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## ACH Origination Reminders

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The following items are reminders of some of the guidelines that should be considered during daily operations to ensure compliance with Nacha Rules.

- ❑ Make sure you have proper written authorization from your customers, and that you have provided them with a copy of the authorization they signed. Keep your copies of these authorizations on file for two years after your last electronic transfer to the authorized account. Periodic audits of authorizations will be performed.
- ❑ Should you choose to send pre-notifications, make sure you send them at least three business days before the first live transaction.
- ❑ If you receive returns relating to pre-notifications you have sent indicating that the receiving bank cannot accept such entries, do not initiate any further entries to the account.
- ❑ If you choose to originate “micro entries” you must use “ACCTVERIFY” in the company entry description field.
- ❑ If you receive NOCs (Notifications of Change) on items you originate, requested changes should be made within six banking days or prior to the initiation of the next entry, whichever is later. Failure to do so is a violation of Nacha rules.
- ❑ If entries are returned to you for the following reasons, you must not reinitiate entries to those customers until you obtain a new proper authorization:  
R07 – Authorization Revoked by Customer | R08 – Payment Stopped | R10 – Customer Advises Not Authorized
- ❑ If you receive a return with reason code R11 on a previously authorized transaction sent with errors (such as wrong date or amount) you must correct the error prior to resubmitting.
- ❑ Entries returned for R01 - Insufficient Funds and R09 - Uncollected Funds cannot be reinitiated in excess of two additional attempts.
- ❑ If you need to reverse a file or entry, you must do so in such time as to be transmitted or made available to the receiving bank within five banking days following the settlement date of the erroneous entry or file.
- ❑ Protect your computer against potential security threats. Use antivirus software and keep up on critical patches. Utilize a firewall and don't “surf” with the computer used for banking.
- ❑ All sensitive information must be transmitted securely, using a commercially reasonable level of encryption. Our secure email system is available for your convenience. If you are not yet registered, please contact eCommerce.
- ❑ When an employee is terminated or is no longer employed, or their job description changes where access to the ACH system is impacted, it is necessary to notify Farmers State Bank.
- ❑ Our daily “cutoff” times to submit files are:
  1. Credits by 2:00 PM two days prior to the effective date; debits by 2:00 PM one day prior to the effective date.
  2. Files prepared by FSB – Credits by 10:00 AM two days prior to the effective date; debits by 10:00 AM one day prior to the effective date.

Please contact the eCommerce Department at 319-730-6962 if you have questions.



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