



**Lighthouse Payment Services, Inc.**  
Payment Processing Solutions

**Lockbox Services**

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## **Lighthouse Payment Services, Inc.**

### **Payment Processing Solutions**

#### The Decision

Have you been asked to find a lockbox service provider? Are you looking for a payment processor that can handle all of your processing needs? Are you looking for a payment processor that can solve your payment processing problems or those of your customers? You have come to the right place.

With our services, you maximize efficiency because our system significantly reduces in-house processing. Your payment processing staff is then available to perform other tasks, tasks that are important to fulfilling your core responsibilities, servicing your customers. We also private label our services so you can offer top-notch lockbox services to your customers under your brand name and identity.

With our services, you get all the features you and your customers will be looking for in a lockbox service. Remittance advices, checks, and correspondence are imaged and the images and data are available real-time, via the Internet, to support you and your customer servicing needs. Images and data can also be burned to CDs for research and permanent archival needs. Every CD we send has the searching program and indexed files burned on it. The data is also available via HTTPS, FTP, e-mail, or hard copy.

We process all items received the very same day. We also allow you to select your depository bank to maximize the collection of your payments in the banking system. We support event notification and rules based processing that permits you to customize your instructions and receive instant notifications about “events” happening with your payments.

Best of all, we can process your current documents, your current scan line, and provide a file in your current format. You don't need to change!!!

We also offer a full line of bill printing and mailing services as well as on-line bill presentment and bill payment services and Integrated Receivables Services. These services are integrated into the lockbox service so you get a complete line of seamless support for all your billing and payment needs.

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#### About Us

Lighthouse Payment Services fills a void in the payment processing industry. Many processors focus on very large corporate customers, to the detriment of smaller customers. Others have not stayed current with the latest in processing technology (imaging, web based access to data, etc.) and they are not offering the kinds of features and benefits that are now readily available. Still others have persistent quality problems that adversely affect your relationship with your customers. We are a provider that has a combined fifty+ years of industry experience and has constructed a processing platform that is “state of the art”, flexible, cost effective, and provides the kind of tools that permit you, the customer, to outsource payment processing while maintaining maximum control of your ability to service your customer.

Lighthouse Payments is located in Woburn, Massachusetts. Woburn was selected because of its proximity to major transportation routes, the ready availability of good cost effective labor, plenty of reasonably priced real estate and proximity to an efficient Post Office. All of these factors will enable us to provide the highest quality services and pass the savings along to you.

Our product offering is both wholesale and retail lockbox processing and on-line bill presentment and bill payment directed at customers with a need for a “state-of-the-art” payment processing location. Our market segments are as follows:

Financial Institutions – Here we are focused on providing payment processing services to financial institutions who have a need for payment processing for their own payments (mortgage, loan, credit card) or who need lockbox services in support of their own cash management offerings. In the latter, we can private label our services so that the financial institutions own image, servicing, and billing stand between Lighthouse Payments and their customer.

Municipalities – Here we are focused on satisfying the unique payment processing needs of local cities and towns. Our flexibility in processing permits us to be very responsive to their unique needs and our relationship with the key depository banks allows them to use our services while keeping their bank accounts right where they are.

Corporations – Here we are focused on serving the needs of corporate customers regardless of their size. Again, because of the flexibility of our platform, we can handle the most complex requirements of the very large customers as well as the special requirements of small businesses often ignored by the rest of the industry.

Non-Profits – This market has been largely ignored by the rest of the industry. In addition to providing the same high quality processing to their donations that we provide to payment processing, we also bring experience specific to the non-profit segment.

#### Equipment

Lighthouse Payment Services utilizes the latest in equipment and technology. The process begins on our triple-cut mail openers. This state-of-the-art equipment is designed to open different size envelopes on three sides, making extraction of contents easy and error free. The contents remain with the envelope so an operator can return

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any correspondence or “unprocessable” items with the original envelope for research purposes. All envelopes are automatically measured for thickness and are calibrated to an empty envelope. If something remains in the envelope, the machine stops and forces the operator to examine the envelope, prior to moving to a recycle bin at the end of the machine. All empty envelopes are shredded on-site for the ultimate in protection of customer confidential information. The extraction rate averages approximately 500 to 1,500 envelopes/hour.

The batches created in the Mail Extraction Area are then processed on our high speed transports where the stub/document is pulled through a transport with the corresponding check following it. Images are captured and uploaded to our software platform where it captures the account number from the scan-line on the stub/document, reads the numeric amount of the check (CAR), and compares that to the written amount on the check (LAR) and those amounts to the amount imbedded in the stub/document scan-line. If all three amounts match, then that amount is applied to that account number. If there is a discrepancy with any of the three amounts the software has tried to read, the transactions are routed to an operator and the operator is prompted to manually key the amount from the check. Images of stubs/documents are captured and are available on CD or can be accessed for viewing via the Internet. The stub/document and check have audit trails that can contain dynamic data chosen by the customer such as process date, that person’s account number, the deposit account, etc. Transactions containing full-page documents are routed to our page transports for capture, imaging and association to the remittance work file.

Our transports are connected to a local area network running Windows. The primary local servers are backed up with mirrored writes using virtual servers in the cloud to assure continuity in the event a server goes down. All of our core processing and hosting is cloud based and backed up every 15 minutes for disaster recovery and business continuity. A variety of peripheral equipment is used to burn CD’s, support transmissions, provide inquiry via the web, online exception item processing and supply event notification on reports and deposit information.

#### Processing Schedule

Monday through Friday, from 7:30 a.m. to 6:00 p.m., ET, excluding holidays, and Saturday from 7:30 a.m. to 4:30 p.m., ET.

Mail pickup commences with the first available pickup at the Post Office and is continuous until all the inbound mail is picked up. Work received that day is processed on the same business day. By assigning each customer their own P. O. Box, Lighthouse Payment Services utilizes the high speed sorting equipment of the U. S. Post Office to sort our Lockboxes. We do have options to use a consolidated box if your volume dictates. You may wish to utilize a local P. O. Box. If so, you may arrange to use our remote capture capabilities where you can choose to just scan documents or scan and repair data as well.

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During peak periods, we supplement our regular full-time and permanent part-time staff with “part-time flex” associates who work only during the monthly peak periods. Lighthouse Payment Services also utilizes seasonal help and/or temporary help during exceptional high periods of the year.

#### Mail Opening and Qualification

Each customer is assigned a unique nine-digit zip code and is required to follow the envelope specifications as outlined in the technical specifications as published by the United States Postal Service. Lighthouse Payment Services’ bonded Lockbox messengers pick up the mail and deliver it directly to the Lockbox Processing Center where incoming volumes are logged and prepared for processing. The mail has been pre-sorted at the post office.

The Lockbox Mail Supervisor then assigns the mail to an automated mail-extraction station, where it is opened and sorted, according to content as follows:

1. “Clean” – stub(s)/document(s) and check(s) (no writing on stub/doc)
2. “Dirty’s” – Any payment with comments or writing on stubs/docs and/or correspondence attached.
3. “Check-Onlys” – Transaction consisting of just a check. Typically online bill payments checks.
4. “Exception Items” – these are items that require further examination by a supervisor and are placed back in the original envelope and set aside.

Mail Extraction Operators are provided with detailed processing instructions for every client that include acceptable payees, acceptable amounts, instructions for processing correspondence items, suspense items (checks with no stub/doc and no account number on the check), and other special instructions (requesting information, address changes, purchase orders, etc.). Lighthouse Payment Services can provide you with on-line data-entry services (address changes, additional data, Names, etc.) as well as transmitting this information in a format that meets your needs.

#### Remittance Processing

Remittance Processing is completed via high speed transports. A customized program is designed for each customer and a unique application is assigned to each program. Customers may have multiple transaction types assigned to them allowing customization for each type of payment (different divisions, different services, different payment types, etc.). Payments are captured and processed as predetermined by the specific programming for your application. Upon receipt of prepared payment documents, the transport operator selects the appropriate transaction type for the particular customer and begins the data capture process. The software also provides for

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“stop file” verification. A stop file is created when you notify us that a particular account number or check should not be accepted and deposited. Every payment processed is then compared with information in the stop file to ensure that document or check is not accepted. This feature is extremely helpful with utility shut-offs, loan collections, and insurance cancellations. Finally, all processed transactions are reviewed, verified and balanced at the supervisory workstation. The checks are then dispatched via image deposits to the depository bank(s) and customer reports are printed or prepared for electronic transmission.

The checks are delivered via x9.37 image file transmissions to your selected Depository Bank for deposit processing. Allowing you to select your Depository Bank permits you to maintain the account structure that works best for you, while still enabling you to avail yourself of the very best in lockbox processing and service.

#### Transmissions and Output

Transmissions are scheduled according to your needs and will include all work processed and verified up until the scheduled time of transmission. You may select multiple transmission times per day. System generated output can be delivered by HTTPS, FTP, email, or any combination of the above. You can specify the data output format or elect to use one of our standard formats.

Reports can be delivered by overnight delivery, email, HTTPS, FTP or mailed to you. Images of the remittances are available via the Internet by utilizing customized usernames and passwords, reports or can be burned to a CD as needed. Return of actual remittances (if required), correspondence, CDs, hard copy reports, unprocessables can only be sent via overnight delivery, or US mail. Depository banks will represent returns the first time at your standing request. Checks that cannot be represented will be returned to you for payment reversal and collection.

#### Integrated Receivables

Lighthouse Payment Services supports the integration of ACH transactions and wires in to the lockbox processing stream. By analyzing email notifications, and physical transactions, we are able to automatically disposition more complex paper and electronic transactions and incorporate them on to your daily A/R file. Any transaction that cannot be dispositioned will be routed to our online exceptions module where you can disposition the item. When you do so, you can elect to have the system “remember” how you dispositioned that item so when it comes in again, we will be able to automatically disposition it for you.



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#### Quality Control Procedures

Throughout the entire Lockbox process, Lighthouse Payment Services has instituted a number of automated and manual controls to insure a high degree of accuracy. A summary of these controls is as follows:

1. Separate customer specific applications are used to control all jobs to be processed for each day.
2. The Lockbox Supervisor randomly reviews the opened, batched and exception mail for appropriate sorting and batching prior to processing on the high speed equipment.
3. At the data capture workstation, the system date and batch numbers are automatically controlled and assigned by the system.
4. Each program is designed to only accept corresponding work for that particular customer and application. The input program may be written to include and/or exclude a variety of processing criteria including, but not limited to, minimum/maximum thresholds (dollars, discounts, etc.), check digit routines, payment dates, etc., specific to the customer requirements.
5. Stub/document scan-line amounts are compared to numeric and written check amounts to determine the validity of the payment.
6. All date entry requires two points of validation before a transaction can be accepted.
7. At the supervisor's workstation, individual transactions are monitored for keying accuracy and production rates.
8. The customer's deposit amount is only ready when the system captured and keyed amounts are balanced to the deposit amount(s).
9. Output media, according to the customer's specification and schedule is systematically created.
10. Output media mailing is controlled through a system of one time use labels that assures that all output is mailed.
11. The Depository Bank acts as the final control point to ensure that your deposit is processed and the items processed agree with the total deposited to your account.
12. Lighthouse Payment works with all banks to ensure the quality and accuracy of our deposits.
13. Client Service Feedback is reviewed by senior management. The results and responses are shared with the operations team as part of our Client Relationship Management Program.
14. Periodically, we communicate with our customers to update you on industry trends, provide you with our plans for the coming year, and to obtain input from you on the things we should be doing to continue meeting your needs. We believe it is vital to make you a partner in addressing how we, as a supplier, should be changing to prepare for the future, both yours and ours.

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#### Deposits and Availability

##### Deposits

One deposit is made to your account at the Depository Bank you have selected and consists of all the mail received the same day. While ledger credit for Saturday work is usually posted on Mondays, you should check with your Depository Bank to validate their procedures for posting Saturday work.

##### Availability

Availability is assigned by check endpoint. Items drawn on your Depository Bank are generally available on the day of deposit. Items drawn on other banks are generally available on the day following the date of deposit. Your Depository Bank can provide you with availability schedules and endpoint analysis reports for your deposits.

#### On-line Information Reporting

Lighthouse Payment Services provides a variety of different reports including full image reports. Reports are provided via email (as PDF<sup>®</sup> documents), FTP, HTTPS and printed reports. We also have a report writer that permits custom designed reports. In addition, we have a web-based, full-featured research system called "ClearingWorks<sup>®</sup>". This information is available "real-time" as your work is processed and will provide up-to-the-minute data on items processed, images of items processed, and past history. All payment data and images are available for inquiry on-line for seven years. You may also receive the same information on CD ROM on a schedule you select. In addition, ClearingWorks<sup>®</sup> supports event notification where you can specify an account to watch, high dollar payments, stopped items, or other criteria that when matched, will notify you by email of the event triggering transaction. You can also receive an email when the final deposit total is generated.

#### Customer Service and Research

##### Customer Service

Customer service for remittance processing is managed and performed within the Lockbox Department. It is comprised of knowledgeable and seasoned staff dedicated to serve the needs of our Lockbox customers. Service quality is paramount to overall customer satisfaction. We recognize this and have established accuracy and response time standards that are measured and monitored by senior management.

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#### Research

Questions regarding errors, research, or adjustments are to be directed to Customer Service via phone or email. Response time for photocopies, encoding errors and similar inquiries is within 24 hours. Research of a more complex nature is resolved within 2 days.

#### Disaster Recovery Procedures

##### System Failures

Lighthouse Payment Services performs the mail opening and data capture functions on individual workstations. As a result, redundancy is built in with excess capacity. Secondary equipment is in place for output generation and peripheral tasks in the event a failure occurred in these areas. Also on-site maintenance from our vendor is provided.

##### Disaster Recovery and Backup

Lighthouse Payment Services has a “hot site” agreement with SunGuard Availability Services to provide alternate processing capability at a location 30 minutes from our prime facility. This includes support for mail extraction, data capture, and output hardware and software. Our formalized disaster recovery plan calls for annual testing with live work. Our processing center has onsite backup power so we may continue to operate in our own facility, in the event the disaster is just a power failure.

All of our core processing is performed in the cloud with hosting provided by RackSpace. Primary processing is provide out of their Illinois server center with all data backed up every 15 minutes to the secondary server center in Texas. Switching is as easy as changing URLs.

#### Miscellaneous Information

##### Audit Review

As our customer, you and your audit staff may conduct an on-site review with twenty-four (24) hours notice, prior to the visit. We can make arrangements for overnight stays and off-site meeting rooms at a local hotel.

#### Consulting

Our team of experienced payment processing professionals stands ready to help you design a payment processing solution that best meets your needs, from how to set up the scan line, to what kind of envelope to use, to how exceptions can best be handled.

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#### Product Feature Summary

- Full private label capability including your branding on bills, web pages, reports and the ability to give you a billing file for inclusion into your account analysis system.
- Complete integrated wholesale, retail (and anything in between) processing. We do not establish arbitrary delineations as to one or the other; we process all on one platform.
- Support for OCR A, OCR B, various Bar Codes and E13B font
- Support for alpha and/or numeric scan lines
- Support for a variety of scan line check-digit calculations
- Stop file processing – you or your customer may transmit or have us enter lists of accounts or bill numbers for which you do not want to process payments. If a payment for a stopped account comes in, the payment is not processed and immediate notification by email of the transaction can be sent to you. We can also support returning the payment back to the payer.
- Support for expanded data entry from the remittance for multiple amounts, applicant information, etc.
- Support for detecting and capturing address changes. Once captured, address changes can be transmitted to you or your customer for file update.
- Automated review of courtesy amount and the legal amount. If a disagreement is detected, we can process the transaction according to you or your customer's instructions.
- The ability to process payments for different services paid with a single check.
- Support for credit card payments – Mark sense processing and ICR are used to detect and capture credit card information. A file is sent to your Depository (or Merchant Processing) Bank for authorization of the transactions and when the authorizations are returned, transactions not authorized are removed from the payment file. Authorized transactions are credited to your account by your depository (or Merchant processing) bank.
- Event notification – receive emails of significant events such as transactions to a specific account, any transactions over a specified dollar amount, transactions to stopped accounts, transactions with a check from a specific bank, transactions matching specific mark sense conditions.

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- Mark sense processing allows the use of “check boxes” or “bubble marks” to collect customer entered data on the stub. Most commonly used for address changes, it can also be used to capture meter readings, donation amounts, requests for information, etc.
- Correspondence imaging – Correspondence received with payments, in letter and legal size, can be imaged and attached to the transaction record along with the remittance and check. Correspondence can be isolated in separate batches.
- Real-time web access to all transaction data and images – Allows users with Internet access to retrieve, display, and print transaction data and images from anywhere in the world using a standard web browser. Also supports searching transactions using any captured data field as search criteria.
- Image CD’s – You can elect to receive a CD of your transactions and images on a daily, weekly, or monthly schedule. The CD contains a viewer that enables research at any PC with a CD drive. Transactions can be searched by any of the captured data fields. Images of remittances and checks can be displayed and printed by selecting the desired transaction.
- A wide selection of standard reports and the ability to create customized reports to meet your specific needs.
- On-line exception item processing gives you the option to correct items flagged as unprocessables and resubmit them into the processing stream instead of having them returned.
- Support for Accounts Receivable Conversion (ARC) – Following NACHA rules, you or your customer may elect to convert checks received for payment into ACH transactions for processing.
- Remote capture options allow you to keep a local P O box and/or handle over-the-counter transactions with full integration to our processing platform.
- Electronic bill presentment, telephone and Internet payments by credit card, debit card and direct debit to checking. Payers’ ability to review payment history. Integration with the lockbox data stream.
- Fully Integrated Treasury Management allowing the inclusion of ACH and wires into the lockbox process with automated matching and exception processing.
- Invoice Matching to support processing more complex transactions and to improve accuracy of customer provided information.

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Contact Information

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