties other than those expressly made in this Agreement.

**RESERVE BALANCE.** Reserve Escrow Account Required: Yes No (circle one).

For MERCHANTS where Reserve Escrow Accounts are required, MERCHANT acknowledges that an amount equal to \_\_\_ percent of highest monthly origination total amount will be held in escrow by FINET. This amount will remain in escrow for a period of 90 business days following the last debit transaction initiated by MERCHANT. MERCHANT acknowledges that this escrow account will be used to fund any and all returned items. MERCHANT acknowledges that no amount of this escrow account can or will be refunded until such time that this agreement is terminated. For purposes of funding the escrow account FINET agrees to deduct an amount equal to no more than \_\_\_ percent of each debit origination until such time that the entire \_\_\_ percent reserve escrow amount is reached.

**FUNDING POLICY.** MERCHANT acknowledges that funding for each origination will be delayed for 5 (five) business days, and the amount disbursed will be the origination amount less returned items, processing fees, any reserve amount as required. MERCHANT must maintain at least 5 (five) business days worth of unfunded transactions with FINET. Unfunded amount may not be less than 75 (seventy five) percent of the highest consecutive 5 (five) business day average.

**ENTIRE AGREEMENT.** This Agreement makes up the entire Agreement between the parties concerning ACH services. If any provision of this Agreement is deemed unenforceable, the remaining provisions shall still be enforceable. There are no third party beneficiaries of this Agreement.

## Financial National Electronic Transfer, Inc.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name (Print or Type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

Merchant Name: \_\_\_\_\_

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Name (Print or Type)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

ACH AGREEMENT APPLICATION INSTRUCTIONS

**PLEASE PRINT CAREFULLY. INACCURATE INFORMATION MAY RESULT IN A DELAY IN PROCESSING YOUR APPLICATION OR DISBURSEMENT OF YOUR FUNDS!**

Most of the blanks are self explanatory. Refer to the following for specific clarification.

**MERCHANT INFORMATION:**

If you do not have a Federal or State Tax ID, use your Social Security Number. You must provide an email address. This will be used to send your transaction reports. We do not provide reports by fax or mail.

**BANKING INFORMATION:**

The Routing Number and account number can be found on your business or personal check. See the attached GIF to determine which is which. Note the check number at the top of your check. Sometimes this is included on the bottom of your check with your account number. Do NOT include this number with your account number. *It is essential that you provide this information; otherwise, we will not be able to deposit your funds into your account.*

**ESTIMATED TRANSACTION INFORMATION AND THRESHOLD PARAMETERS.**

These are estimates only, but estimate on the high side. If your volume increases, we can adjust the parameters at a later time. We understand that you cannot predict the actual number or amounts; however, we must establish some parameters to manage risk for both of us. Please note that we cannot accept payments in excess of \$1,000 for any single transaction. Do not change the figures in the Return Percentages.

**FEES**

Our fees will be deducted from your disbursement from us. The Monthly Maintenance Fee will be debited from your deposit account once each month as a separate transaction. The fees charged to you by Authotrans are over and above these and will NOT be deducted from your disbursement.

**NOTE:** Be sure to sign both pages of the agreement (**Schedule A**) and send it with the completed application.

**MAIL ORIGINAL APPLICATION TO:**

Palmer Group  
4265 Hidden Cove Rd.  
Park City, UT 84098

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**EFT Processing Handbook**

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# EFT Handbook

## Customer Overview

EFT stands for Electronic Funds Transfer. It is a service provided by FiNET and used by businesses to electronically collect payments from consumers' checking accounts. Because you've already made the decision to use EFT, you're already aware of the advantages such as faster and less expensive access to your funds.

In general, the EFT system operates as follows:

- Your customers agree to pay you for your merchandise or services by allowing you to directly debit their checking accounts. The customer authorizes you to do this electronically at the time they select the pay button on your web site.
- The data is collected and managed by your gateway provider. At the end of each day, this data is forwarded to us. We, in turn, build the electronic debit data for submission to the ACH network. We process the data so that one business day following our receipt of the information, the payment is effective in the consumers' accounts.
- You will receive emailed reports from your gateway provider notifying you of the payments processed through their system.
- Five business days after the effective date of the debits, your funds will be automatically deposited into your account. NOTE: Processing fees will be deducted prior to its disbursing those funds.
- On the date the funds are disbursed, we will provide you an electronic file or a remittance report containing all remittance information for the debits we performed on your behalf. You will receive a remittance file for each day for which we debited accounts on your behalf. This remittance file contains all necessary information for you to post your accounts receivable.

**Initially, you will be required to sign the attached ACH Agreement and once the application is approved, we will provide you with the necessary specifications and or software to begin collecting your payments.**

No doubt by now, you've already seen and read the FiNET ACH (Automated Clearing House) Agreement. This form contains specific information relating to your business and the parameters under which we operate. Specifically, we are looking for details about how to contact you, financial information (used for credit and account analysis as well as bank and charge account information), services and limits, and the fees you agree to pay us for our services. We recommend that you call us after your initial review of this application and when you're ready to complete the application. This allows us to review the type of business you are operating and subsequently help you with establishing your estimated transaction volume and threshold parameters.

**Estimated Transaction Information and Threshold Parameters.** *A special note.*

This information is necessary to help us protect you and us from accidental or fraudulent transaction processing. Initially, we will establish some limits on the number and amount of transactions you will process. In most cases, this should not have any effect on your ability to operate; it simply tells us what to expect and incorporates some reasonable limits of operation. For example, if you expect to process 5000 transactions per month with an average transaction amount of \$20.00, then your monthly limit would be \$100,000. This does not mean that we cannot increase your limits. It just allows us to keep our finger on the pulse of your volume.

You'll also note that we've established some limits on returns based upon percentage of your transaction volume. Our analysis of current trends tells us that these are well within the thresholds of standard, hard-goods commerce. If these limits are exceeded, there are several alternatives which mitigate or eliminate the additional risk:

1. Adjust your processing fees or payment structure. We can increase your per transaction fees, return item fees, discount fees, etc. This must of course be agreeable between both parties.
2. Establish a reserve escrow account. Reserve accounts are used to keep aside the necessary funds to cover returned items in the event the company becomes insolvent or is otherwise unable to meet its obligations with us. This is done in a variety of ways and for differing amounts, depending upon the circumstances. In most cases, we will agree to keep aside a percentage (usually 10 percent) of each disbursement until such time the required reserve amount is reached (usually 100 percent of your highest month's transactions). These funds are maintained in escrow until such time that our processing arrangement is discontinued for any reason. This must also be agreeable between both parties.
3. Discontinue our processing arrangement. This is only necessary if the customer is not agreeable to other terms or if the business is deemed by us to be illegal, fraudulent, misleading, etc.

Additionally, please note that as a matter of security, FiNET requires that consumers provide their telephone number when entering their payment information. FiNET subsequently makes random selections from this data and makes calls to consumers to verify authorization and banking data. In the unlikely event that consumers indicate that a purchase was not authorized, our agreement will be reviewed and will be subject to immediate termination.

Schedule A is actually part of the ACH Agreement. We strongly encourage you to read it carefully as it contains the rules and guidelines under which we will operate. Although our procedures are conventional, they may appear confusing in the beginning. But please be assured, that once your system is in full operation, things will operate very smoothly.

**Through the use of your online gateway, your data is automatically collected, consolidated, and sent to us, thus there is no need to send us data; however, in some cases you may want to receive electronic data from us. Our default method of reporting to you is via email; however, we offer electronic versions of both returns and remittance data at no additional charge. Be sure to request this specifically if that is what you need.**

FiNET can provide an electronic remittance settlement report for each day debits are processed. Settlement reports are provided 5 business days following the effective date of debits. For example, if FiNET originated debits effective on Tuesday, April 15, an electronic report will be provided on Tuesday, April 22. This report will contain a record for each debit processed. Each record will also display all applicable fees and return information. The total amount in the DISBURSED column will reflect the amount FiNET transferred to your account.

Your remittance data contains information about each of your customers for which we attempted to debit. Some debits result in "returned items." Returned items are the equivalent of a returned check. There are numerous possible reasons for returned items; most notable is NSF (Non Sufficient Funds). The table below explains each data element on your remittance data file.

DATA ELEMENT	DESCRIPTION
CONO	Company Number assigned to Merchant by FiNET
CONAME	Name of Merchant's Company
CREDIT	Amount Credited to Merchant's FiNET account (amount debited from consumer's account).
DEBIT	Amount subtracted from Merchant's FiNET account. This will be zero unless the original item was returned (NSF, etc)
COLLECTED	CREDIT minus DEBIT
ORIG FEE	Origination Fee charged for originating debit to consumer's account
DISC FEE	Discount Fee. Charge based upon amount of the debit.
RET FEE	Return Fee. Charged only if original item resulted in a return record (NSF, NOC, etc)
DISBURSED	Amount disbursed to merchant after all returns and fees
EEDATE	Effective Entry Date. Date debit was effective on consumer's account
Return Reason	Explanation of return item (only if a return item was received)
Date Received	Date return was received (only if a return item was received)
INDIVID	Phone number of individual for which item was originated
INDIVNAME	Name of individual for which item was originated

**NOTE:** Some records may have zero CREDIT entries with a positive DEBIT entry. This will result in a negative COLLECTED amount along with a positive RET FEE. These records are known as late returns, i.e., returns we received following the 5 business day settlement period. Although most returned items will be received within 5 business days, it is possible to receive them at a later time. ***The Merchant is responsible for funding all returned items.*** It is important to note that the Merchant has already received credit for these items in a previous settlement; thus no matching entry is available in the current remittance report.