

**CORNERSTONE**  
BANK  
**ACH Origination Agreement**

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by and between: \_\_\_\_\_, (hereafter known as the Company) and Cornerstone Bank.

The Company has requested that the Cornerstone Bank permit it to initiate electronic signals for paperless entries through the Cornerstone Bank to accounts maintained at Cornerstone Bank and at other financial institutions, by means of Automated Clearing House ("ACH"). Cornerstone Bank has agreed to do so on the terms of this agreement.

Now, therefore, the Company and the Cornerstone Bank agree as follows:

**1) Rules**

- a) The Company acknowledges receipt of a copy of the operating rules of NACHA. The Company agrees to comply with and be bound by these rules.
- b) Cornerstone Bank agrees to update the Company with any new revisions as Cornerstone Bank is updated.

**2) Transmission of Entries: Security Procedures**

- a) The Company will transmit all debit and credit entries to Cornerstone Bank on or before the deadlines, as described on the attached processing schedule.
- b) The Company will conform all entries to the format, content and specifications contained in the NACHA rules. Originators must be aware that they are subject to applicable U.S. law when initiating ACH transactions.
- c) The Company authorizes Cornerstone Bank to transmit all entries received by Cornerstone Bank from the Company in accordance with the terms of this agreement and to credit or debit entries to the specified accounts.

**3) Financial Institution Obligations**

In a timely manner, and in accordance with NACHA rules, Cornerstone Bank will process, transmit, and settle for the entries received from the Company which comply with the terms of this agreement, including the security procedures.

**4) Warranties**

The Company warrants to Cornerstone Bank all warranties Cornerstone Bank is deemed by the Rules to make with respect to entries originated by the Company. Without limiting the foregoing, the Company warrants and agrees that:

- a) Each entry is accurate, is timely, and has been authorized by the party whose account will be credited or debited and otherwise complies with the Rules.
- b) Each debit entry is for a sum which, on the settlement date with respect to it, will be owing to the Company from the party whose account will be debited, is for a sum specified by such party to be paid to the Company, or is a correction of a previously transmitted erroneous credit entry.
- c) The Company has complied with all prenotification requirements of the Rules.
- d) The Company will comply with the terms of the Electronic Funds Transfer Act if applicable, of Uniform Commercial Code Article 4A (UCC4A) if applicable, and shall otherwise perform its obligations under this Agreement in accordance with all applicable laws and regulations.

e) The Company will obtain written authorizations for consumer entries in accordance with 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.

f) The Company shall indemnify Cornerstone Bank against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any of the foregoing warranties or agreements.

g) It shall be the responsibility of the Company that the origination of ACH transactions complies with the laws of the United States. 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 Company to obtain information regarding such OFAC enforced sanctions. (This information may be obtained directly from the OFAC Compliance Hotline at (800) 540-OFAC.)

## **5) Provisional Credit**

a) The Company acknowledges that the Rules make provisional any credit given for any entry until the financial institution crediting the account specified in the entry receives final settlement.

b) If the financial institution does not receive final settlement, it is entitled to a refund from the credited party and the originator of the entry shall not be deemed to have paid the party.

## **6) Settlement**

a) The Company will maintain an account with Cornerstone Bank at all times during the term of this agreement.

b) The Company will maintain in the account as of the applicable settlement date immediately available funds sufficient to cover all credit entries initiated by it.

c) The Company authorizes Cornerstone Bank to debit its account on the applicable settlement date in the amount of each entry.

## **7) Cancellation or Amendment**

a) The Company shall have no right to cancel or amend any entry/file after its receipt by Cornerstone Bank. However, Cornerstone Bank shall use reasonable efforts to act on a request by the Company to cancel any entry/file before transmitting it to the ACH or crediting an on-us entry. Any such request shall comply with the security procedures.

b) Cornerstone Bank shall have no liability if it fails to effect the cancellation.

## **8) Rejection of Entries**

a) Cornerstone Bank shall reject any entry, including an on-us entry, which does not comply with the requirements of Section 1 of this agreement and may reject any entry if the Company is not otherwise in compliance with the terms of the agreement.

b) Cornerstone Bank shall notify the Company by telephone or fax of such rejection no later than the business day such entry would otherwise have been transmitted by Cornerstone Bank to the ACH or in the case of an on-us entry, its effective entry date.

c) Cornerstone Bank shall have no liability to the Company by reason of the rejection of any entry or the fact that such notice is not given at an earlier time than provided for herein.

d) Cornerstone Bank shall retain the right to reject any on-us transaction for any valid reason such as but not limited to insufficient funds or revoked authorization.

## **9) Notice of Returned Entries**

- a) Cornerstone Bank shall notify the Company by fax or telephone of the receipt of a returned entry from the ACH no later than one business day after the business day of such receipt.
- b) Cornerstone Bank shall have no obligation to retransmit a returned entry if Cornerstone Bank complied with the terms of this agreement with respect to the original entry.
- c) If a customer of the Company returns any transaction, then it is “The Company’s” responsibility to collect any funds that are owed.
- d) Cornerstone Bank has no obligation to originate a transaction where authorization has been revoked.

#### **10) Reversals**

The Company may initiate a reversing entry as permitted by the Rules.

#### **11) Periodic Statement**

- a) The periodic statement by Cornerstone Bank for “The Company’s” account will reflect entries credited and debited to “The Company’s” account.
- b) The Company agrees to notify Cornerstone Bank within a reasonable time, not to exceed 30 days after the Company receives a periodic statement, of any discrepancy between “The Company’s” records and the information in the periodic statement.

#### **12) Fees**

- a) The Company agrees to pay Cornerstone Bank for services provided under the agreement in accordance with the schedule of charges attached to this agreement.
- b) Cornerstone Bank may change its fee schedule from time to time upon notice to the Company.

#### **13) Liability**

- a) Cornerstone Bank shall be responsible only for performing the services expressly provided for in this agreement and shall be liable only for its negligence in performing those services.
  - 1) Cornerstone Bank shall not be responsible for “The Company’s” acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or due authorization of any entry received from the Company or those of any other person, including without limitation any Federal Reserve Financial Depository Institution (including without limitation the return of an entry by such receiver or Receiving Depository Financial Institution), and no such person shall be deemed Cornerstone Bank’ agent.
  - 2) The Company agrees to indemnify Cornerstone Bank against any loss, liability or expense (including attorney’s fees and expenses) resulting from or arising out of any claim of any act or omission of the Company or any other person described in this Section 13 (a) 1 & 2.
- b) In no event shall Cornerstone Bank be liable for any consequential, special, punitive or indirect loss or damage which the Company may incur or suffer in connection with this agreement including without limitation loss or damage from subsequent wrongful dishonor resulting from Cornerstone Bank’ acts or omissions pursuant to this agreement.
- c) Without limiting the generality of the foregoing provisions, Cornerstone Bank shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond Cornerstone Bank’ control.

d) Cornerstone Bank shall be excused from failing to transmit or delay in transmitting an entry if such transmittal would result in Cornerstone Bank' having exceeded any limitation upon its internal day net funds position established pursuant to present or future Federal Reserve guidelines or in Cornerstone Bank' otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

e) Subject to the foregoing limitations, Cornerstone Bank' liability for loss shall be limited to general monetary damages not exceeding the total amount paid by the Company for the affected ACH service, as performed by Cornerstone Bank under this agreement for the preceding 30 calendar days.

#### **14) Inconsistency of Name and Account Number**

The Company acknowledges that, if any entry describes the receiver inconsistently by name and account number, payment of the entry may be made on the basis of the account number even if it identifies a person different from the named receiver.

#### **15) Data Retention**

The Company shall retain data on file adequate to permit remaking of entries for five (5) business days following the date of their transmittal to Cornerstone Bank as provided herein and shall provide such data to Cornerstone Bank upon its request.

#### **16) Termination**

a) Cornerstone Bank may amend the terms of the agreement from time to time by notice to the Company.

b) Either party may terminate this agreement upon (10) days written notice to the other.

c) Cornerstone Bank shall have no obligation to transmit entries if the Company is in default of its obligation under this agreement, including the obligation to pay Cornerstone Bank for each credit entry.

d) Cornerstone Bank shall be entitled to rely on written notice believed by it in good faith to be signed by one of the authorized representatives whose names and signatures are set forth on this agreement.

#### **17) Entire Balance**

a) This agreement (including the attached hereto), together with the account agreement, is complete and exclusive statement of the agreement, between Cornerstone Bank and the Company with respect to the subject matter hereof and supersedes any prior agreement(s) between Cornerstone Bank and the Company with respect to such subject matter.

b) In the event of any inconsistency between the terms of this agreement and the account agreement, the terms of this agreement shall govern.

c) In the event performance of the services provided herein in accordance with the terms of this agreement would result in a violation of any present or future statute, regulation, or government policy to which Cornerstone Bank is subject and which governs or affects the transactions contemplated by this agreement, then this agreement shall be deemed amended to the extent necessary to comply with such statute, regulation, or policy, and Cornerstone Bank shall incur no liability to the Company as a result of such violation.

#### **18) Non-Assignment**

The Company may not assign the agreement or any of the rights or duties hereunder to any person without Cornerstone Bank' prior written consent.

**19) Binding Agreement Benefit**

This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns. This agreement is not for the benefit of any person, and no other person shall have any right against Cornerstone Bank or the Company hereunder.

**20) Headings**

Headings are used for reference purposes only and shall not be deemed a part of this agreement.

**21) Governing Law**

This agreement shall be constructed in accordance with and governed by the laws of the State of Arkansas and the NACHA rules.

\_\_\_\_\_  
Company Name

By:\_\_\_\_\_  
Signature

Name:\_\_\_\_\_  
Title:\_\_\_\_\_

Cornerstone Bank

By:\_\_\_\_\_  
Signature

Name:\_\_\_\_\_  
Title:\_\_\_\_\_

## **SECURITY PROCEDURES**

The Cornerstone Bank shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an authorized representative, and any such communication shall be deemed to have been signed by such person(s).

## **PERSONAL COMPUTER FILE TRANSMISSION**

The Company's authorized representative will access the ACH system by utilizing the prearranged log on procedures, remote ID and file ID.

The Company's authorized representative will provide the Cornerstone Bank with verification of the totals contained in the transmission by sending a facsimile transmission to the Cornerstone Bank contact. In the event that the company or the authorized representative is unable to fax the information, the company's authorized representative will telephone the Cornerstone Bank' contact with the verification and also mail the information as backup on the same day transmitted.

The Cornerstone Bank will anticipate the receipt of ACH transmission from the Company on each scheduled processing date identified by the company in writing and agreed to by the Cornerstone Bank. The Company's representative will notify the Cornerstone Bank if a transmission will not take place on the prearranged schedule processing date. The Company is responsible for ensuring that the Cornerstone Bank receives the transmission on each processing schedule.

The Cornerstone Bank will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, the Cornerstone Bank will call the specified company representative designated by an authorized signatory of the company. If an authorized representative is not available for notification, then the file will not be processed until the company's representative can be contacted on the next business day.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Company's personal computer and used for Cornerstone Bank money transfer. The Company agrees to comply with written procedures provided by the Cornerstone Bank for the creation, maintenance, and initiation of Cornerstone Bank money transfers.

The Company is solely responsible for access by its employees of the data files maintained on the Company's computer.

The Company is responsible for operator security procedures on the one personal computer licensed for use of the program.

## **HAND-DELIVERED FILES**

The Company's authorized representative will hand deliver file(s) to the designated location. Each hand delivered file will be accompanied by a transmittal register, signed by an authorized signatory of the account.

The Company's authorized representative will provide the Cornerstone Bank with verification of the totals contained in the hand delivered file(s) by sending a facsimile transmission to the Bank of Eureka Spring' contact with the verification and also mail the information as backup on the same day transmitted. In no case will the transmittal register accompanying the file be constructed as verification.

The Cornerstone Bank will anticipate the receipt of a Cornerstone Bank file from the Company on each scheduled processing date identified by the Company in writing and agreed to by the Cornerstone Bank. The Company's authorized representative will notify the Cornerstone Bank if a file will not be delivered on the prearranged scheduled processing date. The Company is responsible for ensuring that the Cornerstone Bank receives the file in the processing location on each processing date indicated.

The Cornerstone Bank will verify that the file totals agree with the Company information given by fax or phone. In the event of a discrepancy in the totals, the Cornerstone Bank will call the specified Company authorized representative designated by an authorized signatory of the company. If an authorized representative is not available for notification, then the file will not be processed until the Company's representative can be contacted on the next business day.

**ACH AUTHORIZED SIGNATURE FORM**

DATE \_\_\_\_\_

COMPANY NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

\_\_\_\_\_

PHONE # \_\_\_\_\_

TAX ID# \_\_\_\_\_

THE SIGNATURES BELOW ARE THE AUTHORIZED REPRESENTATIVES OF THE ABOVE COMPANY WITH FULL AUTHORITY TO RELEASE ACH FILES AND TRANSMITTAL REGISTERS TO THE CORNERSTONE BANK.

\_\_\_\_\_  
\_\_\_\_\_

THE AUTHORIZED SIGNATURES BELOW ARE TO BE NOTIFIED IN THE EVENT OF ANY DISCREPANCIES AND WILL BE ASKED FOR A WRITTEN STATEMENT FOR APPROVAL BEFORE TRANSMITTAL OF ACH RECORDS ARE DISBURSED.

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