



CASH MANAGEMENT USER GUIDE

INTRODUCTION

Thank you for taking the time to review this material. It is our goal at Midwest Bank to assist you in understanding your role as the ACH Originator while complying with the ACH Rules. Although the topics covered in this guide, and many more, are covered in detail in the ACH Rules Book, it is our experience that the topics addressed here will be those you encounter most often.

You can also use this Cash Management ACH User Guide & Quick Reference to assist in your day-to-day operations. From time to time, this document may be updated; if you feel you have an outdated copy and would like the most recent update let us know. Please note the updated Sample Authorizations and begin using them going forward. If you use your own version of Authorization please be sure to review the verbiage and update yours accordingly.

In addition to this quick reference, you may also access a complete guide to the rules governing the ACH Network at www.achrulesonline.org.

If at any time you need further explanation or would like more educational materials, please feel free to contact us at Midwest Bank and we will be happy to assist.

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ACH USER GUIDE FOR CASH MANAGEMENT CUSTOMERS

Purpose of the Guide

The purpose of this ACH User Guide for Cash Management Customers is to provide a usable day-to-day reference to help in the set up and daily processing of ACH files through Midwest Bank's Cash Management system. This may also be used as a resource when completing the required annual Self Audit/Assessment.

ACH Participants

There are five key participants that contribute to the successful completion of an ACH transaction:

- **Originator** – (this is you!) The Originator is the entity that agrees to initiate ACH entries into the payment system (through Midwest Bank's Cash Management system) according to an arrangement with a Receiver. Under the Originator falls the "authorized representatives" between you and Midwest Bank. These are the people you are allowing to initiate ACH entries on your behalf. Review your ACH Agreement with Midwest Bank to verify that your Authorized Company Representatives and Designated Authorized Representatives are up to date. At any time you need to make a change, notify Midwest Bank of the change in writing.
- **Receiver** – (this is your employee, your corporate business partner, your insurance clients, your health club members, etc.) A natural person or organization that has authorized the Originator to initiate an ACH entry to the Receiver's account with the RDFI.
- **Originating Depository Financial Institution (ODFI)** – (this is Midwest Bank) This is the financial institution with which you signed an agreement. You deliver your ACH entries to the ODFI (through Midwest Bank's Cash Management system) and the ODFI passes the file on to the ACH Operator for processing.
- **ACH Operator** - (this is the Federal Reserve System) The ACH Operator is the central clearing facility for the transactions. Midwest Bank's ACH Operator is the Federal Reserve Bank and its function is to move the transactions between the ODFI and the RDFI in a secure and rapid manner. The Originator does not have direct contact with the Federal Reserve Bank.

The Federal Reserve Bank Holiday Schedule determines the days that your ACH files will not be sent nor received. Refer to the following Holiday schedule when scheduling your transactions. It is very important to note that Midwest Bank is open on some of the Federal Holidays but cannot send or receive files through the Federal Reserve Bank because they are closed.

Federal Reserve Bank Holiday Schedule (Federal Reserve Bank is Closed)

**denotes days Midwest Bank is also closed*

This schedule is also included in your ACH Origination Agreement.

| | |
|------------------------|-------------------|
| New Years Day* | Labor Day * |
| Martin Luther King Day | Columbus Day |
| Presidents Day | Veterans Day* |
| Memorial Day* | Thanksgiving Day* |
| Independence Day* | Christmas Day* |

Christmas Eve Day, please watch for postings regarding early cutoff times.*

- **Receiving Depository Financial Institution (RDFI)** – (this is your Receiver’s financial institution) This is the financial institution that receives the transaction from the ACH Operator and posts that transaction to the Receiver’s account. The obligation of the RDFI is to post in a timely manner and return the entry if there is a problem with it.

Type of ACH Origination

- *Debit or Credit*
- *Consumer or Corporate*

The ACH Network supports a number of different payments applications. An Originator initiating entries into the system will code the entries in such a manner as to indicate the type of payment, such as a debit or credit. Also, the application is either *consumer* or *corporate (business)* in nature, i.e., the funds transfer affects either a consumer account or a corporate account at the RDFI. As a Cash Management customer of Midwest Bank, you may originate to *consumer* accounts or to *corporate* accounts. When originating entries to a customer at another financial institution, consideration must be made regarding the Receiver when selecting the SEC (standard entry class) code. If the Receiver is a *business*, then you will be affecting a *corporate* account and must consider using a *corporate* code. The SEC code is the three-letter code that identifies the kind of ACH entry being originated and the ACH rules that must be followed. At times it may be unclear which SEC code you should use so Midwest Bank will assist you at setup in determining if your entries are consumer or corporate. If at any time that your transaction activity changes Midwest Bank can help you determine the appropriate codes to use. Currently Midwest Bank allows the following SEC codes.

- **PPD** - Pre-arranged Payment or Deposit – Used for debit and credit entries authorized by a *consumer* account holder. The entry could be a single entry or recurring entry. The entries may contain one addenda record.
- **CCD** - *Corporate* Credit or Debit – Used to disburse or consolidate funds within or between *businesses*. A CCD entry may contain one addenda record. These entries are usually high dollar, low volume, and time critical.
- **CTX** – *Corporate* Trade Exchange – Used by companies to disperse or collect funds from another corporate account. These entries may contain up to 9,999 special addenda records.

An Addenda Record is an ACH record type that carries supplemental data needed to completely identify an account holder(s) or provide information concerning a payment. Additional addenda information is not required, but space is available.

How to Use the PPD Debit Entry (Direct Debit)

Examples of PPD debit entries are monthly payments, such as car payments, insurance payments, utility payments, etc. that are authorized by *consumer* account holders. They also could be one-time payments; however it is common for consumers to authorize recurring payments.

Authorization Requirements

Single & Recurring Payments.

- *Consumer authorization in writing*
- *Provide consumer with copy*
- *Provide Midwest Bank with copy, upon request*
- *Authorization terms must be clear*

You must obtain the *consumer's* authorization in writing and you must be able to provide the consumer a hard copy of the authorization. Midwest Bank, your ODFI, has the right to request a copy of the authorizations at any time. A sample PPD authorization is included for your use.

A PPD authorization must be readily identifiable as an authorization, its terms must be clear and readily understandable, and it should provide that the Receiver may revoke the authorization only by notifying the Originator (you) in the manner specified in the authorization for recurring payments.

Recurring Payments Only.

- *How authorization revoked*
- *Retention timeframe of authorization*
- *Destruction of authorization*
- *Provide RDFI with copy of authorization*
- *Written notification of change in dollar amount*
- *Written notification of change in scheduled debiting date*

The authorization for a recurring payment must state how the *consumer* can revoke authorization. As the Originator, you must provide the *consumer* with a copy of the authorization and retain the original or a copy of each authorization for two years from the termination or revocation of the authorization. Your procedures for processing recurring payments should also address how you will destroy the authorization after the two-year retention timeframe.

An RDFI may request that you provide a copy of an authorization and upon receiving this request you have 10 banking days to provide the copy.

Notice of Change in Dollar Amount. If you initiate ACH debit entries that differ from the amount debited from a previous preauthorized debit, then you must send the *consumer* written notification of the new amount 10 calendar days prior to the date on which the entry is scheduled to be debited from the *consumer's* account. The *consumer* may elect to receive notice only if the amount of the entry falls outside a specified range or differs from the most recent entry by more than an agreed upon amount. As the Originator, you must be able to provide a sample of the written notice and/or the *consumer's* request to not receive notification.

Notice of Change in Scheduled Debiting Date. If the scheduled debiting date changes you must send a written notice to the *consumer* seven calendar days before the first entry affected by the change is scheduled to be debited from the *consumer's* account.

How to Use the PPD Credit Entry (Direct Deposit)

Examples of PPD credit entries are recurring credits for payroll, single entry credits for employee reimbursement, pension plan, etc. that are authorized by *consumer* account holders.

Authorization Requirements

- *Obtain written authorization*
- *How authorization revoked*
- *Retention timeframe of authorization*
- *Destruction of authorization*
- *Reversing an erroneous transaction*

With credit entries, the ACH Rules indicate that authorizations from the *consumer* may be provided orally or by other non-written means. However Midwest Bank may ask you for proof of the authorization so Midwest Bank requires that written authorization be obtained. A sample PPD authorization is included for your use.

A PPD authorization must be readily identifiable as an authorization and its terms must be clear and readily understandable. The authorization for a recurring deposit must state how the *consumer* can revoke the authorization. As the Originator, you must provide the *consumer* with a copy of the authorization and retain the original or a copy of each authorization for two years from the termination or revocation of the authorization. Your procedures for processing recurring deposits should also address how you will destroy the authorization after the two-year retention timeframe. Your credit authorization should include language to reverse a transaction that has been sent erroneously. Because the written authorization will address such issues, Midwest Bank once again reminds you to obtain all authorizations in writing.

How to Use the CCD Entry and the CTX Entry (Corporate Credit or Debit Entry)

The CCD and the CTX can be either credit or debit applications where funds are transferred between unrelated *corporate* entities, or transmitted as intra-company cash concentration and disbursement transactions. The CCD application can serve as a stand-alone funds transfer, or it can support a limited amount of payment related data (addenda records) with the funds transfer. The major difference with the CTX application is that it can support multiple addenda records.

Authorization Requirements

- *Obtain written authorization*
- *Provide Midwest Bank with copy, upon request*
- *Agree to be bound by NACHA Rules*

As an Originator, you are required to have a signed agreement with the Receiver. A sample agreement is provided, however you may choose to use another form of your choice. Whatever form you use, both the Originator and Receiver must be aware they are bound by the Rules surrounding corporate entries. When entering into an agreement with a Receiver, the following must be taken into consideration:

- The Receiver has an agreement with you that is sometimes referred to as a Trading Partner Agreement. Both parties should retain a copy of this agreement.
- Provide, to Midwest Bank upon request, a copy of the agreement you use.
- The agreement may state that the two parties agree to be bound by the ACH Rules. Omitting this statement, however, does not relieve you as the Originator of your obligations as upon signing the ACH and Cash Management Agreements with Midwest Bank you agree to be bound by the ACH Rules.

How to Handle Returns from Receivers

- *Returns from RDFI*
- *Returns from ACH Operator*
- *Types of Returns*
- *Responsibilities of Midwest Bank*
- *Consumer vs Corporate*

RDFI Returns.

From time to time the RDFI may return an entry to the ODFI that cannot be posted. The reason for each return is included with the return in the form of a "return reason code". While you as the Originator will not need to remember all the codes, you will need to be prepared to respond to notification from us, the ODFI, of a return.

When Midwest Bank, your ODFI, receives a return, the following steps will be taken.

- 1) Midwest Bank will call you, the Originator, to let you know that an entry has been returned and to guide you on how to proceed.
- 2) Midwest Bank will let you know why the entry has been returned. Examples of reasons are the account of the receiver has been closed, the receiver has insufficient funds, the receiver has placed a stop payment on it, etc. The returns all come with a Return Reason Code, R01 for example, but Midwest Bank will explain the return reason to you and you will not be required to memorize the codes.
- 3) Midwest Bank will provide you with a copy of the return.
- 4) Midwest Bank will apply the debit or credit return to your account.

Together, Midwest Bank and you, the Originator, will monitor future activity to help ensure necessary corrections are made.

When you, the Originator, receive notice from Midwest Bank that an entry has been returned, you will proceed depending on the type of return. Also, whether your entries are sent as *consumer* (PPD) or *corporate* (CCD or CTX) will have bearing on how the entry can be returned and whether or not the entry can be returned. The most common types of returns are:

- **NSF (insufficient funds, Return Reason Code R01):** If the Receiver does not have funds to cover the debit you originated, then the RDFI may return the item as NSF. Midwest Bank will pass this return on to you by debiting your account for the amount of the return. This return reason code allows the entry to be re-originated through the ACH Network. If you choose to submit it again, then you will create another entry in the Cash Management program and submit it for processing. You may re-submit this via ACH no more than two times following the return of the original entry. Also, such returned entries may only be reinitiated within 180 days of the Settlement Date (Date Schedule) of the original entry. The RDFI return deadline is 24 hours. (*Consumer or Corporate*)
- **Stop Payment (stop payment, Return Reason Code R08):** The Receiver may place a stop payment order on an ACH transaction. If Midwest Bank receives a stop payment return, this return will be passed on to you by debiting your account for the amount of the return. The RDFI return deadline is 24 hours. (*Consumer or Corporate*)

If this is a stop payment on a single ACH entry (not a recurring entry) then this return reason code does not allow the specific entry to be re-originated unless you have a new authorization from the Receiver.

If this is a stop payment on just one entry of a recurring authorization, then once the specific entry is stopped, the RDFI will allow any pre-authorized recurring transactions to continue. For example, the Receiver wants to place a stop payment on their February health club dues because the facility was closed for part of the month. The February payment is stopped and in March, the payments are allowed to continue.

Any time that you receive a stop payment return that affects a recurring transaction, it is advised that the Receiver be contacted to verify the intent. The Receiver has an obligation to follow proper procedures if the intent is to revoke an existing authorization, however to avoid any confusion and possible Rules Violations on

the part of the Originator and the ODFI, clarification is necessary. If the Receiver's intent is to stop all future transactions, be sure that you have obtained written cancellation and do not re-submit a transaction without a new authorization

- **Account Closed (account closed, Return Reason Code R02):** This type of Return is the result of a previously active account being closed by action of the customer or the RDFI. If Midwest Bank receives an account closed return, this return will be passed on to you by debiting or crediting your account for the amount of the return. If you wish to process any further entries for the Receiver, you will need to have a new authorization signed providing a new, active account number. The RDFI return deadline is 24 hours. *(Consumer or Corporate)*
- **Unauthorized (consumer debit entry was not authorized by Receiver, Return Reason Code R10):** Before the RDFI returns this entry for the Receiver, they must require a completed written statement indicating this was not authorized. Upon receiving this return, Midwest Bank will pass the return on to you by debiting your account for the amount of the return. This type of return does not permit you to re-initiate the entry. The RDFI return time frame for this type of entry is 60 days. Midwest Bank will closely monitor each return item as Originating an entry that is not authorized is in violation of the ACH Rules and is taken very seriously. Midwest Bank will request to see your copy of the written authorization.

Unauthorized (business debit entry was not authorized by Receiver, Return Reason Code R29): The important difference between the unauthorized consumer debit and the unauthorized business debit is the RDFI return time frame for the business debit entry is only 24 hours.

- **Authorization Revoked (authorization for a recurring consumer debit entry was revoked R07):** Before the RDFI returns this entry for the Receiver, they must require a completed written statement indicating that the authorization was revoked with the Originator. Upon receiving this return, Midwest Bank will pass the return on to you by debiting your account for the amount of the return. This type of return does not permit you to re-initiate the entry. The RDFI return time frame for this type of entry is 60 days. Midwest Bank will closely monitor each return item as Originating an entry that is not currently authorized is in violation of the ACH Rules and is taken very seriously. Midwest Bank will request to see your copy of the written authorization and the revocation.

At this point, we will remind you of the necessity of retaining written authorizations. You must retain the original or a copy of each authorization of a Receiver for 2 years from the termination or revocation of the authorization. Upon request from the RDFI in writing, a copy must be provided by the ODFI at no charge within 10 banking days.

If you receive any of the less common types of Returns, Midwest Bank will assist you in processing. From time to time, the Originator may even find that resolving returns can be more efficiently dealt with outside the ACH Network. However, when processing as ACH, all parties involved must follow the ACH Rules as well as the terms of the Agreements between the Cash Management customer and Midwest Bank.

ACH Operator Returns.

The above returns were ACH entries received at the RDFI. There may also be returns or rejects from the ACH Operator. This means that the entry did not even get to the RDFI or Receiver. The ACH Operator (Federal Reserve Bank) accepts data that meets criteria based on ACH record formatting specifications and when this criterion is not met, they reject the entry and it is returned to the ODFI. The most common type of Operator reject is:

- **Invalid ACH Routing Number (R13):** This means the entry contains an RDFI that is not a valid ACH Routing Number. In this case, Midwest Bank will notify you of the reject and reverse the entry by debiting or crediting your account. You will be asked by Midwest Bank to contact the Receiver to obtain correct information and to update your written authorization. This may require you and the Receiver together to make contact with the

RDFI to get the required number and to update the authorization. Once you have done this, you may re-initiate the entry to the Receiver through Cash Management. *(Consumer or Corporate)*

How to Handle Notifications of Change (NOC) from Receivers

- *What is a NOC?*
- *Type of NOC*
- *Responsibilities of Midwest Bank*
- *Responsibilities of Originator*
- *Responsibilities of RDFI*

From time to time the RDFI may send a notice to the ODFI for the Originator. Unlike returns, the NOC entry involves no dollar amounts even though they are sent through the ACH Network just like returns. The purpose of a notice is to provide the Originator with corrected information. The type of correction is included with the notice in the form of a “code”. While you as the Originator will not need to remember all the codes, you will need to be prepared to respond to notification from us, the ODFI, of a NOC.

When Midwest Bank, your ODFI, receives a NOC, the following steps will be taken.

- 1) Midwest Bank will call you, the Originator, to let you know that a notice has been received and to guide you on how to proceed.
- 2) Midwest Bank will let you know why the notice has been received. The notice will come with a Code, C02 for example; Midwest Bank will explain the code and you will not be required to memorize the codes.
- 3) Midwest Bank will provide you with a copy of the notice.

Together, Midwest Bank and you, the Originator, will monitor future activity to help ensure necessary corrections are made.

When you, the Originator, receive notice from Midwest Bank that a NOC has been received, you will proceed depending on the type of notice. The most common types of notices are:

- **Incorrect DFI Account Number (Code C01):** This notice is received when the RDFI wants you to begin using a different account number for the Receiver. The RDFI processed the original entry by posting to an account of the Receiver; however, it is different from the account number indicated on the file you sent. This might happen if the account has been closed and the Receiver has a new account with the same financial institution and the Receiver has not had time to notify you of the new information. Midwest Bank will recommend that you contact the Receiver to verify this corrected information. Keep all notices and documentations with the original signed authorization from your Receiver.
- **Incorrect Routing Number (Code C02):** This notice is received when the RDFI wants you to begin using a different routing number. The RDFI has received and processed the original entry, however they have a new or different routing number to use and it is likely that if you do not begin using this number, the entries will be returned at some point. An example of a financial institution having a different routing number would be when it has merged with another financial institution. Although this notice is coming from the RDFI that you sent your file to, Midwest Bank will recommend that you contact the Receiver to verify this information with the RDFI. Keep all notices and documentations with the original signed authorization from your Receiver.

If you receive any of the less common types of notices, Midwest Bank will assist you in processing. Be advised that any time you receive a NOC with corrected information, contact the Receiver to verify the information and keep documentation.

How to Handle Prenotifications

- *What is a Prenote?*
- *Responsibilities of Originator*
- *Responsibilities of RDFI*
- *Responsibilities of ACH Operator*
- *Responsibilities of ODFI*
- *NOC*

A Prenotification (or Prenote) is a non-dollar entry sent through the ACH Network by the Originator to an RDFI. It conveys the same information (with the exception of the dollar amount and the transaction code) that will be carried on subsequent entries, and it allows the RDFI to verify the accuracy of the account data (account number, routing number).

Use of the Prenote process by you, the Originator, is optional. Since the Prenote process helps to ensure that subsequent entries to a Receiver's account at an RDFI are posted appropriately, the Originator may initiate a Prenote entry for any ACH transaction. If you choose to use Prenotes, you must fulfill all requirements relating to Prenotes.

As an Originator of Prenotes, you are responsible for processing according to the following requirements:

- **Timing of Origination**
A Prenote entry may be originated at any time. If you initiate a Prenote, a live dollar entry may be initiated as soon as the third banking day following the Prenote's Settlement Date (Date Schedule). Exceptions to the three days may apply if a return or NOC related to the Prenote is received.
- **Format Requirements**
The format of a Prenote entry is the same as a live dollar entry, except in the Entry Detail Record, in which the dollar amount is zero and the transaction code indicates a Prenote entry. Prenote entries may be intermingled within a batch of credit and/or debit live dollar entries.

Although originating Prenotes is optional, **the RDFI has responsibilities** if it receives one. The RDFI must verify the accuracy of the account number. Please be aware that it is **not** the responsibility of the RDFI to make sure the Individual Name on the entry is the same as the name on the account. The RDFI has three courses of action they can take when receiving a Prenote.

- Accept the Prenote if the account information is correct. No further action on its part is required and you will not receive a notice.
- Notify the Originator that the information on the Prenote is not correct by returning the Prenote. This means there is a problem with the account data at the Receiver's financial institution. Midwest Bank will inform you of the returned Prenote. Necessary corrections will have to be made before you transmit another entry, therefore you will need to get new authorization information from the Receiver.
- Notify the Originator by originating a NOC that it will accept the live entries, but information is incorrect and needs to be changed on the subsequent live entry (or entries). If Midwest Bank receives a NOC on your behalf, then you should make the required change within six banking days of receipt of the NOC information or prior to initiating another entry, whichever is later. Midwest Bank also recommends contacting the Receiver to confirm the new information. Keep all notices and documentation of communications with your original signed authorization from the Receiver.

There is also the possibility that the **Prenote is returned by the ACH Operator** (Federal Reserve Bank) as unprocessable. This means the RDFI never received the Prenote because the routing number is not valid. Midwest Bank will contact you

and provide details of the returned Prenote. Any necessary corrections will have to be made before you transmit another entry. You will need to work with the Receiver to get new authorization information.

It is Midwest Bank's responsibility as the ODFI to forward these responses (Returns or NOCs) to your Prenotes to you in a timely manner. Midwest Bank handles the receipt of all NOCs and Returns in the same time frame. We make phone contact to the Originator the day the entry is received from the RDFI. A copy of the notice is provided to you, the Originator. Since it is also Midwest Bank's responsibility to make sure you are familiar with the data being sent to you, the phone contact will give us the opportunity to help you understand how to process the information in the notice.

How to Make Corrections and Process Reversals

- *Erroneous file (or entry)*
- *Duplicate file (or entry)*
- *Discovery of error*
- *Reversal file*
- *Correcting file*
- *Personnel training on making corrections*

If you discover that you have submitted an entry or an entire file in error, you will need to correct the error immediately. The way you correct the error will depend on when and how you make the discovery.

- If you discover that you have submitted an erroneous file for processing today and the file is **not in a processed status** Change or Delete the file from the Cash Management site and submit a corrected file if necessary.
- If you discover the error and the file is in **a processed status** the file cannot be changed or deleted. **Please contact Midwest Bank to assist you with this.**
 - If a single entry has been originated erroneously, Midwest Bank may request the RDFI to return the entry.
 - You request Midwest Bank to ask for the entry back.
 - Midwest Bank will send your request to the RDFI in writing. To speed up the process, we would call the RDFI and then fax the request.
 - Keep in mind this is a request and the RDFI is not obligated to return the item, but in most cases will oblige if possible.
 - Midwest Bank will inform you when the item has been returned and will debit or credit your account.
 - Another option within the ACH Network is to send a reversing entry. Similar procedures apply if you are reversing one entry or an entire file of entries (see below for those steps).
 - If an entire file, or a large portion of it, is in error, then you may want to reverse the file.
 - Contact Midwest Bank and inform us of the error.
 - Midwest Bank will discuss with you the need to contact parties involved (RDFIs and/or the Receivers) to inform them of the error and of the correcting action taken.
 - Create a reversing file and enter the transfer description as 'REVERSAL<date of original>' and in the details field of the line item(s). You will be entering credits if you are reversing debits and entering debits if you are reversing credits.
 - If you are initiating a reversing single entry, then you must make a reasonable attempt to notify the Receiver of the reversing entry and the reason for the reversing entry no later than the Settlement Date (Date Schedule) of the reversing entry.
 - The reversing file must be made available to the RDFI(s) within five banking days after the Settlement Date (Date Schedule) for the entries within the erroneous file. The file must be

available to us, the ODFI, so that we can transmit the file within 24 hours of the discovery of the error.

- If the erroneous file is a duplicate file, then the reversing of the file or the entry completes the process.
- If the erroneous file is not a duplicate, but a file that contains for example, wrong amounts, then you must send a correcting file at the same time that you send the reversing file.

Since duplicate or erroneous files could happen at any place in the flow within the ACH Network, all participants in the ACH Network should take steps to ensure that all files are originated correctly.

- The best protection against duplicate or erroneous files is to ensure that all participants in the ACH Network (Originator, ODFI, ACH Operator, and the RDFI) have procedures in place for preventing and for detecting errors.
- All participants should establish procedures to identify errors quickly and to institute methods for correcting errors.
- The RDFI will play a big part in recognizing errors for the Receivers. For example, a duplicate debit file may result in an unusual number of NSF returns for an RDFI. This may prompt the RDFI to contact us or they may return the items.
- You have a responsibility as the Originator to make appropriate personnel aware of how to proceed if an error occurs. If, for instance, you have three people that create and submit files, all three people need to know the procedures for handling corrections and reversals.

This is a good time to take a look at the authorization form that you have your customers sign. It should indicate that you also may make reversing entries. For instance, you may be processing payroll and by mistake, send a duplicate file. This does not mean the Receiver has a right to keep it. You are allowed to reverse the duplicate file, but there are rules to follow and a signed authorization is your protection.

How to Reinitiate Returned Entries:

- *Limited circumstances for reinitiating*
- *Allowable reinitiated entry*
- *Proper description*

There are limited circumstances under which you may reinitiate an entry that has been returned. The ACH Rule prohibits the reinitiating of entries outside these circumstances.

- A transaction that was returned as unauthorized is prohibited from being reinitiated.
- Following the return of an entry, an entry initiated to the same Receiver's account in the same amount in payment or fulfillment of the same underlying obligation is a reinitiated entry.
- An allowable reinitiated entry must contain identical Company Name, Company ID, and Amount. Other fields may be modified to correct an error or to facilitate processing.
- The description 'RETRY PYMT' must be in the Company Entry Description field to identify entries that are permissible resubmissions of returned entries.
- Examples of reinitiated entries are entries that have been returned as Insufficient Funds or Uncollected Funds.
- You have a responsibility as the Originator to make appropriate personnel aware of how to proceed if a returned entry is to be reinitiated.

AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)

Company Name _____ Company ID Number _____

I (we) hereby authorize _____, hereinafter called COMPANY, to initiate debit entries to my (our) Checking Account/ Savings Account indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to debit the same to such account, and if necessary, credit entries and adjustments for any debit entries in error. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name _____ Address _____

City _____ MN _____ ZIP _____

Routing Account Number _____ Number _____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s) _____ ID Number _____
(Please print)

Date _____ Signature _____

AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS (ACH CREDITS)

Company Name _____ Company ID Number _____

I (we) hereby authorize _____, hereinafter called COMPANY, to initiate credit entries to my (our) Checking Account/ Savings Account indicated below at the depository financial institution named below, hereafter called DEPOSITORY, and to credit the same to such account, and if necessary, debit entries and adjustments for any credit entries in error. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law.

Depository Name _____ Address _____

City _____ MN _____ ZIP _____

Routing Account Number _____ Number _____

This authorization is to remain in full force and effect until COMPANY has received written notification from me (or either of us) of its termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name(s) _____ ID Number _____
(Please print)

Date _____ Signature _____

AUTHORIZATION AGREEMENT FOR CORPORATE TRADE PAYMENTS (CCD)

Company Name

ACH AGREEMENT – EXECUTED BETWEEN COMPANIES “Corporate Trade Payments”

This Agreement, dated as of _____, 20____, is between

_____ (“Originator”) and

_____ (“Receiver”).

RECITALS

- A. Receiver wishes to have Originator initiate [*Credit*] [*Debit*] Entries to its Account specified below (the “Account”) in payment of obligations owed by [*Originator to Receiver*] [*Receiver to Originator*] pursuant to the terms of this Agreement and the ACH Rules relating to Corporate Trade Payment Entries (the “Rules”) [and the National Automated Clearing House Association], and Originator is willing to initiate such Entries on the terms set forth below.
- B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the Rules.

AGREEMENT

Now, therefore, in consideration of the mutual promises contained herein, Originator and Receiver agree as follows:

- 1. Authorization. Subject to the terms set forth below, Receiver authorizes Originator to initiate [*Credit*] [*Debit*] Entries to the Account in accordance with the Rules for obligations owing from time to time by [*Originator to Receiver*] [*Receiver to Originator*] resulting from _____

_____ [*specify type(s) of services or obligations for which Entries may be initiated*].

- 2. Authorization Limitations; Procedures. No Entry shall be initiated under this Agreement except in conformity with the authorization provided above.

[Specify other limitations, e.g., on the number of Entries that may be initiated in a given period, on the time of the month at which Entries may be initiated, on the dollar amount of any Entry that may be initiated, and/or on the aggregate dollar amount of all Entries that may be initiated in a given period.] [If applicable, specify procedures for Receiver to inform Originator of the dollar amount of Entries to be initiated.] [Debit Entries] [No single Entry initiated under this Agreement shall be in excess of \$_____. Such maximum amount may be changed by Receiver from time to time on _____ days prior written notice by Originator.]

3. Originators Failure to Originate. *[Debit Entries]* Receiver shall not be deemed to default on any obligation or suffer any loss of discount or other penalty by reason of the failure of Originator to initiate any Debit Entry in accordance with the terms of this Agreement, or by reason of any delay in receipt by Receiver's financial institution, or the nonreceipt by such institution of any Debit Entry initiated by Originator.
4. Compliance with Rules. Receiver shall comply with and be bound by the Rules as in effect from time to time.
5. Acceptance and Return of Entries. Nothing contained herein shall be deemed to require Receiver or its financial institution to accept any Entry initiated under this Agreement, and any such Entry may be returned in accordance with the Rules. Receiver shall not be deemed to have accepted any Entry that is returned in accordance with the Rules. *[Credit Entries]* Originator shall not be deemed in default on any obligation or suffer any loss of discount or other penalty by reason of the return of any Entry, provided such Entry was initiated in accordance with the terms of this Agreement. Notwithstanding any statement contained in any Entry or any data transmitted with any Entry, and notwithstanding the failure to return any Entry in accordance with the Rules, Receiver shall not be deemed to have accepted any Entry as being in the correct amount if, within _____ days after receipt of the Entry by its financial institution, Receiver provides written notice to Originator of a discrepancy.
6. Credit for Entries. *[Credit Entries]* Unless such Entry is returned in accordance with the Rules, Receiver shall, as of the date the amount of such Entry is credited to the Account, credit Originator with the Amount of each Entry received and interest or other charges payable with respect to the amount of such Entry shall cease at the time.
[Debit Entries] Unless such Entry is returned in accordance with the Rules, Originator shall, as of the date such Entry is credited to its Account with its financial institution, credit Receiver with the Amount of each Entry received.
7. Entry Information. Each Entry initiated under this Agreement shall be accompanied by the following information: *[describe information]*. __

[Describe monthly or other periodic information to be furnished Receiver.]

8. Receiver's Account. The Account is the following deposit Account maintained by Receiver:

Financial Institution: _____

Bank Location: _____

Telephone Number: _____

If Receiver is a natural person, Receiver represents to Originator that the Account is, and during the term of this Agreement, will be, maintained primarily for business, and not for personal, family, or household purposes.

9. Questions and Errors. In the event of any questions or error relating to Entries initiated pursuant to this Agreement, Receiver should contact

_____, and Originator

should contact _____.

10. The Financial Institution's security procedures shall include the determination of certain exposure limits which includes, but may not be limited to (1) the value of ACH files, (2) the value or number of individual ACH entries, (3) the frequency of origination of ACH files and (4) the consideration of exposure over multiple settlement dates. Company shall comply with exposure limits established by the Financial Institution in accordance with the attached Schedule. The Financial Institution is responsible to notify the Company of exceptions and to periodically review such established exposure limits.
11. Company shall notify the Receiver of any reversing entry initiated to the Receiver's account to correct an entry it has initiated in error. The notification to the Receiver must include the reason for the reversing entry and must be made no later than settlement date of the reversing entry.
12. It shall be the responsibility of the Company that the origination of ACH transactions complies with U.S. law. This includes, but is not limited to the sanctions enforced by the Office of Foreign Assets Control (OFAC).
13. Liabilities of Parties. Neither Originator nor Receiver shall be liable for the act or omission of any Automated Clearing House, financial institution, or other person. *[Add any desired additional provision relating to liability and/or damages.]* _____

-
14. Notice. Any written notice or other written communication required or permitted to be given under this Agreement shall be delivered, or sent by U.S. registered mail, postage prepaid, and, if to Originator, addressed to:

Company Name: _____
Address: _____
City/State/Zip: _____
Attn: _____

and, if to Receiver, addressed to:

Company Name: _____
Address: _____
City/State/Zip: _____
Attn: _____

Unless another address is substituted by notice delivered or sent as provided herein. Any such notice shall be deemed given when *[so delivered or sent] [received]*.

15. Termination. This Agreement may be terminated by Originator or Receiver at any time by giving _____ days prior written notice to the other party. Notwithstanding such termination, this Agreement shall remain in force and effect as to all transactions that have occurred prior to the date of the termination.

Authorized Originator Signature(s)

Authorized Receiver Signature(s)

TOKEN ACTIVATION AND LOGIN TIPS

Token Activation and Login Tips

Set up Token PIN

- 1) Push the arrow on the Token. (Token should say New Pin).
- 2) Enter a 4-digit PIN of your choice. (This PIN is used to unlock your token).
 - a. This PIN should be different from other login information for security.
- 3) Enter the same PIN a second time to confirm it.
- 4) Token PIN set up is now complete.

Initial Login Steps

- 1) Go to the website www.midwestbank.net
- 2) Select the **Cash Management** Option
- 3) Enter the **User ID** and **Temporary Password** then click **Log in Now**
- 4) The system will prompt to set up a new password. This password will not be used to login but would be used if using the “Forget your Password” option. Going forward your Password will be the token password (8 digits) and 4 digit PIN as described below.
- 5) If prompted, Enter your **Mother’s Maiden Name** and **Email Address** then click **Continue**



Establish Profile

Your profile information is used to help authenticate your identity and provide an address where your bank can send you new login credentials, if they are ever needed.

Complete the following to set up your profile information

Mother's Maiden Name *

Email *

Confirm Email *

* Indicates required field

- 6) Enter token serial number for the token, without the dashes. Located on the back of the token.
- 7) Enter the Token-Generated- (This is the 8-digit number from the token screen).
 - a. Push the arrow on the token
 - b. Enter your token PIN
 - c. When “APPLI” displays on screen push the number 1
 - d. The one time/token password will appear
- 8) Enter PIN Number (should be a different PIN than used for the token). Choose a 4-digit PIN number that will be used in conjunction with the token password going forward.
- 9) Type in security question. For example: Security Code (If Empty)
- 10) Type in secret answer. For Example: 1234 (If Empty)



Activate Token

Tokens help to prevent unauthorized people from logging into online banking or doing things like making payments by generating a code that must be entered into online banking along with a personal identification number (PIN) that you will define.

Token Serial Number * SHOW

Token-Generated Password * SHOW

Create A PIN * SHOW
4 digit number:

Security Question * Security Code

Security Answer * SHOW

* indicates required field.

NOTE: Going forward on the next login the password will be a token password (8 digits) and the PIN number. For example: Token Password 12345678 + Pin 0024 equals' password of 123456780024.

You will see a confirmation screen that says "Enrollment Successful". If this is the initial login, please log off and refresh the site www.midwestbank.net to log in with the new credentials.

After logging in with the token, a second screen will give a "Site Authentication Value" of 4-digits. This should match the 4-digits when you hit the arrow on the token. If the token times out/goes blank these numbers will not match. If the numbers do not match, you can hit cancel and try the login again. If you are unable to get the numbers to match, please contact the bank.

Site Verification

Use your token to generate a verification code and compare it to the code below. This protects your account by ensuring you're logging into a legitimate site.

7518

If your verification code does not match, try logging in again or contact customer support.

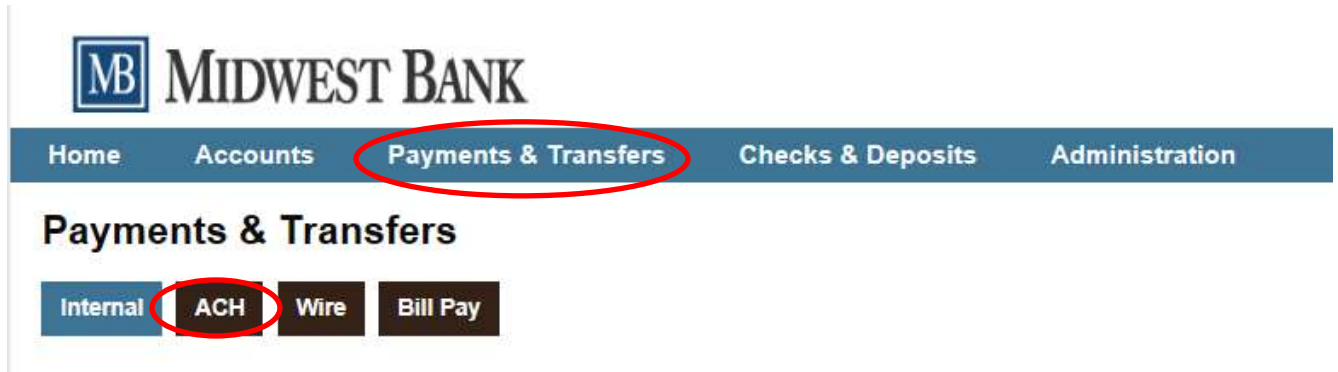
Verified

ACH MANAGER

Access ACH Manager

To access ACH Manager:

1. Click on the **Payments & Transfers** menu then click on **ACH**.



View an ACH Transfer

Complete the following to view an existing ACH transfer.

To view an existing ACH transfer:

1. From the **Payments & Transfers** menu, select **ACH**.
2. Use the search feature to locate desired file.
3. The transactions that meet the search criteria display in the **ACH Activity** area of the page.

ACH

| Activity | | | Templates | File import templates | + New payment | | + New collection | + Import file | Help |
|--------------|-------------|---------------------|------------|-----------------------|---------------|------------------|------------------|---------------|------|
| Date | Description | Status | Withdrawal | Deposit | Type | Report | Search activity | | |
| Jun 19, 2019 | test | Pending Origination | 1.23 | 1.23 | Payment | Copy Edit Delete | Date | All activity | |
| May 06, 2019 | Payroll | User Deleted | 10.00 | 10.00 | Payment | Copy | Time | | |

4. Click the **Description** name of the desired ACH Transfer to view the details.

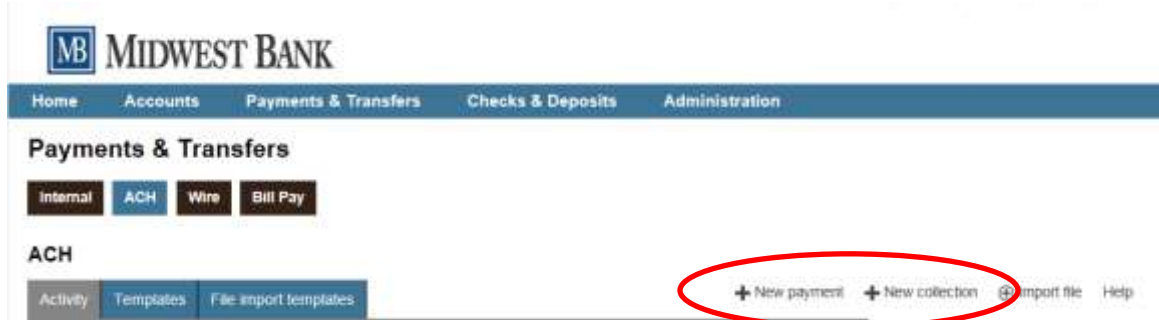
NOTE: Separate instructions follow for each ACH Manager function.

Initiate a New ACH Transfer

Complete the following procedure to send funds from one account to another via ACH. Use this procedure if there is not an existing ACH transfer that can be used.

To initiate a new ACH transfer:

1. From the **Payments & Transfers** menu, click on **ACH**.
2. Select the **New Payment** or **New Collection** option. (Example: *New Payments - used for Direct Deposits or Vendor Payments and New Collection - used for collecting payments from customers.*)



3. Select the **Standard Entry Class Code** for the ACH transfer from the **ACH Type** drop-down list. For Example: Payroll (PPD)
4. Click the **Continue** button and the **New ACH** page displays.

New ACH

| | | |
|--|--|---------------------------------------|
| Description * | Tax identification number | |
| <input type="text"/> | MWB Test Custome[xxxxx9874] | |
| Effective date * | <input type="text"/> SELECT | |
| | <input type="checkbox"/> Same day | <input type="checkbox"/> Repeat |
| Type | Total withdrawal | Total deposit |
| Payment (Payroll - PPD) | \$0.00 | \$0.00 |
| Batch | | |
| Name | Company | Company description |
| | [xxxxxxxx] | <input type="text"/> |
| Pay from Show Details Show Filter Total batch withdrawal (0 items) \$0.00 | | |
| <input type="checkbox"/> Pay all | | |
| Pay/Hold <input type="checkbox"/> | Account * <input type="text"/> | Amount * <input type="text"/> |
| <input type="checkbox"/> Pay | Select an account <input type="text"/> | <input type="text"/> |
| + Add another pay from | | |
| Pay to Show Details Show Filter Total batch deposit (0 items) \$0.00 | | |
| <input type="checkbox"/> Pay all | <input type="checkbox"/> Prenote none | |
| Pay/Hold <input type="checkbox"/> | Name * <input type="text"/> | Identification <input type="text"/> |
| | Routing transit * <input type="text"/> | Account number * <input type="text"/> |
| | Account type * <input type="text"/> | Amount * <input type="text"/> |
| <input type="checkbox"/> Pay | <input type="text"/> | <input type="text"/> |
| <input type="checkbox"/> Pay | <input type="text"/> | <input type="text"/> |
| <input type="checkbox"/> Pay | <input type="text"/> | <input type="text"/> |

NOTE: Payroll is used in these instructions.

5. Enter a **descriptive title** for the transfer in the **Description** text box. For Example: **PAYROLL**
6. If desired, select a **frequency** for the transfer from the **Recurring Frequency** drop-down list. **It is highly recommended to leave the frequency at "NONE". Leaving at none gives you more control to change the file without automatically transmitting.**
7. Enter the **date** in the **Effective Date** text box **or** click the **Effective Date Calendar** button to select a date.
8. In the **Pay From** area, select the appropriate account from the **Account** drop-down list.
9. Enter the **amount** of the transfer in the **Amount** text box.
10. In the **Pay To** area, enter the **employee name** and the recipient **account number** in the associated text boxes. (**Employee ID** is optional)
11. Select the **account type** from the **Account Type** drop-down list.
12. Enter the **routing/transit number** in the **R/T Number** text box **or** click the **Search** button to search for a routing/transit number.
13. Enter the **amount** of the transfer in the **Amount** text box.
14. Click the **Show Details** link to add **addenda information**. (optional)
15. Select the **Prenote box** next to each of the desired transactions **or** click the **Select All** link to prenote all transactions. **Note:** A prenote should be initiated at least 10 business days prior to the first transaction. The amount field must be a zero dollar amount. (optional)
16. If needed, select the **Pay/Hold** box for one or more transactions to quickly omit them from processing without deleting the transaction information.
17. **Repeat** steps 11 through 18 as needed for additional transactions.
Notes: Click the **Add another pay to** link if additional transactions are needed.
Click the **Delete (X) button** only if you want to **delete** the associated transaction.
18. Click the **Complete ACH or Save for later** button.
 - a. **Complete ACH** will send the file to the bank for processing.
 - Complete ACH should only be used when you are ready to send the file.
 - Processed files will be available for 120 days to view or use again.
 - b. **Save for later** will save the file to be edited or processed at later date/time.
 - The saved file is not sent to the bank for processing.
 - To **Edit** or **Complete** a **Saved** file use the **Edit** button.
19. The **Processing Status** page displays.
20. Click the **Return to ACH activity**.
21. This will bring you back to the **ACH Manager** page.

New ACH Transfer Using an Existing Transfer

To use a previously processed or existing ACH Transfer Set Up to complete a new ACH Transfer, complete the following:

To add a New ACH Transfer Using an Existing Transfer:

1. From the **Payments & Transfer** menu the click **ACH**.
2. Use the search feature to locate desired file.
3. The transactions that meet the search criteria display in the **ACH Activity** area of the page.

ACH

| Date | Description | Status | Withdrawal | Deposit | Type | Report |
|--------------|-------------|---------------------|------------|---------|---------|------------------|
| Jun 19, 2019 | test | Pending Origination | 1.23 | 1.23 | Payment | Copy Edit Delete |
| May 06, 2019 | Payroll | User Deleted | 10.00 | 10.00 | Payment | Copy |

4. Click the **Copy** button of the desired ACH Transfer.
5. The **ACH** details page displays.
6. Make changes as needed to update the ACH transfer. Example: Add or remove employees. Change pay amounts, etc. **Make sure to change the effective date.**
7. Click the **Complete ACH or Save for later** button.
 - a. **Complete ACH** will send the file to the bank for processing.
 - Complete ACH should only be used when you are ready to send the file.
 - Processed files will be available for 120 days to view or use again.
 - b. **Save for later** will save the file to be edited or processed at later date/time.
 - The saved file is not sent to the bank for processing.
 - To **Edit** or **Process** a **Saved** file use the **Edit** button.
8. The **Processing Status** page displays with the **Status Activity**.
9. Click the **Return to ACH activity**.
10. This will bring you back to the **ACH Manager** page.

Import ACH Transfers

Complete the following to import ACH transfer files in **NACHA** format. **NOTE: Midwest Bank will only allow balanced standard NACHA files.**

To import an ACH transfer file in NACHA format:

1. From the **Payments & Transfers** menu, click **ACH**.
2. Select the **Import file** option.

Payments & Transfers



ACH



+ New payment + New collection **+ Import file** Help

3. The **ACH Import Step 1 – File Selection** area displays.

ACH

A screenshot of a web form titled 'import file'. At the top, there are tabs for 'Activity', 'Templates', and 'File import templates', with 'File import templates' selected. To the right are 'Print' and 'Help' icons. Below the tabs, there are radio buttons for 'NACHA' (selected) and 'Non-NACHA'. A 'File location' field has a 'Browse...' button. A 'Template' dropdown menu is set to 'Import without using template'. A 'Tax identification number' dropdown menu is set to 'Select a company'. A 'Type' dropdown menu is set to 'Payroll - PPD'. At the bottom are 'Continue' and 'Cancel' buttons.

4. Click the **Browse** button to locate the desired file.
5. Select the **Template** option.
6. Select the **Standard Entry Class Code** from the **Type** drop-down list. For Example: Payroll (PPD)
7. Click the **Continue** button.
8. The **ACH Import Step 2 – Import** page displays.
9. The **File Summary** displays, verify the correct file totals and effective date.
 - a. Click **Complete ACH** will send the file to the bank for processing.
 - Complete ACH should only be used when you are ready to send the file.
 - b. Click **Review ACH** to view the details of the file or make changes before proceeding.
 - I. **Complete ACH or Save for later** button.
 - **Complete ACH** will send the file to the bank for processing.
 - Complete ACH should only be used when you are ready to send the file.
 - II. **Save for later** will save the file to be edited or processed at later date/time.
 - The saved file is not sent to the bank for processing.
 - To **Edit** or **Process** a **Saved** file use the **Edit** button.
22. The **Processing Status** page displays with the **Status Activity**.
23. Click the **Return to ACH activity**.
24. This will bring you back to the **ACH Manager** page.

ACH Templates

ACH Templates can be built to lock information from other Cash Management Users or another organizational reason. If a template is not used anyone with access to ACH Manager will be able to see previous files processed without using a template. Only users with access to the specific template will be able to see files processed using that template. Some reasons templates may be used:

- Only certain Users may have a need to see Payroll Files.
- If a Payroll Company should only see Payroll files and not other files, a company may be processing.
- Payments that are only sent every 6 months. Retention in ACH Manager is only 180 days so if using a previously sent file it may not show up and will have to be built again.

New ACH Non-Import Template

1. In Cash Management go to **Payments & Transfers > ACH > Templates.**



- a. Select **New payment template** or **New collection template**. (Example: *New Payments - used for Direct Deposits or Vendor Payments and New Collection - used for collecting payments from customers.*)
- b. Select the appropriate template **Type** like Payroll (PPD) and click continue
 - i. Enter a **Template name**.
 - ii. Enter **Amount Range** like 0.01 to 500,000. This can mimic company limit but can also be higher. This does not change the overall limit for the company but will not allow a transfer to be submitted if over this amount.
 - iii. If there is not a **Template Group** already created, click the “new” icon and create a Template Group name.
 - iv. Select the appropriate Users to have access to Template.
 - v. Enter other file details as desired and click **Save**.

New ACH Import Template

1. In Cash Management go to **Payments & Transfers > ACH > File import templates.**



- a. Select **New file import template**.
- b. Select **NACHA** and click **Continue**.



- i. Give the **Template a name** (example: Comp Name Payroll)
- ii. Select the appropriate frequency if applicable.
- iii. Enter **Amount Range** like 0.01 to 500,000. This can mimic company limit but can also be higher. This does not change the overall limit for the company but will not allow a transfer to be submitted if over this amount

- iv. If there is not a **Template Group** already created, click the “new” icon and create a Template Group name.
- v. Select the appropriate **Users** to have access to Template
- vi. Enter other file details as desired and click **Save**.

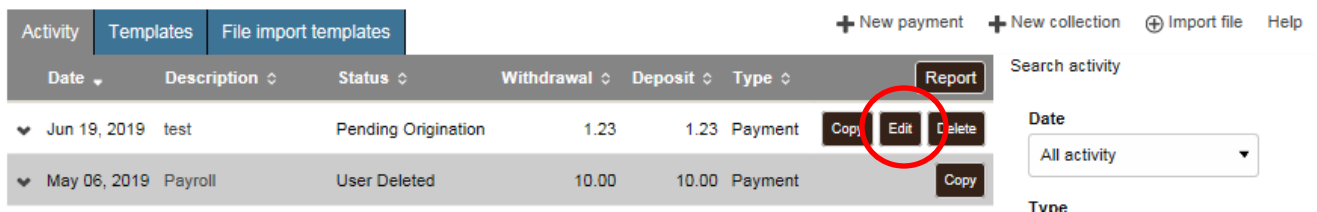
Change an ACH Transfer

The Change ACH Transfer option allows you to change details on existing ACH transfers. Changes can only be made if the transfer status is in “pending origination” or “Saved”. If a file is in a “Needs Review” Status, you may need to contact the bank to Approve/Disapprove the file so changes can be made. This function may be used for example when making changes to a recurring transfer.

To change an ACH transfer:

1. From the **Payments & Transfers** menu, click **ACH**.
2. Select the **Edit** button.
3. Use the search feature to locate the desired file.
4. The transactions that meet the search criteria display in the **ACH Activity** area of the page.

ACH



| Date | Description | Status | Withdrawal | Deposit | Type | Report |
|--------------|-------------|---------------------|------------|---------|---------|------------------|
| Jun 19, 2019 | test | Pending Origination | 1.23 | 1.23 | Payment | Copy Edit Delete |
| May 06, 2019 | Payroll | User Deleted | 10.00 | 10.00 | Payment | Copy |

5. Click the **Edit** button and make the desired changes the ACH to make changes or Complete ACH.
6. Click the **Transfer Description** of the desired ACH Transfer to update.
7. The ACH details page displays.
8. Make changes as needed to update the ACH transfer. Example: Add or remove employees. Change pay amounts, etc. **Make sure to change the effective date.**
9. Click the **Complete ACH or Save for later** button.
 - a. **Complete ACH** will send the file to the bank for processing.
 - Complete ACH should only be used when you are ready to send the file.
 - Processed files will be available for 120 days to view or use again with the “New Using Existing ACH” option.
 - b. **Save for later** will save the file to be edited or processed at later date/time.
 - The saved file is not sent to the bank for processing.
 - To Edit or Process a Saved file use the Edit button.
 - c. The **Processing Status** page displays with the **Status Activity**.
 - d. Click the **Return to ACH activity**.
 - e. This will bring you back to the **ACH Manager** page.

Creating Reversals

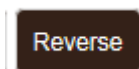
In the event a file or single item needs to be reversed and the original file has already processed you will need to **contact the bank for access to the Reversal Options**. Some items to note:

- Bank must be contacted to open Reversal Options for User.
- You must make a reasonable attempt to contact all parties involved (RDFIs and/or the Receivers) to inform them of the error and of the correcting action taken no later than the Settlement Date (Effective Date) of the reversing entry.
- The reversing file must be made available to the RDFI(s) within five banking days after the Settlement Date (Effective Date) for the entries within the erroneous file. The file must be available to the bank, the ODFI, so that we can transmit the file within 24 hours of the discovery of the error.
- RDFIs are not required to accept a reversal file and may reject it. Use caution when submitting additional. Example: RDFI may accept the original deposit file, reject the reversal of that file, and then accept a new file.
- See more details on **How to Make Corrections and Process Reversals** on page 9 of this manual.

To Create a Reversal:

After the bank has been contacted and Reversal Options are opened for User.

1. Log into **Cash Management**. From the **Payments & Transfers** menu, click **ACH**.
2. Use the search feature to locate the desired file.
3. The transactions that meet the search criteria display in the **ACH Activity** area of the page.
4. The system will display the **Reversal** button for the files available for reversal. (Processed within the last 5 business days.)



5. Click on the **Reverse** button and the **ACH** details page displays.
6. **Make changes** as needed to update the ACH transfer. Example: Select Reverse All or Select Individual items to reverse and edit the offsetting amount accordingly. **Make sure to verify the effective date.**
7. Click the **Reverse ACH or Return to ACH activity** button.
 - a. **Reverse ACH** will send the file to the bank for processing.
 - Reverse ACH should only be used when you are ready to send the file.
 - Processed files will be available for 120 days to view or use again.
8. The **Processing Status** page displays with the **Status Activity**.
9. Click the **Return to ACH activity**.
10. This will bring you back to the **ACH Manager** page.

Note:

- ACH Transfer Type will show as ACH_Reversal
- See Same Day ACH Steps for more details if appropriate.

Reinitiating Returned Entries “Retry”

In the event a **RETRY** is needed please **contact the bank** to verify eligibility of the item needed to **RETRY**. There are limited circumstances under which you may reinitiate an entry that has been returned. See **How to Reinitiate Returned Entries** on page 10 of this manual for more details on reinitiating files/items.

To Create a Retry:

1. First, gather the details (Name, Account Number, Routing Number, etc) to create a file.
2. Go to **Payments & Transfers > ACH**.
3. Select **New payment or New collection**.
4. Select the appropriate **ACH Type**, click **Continue**.
5. Description name should be **“RETRY PYMT”** or **“RETRY REVERSAL”** along with date of original attempt.
Example: RETRY PYMT ##/##/####
6. If Same Day click **Same Day** box. (See Same Day ACH Steps for more details.)
7. Complete the **Transfer To** and **Transfer From** fields.
8. Click **Complete ACH**.

Same Day ACH

In the event the **Same Day ACH** option needs to be used, you will need to **contact the bank** for access to the Same Day ACH Options.

- The **Same Day ACH** cutoff is **11am CST**.
 - If a file is processed as a same day ACH before 11am CST, it will be processed and sent out the same day.
 - The receiving bank has until close of business to post the same day file to the recipient’s accounts.
- **Same Day ACH** items have a **limit of 25,000** which is an industry limit not controlled by Midwest Bank.
- No additional fees are assessed. Normal rates are applicable.

To Create a Same Day ACH:

1. After the bank has been contacted and Same Day ACH Options are opened for the User.
 - a. Log into **Cash Management**. From the **Payments & Transfers** menu, click **ACH**.
 - b. Select your desired method of creating an ACH file.
 - **Importing** – Select the future date and then click **“Review”** then you will be able to change the **Effective Date** and Select **Same Day**
 - **Manual Entry** – Select the **Effective Date** and check **Same Day**.
 - c. Verify file details and click **Next/Complete ACH** as Appropriate.

Review an ACH Transfer

(Used for Dual Control Set Ups)

Complete the following to review existing ACH transfers.

To review existing ACH transfers:

1. From the **Home** page, go to the **Payments & Transfers** section towards the bottom of the page.
2. To view the details of the files click on the description name.
3. Click **Approve or Disapprove** button accordingly and the **Processing Status** displays.

WIRE MANAGER

Access WIRE Manager

To access WIRE Manager:

1. From the **Payments & Transfers** menu, select **WIRE Manager**.

The screenshot shows the Midwest Bank website navigation bar with 'Home', 'Accounts', 'Payments & Transfers', 'Checks & Deposits', and 'Administration'. Below the navigation bar is the 'Payments & Transfers' section with buttons for 'Internal', 'ACH', 'Wire', and 'Bill Pay'. The 'Wire' button is highlighted. Below this is the 'Wire' section with a 'Select Wire Transfer Criteria' form. The form has five radio button options: 'Inquire Wire Transfer' (selected), 'Change Wire Transfer', 'Delete Wire Transfer', 'Review Wire Transfer', and 'Wire Transfer Template'. To the right of these options are input fields for 'Transfer Type' (set to 'Outgoing'), 'Transfer Description', 'Date Range' (set to '06/02/2019'), 'Amount Range', 'Client Name', 'Reference Number', and 'Wire Number'. A 'Submit' button is at the bottom center of the form.

2. The Select Wire Transfer Criteria page displays with the Inquire Wire Transfer option button selected.

This screenshot is identical to the previous one, showing the 'Select Wire Transfer Criteria' form. The 'Inquire Wire Transfer' radio button is selected, and the 'Date Range' field is now set to '12/25/2018'.

NOTE: Separate instructions follow for each WIRE Manager function.

WIRE Templates

Wires sent via Wire Manager are sent using Wire Templates. New Templates and changes to Templates may require a call back and must be reviewed and approved by the bank.

To Create a WIRE Template:

1. In Cash Management go to **Payments & Transfers > WIRE Manager > Select Wire Transfer Template** and click **Submit**.
 - a. Select **New**.



- b. Select the appropriate **Wire Type** (Domestic or International) and click **Submit**.
 - i. Give the **Template a name** (example: Vendor or Beneficiary name).
 - ii. Select the **From Account**.
 - iii. Select the Appropriate **Template Type** like Domestic or International.
 1. If there is not a **Template Group** already created, click the “new” icon and create a Template Group name.



- iv. Enter **Amount Range** like 0.01 to 500,000. This can mimic company limit but can also be higher. This does not change the overall limit for the company but will not allow a transfer to be submitted if over this amount.
- v. Under **User Access**, select the appropriate Users to have access to Template.
- vi. Complete the **Beneficiary** and **Beneficiary Institution** sections and enter the Beneficiary’s Bank as the Receiving Institution then click **Save**.
 1. Complete the Intermediary Institution for International, if applicable.

To Change a WIRE Template:

1. From the **Payments & Transfers** menu, select **WIRE Manager**.
2. Select **Wire Transfer Template** option button.
 - Search by Template Name, Wire Type, Template Group, or simply click **Submit**.
3. The transactions that meet the search criteria display in the **Wire List** area of the page.
4. Click the **Edit Template** icon of the desired Wire Template to update.

| Template List | | | | | | | |
|-------------------------------|-------------|--------------|---------------|----------|----------------|-----------------|-------------------|
| Text Templates | | | | | | | |
| Template Name | Beneficiary | From Account | Wire Type | Status | New Transfer | Edit Template | Delete Template |
| DOMESTIC TEST | Amy Doe | xxxxxxx983 | Domestic | Approved | [New Transfer] | [Edit Template] | [Delete Template] |
| INTL TEST | Jane Doe | xxxxxxx983 | International | Approved | [New Transfer] | [Edit Template] | [Delete Template] |

5. **Make changes** as needed to update the Wire Template.
6. Click the **Save** button.
7. This will bring you back to the **Select External Transfer Criteria** page.

To View the Details of a WIRE Template:

1. From the **Payments & Transfers** menu, select **WIRE Manager**.
2. Select **Wire Transfer Template** option button.
 - Search by Template Name, Wire Type, Template Group, or simply click **Submit**.
3. The transactions that meet the search criteria display in the **Wire List** area of the page.
4. Click the **Template Name** link of the desired Wire Template to update.

| Template List | | | | | | | |
|-------------------------------|-------------|--------------|---------------|----------|----------------|-----------------|-------------------|
| Text Templates | | | | | | | |
| Template Name | Beneficiary | From Account | Wire Type | Status | New Transfer | Edit Template | Delete Template |
| DOMESTIC TEST | Amy Doe | xxxxxxx983 | Domestic | Approved | [New Transfer] | [Edit Template] | [Delete Template] |
| INTL TEST | Jane Doe | xxxxxxx983 | International | Approved | [New Transfer] | [Edit Template] | [Delete Template] |

5. Click the **Done** when finished viewing.
6. This will bring you back to the **Select External Transfer Criteria** page.

Initiate a WIRE Transfer

Complete the following procedure to submit a WIRE Transfer request. A Wire Template must be created and approved prior to Initiating a Wire Transfer.

To Initiate a WIRE Transfer:

1. From the **Payments & Transfers** menu, select **WIRE Manager**.
2. Select the **Wire Template Transfer** option button.
 - a. Search by Template Name, Wire Type, Template Group, or simply click **Submit**.
3. The transactions that meet the search criteria display in the **Wire List** area of the page.
4. Click the **New Transfer** icon of the desired Wire Template.

| Template List | | | | | | | |
|-------------------------------|-------------|--------------|---------------|----------|----------------|-----------------|-------------------|
| Text Templates | | | | | | | |
| Template Name | Beneficiary | From Account | Wire Type | Status | New Transfer | Edit Template | Delete Template |
| DOMESTIC TEST | Amy Doe | xxxxxxx983 | Domestic | Approved | [New Transfer] | [Edit Template] | [Delete Template] |
| INTL TEST | Jane Doe | xxxxxxx983 | International | Approved | [New Transfer] | [Edit Template] | [Delete Template] |

5. Enter the desired **Date** and **Amount** along with any desired Message or Reference to the Beneficiary.
6. Click **Complete ACH** – Submits it to the workflow for any Internal Dual Control requirements and then to the bank for Processing.

View a Wire Transfer Status and Confirmation Details

Complete the following to view a Wire Transfer Status and Confirmation Details.

To view a Wire Transfer Status and Confirmation Details:

1. From the **Payments & Transfers** menu, select **Wire Manager**.
2. The **Select External Transfer Criteria** page displays with the **Inquire ACH Transfer** option button selected.
3. Search by one of the following:
 - **To search by description:** Enter a descriptive **title** of the desired ACH transfer to locate in the **Transfer Description** text box.
 - **To search by date:** Enter the **beginning date** to search for a transfer in the **Date Range** text box and enter the **ending date** to search for a transfer in the **To** text box.
 - **To search by amount:** Enter the **minimum amount** to search for in the **Amount Range** text box and enter the **maximum amount** to search for in the **To** text box.
 - **To search by confirmation number:** Enter the **confirmation number** of the ACH transaction in the **Confirmation Number** text box.
 - **To search for all:** Leave search criteria information blank.
4. Click the **Submit** button.
5. The transactions that meet the search criteria display in the **Wire List** area of the page.
6. Click the **Wire Number** link, if desired, to display file details.
 - **IMAD:** This is the confirmation number for the Wire being sent.
 - **Reference Number:** This is the reference number for the Wire Manager system.
 - **Status:** Shows the status of the wire.



| Date | Beneficiary | IMAD | Amount | Reference Number | Status | Wire Number |
|--------------|-------------|------|--------|------------------|-------------|-------------|
| Dec 26, 2018 | Jim Doh | | \$0.01 | 4954a02826 | Pending | 210 |
| Dec 24, 2018 | Jane Doe | | \$0.01 | 1504h7at6c | Disapproved | 181 |

[More wire confirmations](#)

7. When finished simply **close** the window.

Review an WIRE Transfer

(Used for Dual Control Set Ups)

Complete the following to review Wire transfers.

To review WIRE transfers:

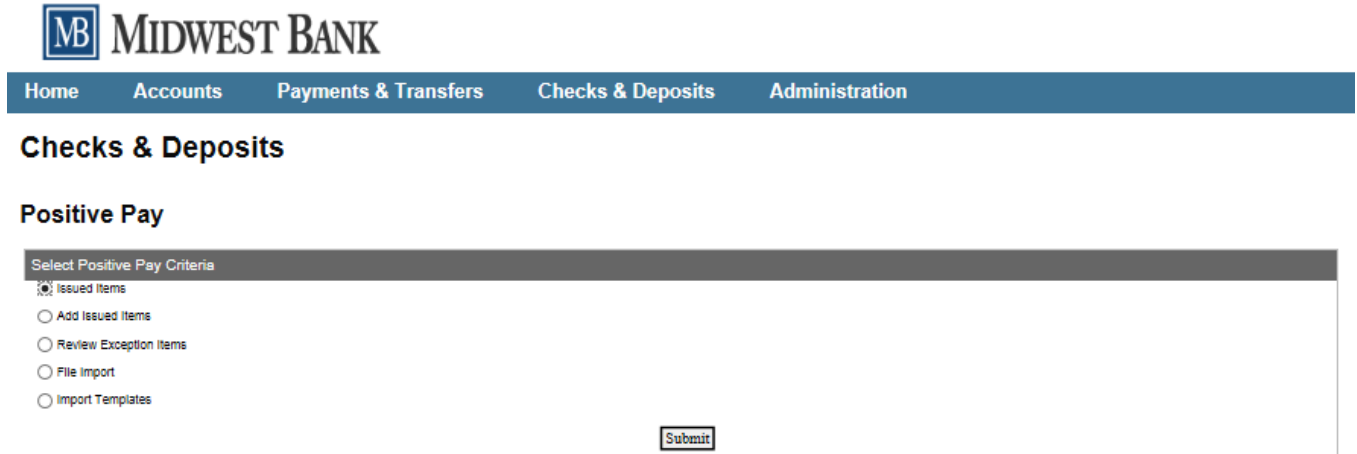
1. From the **Payments & Transfers** menu, select **WIRE Manager**.
2. Select the **Review WIRE Transfer** option button.
3. Search by one of the following methods:
 - **To search by description:** Enter a descriptive **title** of the desired ACH transfer to locate in the **Transfer Description** text box.
 - **To search by date:** Enter the **beginning date** to search for a transfer in the **Date Range** text box and enter the **ending date** to search for a transfer in the **To** text box.
 - **To search by amount:** Enter the **minimum amount** to search for in the **Amount Range** text box and enter the **maximum amount** to search for in the **To** text box.
 - **To search for all:** Leave search criteria information blank.
4. Click the **Submit** button.
5. The **Review WIRE Transfer** page displays.
 - To review a specific Wire transfer, click the desired Transfer Description link from the list.
6. Select **Approve** or **Disapprove** from the **Status** drop-down list.
7. Click the **Save** button.

POSITIVE PAY

Access Positive Pay

To access Positive Pay

1. Go to **Checks & Deposits** and select desired option under **Positive Pay**.



The screenshot shows the Midwest Bank website interface. At the top is the logo for Midwest Bank. Below the logo is a navigation bar with the following links: Home, Accounts, Payments & Transfers, Checks & Deposits, and Administration. The 'Checks & Deposits' link is highlighted. Below the navigation bar, the page title is 'Checks & Deposits'. Underneath, there is a section titled 'Positive Pay'. Within this section, there is a box titled 'Select Positive Pay Criteria' containing four radio button options: 'Issued Items' (which is selected), 'Add Issued Items', 'Review Exception Items', 'File Import', and 'Import Templates'. A 'Submit' button is located at the bottom right of this box.

Build an Import Template for Positive Pay File

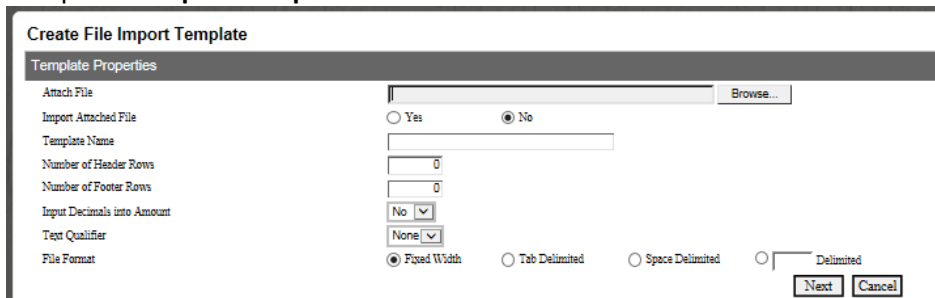
To build a non-standard import template for Positive Pay file

1. Go to **Checks & Deposits** and select **Import Templates** under **Positive Pay**.
2. Click on **Add Template**.



The screenshot shows a dialog box titled 'File Import Templates'. It contains a table with columns for 'Template', 'Type', and 'Delim'. There is a 'Cancel' button at the bottom center. A red circle highlights the 'Add' button in the top right corner of the dialog box.

3. Complete **Template Properties** and click **Next**.



The screenshot shows a dialog box titled 'Create File Import Template'. It contains a section titled 'Template Properties' with the following fields and options: 'Attach File' (with a 'Browse...' button), 'Import Attached File' (radio buttons for 'Yes' and 'No', with 'No' selected), 'Template Name' (text input field), 'Number of Header Rows' (text input field with '0'), 'Number of Footer Rows' (text input field with '0'), 'Input Decimals into Amount' (dropdown menu with 'No' selected), 'Text Qualifier' (dropdown menu with 'None' selected), and 'File Format' (radio buttons for 'Fixed Width', 'Tab Delimited', 'Space Delimited', and 'Delimited', with 'Fixed Width' selected). There are 'Next' and 'Cancel' buttons at the bottom right.

- Complete **Mapped File Data** character position fields and click **Next**.

| Field | Character Position | Mask Format |
|----------------|--------------------|-------------|
| Account Number | 17 Through 31 | |
| Amount | 34 Through 44 | |
| Check Number | 1 Through 10 | |
| Item Type Code | 32 Through 33 | |
| Issue Date | 11 Through 16 | |
| Payee | 45 Through 81 | |

Next Previous Cancel

- Complete the **Item Type Code Mapping**. Both **Issued** and **Void** should be added. Click **Create Template**.

Item Type Code Mapping

| File Data | Assigned Value | Add Data |
|-----------|----------------|----------|
| | | X |

Create Template Previous Cancel Add

Import a Positive Pay File

To import a Positive Pay file

- Go to **Checks & Deposits** and select **File Import** under **Positive Pay**.
- Browse to Positive Pay file to import.
- Select appropriate **Template** and click **Next**.

Import a File

File Name Browse...

Template **Testing Template**

Next Cancel

- The **Import Success Confirmation** overlay window is displayed. Verify the items imported and review any exception items. Click **Done**

Add Issued Items to Positive Pay Manager

To manually add items to Positive Pay Manager

- Go to **Checks & Deposits** and select **Add Issued Items** under **Positive Pay**.
- Select the appropriate account from the **Account** drop-down list and establish the item details.
 - Add Row (for additional items)
- Click **Submit**

Add Issued Items

Account: 10000000

Check Number:

Amount: Payee:

Date Entered: 10/22/2014

Item Type:

Add Item Submit Cancel

Review Exception Items

To Review Exception Items

1. Go to **Checks & Deposits** and select **Review Exception Items** under **Positive Pay**.
2. Exception items will display for review.
 - a. Review each exception item
 - i. Click on the check number hyperlink to display an image of the exception item.
 - b. To return an exception item, select the appropriate check box next to the exception item.
 - c. Click **Return Item**

| | Account | Check Number | Amount | Date | Exception Reason |
|-------------------------------------|---------|----------------------|----------|-----------|-------------------|
| <input checked="" type="checkbox"/> | 1 | 1010 | \$10.00 | 10/1/2011 | Amount Different |
| <input type="checkbox"/> | 1 | 0110 | \$75.00 | 10/1/2011 | Account Not Found |
| <input type="checkbox"/> | 1 | 1012 | \$250.00 | 10/1/2011 | No Serial Number |

Modify or Delete Issued Items

To Modify or Delete Issued Items

1. Go to **Checks & Deposits** and select **Issued Items** under **Positive Pay**.
2. Select the appropriate account from the **Account** drop-down list. Click the edit or delete icon to complete desired action.
 - a. Click **Submit** when done.

| Check Number | Amount | Date | Item Type | Status |
|--------------|--------|-----------|-----------|----------------|
| 1001 | \$1.00 | 9/28/2011 | Check | Not Reconciled |
| 1001 | \$1.00 | 9/28/2011 | Check | Not Reconciled |
| 1001 | \$1.00 | 9/28/2011 | Check | Not Reconciled |

CASH MANAGEMENT TIPS

- **ACH** Batches can be processed up to 30 days in advance, however; when using the same batch or making changes to scheduled, please use caution.
- **ACH** files must be transmitted no later than **4:00pm CST** the business day before the effective date. Example: If payday is Thursday, file must be transmitted by **4:00pm CST** Wednesday.
- **Domestic Wires** must be transmitted no later than **3:00pm CST** on the effective date.
- **International Wires** must be transmitted no later than **1:00pm CST** on the effective date.
- Files **CANNOT** be scheduled for a weekend or holiday—the batch must be set to Complete ACH either before or after Weekends and Holidays.
- If the **Federal Reserve is closed**, there will be **NO ACH or Wire Transfers** and transactions must be scheduled accordingly. Example: If the holiday falls on Monday, transactions for Tuesday must be processed the Friday before the holiday, before designated cutoff times.
- **Positive Pay** is a service used to identify fraudulent checks and presenters. Positive pay requires the company to send (transmit) a file of issued checks to the bank each day checks are issued. When checks are presented for payment at the bank, they are compared electronically against the list of transmitted checks. When a check is presented that does not have a “match” in the file, it becomes an “exception item”.
 - The **customer must review exceptions items** and decision whether to pay or return the check.
 - All items will **default as pay** unless customer decisions to return the item.
 - The issuers must review and decision any exceptions no later than **11:00am CST** each business day.

Federal Holiday Closings

*items noted with an asterisk indicate Midwest Bank Closing

New Year's Day*

Martin Luther King, Jr. Day

Presidents Day

Memorial Day*

Independence Day*

Labor Day*

Columbus Day

Veterans' Day*

Thanksgiving Day*

Christmas Day*—Bank Offices close at 12:00PM

Christmas Eve*