



Building a successful NSF Check Recovery business requires hard work, an aggressive marketing campaign, great customer service, a reliable and dependable ACH Network processing source your business can depend on now and into the future, and, most importantly, an efficient NSF check processing and reporting software application that provides a complete management system to monitor and control your business.

Affirmative's product is an Internet based application for NSF check entry, on-line merchant and agent reporting, specifically designed for NSF Check Recovery entities, allowing them to restrictively access current NSF check information on-line, enter NSF check information, analyze check data, and manage the entire recovery progress.

Affirmative can help ensure your businesses' success by providing the following:

- The latest **most efficient** software technology in the NSF check recovery industry
- A comprehensive NSF recovery application that helps **maximize your company's recovery success**, satisfying customers, **driving revenues and increasing profits**
- Affirmative's NSF recovery application is a powerful tool that accelerates the sales process and **demonstrates to merchants the value of your service**
- Affirmative's NSF recovery application, when demonstrated to large corporate entities, will establish the professional offering of your business, bringing **credibility to your efforts which in turn will be instrumental in closing the sale**
- **Unparalleled technical support** with future application upgrades and universal enhancements at no charge
- **Continual regulatory compliance advice and updates** from our NACHA-ACH accredited professional in-house staff
- **Superior data security**, hosting and maintenance, **including your very own Virtual Private Network (VPN) security application** providing the very latest in secure transaction processing
- Affirmative can provide **a direct ODFI relationship; control your own destiny** at the very source that helps **ensure the longevity of your business**
- Affirmative is not an ACH Processor, and as such does not have contact with your customer; the **NSF Check recovery application is privately labeled with your brand name, your logo, control and limit access to your customers and build your business** at the same time

Affirmative's NSF Check Processing Application is the product of years of development, with Collection Agencies and NSF Check Recovery entities beta testing the product prior to a successful launch in early 2003. Now in its' second generation, our NSF Check Application has no industry peer in terms of functionality or operational scope, and its' ability to efficiently operate your NSF check recovery process from cradle to grave.

What merchants are looking for are increased collection rates; better, faster information on returns; and a cost effective alternative for collecting low-dollar checks that will help reduce overall NSF check write-offs.

NSF  **CHECKPROCESSING™** provides for:

- Secured access to an Internet entry and processing site
- Multiple check entry option modes and entry formats
 - Manual
 - Check Reader
 - Check Imager
 - Uploading data file
- Multiple staff data entry points
- Validates NSF Check RCK rules against returned check information before submission, qualifying checks as eligible for processing
- Automatically moves transaction through the recovery process based on date, event, and specific ACH re-presentation strategy, i.e. timing submissions
- Tracking returned checks by multiple merchants
- Automatically read "returns" and Notice Of Change (NOCs) into data tables and sets the transaction status to trigger the next event
- Automatically tracks recovered revenue, sets up and releases merchant settlements
- Sets up sales commissions and merchant revenue sharing for electronic payment
- Creates numerous reports for administration and distribution of merchant account status information
- Export report data in "text format" for entry into other accounting packages or statistical analysis software
- Displays the next action once recovery re-presentments are exhausted
- Disaster Recovery - Application and data are backed up nightly

ACH Transaction Clearing Account

An integral part of beginning to utilize electronic payment processing in your business is partnering up with the right ODFI-ACH Network Processor. There are two choices; signing up with a third party processor, or directly with the source that processes your transactions through the Federal Reserve System—the Originating Depository Financial Institution (ODFI).

Not all ODFI's are created equal—many still use antiquated software that is cumbersome requiring lots of manual intervention, too technical in nature, and offer poor reporting abilities. That's where we come in. We are associated with multiple ODFIs; all uniquely qualified to process your ACH transactions. Affirmative's technical expertise in this area has led to significant improvements to the process and each of our ODFIs have ACH Departments with dedicated personnel that deliver exceptional customer service.

There are distinct advantages in dealing directly with an ODFI-ACH Processor.

First, having direct contact with the ACH Processor eliminates the third party processor middleman and shortens lines of communication; resulting in better customer service.

Second, based on your Company's credit qualifications, our ODFIs aren't going to hold your funds for extended periods. You will get full credit for transactions daily, and returns will be debited against the account on the same basis. **You will have full next day access to the funds in your account, less anticipated returns.** Once funds have settled, you have the option of setting up an interest bearing sweep account with the bank, or creating an ACH transaction debiting the ACH Clearing Account and crediting your operating account.

Third, and most importantly, **your ACH Clearing Account funds are insured by the FDIC** through a nationally chartered financial institution.

Check Scanning Technology - Check Data and Image Capture

Check Imaging – Archival – Retrieval. Efficient, cost effective equipment and access to in-house images captured through a scanner are an optional function for NSF Check Collection Manager users. Essential for payment processing companies and merchants who want to capture the full benefit of Electronic Check Conversion, it offers merchants and payment processors simple, secure, automated storage and retrieval of on-line check images.

Check Scanning Technology. Check Scanning equipment is designed to capture check data required for electronic payment processing via the ACH Network, i.e., Bank Routing Number (ABA), Account Number, Check Number, and in the case of an RCK item (NSF Returned Check), the dollar amount. Check Scanners are designed for two purposes; to capture the check data (aka/MICR Line data which stands for Magnetic Ink Character Recognition), and capture an image if required. They function as follows:

- **Check Data Readers** read the MICR line data only.
 - Check Data Readers are used to reduce data entry errors, and are typically stand-alone machines connected to a PC keyboard wedge or Point-Of-Sale terminal. They simply read the MICR information as if it was keyed in. No memory or storage requirements.



- **Check Imagers** capture an image of the check in addition to reading the MICR line data.
 - Check Imagers capture an image of the check for storage and subsequent retrieval. Check Imagers also read the MICR line data at the bottom of the check, and either reads it on to a Point-Of-Sale terminal or PC, in addition to capturing an image for archival purposes.



- **NSF Check Scanning Equipment** varies in size and price based on the functionality, memory, data storage and check volume required.
 - Check Scanners are typically desktop models ranging from single-feed low-speed Check Data Readers, to bin-fed high-speed models (60 checks per minute)

NSF Check Scanner Features:

1. Affirmative's NSF Check Application currently supports the following scanners: Magtek's MICRImage, and the following Digital Check models; TS200, TS300, TS350, TS400E, BUIE 1500 and 1000. Various models from other Check Scanner Manufacturers are being added regularly.
2. Affirmative's NSF Scanner Software will support check photocopies (without MICR). Non-Image support is also available. Operator may manually enter appropriate information for NSF checks.
3. Affirmative's NSF Scanner Software has single entry and batch modes. Single entry allows operators with bundles of checks to scan each individual check, enter/verify check information, save check images and save file for processing. Batch mode allows operator to scan multiple checks without data entry. These checks are saved to an account database for later retrieval. Other personnel within the organization may retrieve batches to process at a later date with or without the physical check in hand.
4. Easy to use interface. Check images are visible and resizable for data entry verification.

Single Entry Mode:

NSFScanner

Check Batch | Check Entry

Get Merchant ID | Merchant ID * LAS Consulting | Contact: Lisa Sluder | Phone: 727-772-9881 | Check Guarantee

Refresh Merchants | **8000** | Class Flow: Send Back to Merchant

Check ID	Face Return Reason	Fee Return Reason	Acct Name
20687	Insufficient Funds	Insufficient Funds	00367 - IDAHO FA
20714	Insufficient Funds	Insufficient Funds	00367 - IDAHO FA
20756	Insufficient Funds	Insufficient Funds	97772 - AMERICA
20769	Insufficient Funds	Insufficient Funds	Yorktown Automotiv
20772	Insufficient Funds	Insufficient Funds	Central Parking Sys
20775	Insufficient Funds	Insufficient Funds	Yorktown Automotiv

21 Checks | Face Amount: \$480.90 | Fee Amount: \$549.00

Bank ABA * 063114807 | Account Number * 2000375713 | Check Number * 1048

Account Holder: First Name * Charles | Last Name * McIntyre

Address 1 * 11501 Harts Rd | Address 2 * | City * Jacksonville | State * FL | Zip * 32218

Check Date * | Return Date * | Check Amount * 22.90

ID Type | ID Number | Memo | Verification Number | Check Signer

Service Fee 20 | Miscellaneous Fee | Check Type: Personal Business

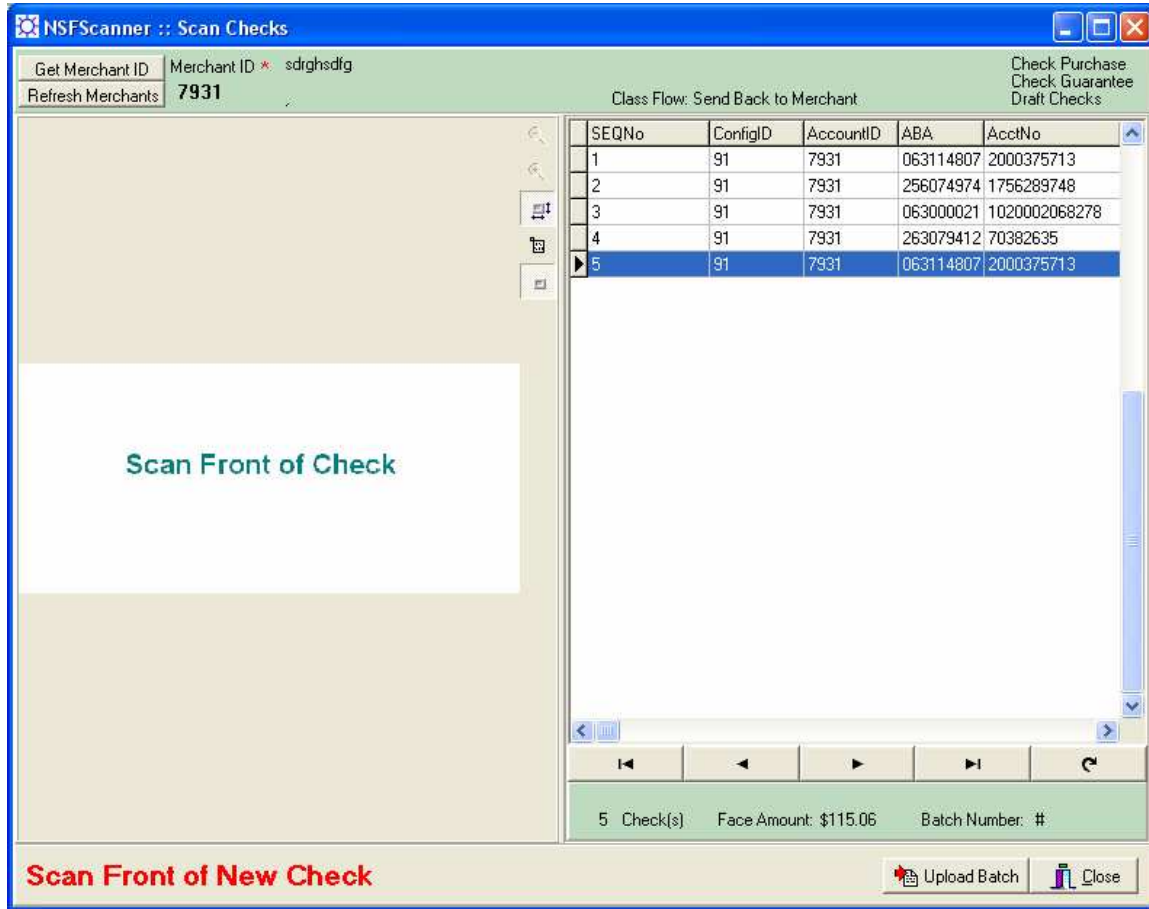
Original Return Reason * Insufficient Funds | Face Classification * 1st Representation | Fee Classification * 1st Representation

Local Image Path: C:\IMAGES\91\040217\ | Check ID: 21132

Ready to Scan | SQLQC.affirmative.local/DevNSF/qc91/91 | CAPS NUM | 02/17/2004 10:25 AM

5. Software automatically calculates NSF Fee amounts by Account preferences.
6. Return Reason, Face and Fee Classifications are automatically defaulted to each Accounts preference.
7. Appropriately handles Check Guarantee, Draft Check and Check Purchase business models
8. Each Account may handle multiple Merchants.

Batch Mode Entry:



NSF Check Recovery Made Easy

The benefits of electronically resubmitting NSF checks are numerous, here are just a few:

Collection Ratios Up To 85%: NSF Check recovery collection ratios have exceeded 85%, based on age of check when processed electronically, in some cases, more than double those submitted manually. Electronic checks are processed ahead of paper checks--jumping to the front of the check queue, clearing ahead of checks written days earlier.

Recovery Odds Increase 33%: Paper checks may only be submitted twice (the original deposit and one redeposit). Electronic re-presentment allows a third submission, significantly enhancing chances of collection.

More Presentments: Paper checks may be presented a total of two times (the initial deposit and one re-presentment). Electronic re-presentment allows a third submission. The third time is the charm, because tests show that on average, the third re-presentment collects an additional 25% to 50% of the remaining outstanding NSF Checks.

First Claim To Available Funds: Electronic transactions usually get first claim to any cash in an account. Banks routinely post electronic items to consumer's accounts before they post paper checks.

Lower Processing Costs: Electronically processing NSF checks through our software is so efficient; an entry level Collector can process thousands of checks each week.

Eliminate Bank NSF Return Fees: Banks charge businesses NSF return fees of \$5 to \$20 per returned paper check. There are currently no return fees for ACH electronic transactions on NSF returns, only minimal electronic transaction processing fees.

Timing is Everything: Re-presentment timing can be critical to collection efforts. For example, if re-presentments are timed to hit an account after payday--on the 1st or 15th of the month or on a Friday, collection ratios increase as check writer's accounts typically have higher account balances.

Faster Notification: Presenting a paper check manually, and settling the transaction, may take 7-10 days or more. When re-presenting NSF checks electronically, the time is reduced to just 24-48 hours, resulting in better collection rates.

No Accounting Nightmare: Automatic posting of settlements matches paid checks and lists those that didn't clear for immediate follow up.

Item Processing Conditions

To be **eligible** to be transmitted as a re-presented check (RCK) entry, an item must:

- Be in an amount less than \$2,500
- Indicate on the face of the item that it was returned for insufficient or uncollected funds
- Must have a pre-printed check serial number on the face of the physical check
- Be dated less than 180 days from the date the entry is transmitted to the RDFI
- Be drawn on a consumer account
- Must have been previously presented (a) no more than twice in paper form, if the entry is an initial re-presented check entry; or (b) no more than once in paper form and no more than once as a re-presentment check entry, if the entry is a reinitiated re-presentment check entry
- Be an item within the meaning of Revised Article 4 of the Uniform Commercial Code (1990 Official Text)
- Be a negotiable demand draft drawn on or payable through or at a participating DFI, (Depository Financial Institution), other than a Federal Reserve Bank or Federal Home Loan Bank.

Items that are **ineligible** for transmission as re-presented check entries include, but are not limited to:

- Non-cash items
- Drafts drawn on the Treasury of the United States, a Federal Reserve Bank, or a Federal Home Loan Bank
- Drafts drawn on a state or local government that are not payable through, or at, a Participating Depository Financial Institution
- United States Postal Service money orders
- Items paid in a medium other than United States currency
- Items which are third-party items (e.g., the payee endorses a check over to a third party who also endorses the check)
- Demand drafts and third-party drafts that do not contain the signature of the Receiver (e.g., the drawer does not sign a check but authorizes another party to debit his account via a draft).



The Highest Security Available

Protection of data against unauthorized access. Programs and data are secured by issuing identification numbers and passwords to authorized users. Passwords are verified by the operating system to prevent unauthorized personnel from logging in. Database software prevents unauthorized access by assigning each user an individual view of the database. Data transmitted via a VPN over networks is secured by encryption to prevent eavesdropping.

A VPN (**V**irtual **P**rivate **N**etwork) is a private network that is configured to provide site-to-site connections from the Third Party ACH Processor to the ODFI. For added security, encryption is used. Encrypted connections over the Internet are also very popular for linking remote offices and mobile users; however, for top secret communications, the maximum security is still only afforded by networks of totally private VPN lines.

SSL 128-bit data encryption. Affirmative's Internet Application employs SSL, 128 bit encrypted transmissions, meeting the highest standard of the government's current requirements. 128-bit data encryption is a secure coding method in which transactions require a 128-bit encryption key to unlock the block cipher and read the data. The block cipher method applies a cryptographic key to a block of data as a group, rather than breaking the data into smaller sizes. This makes the data virtually impervious to attack.

Secure Sockets Layer (SSL). A security protocol that sits just below protocols such as HTTP and uses the lower-level TCP/IP to allow SSL-enabled PCs and servers to authenticate to each other. SSL creates single-session key exchange; using public and private-key data encryption (usually 128-bit) from RSA Data Security for enciphering and deciphering encrypted SSL transmissions.

About Us

Affirmative develops software and Internet applications that make possible overnight electronic multi-directional payments between businesses, consumers, and their financial

institutions. Affirmative is a leading technology provider to the electronic payments industry, providing multiple electronic payment solutions to businesses nationwide. Affirmative employs a team of software developers, technical support professionals, and electronic payment industry experts available to assist in creating unique solutions to any business regardless of size or payment intake complexity.

Affirmative Technologies, Inc. is an associate member of EastPay, Payment Resource One, and the Alabama ACH Association, all Regional Payment Associations affiliated with the National Automated Clearing House Association (NACHA). See Affirmative's multiple service offerings in NACHA's buyers guide under the Resources Tab at www.nacha.org.

Affirmative Websites:

www.nsfcheckprocessing.com

www.affirmativeusa.com

www.achnow.com

www.achprocessor.com

www.achhub.com

Contact us today for more information.

NSF CHECK RECOVERY PROCESS FLOW

Payment Intake

1. Merchants deposit consumer checks to Local Depository Banks.
2. Local Depository Banks process checks, receiving NSF check returns from the Federal Reserve Bank several days later.
3. Local Depository Banks forward NSF check returns to a central ACH processing point, i.e.: third party NSF Check Processors.

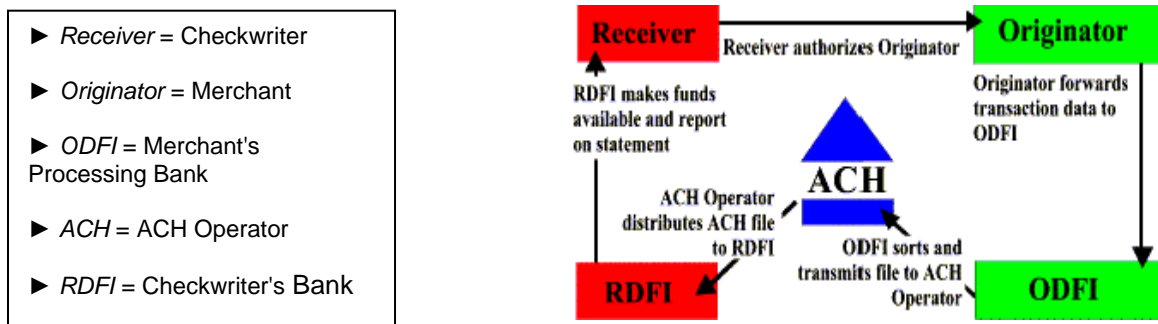
Payment Processing

4. NSF Check Processors receive returned checks and manually enter, feed through an automated check reader, or check imager, returned item MICR line data into Affirmative's Internet ACH Processing Software program **NSF Check Processing.com**.
5. Two payment transactions are created; a transaction to recover the face value of the returned item, and, a transaction to collect a returned item fee from the Check Writer as allowed by State law.
6. Payment transactions are batched in a file and transmitted to an Originating Depository Financial Institution (ODFI) at the end of the day (b).
7. **NSF Check Processing.com** automatically resubmits returned items up to maximum submission limits. Non-qualifying checks are forwarded for Secondary Collections at the Merchant's direction.
8. Merchants/Recovery Entity access reporting and database of transactions being processed within the **NSF Check Processing.com** application.
9. Merchants/Recovery Entity retains a copy or image of the returned check for seven (7) years.

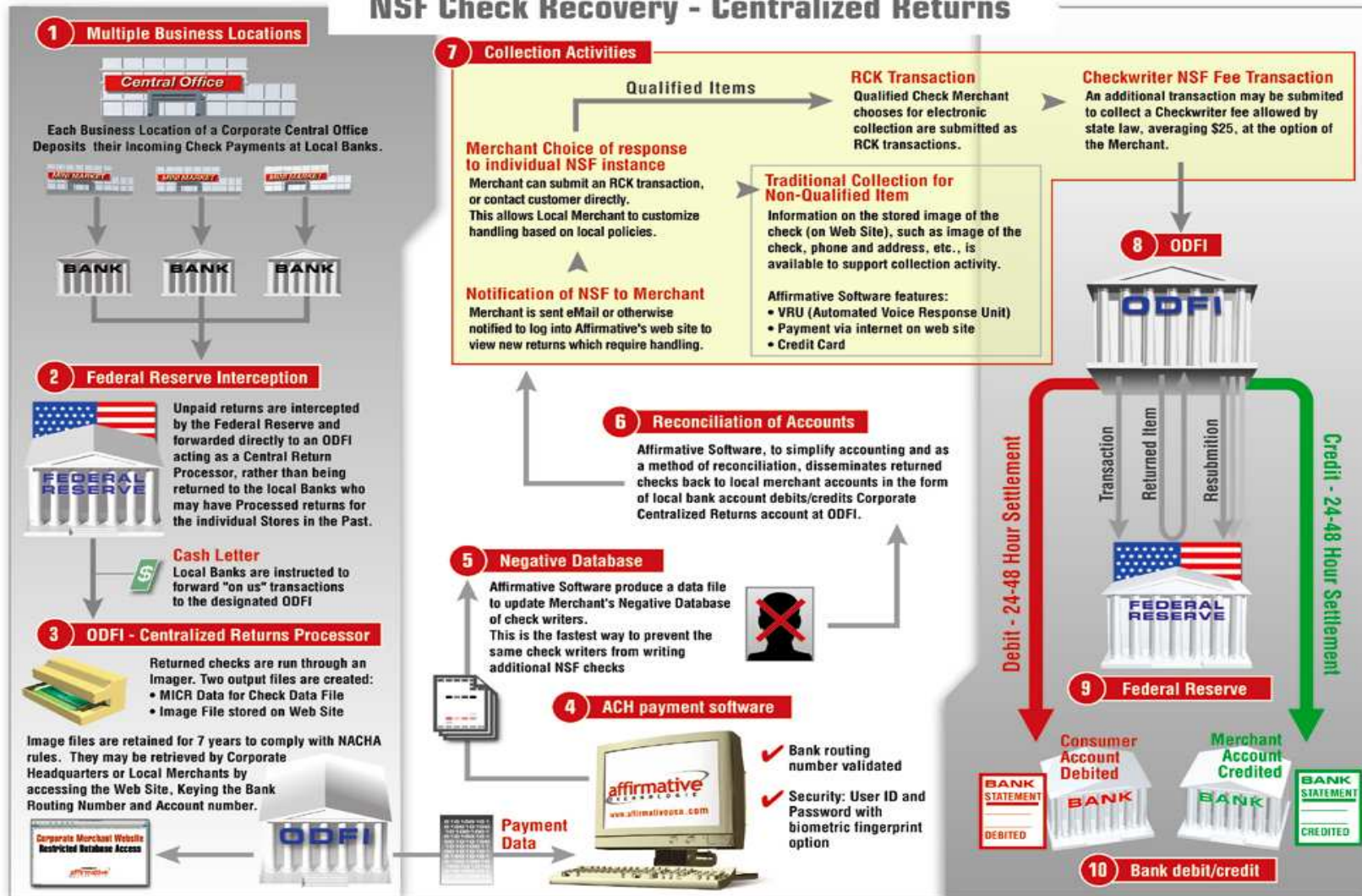
Payment Settlement

10. The ODFI transmits payment transactions to the Federal Reserve Bank who processes the transactions overnight, debiting the Consumer's bank account (RDFI) and crediting the merchant's account.
11. If the payment transaction does not clear it is sent back to the ODFI as a returned item.
12. The merchant receives returned items electronically from the ODFI through **NSF Check Processing.com**, and the returned item is resubmitted a second or third time as necessary.
13. The completed electronic payment transaction is evidenced as settled on both the consumer's and merchant's bank statement.

(b) ACH Network Payment Flow



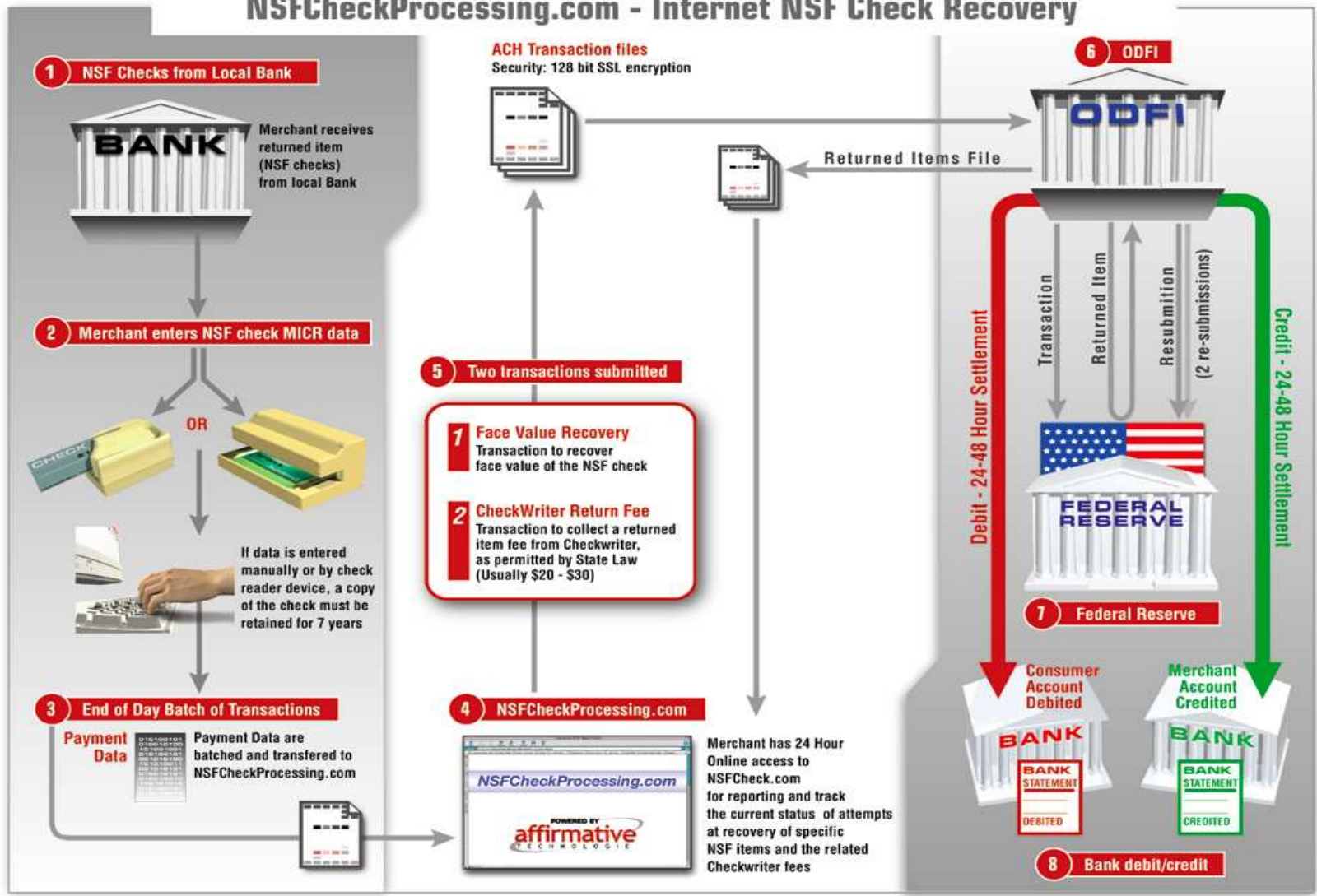
NSF Check Recovery - Centralized Returns



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Visit Affirmative Technologies, Inc. at www.affirmativeusa.com or call 727-772-9881 ext.225
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NSFCheckProcessing.com - Internet NSF Check Recovery



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