

Origination of POP Entries

- ◆ Company will obtain written authorization for POP entries in accordance with the *ACH Rules* and U.S. law and provide a copy to the Receiver. The Company will retain the authorization or a copy of the authorization for period of two years from the Settlement Date of the POP entry. The authorization will state that the source document will not be processed as a check. The Originator will provide the Receiver with a notice that includes the following, or substantially similar, language:
- ◆ *“When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.”*
- ◆ The notice must be provided to the Receiver in a clear and conspicuous manner
- ◆ The Company will ensure that the amount of the entry, the routing number, the account number and check serial number are in accordance with the source document. The routing number, account number, and check serial number will be captured electronically using a check reading device. The Company will include a four-character name or abbreviation of the city in which the electronic terminal is located in the Terminal City Field and a two-character abbreviation for the state in which the electronic terminal is located in the Terminal State Field.
- ◆ The Company will initiate a POP entry only if the source document meets the eligibility requirements in accordance with the ACH Rules.
- ◆ Eligible Checks
 - Does not contain an auxiliary On-U.S. Field in the MICR line
 - Has a pre-printed serial number
 - An amount of \$25,000 or less
 - Completed and signed by the Receiver
- ◆ Ineligible Checks
 - Checks or share drafts that have not been encoded in magnetic ink
 - Checks or share drafts that contain an Auxiliary On-U.S. Field in the MICR line
 - Check or share drafts in an amount greater than \$25,000
 - Third-party checks or share drafts
 - Demand drafts and third-party drafts that do not contain the signature of the Receiver
 - Checks provided by a credit card issuer for purposes of accessing a credit card account or checks drawn on home equity lines of credit
 - Checks drawn on an investment company
 - Obligations of a financial institution (e.g., traveler’s checks, cashier’s checks, official checks, money orders, etc.)
 - Checks drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
 - Checks drawn on a state or local government that are not payable through or at a Participating DFI
 - Checks or sharedrafts payable in a medium other than U.S. currency

- ◆ Company will void and return the source document to the Receiver. The Company The will also ensure that the source document has not been provided by the Receiver for use in any prior POP entry.
- ◆ The Company will ensure that the Receiver is provided with a receipt that contains information relating to the POP entry, as required by the ACH Rules:
 - Originator Name (merchant)
 - Company (merchant)/third-party service provider phone number
 - Date of transaction
 - Transaction Amount
 - Source Document serial number
 - Merchant Number (or other unique number to identify the location)
 - Terminal City
 - Terminal State
- ◆ It is also suggested that the following information be provided:
- ◆ Merchant address and identification number
- ◆ Receiver's financial institution routing number, truncated account number, and truncated identification number
- ◆ Transaction reference number
- ◆ Company will develop alternative methods for retaining information when necessary to identify the customer for whom a POP entry has been returned.