PPD Transaction Requirements

This section covers PPD transactions and what transactions fall under this designation.

PPD stands for Prearranged Payment and Deposit; this is a transaction that must be agreed to via writing prior to the transaction being run. This is usually a transaction that is going to be run multiple times, for example, a monthly fee one would pay to a gym can be set up as a PPD transaction.

These can also be used for a single payment or a set number of payments. You will see a copy of the PPD contract template at the end of this PDF.

Transaction Requirements

A PPD transaction must follow these simple guidelines:

- it must be easily understood by the client that it is an authorization and you must clearly state your terms
- the authorization for the transaction must be in writing
- the authorization must be clearly understood as being an ACH transaction
- the authorization must include the amount, the agreed upon date of the debit and must include the customer’s bank account information
- the authorization must include clear instructions on how the customer can revoke their authorization
- the authorization must be signed or approved by the customer
- the issuer must retain the either the original or a clear copy of the written authorization for two years from the date that the authorization expires
- the issuer must be able to provide a clear copy of the written authorization to the ODFI (Originating Depository Financial Institution) upon request within the two year time frame
- a clear signed copy of the authorization must be provided to the customer, this must be done for every origination obtained
- a Credit transaction does not need to be in writing

DO NOT RUN THE TRANSACTION BEFORE GETTING A SIGNATURE ON THE FORM!!
Authorization Agreement for Direct Payments (ACH Debits)

Customer Name ___________________________________________

I hereby authorize _______________________________________, hereinafter called COMPANY, to initiate debit entries to my Checking account Savings account (select one) indicated below at the depository financial institution named below, hereafter called DEPOSITORY. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law.

Depository Name _________________________________________________________________________________
Routing Number _________________________________ Account Number ___________________________________

Fill in all that are applicable:

Recurring Debit: Dollar Amount or *Range of Recurring Debits ________________________________
Starting **Date for Debits: ______________   Frequency: ________________________________

Multiple Debits: Amount of Debits _______________ Start Date of Debits _______________
Total number of Debits _______________

Single Entry Debit: Amount of Debit ______________ Date of Debit _____________________

This authorization is to remain in full force and effect until COMPANY has received written notification from the party below of it’s termination in such time and in such manner as to afford COMPANY and DEPOSITORY a reasonable opportunity to act on it.

Name ______________________________________ (please print)
Signature ______________________________________________________ Date ____________________

NOTE: WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER (Customer) MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR (Company) IN THE MANNER SPECIFIED IN THIS AUTHORIZATION.

*A range of debits can be indicated for such situations where the amount will vary from month to month. Example of this would be an Electric or DWP bill. For a Range to exist merchant must either obtain an authorization from the customer for that range or notify the customer at least 10 days in advance of the debit.

**If there is a change in the set date of a debit, merchant must notify the customer minimally 7 days in advance.