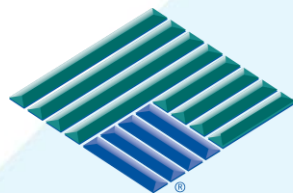




ACH Originator Quick Reference 2024



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Overview

- This document overviews important information you should be aware of as an originator of ACH transactions
- The following information is to help you stay current with the ACH Operating Rules and keep you informed of any changes in the National Automated Clearing House Association (NACHA) rules.
- Changes can also be found in the Revisions to the NACHA Operating Rules section of the rule book. Changes will cover the time period of January 1 to December 31 of that year.





Contents

- General Information
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General Information

- ACH entries are categorized as “consumer” or “corporate”
- ACH is a batch system (not real time)
- Once sent to the ACH Operator, entries are final
- ACH is capable of crediting or debiting checking or savings accounts
- Most banks and credit unions receive ACH entries
- An ACH Originator is any entity or person that creates an ACH transaction



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Governing Rules and Agreements

You are required to abide by multiple rules and agreements including, but not limited to, the following when submitting ACH files and transactions.

- NACHA Operating Rules (www.nacha.org)
- Regulation E (for consumer entries)
- UCC4A (for corporate credits)
- Stearns Bank Deposit Account Agreement
- Stearns Bank ACH Agreement
- Bank/Corporate Agreements
- Customer Authorizations



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Originator Responsibilities

- The Originator must agree to:
 - Be bound by the NACHA Operating Rules
 - Not originate Entries that violate the laws of the United States
 - Protect the banking information received
 - Send entries on the proper date according to your critical timing calendar
 - Make necessary changes to payee account information within six banking days when notified by Stearns Bank
 - Cease subsequent entries when appropriate
- All payees must be verified against OFAC
- Ensure your computer and you are protected as outlined in your original agreement.



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NOC Requirements

- What is an NOC?
 - An NOC is a non-monetary ACH entry used by RDFIs to notify an Originator of a correction or change that needs to be made to a portion of the account information of the Receiver's entry
- What does an NOC mean?
 - NOC stands for "Notification of Change". It is the standard term used for entries that can be identified by the Return Codes that begin with 'C'
 - This term indicates that the entry failed due to one or more administrative data points in the ACH file being inaccurate. Upon research, the RDFI was able to discern the correct information and altered the entry to reflect the new information. An entry is then initiated in return to advise the Originator on what was changed to ensure they update their data for any future entries.





NOC Requirements continued ...

- NOC Receiver Requirements
 - Upon receipt of an NOC, the Originator is required to update their data records to reflect the designated changes for any future entries.
 - This update must take place within 6 banking days of receipt of the NOC
 - OR before initiating the subsequent entry
- What to do if you receive an NOC:
 - The receipt of an NOC is different than a Return. While a return indicates that an entry has failed or is unauthorized, an NOC is strictly a data file meaning the original entry as completed. This means that a “correcting” does not need to be initiated
 - All Originators are required to abide by the NACHA Rules and Regulations. This means that it is highly recommended that all Originators have procedures in place for timely and efficient corrective action to ensure they do not receive a “violation”.





Upcoming changes – 2025/2026

• 2025

• **Effective April 1, 2025**

- RDFIs must respond to an ODFI's Request for Return within 10 Banking Days

• 2026

• **Effective March 20, 2026**

- Fraud Monitoring by ODFIs
- Fraud Monitoring by large Originators, TPSPs, and TPSs (Phase 1)
- ACH Credit Monitoring by large RDFIs (Phase 1)
- New Company Entry Descriptions – PAYROLL and PURCHASE

• **Effective March 20, 2026**

- Fraud Monitoring by all other Originator, TPSP, and TPS
- ACH Credit Monitoring by all other RDFIs



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More Information

- NACHA Operating Rules are available at www.nacha.org
- The Better Business Bureau offers training specifically for small businesses on how to simplify the requirements of ACH data security. Visit www.bbb.org/data-security to get further information
- For additional information contact Stearns Bank Electronic Banking Department:
 - Phone: 888-629-8707
 - Email: StearnsConnect@stearnsbank.com



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