

**THE FIRST NATIONAL BANK AND TRUST COMPANY  
NEWTOWN, PA**

**ACH Origination Agreement  
Corporate Cash Management  
(Revised 2/2024)**

This agreement is made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_ by and between \_\_\_\_\_ ("The Company") and The First National Bank and Trust Company of Newtown ("The Financial Institution").

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

Now, therefore, the Company and the Financial Institution agree as follows:

1. **RULES**

The Company should request a copy of the operating rules of NACHA (as amended from time to time, the "Rules"). The Company can request a copy of the Rules by:

- Contacting First National Bank and Trust Company, EFT Department at 215-579-3400

OR

- Contacting NACHA at 703-561-1100 or [www.nachaoperatingrulesonline.org](http://www.nachaoperatingrulesonline.org)

2. **TRANSMISSION OF ENTRIES: SECURITY PROCEDURES**

The Company will transmit all debit and credit entries to the Financial Institution at the location, on or before the deadlines, described and defined in Attachment 1 to the Agreement. The Company will conform all entries to the format, content and specifications contained in the Rules, except as provided with the security procedures described in Attachment 2 to the Agreement. The Company authorizes the Financial Institution to transmit all entries received by the Financial Institution 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 the Rules, the Financial Institution will process, transmit, and settle for the entries received from the Company which comply with the terms of the Agreement, including the security procedures.

4. **WARRANTIES**

- (a) The Company warrants to the Financial Institution all warranties the Financial Institution 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, 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; © the Company will comply with the terms of the Electronic Funds Transfer Act if applicable, or 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. (d) The Company is required to employ commercially reasonable procedures to verify that routing numbers and account numbers supplied by Company's customers' are valid. The Company will retain the original or copy of the customer authorization record as required by the rules for a period of not less than two (2) years after termination or revocation of such authorization and will, upon request of Financial Institution, furnish such original or copy to the Financial Institution. The Company shall indemnify the Financial Institution against any loss, liability, or expense (including attorneys' fees and expenses) resulting from or arising out of any breach of any of the foregoing warranties or agreements.

- (b) All parties to an ACH transaction are subject to the requirements of OFAC. With respect to domestic and international ACH transactions, the Company is responsible for verifying that their originating entries are not a blocked party and for making a good faith effort to determine that your originators are not transmitting blocked funds. The Company should have procedures in place to determine if its ACH customers, employees, etc...are identified as a blocked party on the current SDN list. This list can be accessed via the internet at The US Treasury website. The Company is solely responsible for screening each of their individual entries as per OFAC guidelines.
- (c) The Bank strictly prohibits the Company to transmit any transactions from outside the territorial jurisdiction of the United States to the Bank to be entered into the United States ACH network. If Company submits International ACH transactions, all National System of Fines will be assessed directly to the Company.
- (d) The Bank strictly prohibits the Company from becoming, in any way, a Third-Party Sender or Nested Third-Party Sender as defined by the Rules. The Company warrants that it is not and shall not become a Third-Party Sender or a Nested Third-Party Sender during the term of this Agreement.

## **5. PROVISIONAL CREDIT**

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. 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**

The Company will maintain an account with the Financial Institution at all times during the term of this Agreement. 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. The Company authorizes the Financial Institution to debit its account on the applicable settlement date in the amount of each entry. The Financial Institution is permitted to debit any account maintained by Company with First National Bank and Trust Company of Newtown or an affiliate of First National Bank and Trust Company of Newtown may set-off against any amount it owes to Company in order to obtain payment for Company obligation.

7. **CANCELLATION OR AMENDMENT**

The Company shall have no right to cancel or amend any entry/file after its receipt by the Financial Institution. However, the Financial Institution shall use reasonable efforts to act on a request by the Company to cancel an entry/file before transmitting it to the ACH or crediting an on-us entry. Any such request shall comply with the security procedures described in Attachment 2 to the Agreement. The Financial Institution shall have no liability if it fails to affect the cancellation.

8. **REJECTION OF ENTRIES**

The Financial Institution 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. The Financial Institution shall notify the Company by fax or telephone of such rejection no later than the business day (as that term is defined in Attachment 1) such entry would otherwise have been transmitted by the Financial Institution to the ACH or, in the case of an on-us entry, its effective entry date. The Financial Institution 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 that provided for herein. The Financial Institution 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**

The Financial Institution shall notify the Company by U. S. Postal Mail of the receipt of a returned entry from the ACH mailed no later than one business day after the business day of such receipt. The Financial Institution shall have no obligation to retransmit a returned entry if the Financial Institution complied with the terms of this Agreement with respect to the original entry. If a customer of the Company returns any transaction, then it is the Company's responsibility to collect any funds that are owed. The Financial Institution has no obligation to originate a transaction where authorization has been revoked.

10. **REVERSALS**

The Company may initiate a reversing entry or file of entries as permitted by the Rules.

11. **PERIODIC STATEMENT**

The periodic statement issued by the Financial Institution for the Company's account will reflect entries credited and debited to the Company's account. The Company agrees to notify the Financial Institution within a reasonable time, not to exceed thirty (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**

The Company agrees to pay the Financial Institution for services provided under the Agreement in accordance with the schedule of charges found on the corporate cash management application. Company is also responsible for any sales, use, excise, value added, utility or other similar taxes relating to the services provided herein, and any fees or charges provided for in the agreement between The First National Bank and Trust Company of Newtown and Company with respect to the account. The Financial Institution may change its fees from time to time upon notice to the Company. In addition, the Company is responsible for any fees or charges that result from an overdraft or other misuse of an account at the Financial Institution.

13. **LIABILITY**

- (a) The Financial Institution 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. The Financial Institution 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 Institution or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution), and no such person shall be deemed the Financial Institution's agent. The Company agrees to indemnify the Financial Institution against any loss, liability, or expense (including attorney's fees and expenses) resulting from or arising out of any claim of any person that the Financial Institution is responsible for any act or omission of the Company, or any other person or entity described in this Section.13(a)
- (b) In no event shall the Financial Institution be liable for any consequential, special, punitive, or indirect loss or damage which the Company may incur or suffer in connection with Agreement, including without limitation loss or damage from subsequent wrongful dishonor resulting from the Financial Institution's acts or omissions pursuant to this Agreement.
- (c) Without limiting the generality of the foregoing provisions, the Financial Institution 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 the Financial Institution's control. In addition, the Financial Institution shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in the Financial Institution's having exceeded any limitation upon its intra-day net funds position established pursuant to present or future Federal Reserve guidelines present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.
- (d) Subject to the foregoing limitations, the Financial Institution's liability for loss shall be limited to general monetary damages not to exceed the total amount paid by the Company for the affected ACH service, as performed by the Financial Institution under this agreement for the preceding 30 calendar days.

14. **INCONSISTENCY OF NAME AND ACCOUNT NUMBER**

The Company acknowledges that, if an 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 the Financial Institution as provided herein and shall provide such data to the Financial Institution upon its request.

16. **TERMINATION**

Company may terminate this Agreement at any time. Such termination shall be effective on the second business day, as that term is defined in Attachment 1 following the day of Bank's receipt of written notice of such termination or such later date as is specified in that notice. Bank

reserves the right to terminate this Agreement immediately upon providing written notice of such termination to Company. Any termination of this Agreement shall not affect any of Company's obligation arising prior to such termination. The Financial Institution shall be entitled to rely on any 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 Attachment 4 to the Agreement.

17. **ENTIRE AGREEMENT**

This Agreement (including all schedules and applications and related documents attached hereto), together with the Account Agreement, is the complete and exclusive statement of the agreement between the Financial Institution and the Company with respect to the subject matter hereof and supersedes any prior agreement(s) between the Financial Institution and the Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. 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 the Financial Institution 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 the Financial Institution shall incur no liability to the Company as a result of such violation or amendment.

18. **NON-ASSIGNMENT**

The Company may not assign the Agreement or any of the rights or duties hereunder to any person without the Financial Institution's 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 other person, and no other person shall have any right against the Financial Institution 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 construed in accordance with and governed by the Commonwealth of Pennsylvania.

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

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

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

The First National Bank and Trust Company of Newtown

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

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

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

Date of Final Acceptance: \_\_\_\_\_

**ATTACHMENT 1**  
**Transmission Location and Formatting Instructions**

If submitting a file to the Financial Institution, all files will be formatted in a NACHA or other preapproved format. Transmission specifications will be established by The First National Bank and Trust Company of Newtown.

**ACH PROCESSING DEADLINES & DEFINITIONS**

***Processing Deadline for Transactions created in the Online Banking System:***

All Entries

Must be submitted before 4:00 pm one (1) or two (2) business days prior to effective date.

***Processing Deadline for submitting a file:***

Credit Entries\*

Transmission of a File: until 12:00 noon one (1) or two (2) business days prior to effective date.

Debit Entries

Transmission of a File: until 12 noon one (1) business day prior to effective date.

"Business day" is a day The First National Bank and Trust Company of Newtown is open to the public for conducting substantially all of its business until 3:00 p.m. other than Saturday, Sunday, or listed holidays.

"Effective Date" must be a business day, or the record will be processed on the first business day following the effective date.

"On-Us" entries are defined as "entries" to an account maintained by The First National Bank and Trust Company of Newtown.

**HOLIDAY SCHEDULE**  
**(Non-processing Days)**

New Year's Day	_____X_____
Martin Luther King , Jr. Day	_____X_____
Presidents' Day	_____X_____
Memorial Day	_____X_____
Juneteenth	_____X_____
Independence Day	_____X_____
Labor Day	_____X_____
Columbus Day	_____X_____
Veteran's Day	_____X_____
Thanksgiving Day	_____X_____
Christmas Day	_____X_____

*\*To include all Electronic Federal Tax Payment System (EFTPS) Remittance*

## **ATTACHMENT 2** **Security Procedures**

The Financial Institution 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. The names and signatures of Authorized Representatives are set forth in Attachment 3 attached hereto. Company may add or delete any Authorized Representative by written notice to Financial Institution signed by at least two Authorized Representatives other than that being added or deleted. Such notice shall be effective on the second business day, as that term is defined following the day of Bank's receipt thereof.

### **Online Banking ACH Transaction Usage**

The Company's Authorized Representative will access the ACH system by utilizing the prearranged log-on procedures, remote ID and file ID, if applicable.

If signature comparison is to be used as part of security procedure, The First National Bank and Trust Company of Newtown shall be deemed to have complied with that part of the procedure if it compares the signature accompanying a file with the signature of an authorized representative of Company and, on the basis of such comparison, believes the signature accompanying such file to be that of such authorized representative.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Online banking system. The Company agrees to comply with written procedures provided by the Financial Institution for the creation, maintenance, and initiation of 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 Online Banking System.

### **On-Line Banking ACH Transaction Usage**

The Company's Authorized Representative will access the ACH system by utilizing the prearranged log-on procedures, remote ID and file ID, if applicable.

Company must conform to the requirements of the NACHA Operating Rules which require consumer authorizations be (1) in writing that is signed or similarly authenticated by the Receiver. The consumer must be able to read the authorization language displayed on the computer screen or other visual display. (2) Be readily identifiable as an ACH debit authorization, (3) clearly and conspicuously state its terms, and (4) must (for recurring payments only) provide the Receiver with a method to revoke their authorization by notifying the Originator.

If signature comparison is to be used as part of security procedure, The First National Bank and Trust Company of Newtown shall be deemed to have complied with that part of the procedure if it compares the signature accompanying a file with the signature of an authorized representative of Company and, on the basis of such comparison, believes the signature accompanying such file to be that of such authorized representative.

The Company is solely responsible for the accurate creation, modification, and deletion of the account information maintained on the Online banking system. The Company agrees to comply with procedures provided by the Financial Institution for the creation, maintenance, and initiation of money transfers.

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



The following sections detail the minimum components that need to be audited in order to be in compliance with the audit requirement.

**(1) Physical security to protect against theft, tampering or damage.**

- Critical network, server, and telecommunications equipment should be placed in physically secure locations that permit access only to authorized personnel.
- Firewalls must be fully deployed with secured processes for administering those firewalls.
  - Firewalls must protect websites from inappropriate and unauthorized access.
- Disaster recovery plans must be developed and reviewed periodically.

**(2) Personnel and access controls to protect against unauthorized access and use.**

- A formal set of security policies and procedures must be developed that clearly outline the corporate rules governing access to sensitive financial data.
- Hiring procedures should be developed that will, at a minimum, verify application information and check references on new employees that will have access to Receiver financial information.
- Relevant employees must be educated on information security and company practices and their individual responsibilities.
- Access controls should be in place to:
  - Limit employee access to secure areas and to documents/files that contain Receiver financial information.
  - Ensure that terminated employees have no access to secure information and areas.
  - Permit visitors to these areas and information only when absolutely necessary and ensure they are accompanied by an employee at all times.
  - Restrict access from external networks to authenticated users (i.e. by passwords or login codes).
  - Ensure that one person acting alone cannot circumvent safeguards, i.e. dual control procedures are in place.
- Procedures and audit trails need to be established to scrutinize activities of users with access to Receiver information in order to detect anomalies.

**(3) Network security to ensure secure capture, storage, and distribution.**

- All Receiver financial information should be kept behind firewalls and in an area inaccessible from the Internet.
- A data retention schedule should be developed that covers the policies on how to handle the data from the time of capture to destruction.
- Retention schedules should be monitored to ensure that they are being met.

- Receiver information should only be stored permanently if it is required by law, regulation, rule, or a governing organization.
- Data should not be stored longer than necessary.
- Distribution of Receiver data should be limited, with procedures and controls in place governing how it is distributed.
- The need for distributing Receiver data should be reviewed, and all distribution is verified and approved.
- Receiver data sent across networks must be encrypted.
- Use and regularly update anti-virus software.
- Regularly test security system and processes.
- 128 bit SSL encryption technology required or what is designated by NACHA Regulation is considered commercially reasonable.

The Company is responsible for operator security procedures on the Online Banking System.

#### **ACH File submission**

The Company's Authorized Representative will deliver the file via the Online Banking System.

The Company's Authorized Representative will also provide the Financial Institution with verification of the totals contained in the delivered file(s) by e-mailing The Online Banking Manager (onlinebankingmanager@fnbn.com). In the event that the Company or the Authorized Representative is unable to E-mail the information, the Company's Authorized Representative will telephone the Financial Institution's Online Banking manager 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 construed as verification.

For ACH files submitted to the Financial Institution, each will verify that the file totals agree with the Company information given by E-mail or phone. In the event of a discrepancy in the totals, the Financial Institution 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 Authorized Representative can be contacted on the next business day.



THE FIRST NATIONAL BANK & TRUST COMPANY OF NEWTOWN  
ACH ORIGINATION APPLICATION

ACH Origination services will not be considered unless this application is  
**FILLED OUT COMPLETELY**

**Applicant:** \_\_\_\_\_  
**Date of Application:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
**Type of Business:** \_\_\_\_\_  
**Under present Management since:** \_\_\_\_\_ **Our Customer Since:** \_\_\_\_\_  
**Number of years in operation:** \_\_\_\_\_  
**Federal Tax Identification Number:** \_\_\_\_\_  
**Principal Contact:** \_\_\_\_\_ **Telephone:** \_\_\_\_\_  
**Dollar value of transaction (per month):** \_\_\_\_\_ **credits** \_\_\_\_\_  
**Type of transactions (explain in Detail):** \_\_\_\_\_  
**Account of fund origination:** \_\_\_\_\_  
**Account to be charged for fees:** \_\_\_\_\_  
**Collateral offered (explain in detail):** \_\_\_\_\_  
\_\_\_\_\_  
**Guaranty offered (name):** \_\_\_\_\_  
  
**Other Accounts:**  
**Checking account:** \_\_\_\_\_  
**Savings Account:** \_\_\_\_\_  
**Other Account:** \_\_\_\_\_  
\_\_\_\_\_

**CREDIT REFERENCES**

<b>NAME</b>	<b>CONTACT</b>	<b>PHONE</b>	<b>TYPE OF BUSINESS</b>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**\$25.00 Per Month**

The undersigned hereby certify that the information given in the foregoing statement is true and complete and is submitted for the purpose of obtaining ACH origination services. You are hereby authorized to verify any information listed in this application including ordering credit report(s) and other credit information on the entity(s) or individual(s) listed in this application. You are further authorized to obtain such information as you may require concerning foregoing statements. All information gathered shall at all times remain the property of The First National Bank and Trust Company of Newtown.

Signatures of authorized representatives of the applicant:

<b>Name (print or type)</b>	<b>Title</b>	<b>Social Security #</b>	<b>Signature</b>
_____	_____	_____	_____
_____	_____	_____	_____

**REQUIRED FINANCIAL INFORMATION**

As stated in our ACH Origination Policy, The First National Bank and Trust Company of Newtown will consider only ACH origination applications supported by the full financial disclosure. Three fiscal financial statements and an interim financial statement (after 90 days from the fiscal closing), including a balance sheet, profit and loss statement, and a reconciliation of surplus, are required. In addition, forecasts, aged accounts receivable and payable lists, appraisals of real estate or machinery and equipment, etc., may be required.

**No application will be considered unless required information is submitted**

**FOR BANK USE ONLY**

Creditor	Account Number	Start Date	State Bal.	Balance
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Date of Credit Bureau Report: \_\_\_\_\_  
Date of Latest Tax Returns: \_\_\_\_\_  
Date of Latest F/S and P/L: \_\_\_\_\_  
Approving Bank Officer (Initial.): \_\_\_\_\_