Business Online Banking

ACH, Check, Payee & Reverse Positive Pay
User Guide

Contents

TERMS OF SERVICE

This User Guide, along with the Treasury Services Terms and Conditions, and any other documents Atlantic Union Bank ("Bank") gives a Customer pertaining to Customer account(s) and the use of the Bank's Positive Pay Services as described herein (the "Services"), (collectively, the "Agreement"), is a contract that establishes the rules which control Customer's use of the Services. By using the Services, or permitting any other person to use the Services, you acknowledge and agree to be bound by the terms of this Agreement.

ABOUT POSITIVE PAY SERVICES

Positive Pay services are excellent fraud prevention tools which use reconciliation to detect differences in the business's payment intention versus what has been presented to the Bank for payment.

For check positive pay, submission of issue data or issue "file" in the appropriate file format, as established during implementation, or manual entry of issue data is required before checks are disbursed from the business.

The business should ensure that a requisite number of authorized business representatives are available to make decisions on exception items prior to established deadlines.

The bank will compare each presented item by each applicable data element against each issue file received by the Bank. By 9:00 a.m. (Eastern Time) each business day, the Bank (i) intends to make available to the business any identified exceptions items that may not match payment issued criteria; or (ii) may display to business a message that there are no exception items for the applicable service(s) to report for that day.

Exception responses can be managed via dual approval. For approval of Positive Pay exception items, personnel can be authorized with Entitle Approval and Transmit Approval. The Bank recommends dual approval.

The business should ensure exceptions are decided by the stated deadlines.

Check Positive Pay Services will not stop the payment of checks that have been converted to ACH entries. ACH Rules prohibit the conversion of business checks if they meet the standards published in the ACH Rules. The business is responsible for assuring that the business's checks meet these standards to utilize the service.

The bank cannot detect business errors on the issue file or Pay/Return notification, nor any alteration to any presented check received in connection with Positive Pay Services.

A step-by-step help / "how to" user guide is available within the Business Online Banking Positive Pay application.

ACH POSITIVE PAY

About ACH Positive Pay

ACH Positive Pay helps mitigate the risk of fraud by allowing the business users to review ACH exceptions and make decisions to pay or return them.

An exception is any ACH debit transaction that is blocked because it did not match the criteria defined in payment rules.

Payment authorization rules are conditions that determine whether transactions are debited from accounts or blocked. If a transaction matches an authorization rule it is processed normally and sent to post. If a transaction does not match an authorization rule it is presented as an exception to the business. Business users then need to review the ACH exceptions and decide to pay or return them.

Business users can create new authorization rules based on exceptions they have decided to pay to prevent future exceptions from being generated for the originating companies.

The ACH Positive Pay exception decision deadline is 3:00 p.m. Eastern Time. A "Return" default decision is established at service implementation and cannot be altered. If exceptions are not decisioned by the business by the 3:00 p.m. ET deadline, the bank will process according to the "return" default.

ACH Positive Pay decisions can be made through the mobile application.

ACH Authorization Rules

About ACH Authorization Rules

A payment authorization rule prevents future exceptions from being generated for an originating business. Authorization rules can be added when the exception is presented via Business Online Banking.

If multiple payment rules are set up for an originating business, the most restrictive maximum amount and ACH transaction type settings will be applied to future ACH debit transactions. For example, if a payment rule is set up for Business A with a maximum amount of $50.00 for all transaction types and another rule is set up with a maximum amount of $100.00 for the CCD transaction type, only CCD debit transactions with amounts of $100.00 or less will be allowed.

Adding an ACH Authorization Rule

Authorization rules may be added between 8:00 a.m. and 3:00 p.m. Eastern Time.

Viewing Existing ACH Authorization Rules

Authorization rules can be viewed that have been set up prior to the current day.

ACH Payment Decisions

About ACH Payment Decisions

Decisions are actions business users take on ACH payment exceptions that determine whether the exceptions are paid or returned.

Business users can make decisions on ACH exceptions between 8:00 a.m. and 3:00 p.m. Eastern Time.

Business users should consider subscribing to the alerts to better manage ACH payment exceptions.

Viewing the Status of ACH Exceptions

Business users can review a summary of all exceptions and view details about them such as originator business name, reject reason, amount, decision, and who made the decision. Business users can determine whether the correct decisions were applied to the exceptions or if the bank default decision was applied.

CHECK POSITIVE PAY

About Check Positive Pay

Positive Pay helps to prevent check fraud by allowing business users to examine checks that appear as exceptions and make decisions to pay or return them. Exceptions arise when checks presented to the Bank appear to not match the check information provided by the business in the check issue file.

Positive Pay matches checks presented for payment with the information on the issue file provided by the business. In the event of a mismatch, exceptions are generated so companies can review and make Pay or Return decisions on each.

Positive Pay matches posted check information with check issue items for serial number, date and amount and creates exceptions if discrepancies are found. Positive Pay does not verify funds availability (i.e., account balances) when processing checks.

Positive Pay exception decision deadline is 1PM Eastern Time. The Business chooses the default of Pay or Return at time of implementation of the service or by written maintenance request. If no decision is entered by the business by the deadline, the bank will process the item according to the default. **The Bank strongly suggests the default "Return" decision.**

Remember that all checks issued by you, the business, need to be included in the check issue file data.

Positive Pay decisions can be made through the mobile application.

About Reverse Positive Pay

Reverse Positive Pay helps to prevent check fraud by allowing business users to examine *every* check and make decisions to pay or return them.

If an account is entitled to Reverse Positive Pay, then cannot also have Positive Pay or Payee Positive Pay.

Reverse Positive Pay exception decision deadline is 1PM Eastern Time. All checks presented to the bank will be posted to business as exceptions, to be decisioned by business.

The business chooses the exception default at implementation of the service or by written maintenance request. If no decision is entered by the business by the deadline, the bank will process the item according to the default – pay or return.

About Payee Positive Pay

Payee Positive Pay helps to prevent check fraud by comparing the payee names in a business user's check issue file against those presented to the bank. When the check payees do not match perfectly an exception may be created.

Exceptions generated from the payee comparison will appear with a Payee Mismatch exception reason.

Payee Positive Pay is an addition to check positive pay and adds Payee review to the items reconciled to the check issue file.

Payee Positive Pay exception decision deadline is 1PM Eastern Time. The business may choose a default of Pay or Return if the business does not decision exception items by the cutoff time. **The Bank strongly suggests the default "Return" decision.**

If you need support, please contact Treasury Services Support at 877.920.6888, Monday – Friday 8am – 5pm.

Payee Positive Pay name field length is 128 characters.

Payee Positive Pay decisions can be made through the mobile application.

Guidelines to obtain the highest level of performance with Check Positive Pay:

Check Payee Name

Must match issue file. If the payee is two lines on the check, the issue file should show the full payee name listed in those two lines.

Check Stock

Business checks with 24lb MICR bond. Any artwork, logo or design on the check that could hinder capturing a high-quality image, should not be utilized, particularly if the design may interfere with a successful reading of the information on the image, including payee name. If artwork is translucent or opaque and does not hinder capturing a quality image, it should be acceptable for payee name processing. We recommend using the bank's preferred check provider.

Image Quality

Use only black ink. Avoid using dot matrix printers.

Font

Experience has proven that Arial has high read rates and is preferred and highly recommended. Other acceptable fonts include Times New Roman, Courier, Verdana, Univers, Tahoma, Albertus, Batang, Bookman and Zurich. PostScript printers (DPT units) should use size 10 fonts. If measured by pixels at a resolution of 200 dpi, size 14 should be selected.

Handwritten Items

Handwritten business sized checks typically have a low match rate due to the nature of very stringent matching criteria. Because the system is optimized to identify fraudulent activity, most handwritten checks will cause exceptions.

Formatting

Avoid extra spaces, underlining, italicizing, or bolding. The use of punctuation should be limited. For example: UNITED WE STAND is preferred to UNITED-WE-STAND! Payee data should be displayed in a clear area, free of and not touching other text, lines, or stamp marks. Avoid extra spaces, underlining, italicizing or bold face fonts. The payee name should be on one line. The use of all upper-case is recommended. Verify visually that the characters do not touch each other.

Pitch

Provide sufficient spacing between individual letters within the name so that each letter of the name can be clearly read. For example, LIVE could be misread as UVE if the letters are not spaced properly. It is recommended that most printers use pitch proportionate to the font, however, in situations in which pitch is fixed, we recommend a pitch size of 10 pt. After printing, there should be about 10 characters per inch.

Special Characters

Do not use special characters, such as an asterisk (*) on your issue file for Payee Name processing. Special characters are not typically contained in legitimate payees and can result in higher exception rates. The following characters are standard and acceptable for payee names:

ABCDEFGHIJKLMNOPQRSTUVWXYZ

abcdefghijklmnopqrstuvwxyz 0123456789

, . : ; / & # @ ( ) ' —

Placement

The payee name should be listed in proximity (to the right or just below) "Pay to the Order Of." Horizontally, the payee should not extend past the middle of the check. Vertically, the payee name should be located just below the vertical midpoint of the check but should not extend to the bottom one-fourth of check or interfere in any way with the MICR line information contained at the bottom of the check.
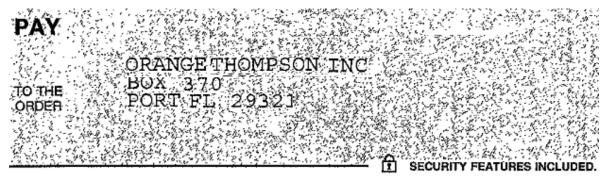
The payee data should be displayed in a clear area, free of and not touching other text, lines, or stamp marks.

Common Exception Issues

Image Quality

Handwriting recognition engines read pixels (black vs white) on items presented. When a business's check stock adds background noise to the payee location (additional black pixels), it creates issues with the ability to locate the payee successfully.

Example of failed image due to image quality:

Payee Substring

The Payee Positive Pay service will look for an EXACT match to the payee reference from the check issue file provided by business. Once the payee is located, it will look above, below and on both sides (before and after) the payee. This is to insure that someone did not alter the payee name by adding their name.

Example: Account: Derek's Flowers Serial: 123456 Payee Reference: Orbograph Tech Support

Passing Item:

WARNING – THIS CHECK IS PROTECTED BY SPECIAL SECURITY GUARD PROGRAM™ FEATURES

NO: 123456

	DATE		AMOUNT
	AUG		*****$126,201.00

CHECK VOID AFTER SIX MONTHS

30-9
1140

PAY EXACTLY   ONE-HUNDRED TWENTY-SIX THOUSAND, TWO-HUNDRED ONE DOLLARS AND
ZERO CENTS**********

VOID

TO THE
ORDER
OF

Orbograph Tech Support
44 Manning Rd
Billerica, MA 01821

HEAT SENSITIVE
RUB AREA TO VERIFY

THIS CHECK CONTAINS MULTIPLE SECURITY FEATURES – SEE BACK FOR DETAILS

⑆00126 20100⑆

Failing Item:

WARNING – THIS CHECK IS PROTECTED BY SPECIAL SECURITY GUARD PROGRAM™ FEATURES

NO: 123456

	DATE		AMOUNT
	AUG		*****$126,201.00

CHECK VOID AFTER SIX MONTHS

30-9
1140

PAY EXACTLY   ONE-HUNDRED TWENTY-SIX THOUSAND, TWO-HUNDRED ONE DOLLARS AND
ZERO CENTS**********

VOID

TO THE
ORDER
OF

Orbograph Tech Support
Item Processing Group
44 Manning Rd
Billerica, MA 01821

HEAT SENSITIVE
RUB AREA TO VERIFY

THIS CHECK CONTAINS MULTIPLE SECURITY FEATURES – SEE BACK FOR DETAILS

⑆00126 20100⑆

In the above check images, the failing image failed due to there being a line in the payee (Item Processing Group) that is not an address line (does not have a street number, or end in Rd, St, Ave, PO BOX, etc.) and it was also not provided in the check issue file. Whenever there is a line in the payee that is not a physical address, it needs to be added to the issue file, or the item will fail and be sent as an exception.

Check Exceptions

About Check Exceptions

Check exceptions are checks that are presented for payment that differ from the issue file provided to the bank.

Check Exception Reasons

Checks can differ from the issue file for many reasons.

Exception Reason	Description
Duplicate Item	Two or more checks paid with the same serial number.
Amount Mismatch	The paid check amount and the issued amount are not the same.
Future Dated	The check was paid on a date earlier than when it was issued.
Posted Against Void	A paid check matched a voided issue.
No Issue Found	A paid check had no matching issue.
Serial Error	A paid check is missing a serial number. For example, the serial number may not have been correctly read during processing.
Payee Mismatch	The payee name on the posted check does not match the issued item. This Exception Reason is only applicable to companies that have the Payee Positive Pay service.
Posted Against Stop	A paid check matched a stopped issue.

Check Issues

About Check Issues

Check issues are representations of checks written by business users and should be posted to Business Online Banking 24 hours before check disbursement.

Check issues can be manually added or imported through a file.

Single or a sequence of check issues can be added manually.

Check issues can be imported using a pre-defined or custom file import definition. When a business user imports a check issue file their approval is applied automatically to the file. Each check issue that is successfully imported is audited and available for review in user activity.

An Atlantic Union Bank Business Online Banking training specialist will collaborate with you to establish and test your file.

File Formats & Requirements

File Definition Field Requirements

File import definitions outline the format for imported files.

File import definitions can be delimited or fixed. A delimited file is a flat text file consisting of data items separated by a specific character. A fixed file is a text file consisting of data that have specific lengths and positions.

Excel files are accepted.

Viewing the Status of Check Issues

Business users can view the status of manually entered and imported check issues.

Importing Check Issue Files

Large quantities of check issues can be imported into the system through a file. The business user who imports a check issue file automatically has their approval applied to the file.

File Transfer Protocol for Check Issue Files

Check issue files can be directly transmitted through File Transfer Protocol (FTP).

FTP transmission is not automatically enabled for companies; some set up by the bank is required to enable FTP transmission. Additional fees may apply for FTP transmissions.

Once FTP transmission is enabled and set up, the standard MICASH file format or a custom file import definition can be used.

Viewing the Status of Imported Check Issue Files

Business users can view the status of check issue files that were imported to determine if the import was successful.