

Positive Pay Exceptions



BBVA Compass RealTime Positive Pay™ consolidates your exceptions into a single dashboard where you can view check images and ACH transactions minutes after they are presented to BBVA Compass for payment – unlike other banks that report all exceptions the next business day.

For all transaction types, the item will first post to your account, then be reported as an exception if it meets the specific criteria. **You will see exception items reported throughout the day as items are presented and processed by BBVA Compass.**

Default Decision and Deadline

Your pay or return Positive Pay exception item decisions are due by 6:00 p.m. CT of the next business day after the item is presented to BBVA Compass for payment. You have up to 34 hours to make a pay or return decision depending on when an exception is reported to you. It is important to note the paid date on the exception list as the decision deadline is based on the paid date. BBVA Compass will follow the default decision listed if we do not receive disposition instructions from you by the decision deadline.

All items within an account and payment type must have the same default decision, but you can have different default decisions on different accounts and/or different payment types (checks, ACH credits and ACH debits). To edit your default decision:

1. From the **Risk and Reconciliation** menu, click **Positive Pay Business Rules**.
2. Default decisions are listed by payment type and account. The default established for the account and payment type are listed to the right of the account header. Click the word **Default Decision**, and (depending on your entitlements) a pop-up window labeled **Edit Default Decision** will open.
3. Change the default to your preference. You must click the **Save Default Decision** button for the change to take effect.

Tip: Changing the default decision will impact exceptions reported after your change. The default is not retroactive. If your office will be closed on non-bank holidays, such as the day after Thanksgiving or Christmas, you may wish to change your default decision if you are unlikely to check your exceptions on those days. You can change it when you return.

Business Rules

Business rules (along with issue files) govern which items are considered Positive Pay exceptions. Business rules are account specific and cannot be applied across multiple accounts. There are no specific fees associated with Positive Pay business rules.

To set a business rule, select **Positive Pay Business Rules** from the **Risk and Reconciliation** menu. In the New Business Rule section, select the account and Positive Pay type. You must click the Create Business Rule button after selecting your criteria for the new rule to become active.

ACH Transactions that do not match established business rules will be reported as exceptions. You can have an unlimited number of ACH business rules. Rules are very specific and must match all fields. In other words, if a transaction matches on company ID but not on SEC code or maximum dollar amount, it will be reported as an exception.

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| Check | <ul style="list-style-type: none">• Setting either one of these business rules will cause presented checks matching these criteria to be reported as exceptions.<ul style="list-style-type: none">• Stale Date - You determine the number of days at which point a check is considered old or stale. Banking practices typically consider a check stale dated after six months, but you can set earlier or later times as you wish.• Maximum Dollar - You determine the amount at which you want a check reported to you as a Positive Pay exception. |
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Positive Pay Types

BBVA Compass offers five types of Positive Pay:

1. Regular (Check) Positive Pay ^{(a)(c)}
2. Payee (Check) Positive Pay ^{(a)(c)}
3. Reverse (Check) Positive Pay ^(b)
4. ACH Positive Pay ^(a)
5. Deposit Positive Pay ^(b)

^(a) Regular or Payee Check Positive Pay may be used with ACH Positive Pay on the same bank account.

^(b) This service cannot be used with Regular (Check) or Payee (Check) Positive Pay.

^(c) You cannot have Regular Positive Pay and Payee Positive Pay on the same bank account.

The following apply to all types of Positive Pay:

- Return reasons matter and govern the bank of first deposit's actions. On the check side, returning a check as Refer to Maker means that a bank can resend the same check back through to see if it clears a second or twentieth time, whereas Altered/Fictitious Items are considered fraudulent and are not eligible for redeposits.
- Exceptions are listed in order of account, then paid date with the most recent exceptions at the top of the list.
- If an item is an exception for multiple reasons, all applicable exception reasons will be displayed.
- You can sort any of the columns in the exception report by clicking on the field name. Fields vary based on the type of Positive Pay.
- If you have multiple exception items, you do not have to submit decisions all at once. You can submit them any time before the decision deadline.
- You can change your mind on any decision you make before the decision deadline by clicking on the Exceptions in Process tab and clicking on the pencil icon next to the item. If you change your instructions, be sure to click on the Submit Instructions button. The Reset Instructions button will cancel any changes you entered.
- After the decision deadline has passed, items will move to the Exceptions History tab. You cannot change decisions once an item moves to Exceptions History.

Regular (Check) Positive Pay

Regular Positive Pay compares your check issue file against checks presented to BBVA Compass for payment for the following fields: account number, check number, dollar amount and paid date. Checks that do not match the issue file will be reported as Positive Pay exceptions.

1. Review your list of Positive Pay exceptions by going to the **Risk and Reconciliation** menu then click **Positive Pay Exceptions**.
2. Click on the **check image** icon to view an image of the check exception.
3. Review the issue information and exception reason(s) to help you decide what action you wish to take.
4. Select whether to **Pay** or **Return** the check by clicking the **Instruction/Return Reason** drop-down menu. If you select Pay, no other menu will appear. If you select Return, a list of eligible return reasons will appear in a drop-down menu.
5. Once you select your instruction and (if applicable) return reason, the **Submit Instructions** button will appear.
6. After you click **Submit Instructions**, the item will move to the **Exceptions in Process** tab.

Payee (Check) Positive Pay

Payee Positive Pay differs from Regular Positive Pay in that it compares one additional field: payee name. Checks that do not match the issue file will be reported as Positive Pay exceptions.

1. Review your list of Positive Pay exceptions by going to the **Risk and Reconciliation** menu then clicking **Positive Pay Exceptions**.
2. Click on the **check image** icon to view an image of the check exception.
3. Be sure to carefully review the issue information to help you decide what action you wish to take. This is particularly important if the exception reason is Payee Name Mismatch. The BBVA Compass Positive Pay scrub team will allow minor payee name mismatches, such as having an ampersand (&) instead of the word "and" but will generally push out payee name mismatches (such as John Doe on the issue file but John Doe and Jane Smith on the presented check) to you for a pay or return decision.
4. Select whether to **Pay** or **Return** the check by clicking the **Instruction/Return Reason** drop-down menu. If you select Pay, no other menu will appear. If you select Return, a list of eligible return reasons will appear in a drop-down menu.
5. Once you select your instruction and (if applicable) return reason, the **Submit Instructions** button will appear.
6. After you click **Submit Instructions**, the item will move to the **Exceptions in Process** tab.

Reverse (Check) Positive Pay

Reverse Positive Pay is a fraud-monitoring tool for customers who do not provide a Positive Pay issue file or key in a list of issues using the online dashboard. It is typically used on low volume accounts, if at all.

All checks presented for payment on a Reverse Positive Pay account are reported as exceptions. The default decision is always to Pay the item, and this default decision cannot be changed.

Refer to the steps listed under Regular Positive Pay for how to view and disposition Reverse Positive Pay exceptions.

ACH Positive Pay

ACH Positive Pay enables you to proactively manage which electronic transactions are allowed to post to your account(s). Unlike checks, there is no issue file; therefore the business rules define which transactions are allowed to post to your account(s). If there is no business rule on file to exactly match the ACH transaction, it is reported to you as an ACH Positive Pay exception.

BBVA Compass' ACH Positive Pay service is a little different than other banks in that we take the business rules a step further. In addition to identifying the company ID, you also specify the allowed SEC codes and type of ACH transaction. You can even specify a maximum dollar amount if you want to limit the dollar amount that you will allow for transactions with this particular trading partner. We believe that the additional level of granularity in business rule setting strengthens the fraud protection on your account. We have seen fraudsters get through controls by knowing the correct company ID to use, but it makes it much harder when they not only have to use the correct company ID, but also the correct SEC code, transaction type, and potentially limited dollar amount.

You have the ability to set ACH Positive Pay Business Rules by either clicking **Positive Pay Business Rules** in the **Risk and Reconciliation** menu, or by building rules from your ACH Positive Pay exceptions. Customers typically choose to build ACH Positive Pay Business Rules from exceptions when they do not know the ACH ID used by their exchange partners.

We make it easy for you to create business rules from exceptions by pre-populating most of the data for you.

1. Review your list of Positive Pay exceptions by going to the **Risk and Reconciliation** menu then clicking **Positive Pay Exceptions**.
2. Review the posted data to determine which action you wish to take.
3. Select whether to **Pay**, **Return** or **Pay/Create Business Rule** by clicking the **Instruction/Return Reason** drop-down menu.
 - a. If you select **Pay**, no other menu will appear.
 - b. If you select **Return**, a list of eligible return reasons will appear in a drop-down menu.
 - c. If you select **Pay/Create Business Rule**, a pop-up window titled New Business Rule will appear. Fields will be prepopulated with the data from the exception. Note that if you allow a particular trading partner to post transactions to your account and you want to allow them to send transactions using several SEC codes (e.g. CCD, WEB, TEL, PPD, etc.), you must create a business rule for each SEC code. Rules are specific to all of the fields

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listed – they must match company ID, SEC code, debit/credit, account number. The Maximum Dollar Amount is an optional field that you can populate if you wish to limit the amount that you will authorize with your trading partner. Click the Create Business Rule button. You will receive a message at the top of the exception list stating that the new business rule was created successfully.

- d. You must click **Submit Instructions**, even if you created a business rule. After you click **Submit Instructions**, the item will move to the Exceptions in Process tab.

Deposit Positive Pay

Deposit Positive Pay is specifically designed for deposit-only accounts that are not supposed to have any check activity. Any check presented for payment on a Deposit Positive Pay account is considered an exception. There is no issue file sent on this type of Positive Pay.

Customers using the Deposit Positive Pay service can select one of two options:

1. Deposit Positive Pay without Presentment
 - Checks are automatically returned and the customer's account is credited for the amount the same business day. There is no notification to the customer.
 - The default decision is always to Return the item and this default decision cannot be changed.
2. Deposit Positive Pay with Presentment
 - Any check presented for payment is reported to you for a pay or return decision.
 - You have the ability to change your default decision. Refer to the default decision section of this document for information on editing your default decision.
 - Refer to the steps listed under Regular Positive Pay for how to view and disposition Deposit Positive Pay with Presentment exceptions.