

Obtaining Authorization for ACH Transactions

Vanco Services accepts authorizations for the following four approved ACH transaction types:

- PPD = business to consumer
- CCD = business to business
- TEL = telephone-initiated
- WEB = Internet-initiated

In order to process the above types of ACH transactions, authorization must be received for each participant. Vanco supports the following three forms of authorization currently allowed under ACH rules:

- Written
- Telephone-initiated
- Internet-initiated

Following are the procedures/guidelines, according to ACH rules, that must be adhered to when obtaining authorization for ACH transactions.

Vanco Services will perform random audits to monitor for compliance to these required rules.

Written Authorization (PPD or CCD)

A written authorization can be for either fixed or variable amounts as well as recurring or one-time transactions.

- **Fixed Amount Transactions** - The authorization form must include the amount of each transaction and the dates and/or frequency of the transactions.
- **Variable Amount Transactions** – You must give the participant notification of the amount and the date on or after which the transaction will be debited. This notification must be given at least 10 calendar days prior to the settlement date.

All authorization forms must be signed and dated by the participant and include:

- Participant's name
- Participant's bank routing and account numbers
- A voided check or savings deposit ticket
- Language on how the participant can terminate the authorization

Vanco Services recommends using one of our pre-designed authorization forms. If you choose to design your own form, Vanco Services must review and approve it in order to make certain that all required information is included.

A copy of the authorization form must be retained for a minimum of two years following the date of the last transaction. The only time Vanco Services will retain the authorization is if you fax or mail a written authorization to Vanco Services for entry into our system. Otherwise, you are required to retain the authorization.

For the security and privacy of personal information, Vanco Services highly recommends storing signed authorization forms in a secure place (i.e. a locked cabinet).

Internet-Initiated Authorization (WEB)

If you would like to be able to accept web-initiated transactions, contact your marketing representative for details.

Authorizations received via the Internet can be for either recurring or one-time transactions. As with all transactions, the authorization must conform to the ACH rules and guidelines and include:

- Participant's name
- Participant's bank routing and account numbers
- Language on how the participant can terminate the authorization

Authorizations must be signed or similarly authenticated. Two valid options for authentication are:

- Your safest option is using a User ID and Password that you have assigned to the participant. This User ID and Password must be unique to each participant.
- Generate an email back to the participant confirming the information they entered. The authorization is considered authenticated once the participant has responded to the email.

The authorization must clearly state that it is for an ACH debit, state the terms of the authorization, and (for recurring payments) provide a method to terminate the authorization by notifying you. You should also prompt the participant to print and retain a copy of the authorization. Additionally, the transaction must be coded as "WEB".

NOTE: There are certain risks associated with web transactions. You should take the following steps to minimize your risk:

- Have a way to verify the routing number. This can be done through a database, by computing the check digit, or by calling the participant's financial institution.
- Your web site must also have a minimum of 128-bit SSL encryption.

Telephone-Initiated Authorizations (TEL)

If you would like to be able to accept telephone-initiated transactions, please contact your marketing representative.

When conducting TEL transactions, you must adhere to the following guidelines:

- TEL transactions are conducted for one-time debit entries only
- The participant must initiate the telephone inquiry
- Additional debits to an account require written authorization from the participant and must be initiated by the participant
- Transactions must be coded as a "TEL"
- You must either (1) record the oral authorization or (2) provide the participant with written notice confirming the oral authorization prior to the settlement date

Original or duplicate recordings or written confirmation of participant's authorization must be retained for two years following the date of the transaction and must be made available to Vanco Services upon request to review for compliance.

Telephone-initiated authorizations must include the following information:

- Participant's name
- Date on which the account will be debited
- The amount of the one-time entry debit
- Participant's bank account and routing number
- Date of participant's verbal authorization
- A business telephone number for the participant to call during normal business hours
- A statement that the information given by the participant will be used to originate a single ACH debit entry to the participant's account along with a clear expression of the terms of the authorization

NOTE: There are certain risks associated with telephone transactions. In order to minimize your risk:

- You should verify the identity of the participant.
- Originators of TEL entries are required to utilize commercially reasonable procedures to verify the identity of the participant. Methods include for example, the use of a directory or database to verify participant's name, address and phone number.