

# Business ACH Origination Agreement



The Business Member has requested that IQ CREDIT UNION permit it to initiate certain debit and credit Entries (each an Entry, or in the plural "Entries"), as indicated in Exhibit 1, to accounts maintained at IQ CREDIT UNION and other financial institutions by means of the Automated Clearing House (the "ACH"). IQ CREDIT UNION has agreed to do so according to the terms of this Agreement.

Now, therefore, the Business Member and IQ CREDIT UNION enter into this Agreement (the "Agreement") as of the date set forth in the Treasury Management Services Application:

1. Rules. The Business Member acknowledges receipt of a copy of the operating rules of the National Automated Clearing House (NACHA), as amended from time to time (the "Rules"). The Business Member agrees to comply with and be bound by the Rules, this Agreement, and any other applicable rules or regulations including but not limited to laws of the United States and orders administered by the Office of Foreign Asset Control (OFAC); the laws, regulations, and orders administered by FinCEN; and any state laws, regulations, or orders applicable to the providers of ACH payment services. IQ CREDIT UNION agrees to inform the Business Member of revisions to the Rules of which IQ CREDIT UNION has knowledge. Information on OFAC may be obtained from the OFAC's website at [www.ustreas.gov/ofac](http://www.ustreas.gov/ofac). The Business Member agrees that it shall not make any Entries under this Agreement in violation of any of the foregoing.
2. Transmission of Entries; Security Procedures. The Business Member will transmit all debit and credit Entries to IQ CREDIT UNION at the location, and on or before the deadlines, described on Exhibit 1 to the Agreement. The Business Member will create all Entries to the format, content and specifications contained in the Rules, this Agreement or as otherwise required by IQ CREDIT UNION. The Business Member will comply with the security procedures described in Exhibit 3. The Business Member authorizes IQ CREDIT UNION to transmit all Entries received by IQ CREDIT UNION from the Business Member in accordance with the terms of this Agreement and to credit or debit such Entries to the specified accounts. The total dollar amount of Entries transmitted by Business Member to Financial Institution on any one day shall not exceed the maximum exposure limit as established by IQ CREDIT UNION for the Business Member.
3. iQ Credit Union's Obligations.
  - IQ CREDIT UNION shall (i) process Entries from Business Member which conform to the file specifications set forth in the Rules and this Agreement (where applicable), (ii) transmit such Entries as an Origination Depository Financial Institution to an Automated Clearing House Operator ("ACH Operator"), and (iii) settle for such entries as provided for in the Rules.
  - IQ CREDIT UNION shall transmit such Entries to the ACH Operator by the deadline set forth in Exhibit 1 attached hereto. For purposes of this Agreement, a "business day" is a day on which IQ CREDIT UNION is open to the public for carrying on substantially all of its business other than a Saturday, Sunday, or Federal Reserve or iQ CREDIT UNION holidays, and Entries shall be deemed received by IQ CREDIT UNION
  - If any of the requirements of Section 3 are not met, IQ CREDIT UNION's sole obligation shall be to use reasonable efforts to transmit such Entries to the ACH Operator by IQ CREDIT UNION's next deposit deadline, which is a business day and a day on which the ACH Operator is open for business. IQ CREDIT UNION shall have no liability for Business Member's failure to meet requirements specified in this Section 3.

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- IQ CREDIT UNION may reject any Entry which does not comply with the requirements of this Agreement. IQ CREDIT UNION may reject any Entry if a Business Member has failed to comply with its account balance obligations set forth in this Agreement. IQ CREDIT UNION may reject any entry if Business Member does not adhere to security procedures described in Exhibit 2. IQ CREDIT UNION shall notify Business Member by telephone, electronic transmission, email, or otherwise of such rejection no later than the business day after such Entry would otherwise have been transmitted by IQ CREDIT UNION to the ACH Operator. Notices of rejections shall be effective when given. IQ CREDIT UNION shall have no liability to Business Member by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.
4. Security Procedures. The Business Member's Online Admin shall determine which of Business Member's employees will be authorized to create/modify and to verify ACH transfer requests ("User," determined by the role they are setup within the system), and the transaction limits assigned to each User, via their role. Business Member is responsible for ensuring that the User roles, designations, and limitations are updated as necessary to reflect changes in Business Member's internal procedures or personnel.

Business Member agrees to use IQ CREDIT UNION'S Security Procedures described herein and as such Security Procedure may be amended as agreed upon by Business Member and IQ CREDIT UNION from time to time, for the purpose of verifying the authenticity of ACH originations and communications amending or canceling ACH Orders. IQ CREDIT UNION'S Security Procedure consists of the use of secure online banking user IDs and passwords for authorized Users, and multi-factor authentication as described below.

Multi-Factor Authentication (MFA). The Security Procedure requires multi-factor authentication for Business Members utilizing the ACH service. Business Members and their Users must enable MFA during their initial login after receiving approval for ACH services. Additionally, MFA will be required when a new ACH template is uploaded and when payee information is updated. When MFA is required, the system will generate a text or phone call to the phone number you have specified for the applicable User. You may also use a third-party authenticator app. The User must confirm receipt of the text, phone call, or app token in accordance with instructions provided. You agree that it is your sole and absolute responsibility to secure and protect access to all phones, and third-party authenticators used for multi-factor authentication.

IQ CREDIT UNION maintains commercially reasonable Security Procedures based primarily on its knowledge of the service users' circumstances and its knowledge of security procedures employed by similarly situated users and receiving banks. Business Member and its Users and other agents shall maintain the highest possible level of confidentiality with regard to the Security Procedure and will take all steps necessary to prevent unauthorized access to devices and information used in connection with the Security Procedure. Subject to IQ CREDIT UNION'S obligations under this Agreement, IQ CREDIT UNION will have no liability in connection with, or resulting from, the execution of any transfer by IQ CREDIT UNION that was verified pursuant to the Security Procedure, except to the extent applicable law prohibits the parties from varying IQ CREDIT UNION'S liability with respect to such transfers. You understand that the Security Procedure is not for the purpose of detecting errors in transmission or content of an ACH Order.

5. Business Member Representations and Agreements: Indemnity. The Business Member warrants to IQ CREDIT UNION all warranties that Business Member is deemed by the Rules to make with respect to Entries originated by the Business Member. Without limiting the foregoing, the Business Member 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 Business Member from the party whose account will be debited, is for a sum specified by such party to be paid to the Business Member, or is a correction of a previously transmitted erroneous credit Entry; (c) the Business Member has complied with all prenotification requirements of the Rules; (d) the Business Member will comply with the terms of the Electronic Funds Transfer Act, if applicable, or Uniform Commercial Code Article 4A if applicable, and shall otherwise perform its obligations under this Agreement in accordance with all applicable laws and regulations. The Business Member shall indemnify IQ CREDIT UNION against any loss, liability, claims, actions, damages of any kind or nature, or expenses (including actual attorneys' fees and expenses), whether known or unknown, foreseeable, or not, resulting from or arising out of any breach of any of the foregoing warranties or agreements by the Business Member or the use of ACH by the Business Member in violation of the Rules or this Agreement.

6. Financial Institution Responsibilities; Liability; Limitations on Liability; Indemnity. IQ CREDIT UNION shall be entitled to rely on the information, representations, and warranties provided by Business Member pursuant to this Agreement and shall not be responsible for the accuracy or completeness thereof. IQ CREDIT UNION shall be responsible only for performing the services expressly provided for in the Agreement and shall be liable only to the Business Member and only for IQ CREDIT UNION's gross negligence or willful misconduct in performing those services. In no event shall IQ CREDIT UNION have any liability for any consequential, special, punitive, or indirect loss or damage which the Business Member may incur or suffer in connection with this Agreement. Business Member agrees to indemnify IQ CREDIT UNION against any loss, liability, claims, actions, damages of any kind or nature, or expenses (including actual attorneys' fees and expenses), whether known or unknown, foreseeable, or not, resulting from or arising out of any claim that IQ CREDIT UNION is responsible for any act or omission of Business Member under this Agreement or otherwise. IQ CREDIT UNION shall not be liable for any act or omission of the Business Member or of any other person or entity (including without limitation any Federal Reserve IQ CREDIT UNION, ACH Operator, receiving depository institutions, third party service providers, etc.), and no such party shall be deemed IQ CREDIT UNION's agent. Business Member agrees to indemnify IQ CREDIT UNION against any loss, liability, claims, actions, damages of any kind or nature, or expenses (including actual attorneys' fees and expenses), whether known or unknown, foreseeable, or not, relating to or resulting from Business Member's or any other parties or entities acts, or omissions as described in this Section 5.
7. Provisional Credit. The Business Member acknowledges that the Rules make provisional any credit given for an Entry until IQ CREDIT UNION's crediting the account specified in the Entry receives final settlement. If IQ CREDIT UNION does not receive final settlement, it is entitled to a refund from the credited party and the Business Member shall not be deemed to have paid the party.
8. Settlement. The Business Member will maintain a checking account (the "Account") with IQ CREDIT UNION at all times during the term of this Agreement, and which Account shall always be in good standing with IQ CREDIT UNION. The Business Member will maintain COLLECTED funds in the account no less than 2 banking days prior to the effective date for ACH Credit files. Collected funds must be sufficient to cover all ACH credit Entries by 2pm PST two banking days prior to the effective date.
  - The Business Member authorizes IQ CREDIT UNION to debit Business Member's Account no earlier than 2pm PST 2 banking days prior to the effective date in the amount of each Entry.

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- The Business Member authorizes IQ CREDIT UNION to debit Business Member's Account for all chargeback Entries.
  - In the event there are not sufficient funds in the Account to cover the Business Member's obligations under this Agreement, the Business Member agrees that IQ CREDIT UNION may debit any account maintained by the Business Member with IQ CREDIT UNION or any affiliate of IQ CREDIT UNION, or that IQ CREDIT UNION may set off against any amount it owes to Business Member, in order to obtain payment of the Business Member's obligations under this Agreement.
9. Cancellation or Amendment. The Business Member shall have no right to cancel or amend any Entry/file after its receipt by IQ CREDIT UNION. However, IQ CREDIT UNION shall use reasonable efforts to act on a request by the Business Member to cancel an Entry/file before transmitting it to the ACH Operator or crediting an on-us Entry.
  10. Notice of Returned Entries and Notifications of Change. IQ CREDIT UNION shall notify the Business Member via Digital Banking's Return/ OC report of the receipt of a return and/or a notification of change Entry from the ACH no later than one business day after the business day of such receipt. IQ CREDIT UNION shall have no obligation to retransmit a returned Entry if IQ CREDIT UNION complied with the terms of this Agreement with respect to the original Entry.
  11. Reversals. Business Member may initiate a reversing Entry or file of Entries for erroneous or duplicate transactions, as permitted by the Rule. In doing so Business Member warrants that it has initiated the Entries or files within 5 banking days of the original Entry or Entries and within 24 hours of discovery of the error. Business Member also warrants that the account holder of a reversing Entry has been notified of the reversal, and the reason for the reversal, no later than the settlement day of the reversal. For both reversing Entries and files, Business Member indemnifies IQ CREDIT UNION and all other parties to the transaction(s) from and against any loss, liability, claims, actions, damages of any kind or nature, or expenses (including actual attorneys' fees and expenses), whether known or unknown, foreseeable, or not, relating to or resulting from such reversals.
  12. Periodic Statement. The periodic statement issued by IQ CREDIT UNION for the Business Member's account will reflect Entries credited and debited to the Business Member's account. The Business Member agrees to notify IQ CREDIT UNION within a reasonable time not to exceed thirty (30) days after the Business Member receives a periodic statement of any discrepancy between the Business Member's records and the information in the periodic statement. If Business Member fails to notify IQ CREDIT UNION of any such discrepancy with the required time period, then: A) the Business Member agrees that IQ CREDIT UNION shall not be liable for any losses resulting from Business Member's failure to give such notice, including any loss of interest or interest equivalent with respect to any Entry shown on any period statement; and B) the Business Member is hereby deemed barred and precluded from asserting any and all claims against IQ CREDIT UNION, and does hereby waive such claims of any kind or nature, including claims for interest, costs or attorney's fees; and C) the Business Member will be liable to IQ CREDIT UNION for any damages, expenses, losses, liability, claims or any other matter incurred by IQ CREDIT UNION (including actual attorney's fees and costs) as a result of Business Member's failure to provide such timely notification.
  13. Fees. The Business Member agrees to pay IQ CREDIT UNION for services provided under the Agreement in accordance with the schedule of charges attached to this Agreement as Exhibit 3. IQ CREDIT UNION may change its fees from time to time upon written notice to the Business Member.

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14. Inconsistency of Name and Account Number. The Business Member acknowledges that, if an Entry describes the receiver inconsistently by name and account number, payment of the Entry may be made by IQ CREDIT UNION based on the account number even if it identifies a person different from the named receiver.
15. Amendments. IQ CREDIT UNION may amend the terms of this Agreement from time to time by notice to the Business Member. Such amendments shall become effective upon receipt of notice by Business Member, or such date as stated in IQ CREDIT UNION's notice to Business Member.
16. Termination. Business Member may terminate this Agreement at any time. Such termination shall be effective on the 30th day following the day of IQ CREDIT UNION's receipt of written notice of such termination. IQ CREDIT UNION shall be entitled to rely on any written notice believed by it in good faith to be signed by one of the Authorized Representatives of Business Member. IQ CREDIT UNION reserves the right to terminate this Agreement immediately upon providing written notice of such termination to Business Member. IQ CREDIT UNION shall have no obligation to transmit Entries if the Business Member is in default of any of its obligation under this Agreement, including the obligation to pay IQ CREDIT UNION for each credit Entry or to maintain the Account as required in this Agreement.
17. Contingency. IQ CREDIT UNION and Business Member shall comply with IQ CREDIT UNION'S contingency policy and ensure system backups, system redundancies and an alternative delivery location has been defined in the event of processing interruptions.
18. Data Retention. Business Member is required to retain data on file adequate to permit remaking of Entries for one calendar year following the date of their transmittal to IQ CREDIT UNION as provided herein and shall provide such data to IQ CREDIT UNION upon request. In the event debit Entries are initiated, Business Member shall retain consumer authorizations for a period of two years after authorization has been revoked by receiver.
19. Third Party Beneficiary. Nothing under this Agreement shall be construed as creating any rights or benefits available to any third parties, and no third parties are intended by IQ CREDIT UNION or the Business Member to be benefitted by, or have the benefit of, this Agreement.
20. Service Interruptions. The Service may be unavailable at certain times for required maintenance and system upgrades, as well as unforeseen maintenance, natural disasters or extreme weather events, court orders, acts of war, hardware/software failures, electrical outages, and/or internet provider outages. iQ makes commercially reasonable efforts to ensure the ongoing availability of the Service and attempt to notify you of any outage lasting more than 1 hour through a message on the iqu.com website. However, iQ is not liable for the unavailability or interruption of any portion of the Service. The Business Member shall have reasonable procedures in place to ensure the continuity of its business needs, which could include the issuance of paper checks or utilization of wire transfers to facilitate necessary payments. When and where possible, iQ will assist with portions of the Business Member's continuity plan by providing support through our Member Contact Center, which can assist in finding alternative methods for handling the needs of any impacted account(s).
21. Governing Law. This agreement shall be governed by and construed in accordance with the law of the State of Washington.

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**By digitally accepting of this Agreement within Digital Banking once the Business ACH Origination widget is enabled, the Business Member hereby agrees to the terms and conditions as outlined in this Agreement.**

## EXHIBIT 1 – DELIVERY SPECIFICATIONS

### Delivery Location

All completed ACH Files and/or single-Entry items are processed through IQ CREDIT UNION's secure Digital Banking platform. IQ CREDIT UNION will transmit the file to the ACH operator.

### ACH Processing Schedule

All CREDIT ACH files must be received by IQ CREDIT UNION no later than 2p.m. PST, 2 banking days prior to the Effective Entry date of the Entries contained in the ACH file. The Business Member will have on deposit sufficient, COLLECTED funds no later than 2pm PST 2 banking days prior to the effective date of said entries. Should the Business Member not have sufficient collected funds available to pre-fund the ACH CREDIT file, the file will reject. The Business Member will need to resubmit their ACH CREDIT FILE with the next banking day's effective date and fund the account with COLLECTED funds.

All DEBIT ACH files must be received by IQ CREDIT UNION no later than 2pm PST, 1 banking day prior to the Effective Date of all Entries contained in the ACH file.

The Business Member must submit reversals for erroneous Entries within 5 banking days of the settlement date of the original Entry and, within 24 hours of the discovery of the error.

### Effective Entry Date

The Effective Entry Date is a date specified by the Business Member on which it intends an Entry to be posted and settled. The Effective Entry Date must be a future date and must not be a Saturday, a Sunday, or a holiday observed by the Federal Reserve or IQ CREDIT UNION as listed below:

New Year's Day	Labor Day
Martin Luther King Jr. Day	Indigenous People's Day
Presidents Day	Veteran's Day
Memorial Day	Thanksgiving
Juneteenth	Christmas Day
Independence Day	

## EXHIBIT 2 – SECURITY PROCEDURES AND ACH CREDIT FRAUD PREVENTION

Business Member is required to establish and maintain internal procedures to safeguard against unauthorized transactions.

IQ CREDIT UNION offers protection against account takeover and fraudulent outgoing ACH Credit transactions with "ACH Credit Origination Fraud Protection." This service is optional and associated fees do



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apply. Fraud protection is not provided for ACH Debit transactions.

The Business Member warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by IQ CREDIT UNION. If a Business Member believes or suspects that any such information has been accessed by an unauthorized individual, Business Member will notify Treasury Management Services immediately.

The occurrence of such notification will not affect any transfers made in good faith by IQ CREDIT UNION prior to the notification and within a reasonable time to prevent unauthorized transfers. IQ CREDIT UNION will have no liability to Business Member for any transfers that are unauthorized, or for any unauthorized transfers made by persons authorized to make transfers on behalf of Business Member.

## Data Security

Limiting access and securely storing ACH data used in the routing and settlement of ACH transactions is a critical data security precaution. Business Member's ability to limit access to production data can be done through commercially available software products. Access can be limited to specific programs (Payroll or Accounting Software) and user IDs (Digital Banking). ACH files will be transmitted from IQ CREDIT UNION's Digital Banking platform ([www.iQCU.com](http://www.iQCU.com)). Digital Banking software will encrypt the file received by IQ CREDIT UNION and it will be sent securely via the internet to IQ CREDIT UNION. Only Business Member employees with the appropriate security level authorized by the owner/signer on the account shall be permitted by Business Member to transmit files.

## EXHIBIT 3 -FEES

By digitally accepting this Agreement, the Business Member agrees to pay applicable fees as disclosed in iQ's Business Fee Schedule at [www.iqcu.com](http://www.iqcu.com).

NACHA Rules: Business Member purchases at:

<https://www.nacha.org/products/2023-nacha-operating-rules-guidelines>

Visit [www.iqcu.com](http://www.iqcu.com) for more information about ACH Credit Origination Fraud Prevention and other fraud prevention solutions.