



Merchant
Services

Program
Terms and
Conditions
(Program Guide)

PREFACE

Thank you for selecting us for your payment processing needs. Accepting numerous payment options provides a convenience to your customers, increases your customers' ability to make purchases at your establishment, and helps speed payment to your account.

Your Merchant Processing Application will indicate the types of payments and Services you have elected to accept. These Program Terms and Conditions (“**the Program Guide**”) presents terms governing the acceptance of Visa®, MasterCard® and Discover® Network Credit Card and Non-PIN Debit Card payments and American Express® Card transactions and applicable to Non-Bank Services.

This Program Guide, your Merchant Processing Application and the schedules thereto (collectively, the “Agreement”), contains the terms and conditions under which Processor and/or Bank and/or other third parties, will provide services. We will not accept any alterations or strike-outs to the Agreement and, if made, any such alterations or strike-outs shall not apply. Please read this Program Guide completely.

You acknowledge that certain Services referenced in the Agreement may not be available to you.

IMPORTANT INFORMATION ABOUT BANK’S RESPONSIBILITIES:

Discover Network Card Transactions, American Express Card Transactions and other Non-Bank Services are not provided to you by Bank, but are provided by Processor and/or third parties.

The provisions of this Agreement regarding Discover Network Card Transactions, American Express Card Transactions and other Non-Bank Services constitute an agreement solely between you and Processor and/or third parties. Bank is not a party to this Agreement insofar as it relates to Discover Network Card Transactions, American Express Card Transactions and other Non-Bank Services, and Bank is not responsible, and shall have no liability, to you in any way with respect to Discover Network Card Transactions, American Express Card Transactions and Non-Bank Services.

OTHER IMPORTANT INFORMATION:

Cards present risks of loss and non-payment that are different than those with other payment systems. In deciding to accept Cards, you should be aware that you are also accepting these risks.

Visa U.S.A., Inc. (“**Visa**”) MasterCard Worldwide (“**MasterCard**”), DFS Services LLC (“**Discover Network**”), and American Express Company, Inc. (“**American Express**”) are payment card networks that electronically exchange Sales Drafts and Chargebacks for Card sales and Credits. Sales Drafts are electronically transferred from banks (in the case of MasterCard and Visa transactions) or network acquirers (in the case of Discover Network transactions) that acquire them from merchants such as yourself through the appropriate Card Organization, to the Issuers. These Issuers then bill their Cardholders for the transactions. The Card Organizations charge the Acquirers interchange fees, pricing and/or assessments for submitting transactions into their systems. A substantial portion of the Discount Rate or Transaction Fees that you pay will go toward these interchange fees, pricing and assessments.

In order to speed up the payment process, the Issuer transfers the funds back through the Card Organization to the Acquirer at approximately the same time that the Issuer receives the electronic Sales Drafts. Even though the payments under this system are made simultaneously, all payments made through the Card Organizations are conditional and subject to reversals and adjustments.

Each Card Organization has developed Card Organization Rules that govern their Acquirers and Issuers and the procedures, responsibilities and allocation of risk for this process. Merchants are also bound by Card Organization Rules and applicable laws and regulations. The Card Organization Rules and applicable laws and regulations give Cardholders and Issuers certain rights to dispute transactions, long after payment has been made to the merchant, including Chargeback rights.

We do not decide what transactions are charged back and we do not control the ultimate resolution of the Chargeback. While we can attempt to reverse a Chargeback to the Issuer, we can only do so if the Issuer agrees to accept it or the Card Organization requires the Issuer to do so after a formal appeal process. Sometimes, your customer may be able to successfully charge back a Card transaction even though you have provided your goods or services and are otherwise legally entitled to payment from your customer. While you may still be able to pursue claims directly against that customer, neither we nor the Issuer will be responsible for such transactions.

You will be responsible for all Chargebacks and adjustments associated with the transactions that you submit for processing.

Please refer to the Glossary for certain capitalized terms used in the Agreement, including this Preface (if not defined above).

Capitalized terms not otherwise defined in the Agreement may be found in the Card Organization Rules.

Visa Pass Through Fee	Fee Definition
Visa US Acquirer Service Fee (Assessment Fee) Debit Products	Visa US Acquirer Service Fee is assessed to all Visa settled debit and prepaid transactions. <u>Omaha knows this Visa Debit Dues and Assessments</u>
Visa US Acquirer Service Fee (Assessment Fee) Credit Products	Visa US Acquirer Service Fee is assessed to all Visa settled Credit transactions. <u>Omaha knows this Visa Credit Dues and Assessments</u>
Visa International Service Fee Base (ISA)	Visa International Service Fee applies to any transaction where the merchant is located in the U.S. and the card is issued outside of the U.S. (i.e. U.S. Merchant, Non U.S. Issued Card) and the currency is U.S. dollars.
Visa International Service Fee Enhanced	Visa International Service Fee applies to any transaction where the merchant is located in the U.S. and the card is issued outside of the U.S. (i.e. U.S. Merchant, Non U.S. Issued Card) and the currency is not U.S. dollars.
Visa International Acquirer Fee	Visa International Acquirer Fee is assessed on all Non US issued Card transactions acquired by merchants located in the U.S. For Omaha the fee is broken out as US Region: 45% High Risk Merchants; (MCCS 5963, 5966, 5967). 90%
Visa Authorization Processing Fee(APF) - US Signature Credit	Visa Authorization Processing Fee applies to all Visa-US branded signature credit authorizations (Sales & Refunds) acquired in the U.S. regardless of where the issuer or cardholder is located and include POS Check and Visa ReadyLink authorizations. This fee will not apply to Zero Dollar Verification messages or signature credit authorization reversals. <u>The Visa APF is the Acquirer Processing Fee.</u>
Visa Authorization Processing Fee(APF) – US Signature Debit	Visa Authorization Processing Fee applies to all Visa-US branded signature debit authorizations (Sales & Refunds) acquired in the U.S. regardless of where the issuer or cardholder is located and include POS Check and Visa ReadyLink authorizations. This fee will not apply to Zero Dollar Verification messages or signature credit authorization reversals. <u>The Visa APF is the Acquirer Processing Fee.</u>
Visa Authorization Processing Fee(APF) - Internatioanl Signature Credit	Visa Authorization Processing Fee applies to all Visa-Int'l branded signature credit authorizations (Sales & Refunds) acquired in the U.S. regardless of where the issuer or cardholder is located and include POS Check and Visa ReadyLink authorizations. This fee will not apply to Zero Dollar Verification messages or signature credit authorization reversals. <u>The Visa APF is the Acquirer Processing Fee.</u>
Visa Authorization Processing Fee(APF) – International Signature Debit	Visa Authorization Processing Fee applies to all Visa-Int'l branded signature debit authorizations (Sales & Refunds) acquired in the U.S. regardless of where the issuer or cardholder is located and include POS Check and Visa ReadyLink authorizations. This fee will not apply to Zero Dollar Verification messages or signature credit authorization reversals. <u>The Visa APF is the Acquirer Processing Fee.</u>
Visa Zero Dollar Verification with or without AVS	Visa Zero Dollar Verification Fee applies to Zero Dollar Verification messages (approved and declined). Zero Dollar Verification messages include the verification of the card account number, address verification (through the Address Verification Service), Card Verification Value 2 (CVV2) and Single Message System (SMS) acquired Account Verification authorizations. <u>The Visa Misuse of Authorization Fee does not apply to these requests. (Omaha knows this fee as Visa Account Verification.)</u>
Visa Misuse of Authorization	Visa Misuse of Authorization Fee applies to approved and partially-approved electronic authorizations that cannot be matched to a settled transaction within the following timeframe: Travel & Entertainment (T&E) merchants = 20 days; all others = 10 days. If an authorization was attempted and received but the transaction was not settled, merchants must electronically reverse the authorization within 24 hours for all card present transactions and <u>7 days for card not present transactions</u>
Visa Zero Floor Limit	Visa Zero Floor Limit applies when a sale is settled without the required authorization (transaction id is used to match the authorization to settled sale). All transactions above zero dollars require an authorization approval. This fee can be avoided by only settling transactions that have been approved. If an authorization is declined, the merchant must request another form of payment.
Visa Credit & Debit Integrity Fee (Transaction Integrity Fee)	Visa Credit & Debit Integrity Fee applies to consumer, commercial, and business credit transactions, in addition to, regulated and non-regulated Signature Debit and Prepaid card transactions, that do not request Custom Payment Service (CPS) participation or fail CPS qualifications. This fee applies to U.S. merchants accepting U.S. issued cards.
Visa Partial Authorization Non-Participation Fee	Visa Partial Authorization Non-Participation Fee applies to Automated Fuel Dispenser (AFD) merchants (MCC 5542) who are non-compliant with the partial authorization mandate. <u>Omaha knows this as AFD Partial Authorization Non-Participation Fee.</u>
Visa Base II System File Fee	This fee has been named the Visa Base II System File Fee as of April 15, 2016 (Formerly Known As the Visa Kilobyte Fee) is assessed per transaction and applies to each BASE II Clearing and Settlement processing. <u>Omaha knows this as the Visa File Transmission Fee.</u>
Visa Base II Credit Voucher Fee - Debit	Visa will charge a fee on all credit voucher transactions for credit, debit, and prepaid transactions. Credit voucher for debit and prepaid transactions will be assessed a fee of \$0.0155. <u>Omaha knows this as Visa Acquirere Credit Voucher Data Processing Return Debit</u>
Visa Base II Credit Voucher Fee - Credit	Visa will charge a fee on all credit voucher transactions (TC06) for credit, debit, and prepaid transactions. Credit voucher for credit transactions will be assessed a fee of \$0.0195. <u>Omaha knows this as Visa Acquirere Credit Voucher Data Processing Return Credit.</u>
Fixed Acquirer Network Fee (FANF)	Fixed Acquirer Network Fee (FANF) for Visa transactions is a monthly fixed fee which may vary each month. The charge is determined by variables outlined below.A. For Card Present Transaction Processing (excluding fast food and merchant aggregators), please refer to Tables 1A and 1B: The applicable monthly fee will be calculated based on the number of active processing merchant locations (per individual card acceptor ID) and your Merchant Category Code (MCC), per taxpayer id, per month.B. For Card Not Present Transaction Processing (including merchant aggregators and all fast food Visa sales), please refer to Table 2: The applicable monthly fee will be determined based on monthly gross Visa sales volume per taxpayer ID, per month.
Visa Staged Digital Wallet Fee	This fee will be assessed on all settled purchase transactions and account funding transactions (AFT's), performed by a staged digital wallet operated, when a BAI value of WT is submitted.

Visa ROL Fee	Visa passes these fees to First Data as a processor. The fees are for Resolve on Line, the Visa Chargeback System First Data uses to present back to Visa. The charges are at BIN level. ROL is also the tool used to process and settle Chargeback disputes which is shared by many ISO's at the BIN level. First Data is allocating the expense based on the number of transactions on the shared BIN. There is no FSC tied to this fee. It is up to the Partner to determine where best to allocate, additionally there are no plans to create a FSC for this fee
Visa Access Fee	This fee encompasses many different charges by Visa (Visa North BIN Level Fee Allocation) including chargeback related fees (i.e., reversals, arbitration, compliance filing and reporting fees), authorization reversals, authorization fees, fraud reporting, settlement data file and other miscellaneous reporting fees.
Mastercard Pass Through Fee	Fee Definition
Mastercard Acquirer Brand Volume (Assessment Fee)	Mastercard Assessment Fee is assessed to all Mastercard sale transactions. Omaha knows this as Mastercard Dues and Assessments.
Mastercard Acquirer Brand Volume for transactions => \$1000 USD (Assessment Fee)	Mastercard Acquirer Brand Volume Fee is assessed to all Mastercard Consumer Credit and Commercial sale transactions greater than or equal to \$1000 USD. Omaha knows this as Mastercard Dues and Assessments.
Mastercard US Cross Border USD	Mastercard Cross Border USD Fee applies to any transaction in which the Client's country of domicile differs from the country where the card was issued and the transaction was settled in USD. Omaha combines both USD and NON USD; it is not broken out separately.
Mastercard US Cross Border non-USD	Mastercard Cross Border non-USD Fee will apply to any transaction in which the Client's country of domicile differs from the country where the card was issued and the transaction was not settled in USD. Omaha combines both USD and NON USD; it is not broken out separately.
Mastercard Network AccessBrand Usage (NABU)	Mastercard Network Access Brand Usage Fee will be assessed on each authorization record, Collection Only and Return/Credit settled transactions from US merchants for US cardholders.
Mastercard Account Status InquiryService Fee – Inter-regional	Mastercard Account Status Inquiry Service Fee - Interregional will apply to all Account Status Inquiry Service requests (including AVS, CVC2 or both) where the merchant and cardholder are not in the same region.
Mastercard Account Status InquiryService Fee – Intra-regional	Mastercard Account Status Inquiry Service Fee - Intraregional will apply to all Account Status Inquiry Service requests (including AVS, CVC2 or both) where the merchant and cardholder are in the same region.
Mastercard Kilobyte Fee	Mastercard Kilobyte Fee is a file transmission service charged per byte of Clearing and Collection Only data (if applicable).
Mastercard Global Acquirer Support Fee	Mastercard assesses this fee to sale transactions that are acquired in the U.S. region and that are initiated with cards that are issued outside the U.S. region (fee is included with the interchange rate charged to Non U.S. Issued cards). Omaha as the Acquirer Per Item Support Fee
Mastercard AVS Card Present	Mastercard AVS Acquirer Access fee is assessed per card present authorization request with AVS (Address Verification Service). Omaha knows this as Mastercard ICA AVS CP. Memphis knows this as the Mastercard AVS Acquirer Fee
Mastercard AVS Card Not Present	Mastercard AVS Acquirer Access fee is assessed per card not present authorization request with AVS (Address Verification Service). Omaha knows this as Mastercard ICA AVS CNP. Memphis knows this as the Mastercard AVS CNP Acquirer Fee
Mastercard TPP/License Fee	Mastercard License Fee is assessed based on an Acquirer's prior calendar year signature debit and signature credit volume total. Omaha knows this as Acquirer License Fee/TPP and only charges 0.0061%.
Mastercard CVC2 Fee	Mastercard CVC2 Fee is assessed for transactions acquired in the U.S. Region with the CVC2 (Three digit code on the back of the Mastercard issued card) included in the transaction for authorization and where the CVC2 response value equals 'M' (Match) or 'N' (Invalid/did not match). The fee will not be applied to Account Status Inquiry (ASI) requests.
Mastercard Digital Enablement Fee	Mastercard will assess a Digital Enablement Fee for all consumer credit, commercial and signature debit for select card not present transactions. The fee will apply based on the presence of the data element 22 subfield 5 values of 1,2,3,4,5,&9.
Mastercard Global Wholesale Travel B2B Fee	Mastercard Global Wholesale Travel B2B fee is assessed on all qualifying B2B transactions. The new rate amount will vary by region of acceptance. For U.S Region, the single fee will be billed in the amount of 1.57%. Transactions that qualify for the new program will be excluded from being billed the Mastercard Network Brand Usage Fee (0B4/60M), Global Acquirer Program Support Fee and Acquirer Domestic and Cross Border Assessment Fees. For Omaha if the merchant is charged the Whole fee, they would also need to have this added to give a rebate of the NABU MFC MSTBRRBT for 0.0195 per item
SecureCode Transaction Fee	a new "SecureCode Transaction Fee" will be introduced for Verification Requests for Mastercard SecureCode transactions of \$0.03 per transaction. (For Omaha - Client has the option to surcharge this fee if desired.)
Mastercard Processing Integrity Fee - Pre Authorization	This fee will be assessed for each approved authorization submitted as a pre-authorization that is not fully reversed or cleared within 30 days of the authorization date. This fee will replace the current processing integrity fees for late reversals and no clearing within 120 days of authorization.
Mastercard Processing Integrity Fee - Undefined Authorization	This fee will be assessed for each approved authorization submitted as an undefined authorization that is not fully reversed or cleared within 7 days of the authorization date. This fee will replace the current processing integrity fees for late reversals and no clearing within 120 days of authorization.
Mastercard Processing Integrity Fee - Final Authorization	This fee will be assessed for each approved final authorization that is not cleared within 7 calendar days from the authorization date and when the clearing amount differs from the authorization amount or when the clearing currency code differs from the authorization currency code.
Mastercard Processing Integrity Fee - Final Authorization Minimum	This fee will be assessed for each approved final authorization that is not cleared within 7 calendar days from the authorization date and when the clearing amount differs from the authorization amount or when the clearing currency code differs from the authorization currency code.

Mastercard Location Fee	This is an assessment fee that will be billed monthly and is imposed by Mastercard for each business location that accepts at least one Mastercard transaction during the calendar month with at least \$200.00 of monthly gross Mastercard volume. The fee will be excluded for merchants set up with MCC's 8393 and 8661. Merchants with the same physical address and tax ID will be considered one merchant location.
MC Access Fee	Fee charged for each Mastercard sales transactions. This fee encompasses many different charges by Mastercard (MC North ICA Level Fee Allocation) including chargeback related fees (i.e., reversals, arbitration, compliance filing and reporting fees), authorization reversals, authorization fees, file and other miscellaneous reporting fees.
Discover Pass Through Fee	Fee Definition
Discover Assessments	Discover Assessment Fee is assessed to all Discover sale transactions.
Discover Data Usage Fee	Discover Data Usage Fee will be assessed to all Discover Network Card sales transactions
Discover International Service Fee	Discover International Service Fee is assessed on the amount of Card Sales (excluding Cash Over) conducted at a Client location in the United States where the domicile of the Issuer of the Card used in the Card Sale is a country other than the United States. This fee is not applicable to Card Sales with JCB and China Union Pay cards.
Discover International Processing Fee	Discover International Service Fee is assessed per Discover settled sale (including cash over amount and cash advance transactions) when the card is issued in a country other than the country that the merchant is located in, excluding JCB and China Union Pay cards.
Discover Network Authorization Fee	Discover Network Fee is assessed for all authorizations sent to Discover.
The Discover Acquirer Fee	Allocation includes the Acquirer International Service Fee, Acquirer International Processing Fee, and Dispute Fees (e.g. Represent Fee, Retrieval Fulfillment Fee, and Inquiry Ticket Retrieval Request Non-Response Fee).
Discover Card Account Verification Fee	Fee for submitting a zero dollar authorization to verify a cardholders account is in good status prior to submitting an authorization request

TERMS AND CONDITIONS

As provided by the Merchant Application, Merchant, Universal Processing Services of Wisconsin LLC d/b/a Newtek Merchant Solutions (“ISO”) and Merrick Bank Corporation (“Bank”) have agreed to be bound by these terms and conditions. Bank and ISO are collectively referred to herein as the “Provider” and, subject to the requirements of the Network Rules, ISO and Bank allocate the duties and obligations allocated to Provider as they deem appropriate in their sole discretion and may jointly or individually assert or exercise the rights or remedies provided to Provider hereunder. Bank, ISO and Merchant agree as follows:

ARTICLE I – DEFINITIONS

In addition to terms otherwise defined in this Agreement, capitalized terms shall have the meaning ascribed to them in this Article I.

- 1.01** “**Account**” means a commercial checking or demand deposit account maintained by Merchant for the crediting of collected funds and the debiting of fees and charges under this Agreement.
- 1.02** “**ACH**” means the Automated Clearing House paperless entry system controlled by the Federal Reserve Board.
- 1.03** “**Agreement**” means the Merchant Application, the Guaranty and these Terms and Conditions, and any supplementary documents referenced herein, and schedules, exhibits and amendments to the foregoing.
- 1.04** “**American Express**” means the Cards bearing the Marks of, and Card Network operated by, American Express Travel Related Services Company, Inc. or its affiliates.
- 1.05** “**Authorization**” means a computerized function or a direct phone call to a designated number to examine individual Transactions to obtain approval from the Card Issuer to charge the Card for the amount of the sale in accordance with the terms of this Agreement and the Network Rules.
- 1.06** “**Bank**” has the meaning set forth on the Merchant Application.
- 1.07** “**Card**” means (i) a valid credit card or debit card in the form issued under license from a Card Network. (“Bank Card”); or (ii) any other valid credit card or debit card or other payment device approved by Bank and accepted by Merchant.
- 1.08** “**Card Issuer**” means the financial institution or company which has provided a Card to a Cardholder.
- 1.09** “**Card Network**” means Visa U.S.A., Inc., MasterCard International, Inc., American Express Travel Related Services Company, Inc., DFS Services LLC (the owner of Discover) and their affiliates, or any other payment networks approved by Bank that provide Cards accepted by Merchant.
- 1.10** “**Card Not Present**” or “**CNP**” means that an Imprint of the Card is not obtained at the point-of-sale.
- 1.11** “**Cardholder**” (sometimes referred to as “Card Member” in certain Card Network materials) shall mean any person authorized to use the Cards or the accounts established in connection with the Cards.
- 1.12** “**Cardholder Information**” means any non-public, sensitive information about a Cardholder or related to a Card, including, but not limited to, any combination of Cardholder name plus the Cardholder’s social security number, driver’s license or other identification number, or credit or debit card number, or other bank account number.
- 1.13** “**Chargeback**” means the procedure by which a Transaction (or disputed portion thereof) is returned to Provider by a Card Issuer for any reason, including, but not limited to, cases where such item does not comply with the applicable Network Rules.
- 1.14** “**Cash Over**” means a Transaction using a Discover Card whereby the Cardholder elects to receive additional cash in excess of the purchase price, all as provided by Network Rules of Discover.
- 1.15** “**Credit Voucher**” means a document executed by a Merchant evidencing any refund or price adjustment relating to Cards to be credited to a Cardholder account.
- 1.16** “**Discover Card**” means a Card bearing the Discover Marks and accepted as part of the DFS Services Network.
- 1.17** “**Guarantor**” has the meaning set forth on the Merchant Application.
- 1.18** “**Guaranty**” has the meaning set forth on the Merchant Application.
- 1.19** “**Imprint**” means (i) an impression on a Transaction Record manually obtained from a Card through the use of an imprinter, or (ii) the electronic equivalent obtained by swiping a Card through a terminal and electronically capturing Card data and printing a Transaction Record.
- 1.20** “**ISO**” has the meaning set forth on the Merchant Application
- 1.21** “**Merchant**” has the meaning set forth on the Merchant Application.
- 1.22** “**Merchant Application**” has the meaning set forth on the Merchant Application.

- 1.23 **“Network Rules”** means the rules, regulations, releases, interpretations and other requirements (whether contractual or otherwise) imposed or adopted by any Card Networks and related authorities, including without limitation, those of the PCI Security Standards Council, LLC and the National Automated Clearing House Association (including, with respect to EBT, the Quest Operating Rules and with respect to PIN debit cards, the rules, regulations, policies and procedures of the applicable debit network).
- 1.24 **“Provider”** as provided by the introductory paragraph to these Terms and Conditions, means ISO and Bank together.
- 1.25 **“Transaction”** means any sale of products or services, or credit for such, from a Merchant for which the Cardholder makes payment through the use of any Card and which is presented to Provider for collection.
- 1.26 **“Transaction Record”** means evidence of a purchase, rental or lease of goods or services by a Cardholder from, and other payments to, Merchant using a Card, including preauthorized orders and Recurring Transactions (unless the context requires otherwise), regardless of whether the form of such evidence is in paper or electronic form or otherwise.
- 1.27 **“Voice Authorization”** means a direct phone call to a designated number to obtain credit approval on a Transaction from the Card Issuer, whether by voice or voice-activated systems.

ARTICLE II - CARD ACCEPTANCE

- 2.01 **Honoring Cards.** Merchant will accept all valid Cards when properly presented by Cardholders in payment for goods or services, subject to applicable Network Rules requiring Merchant to elect whether it will accept credit only, debit only or both debit and credit cards. Merchant’s election is set forth in the Merchant Application. Except to the extent explicitly provided by the Network Rules, Merchant may not establish minimum or maximum amounts for Card sales as a condition for accepting any Card. Merchant may, subject to applicable Law and the Network Rules, (i) impose a surcharge, under certain conditions and with proper disclosure to a Cardholder who elects to use a Card in lieu of payment by cash, check or other method of payment, or (ii) offer cash discounts to Cardholders making payment by cash or check. Merchant shall not engage in any acceptance practice that discriminates against or discourages the use of a Card Network’s Cards in favor of any other Card Network’s Cards, or favor any particular Card Issuer over any other Card Issuers. Note, many states prohibit or limit cases where Merchant may surcharge a Cardholder or offer cash discounts and the Card Networks impose restrictions on surcharging and cash discounting. Therefore, Provider strongly recommends that Merchant carefully consider and comply with all applicable Law and the Network Rules before Merchant begins to surcharge Cardholders or offer any cash discount. Merchant may not engage in a Transaction (other than a mail, internet, telephone order, or preauthorized sale to the extent permitted under this Agreement) if (i) the person seeking to charge the purchase to his or her Card account does not present the Card to permit Merchant to compare the signature on the Card to the signature on the Transaction Record; or (ii) the Merchant does not obtain an Imprint or otherwise use the physical Card to complete the Transaction.
- 2.02 **Advertising.** Subject to the Network Rules, Merchant will prominently display the promotional materials provided by Provider in its place(s) of business. Merchant’s use of promotional materials and use of any trade name, trademark, service mark or logo type (collectively, the “Marks”) associated with a Card is limited to informing the public that the Card will be accepted at Merchant’s place(s) of business. During the term of this Agreement, Merchant may use promotional materials and Marks pursuant to and in strict compliance with the terms of this Agreement and the Network Rules. Upon notification by any Card Network or Provider, or upon termination of this Agreement, Merchant shall discontinue the use of such Card Network’s Marks and return any inventory or promotional materials to Provider. Merchant may not use any promotional materials or Marks associated with the Card Network in any way which suggests or implies that a Card Network endorses any goods or services other than Card payment services. Merchant’s website, if any, must prominently display the name of the Merchant and the name that will appear on the Cardholder statement.
- 2.03 **Card Acceptance.** When accepting a Card, Merchant will follow the steps and guidelines set forth in the Network Rules or otherwise provided by Provider from time to time for accepting Cards and in particular, will: (a) determine in good faith and to the best of its ability that the Card is valid on its face; (b) obtain Authorization from the Card Issuer to charge the Cardholder’s account; (c) comply with the additional terms set forth in in this Agreement with respect to Telephone Orders, Mail Orders, Internet Orders, Preauthorized Orders and Installment Orders and with respect to any Card Not Present Transactions; (d) document the approved Transaction in accordance with this Agreement and the Network Rules; and (e) deliver a true and completed copy of the Transaction Record to the Cardholder at the time the goods are delivered or services

performed or, if the Transaction Record is prepared by a point-of-sale terminal, at the time of the sale. Except to the extent otherwise provided for in this Agreement, each Transaction Record must contain the following information: (i) Merchant's legal name and/or registered trade name, Merchant's location, and the Merchant's merchant identification number designated by the Provider; (ii) the truncated version of the Card number as provided in the Network Rules; (iii) a brief description of the goods or services involved in the Transaction; (iv) the selling price, together with applicable taxes, other charges or gratuities, and the total amount of the Transaction; (v) signature of the Cardholder or authorized user as described in this Agreement, date of the Transaction and the Transaction approval number; (vi) any additional requirements of the Card Networks that may be applicable to specific merchant or transaction types, as amended from time to time; and (vii) such additional information which may from time to time be required by Provider, the Card Networks, or Card Issuers. Merchant will not transmit a Transaction Record to Provider until such time as: (i) the Transaction is completed; (ii) the goods or services have been shipped or provided, except as set forth in this Agreement and the Network Rules; or (iii) a Cardholder consent is obtained for a Recurring Transaction in accordance with the terms of this Agreement and the Network Rules.

2.04 Authorization. Merchant will obtain an Authorization for all Transactions using a means approved by Provider. If Merchant cannot, for any reason, obtain an electronic Authorization through the use of a terminal, Merchant will request a Voice Authorization from Provider's designated authorization center and will legibly print the authorization number on the Transaction Record. Merchant will not obtain or attempt to obtain Authorization from Provider's authorization center unless Merchant intends to submit to Provider a Transaction for the authorized amount if Authorization for the Transaction is given. Merchant may not divide a single Transaction between two or more Transaction Records on a single Card to avoid Authorization limits that may be set by the Card Issuer. Merchant acknowledges that an Authorization provides only that the Cardholder account has sufficient credit available to cover the amount of the current sale and that an Authorization is not a guarantee that the Transaction will not be subject to dispute or Chargeback and does not warranty the Cardholder's identity. Merchant may not attempt to obtain an authorization by successively decreasing the sale amount. Provider may refuse to process any Transaction Record presented by Merchant: (a) if a proper authorization number or approval code has not been recorded on the Transaction Record; (b) if Provider determines that the Transaction Record is or is likely to become uncollectible from the Cardholder to which the Transaction would otherwise be charged; or (c) if Provider has reason to believe that the Transaction Record was prepared in violation of any provision of this Agreement or the Network Rules. Merchant will use, and may not circumvent, fraud identification tools requested by Provider, including address verification system processing and CVV2 processing, and acknowledges that the use of these tools may prevent Merchant from accepting certain Cards as payment. Merchant acknowledges that its use of fraud identification tools may not prevent fraudulent Card usage, and agrees that any fraudulent Transaction may ultimately result in a Chargeback, for which Merchant retains full liability under this Agreement.

2.05 Retention and Retrieval of Cards. Merchant will use its best efforts, by reasonable and peaceful means, to retain or recover a Card when receiving such instructions when making a request for Authorization or if Merchant has reasonable grounds to believe the Card is counterfeit, fraudulent or stolen. Merchant's obligations under this section do not authorize a breach of the peace or any injury to persons or property, and Merchant will hold Provider harmless from any claim arising from any injury to person or property or other breach of the peace in connection with the retention or recovery of a Card.

2.06 Multiple Transaction Records; Partial Consideration. Merchant may not prepare more than one Transaction Record for a single sale or for a single item, but will include all goods and services purchased in a single Transaction in the total amount on a single Transaction Record except under the following circumstances: (a) for purchases in separate departments of a multiple department store; (b) for partial payment, installment payment, delayed delivery or an advance deposit; or (c) for delayed or amended charges governed by Network Rules for travel and entertainment merchants and related Transactions.

2.07 Telephone Orders, Mail Orders, Internet, Preauthorized Orders and Installment Orders. Unless Merchant has been approved by Provider to accept mail, internet or telephone orders, Merchant warrants that it is a walk-in trade business, located in a retail business place where the public moves in and out freely in order to purchase merchandise or obtain services. If Merchant is not approved by Provider for Card Not Present Transactions and Provider determines Merchant has accepted unapproved Card Transactions which are placed by telephone, generated through telephone solicitation, mail order, internet sales or other means that does not create a Transaction Record that bears the Card Imprint and Cardholder's

signature, this Agreement may be immediately terminated by Provider and the value of all Transaction Records collected from the first day of processing may be charged back to Merchant and all funds therefrom held as provided in Article IV of this Agreement. Unless approved by Provider, this Agreement does not contemplate regular acceptance of Cards for sales accepted by mail, internet or telephone nor through preauthorized orders. Regardless of whether Merchant has been approved by Provider for Card Not Present Transactions, Merchant assumes all responsibility for identification of the Cardholder and the validity of the Card information for Card Not Present Transactions. Merchant agrees to identify separately any high-risk transactions Merchant submits. The high-risk transactions include, but are not limited to, any under Merchant Category Code 5967 – Direct Marketing – Inbound Telemarketing Merchants.

- 2.08 Lodging and Vehicle Rental Transactions.** For lodging and vehicle rental Transactions, Merchant must estimate and obtain Authorization for the amount of the Transaction based upon the Cardholder's intended length of stay or rental. Additional Authorization must be obtained and recorded for charges actually incurred in excess of the estimated amount. Regardless of the terms and conditions of any written preauthorization form, the Transaction Record amount for any lodging or vehicle rental Transaction must include only that portion of the sale, including any applicable taxes, evidencing a bona fide rental of real or personal property by Merchant to the Cardholder and may not include any consequential charges. Nothing contained herein is intended to restrict Merchant from enforcing the terms and conditions of its preauthorization form through means other than a Transaction.
- 2.09 Returns and Adjustments; Credit Vouchers.** Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered will be established and posted in accordance with the Network Rules of the applicable Card Networks. Merchant will disclose, if applicable, to a Cardholder before a Transaction is made, that if merchandise is returned: (a) no refund, or less than a full refund, will be given; (b) returned merchandise will only be exchanged for similar merchandise of comparable value; (c) only a credit toward purchases will be given; or (d) special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other non-credit terms). If Merchant does not make these disclosures, a full refund in the form of a credit to the Cardholder's Card account must be given. Disclosures must be made on all copies of Transaction Records or invoices in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the Cardholder's signature. Any change in Merchant's return or cancellation policy must be submitted in writing to Provider not less than fourteen (14) days prior to the change. Provider may refuse to process any Transaction Record made subject to a revised return or cancellation policy of which Provider has not been notified as required herein.
- 2.10 Cash Payments.** Merchant may not receive any payments from a Cardholder for charges included in any Transaction resulting from the use of any Card nor receive any payment from a Cardholder to prepare and present a Transaction for the purpose of effecting a deposit to the Cardholder's account.
- 2.11 Cash Advances; Scrip Purchases.** Unless otherwise approved in advance by Provider, Merchant may not deposit any Transaction for the purpose of obtaining or providing a cash advance either on Merchant's Card or the Card of any other party and may not accept any Card at a scrip terminal, and either action will be grounds for Provider's immediate termination of this Agreement.
- 2.12 Duplicate Transactions.** Merchant may not deposit duplicate Transactions. Provider may debit Merchant for any adjustments for duplicate Transactions and Merchant is liable for any Chargebacks resulting therefrom.
- 2.13 Deposit of Fraudulent Transactions.** Merchant may not accept or deposit any fraudulent or unauthorized Transactions and may not under any circumstances present for processing or credit, directly or indirectly, a Transaction which originated with any other merchant or any other source other than Transactions arising from bona fide purchases from Merchant for the goods and services for which Merchant has been approved under this Agreement. If Merchant deposits any such fraudulent or unauthorized Transaction, Provider may: (a) immediately terminate this Agreement; (b) withhold funds and demand an escrow as provided in this Agreement; or (c) report Merchant to the applicable Card Network. Merchant's employees' and agents' actions are chargeable to Merchant under this Agreement.

2.14 Collection of Pre-Existing Debt. Merchant may not prepare and present to Provider any Transaction representing the refinancing of an existing Cardholder obligation, including, but not limited to, obligations: (a) previously owed to Merchant; (b) arising from the dishonor of a Cardholder's personal check or relating to a Chargeback; or (c) representing the collection of any other pre-existing indebtedness, including collection of delinquent accounts on behalf of third parties.

2.15 Data Security/Personal Cardholder Information. Except as otherwise provided by the Network Rules, Merchant may not, as a condition of sale, impose a requirement on Cardholders to provide any personal information as a condition for honoring Cards unless such information is required to provide delivery of goods or services or Merchant has reason to believe the identity of the person presenting the Card may be different than that of the Cardholder. Merchant will not, under any circumstances, release, sell or otherwise disclose any Cardholder Information to any person other than Provider or the applicable Card Network, except as expressly authorized in writing by the Cardholder, or as required by Law or the Network Rules.

(a) Safeguards. Merchant will maintain appropriate administrative, technical and physical safeguards for all Cardholder Information. These safeguards will (i) ensure the confidentiality of Cardholder Information; (ii) protect against any anticipated threats or hazards to the security or integrity of Cardholder Information; (iii) protect against unauthorized access to or use of Cardholder Information that could result in substantial harm or inconvenience to any Cardholder; and (iv) properly dispose of all Cardholder Information to ensure no unauthorized access to Cardholder Information. Merchant will maintain all such safeguards applicable to Merchant in accordance with applicable Law and the Network Rules.

(b) Compliance with Card Network Rules. Merchant represents, warrants and covenants that it is and will remain throughout the Term of this Agreement in compliance with (i) Network Rules related to data security, data integrity and the safeguarding of Cardholder Information, including the Payment Card Industry Data Security Standard ("PCI"), Discover Information Security Compliance ("DISC"), MasterCard's Site Data Protection Program ("SDP"), the American Express Data Security Requirements ("DSR"), and Visa's Customer Information Security Program ("CISP"), in effect and as may be amended, supplemented or replaced from time to time, and (ii) any data security guidelines or operating guide that Provider may provide to Merchant, as the same may be amended, supplemented or replaced from time to time. Merchant will cause all of its service providers, subcontractors and agents to comply with PCI, SDP, DISC, DSR and CISP requirements and any data security guidelines or operating guide provided by Provider at all times. Merchant will report any non-compliance immediately to Provider. To accomplish the foregoing, Merchant will encrypt all debit, credit or stored value card numbers whether in storage, transport or backup and will not store data security codes on its systems, network or software.

(c) Annual Certification. Merchant will provide an annual certification to Provider if requested by Provider (in a form acceptable to Provider) certifying compliance with the data security provisions of this Agreement, including compliance with applicable Card Network requirements such as PCI, SDP, DSR and CISP. Merchant will provide annual certifications for Merchant's service providers, subcontractors and agents.

(d) Information Use Limitations. Merchant may not sell, disclose, or otherwise make Cardholder Information available, in whole or in part, in a manner not provided for in this Agreement, without Provider's prior written consent. Merchant may, however, disclose Cardholder Information to its service providers, subcontractors and agents who have a need to know such information to provide the services described in this Agreement, provided that those individuals or entities have assumed confidentiality obligations in accordance with this Agreement, or when such disclosure is required by legal process or applicable Law, and Merchant and its relevant service provider, subcontractor, or agent have entered into a written agreement containing Merchant's and such individual's or entity's agreement to the foregoing data security provisions, including compliance with the Network Rules.

(e) Response to Unauthorized Access. Merchant will notify Provider within twenty four (24) hours after it becomes aware of any actual or potential breach in security resulting in an unauthorized access to Cardholder Information. Merchant will provide any assistance that Provider, Card Issuer, regulators, governmental authority or any Card Network deems necessary to contain and control the incident to prevent further unauthorized access to or use of Cardholder Information. Such assistance may include, but not be limited to, preserving records and other evidence and compiling information to enable

Provider and the issuing bank(s) or the Card Network to investigate the incident and provide assistance and cooperation to: (a) file suspicious activity reports (as applicable); (b) notify their regulators (as applicable); and (c) notify the affected Cardholder (as required). Unless the unauthorized access was due to Provider's acts or omissions, Merchant will bear the cost of notifying affected Cardholder.

(f) Miscellaneous. Merchant may not make a claim against Provider or hold Provider liable for the acts or omissions of other merchants, service providers, Card Issuers, Card Network, financial institutions or others that do not have a written contractual relationship with Provider or over which Provider has no control. These provisions supplement, augment and are in addition to obligations of indemnification, audit, confidentiality and other similar provisions contained in this Agreement. This Section and each of its subsections will survive this Agreement's termination. Merchant may not store in any system or in any manner discretionary Card read data including without limitation CVV2 data, PIN data, address verification data or any other information prohibited by Network Rules. Merchant agrees that Provider may disclose to any Card Network information regarding Merchant and Merchant's Transactions to any Card Network, and that such Card Network may use such information to perform its responsibilities in connection with its duties as a Card Network, promote the Card Network, perform analytics and create reports, and for any other lawful business purposes, including commercial marketing communications purposes within the parameters of Card Network Card acceptance, and transactional or relationship communications from a Card Network. A Card Network may use the information about Merchant obtained in this Agreement at the time of setup to screen and/or monitor Merchant in connection with the Card Network marketing and administrative purposes. Merchant agrees it may receive messages from a Card Network, including important information about Card Network products, services, and resources available to its business. These messages may be sent to the mailing address, phone numbers, email addresses or fax numbers of Merchant. Merchant may be contacted at its wireless telephone number and the communications sent may include autodialed short message service (SMS or "text") messages or automated or prerecorded calls. Merchant agrees that it may be sent fax communications.

2.16 Compliance with Laws and Network Rules. Merchant will comply with and conduct its Card activities in accordance with all applicable local, state, and federal statutes, regulations, ordinances, rules and other binding law, as the same may be enacted or amended from time to time (collectively, "Laws") as well as all Network Rules. Merchant may not: (a) accept Cardholder payments for previous Card charges incurred at the Merchant location; (b) require a Cardholder to complete a postcard or similar device that includes the Cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed; (c) add any tax to transactions, unless applicable Law expressly requires that Merchant be permitted to impose a tax (any tax amount, if allowed, must be included in the transaction amount and not collected separately); (d) enter into interchange any Transaction Record for a Transaction that was previously the subject of a Chargeback to Provider and subsequently returned to Merchant, irrespective of Cardholder approval (Merchant may pursue payment from the Cardholder outside the Card Network system); (e) request or use an account number for any purpose other than as payment for its goods or services; (f) disburse funds in the form of travelers cheques, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from Merchant; (g) disburse funds in the form of cash, unless: (i) Merchant is a lodging or cruise line merchant disbursing cash to a Cardholder, (ii) Merchant is dispensing funds in the form of travelers cheques, Cards, or foreign currency, or (iii) Merchant is participating in the Card Network cash back or Cash Over service; (h) accept a Card for manual cash disbursement; (i) accept a Card to collect or refinance existing debt that has been deemed uncollectible by Merchant providing the associated goods or services; (j) enter into a Transaction that represents collection of a dishonored check; or (k) accept a Card for an unlawful Internet gambling transaction. Merchant will pay all Card Network fines, fees, penalties and all other assessments or indebtedness levied by Card Network to Provider which are attributable, at Provider's discretion, to Merchant's Transaction processing or business. The Card Network may require that Bank limit Merchant's participation in the applicable Card Network and/or terminate this Agreement.

2.17 Merchant's Business. Merchant will notify Provider immediately if it intends to (a) transfer or sell any substantial part of its total assets, or liquidate; (b) change the basic nature of its business, including selling any products or services not related to its current business; (c) change ownership or transfer control of its business; (d) enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in Merchant or Merchant's business; (e) alter in any way Merchant's approved monthly volume, average, or maximum ticket; (f) changes

its return policies or to another fulfillment house different from those identified in Merchant Application; or (g) changes to its Account. Merchant will notify Provider promptly in writing if it becomes subject to any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Merchant's failure to provide notice as required above may be deemed a material breach and will be sufficient grounds for termination of the Agreement and for Provider's exercise of all its rights and remedies provided by this Agreement. If any change listed above occurs, Provider may immediately terminate this Agreement.

- 2.18 Merchant's Representations and Warranties.** Merchant represents and warrants that: (a) all information contained in the Merchant Application or any other documents delivered to Provider in connection therewith is true and complete and properly reflects Merchant's business, financial condition and principals, partners, owners or officers (as applicable); (b) Merchant has power to execute, deliver and perform this Agreement, and this Agreement is duly authorized, and will not violate any provisions of Law, or conflict with any other agreement to which Merchant is subject; (c) Merchant holds all licenses, if any, required to conduct its business and is qualified to do business in every jurisdiction where it is required to do so; and (d) there is no action, suit or proceeding at law or in equity now pending or, to Merchant's knowledge, threatened by or against or affecting Merchant which would substantially impair its right to carry on its business as now conducted or adversely affect its financial condition or operations.
- 2.19 Merchant's Covenants.** Merchant covenants that: (a) each Transaction Record presented to Provider for collection is genuine and is not the result of any fraudulent activity, or a Transaction prohibited by a Card Network, or is not being deposited on behalf of any business other than Merchant as authorized by this Agreement; (b) each Transaction Record is the result of a bona fide purchase of goods or services from Merchant by the Cardholder in the total amount stated on the Transaction Record; (c) Merchant will perform all of its obligations to the Cardholder in connection with the Transaction evidenced thereby; (d) Merchant will comply with Provider's procedures for accepting Cards, and the Transaction itself will not involve any element of credit for any other purposes other than as set forth in this Agreement, and will not be subject to any defense, dispute, offset or counterclaim which may be raised by any Cardholder under the Network Rules, the Consumer Credit Protection Act (15 USC §1601) or other Law; and any Credit Voucher which Merchant issues represents a bona fide refund or adjustment on a Transaction by Merchant with respect to which a Transaction Record has been accepted by Provider.
- 2.20 Third Parties.** Merchant may desire to use a third-party service provider to assist Merchant with its Transactions. Merchant shall not utilize any such third parties unless Merchant has disclosed such use to Provider previously in writing, and unless such third party is fully compliant with all Laws and Network Rules. Any third party used by Merchant must be registered with the Card Network prior to the performance of any contracted services on behalf of Merchant. Further, as between the parties to the Agreement, Merchant will be bound by the acts and omissions of any third-party service provider and Merchant will be responsible for compliance by such third-party service provider with all Laws and Network Rules. Merchant will indemnify and hold harmless Provider from and against any loss, cost, or expense incurred in connection with or by reason of Merchant's use of any third parties, including third-party service providers. Provider is not responsible for any third-party service provider used by Merchant, nor is Provider required to process any Transaction which Provider receives from Merchant or its service providers in any format not approved by Provider. Provider has no responsibility for, and shall have no liability to Merchant in connection with, any hardware, software or services Merchant receives subject to a direct agreement (including any sale, warranty or end-user license agreement) between Merchant and a third party.
- 2.21 Recourse.** Merchant acknowledges that ISO performs the services contemplated by this Agreement and ISO is responsible to Merchant for any failure to perform such services in accordance with the terms of this Agreement. While Bank satisfies settlement files pursuant to instructions provided by ISO, Bank is not responsible for independently verifying the accuracy of such settlement files. Accordingly, to the greatest extent permitted by the Network Rules, Merchant's sole recourse for any failure by Provider under this Agreement is against ISO (and not Bank).
- 2.22 Pre-Authorized Transactions.** If Merchant agrees to accept a pre-authorized order, the Cardholder shall execute and deliver to Merchant a written request for such pre-authorization which will be retained by Merchant and made available upon request to Provider. Merchant will not deliver goods or perform services covered by a pre-authorization after receiving

specific notification that the pre-authorization is cancelled or that the card covering the pre-authorization is not to be honored.

2.23 Pre-Authorization Health Care Transactions. If Merchant is a “Health Care Merchant” as indicated on the Merchant Application and accepts a pre-authorized health care Transaction(s) from a Cardholder, Merchant agrees to comply with any requirements in the Network Rules related to such Transactions.

2.24 Recurring Transactions. If Merchant agrees to accept a recurring transaction from a Cardholder for the purchase of goods or services which are delivered or performed periodically (a “Recurring Transaction”), the Cardholder shall complete and deliver to Merchant an order form containing a written request for such goods or services to be charged to the Cardholder’s account, the frequency of the recurring charges and the duration of time for which such Cardholder’s permission is granted. In the event a Recurring Transaction is renewed, the Cardholder shall complete and deliver to Merchant a subsequent order form for continuation of such goods or services to be charged to the Cardholder’s account. A Recurring Transaction may not include partial payments made to Merchant for goods or services purchased in a single Transaction, nor may it be used for periodic payments of goods or services on which Merchant assesses additional finance charges. A copy of the order form must be retained for the duration of the recurring charges and provided in response to Provider’s request. In addition, Merchant must record, retain, and promptly produce upon request the “ship to address” and address verification service code (where applicable) for each transaction. Merchant must not complete an initial or subsequent Recurring Transaction after receiving a cancellation notice from the Cardholder, the Card Issuer, Provider or other party or a response that the Card is not to be honored.

2.25 Limited Acceptance.

(a) If appropriately indicated on the Merchant Application, Merchant shall be a limited acceptance merchant, which means that Merchant has elected to accept only certain Visa and MasterCard Card types as indicated on the Merchant Application, or via later notification. The Visa or MasterCard credit acceptance option on the Merchant Application refers to Visa credit and business transactions, and is what MasterCard refers to as “Other Card” transactions. Notwithstanding anything to the contrary in the Merchant Application, Merchant can elect (i) to accept only Visa or MasterCard non-PIN based debit/stored value/electronic benefit transactions (sometimes referred to as “signature debit” transactions, whether or not an actual signature is required), (ii) to accept only Visa or MasterCard Credit transactions, or (iii) to accept all Visa or MasterCard credit and signature debit transactions; provided, however, that a Merchant who accepts any Visa or MasterCard Card types must accept all valid Visa or MasterCard Card types issued by a non-U.S. issuer. Merchant is not required to accept Cards of Card Networks other than Visa or MasterCard in order to accept Visa or MasterCard Cards (except that transactions using Diner’s International Cards which also carry the MasterCard Mark must be accepted if Merchant accepts MasterCard Card transactions of the same type). Provider has no obligation other than those expressly provided under the Network Rules and applicable Law as they may relate to limited acceptance. Provider’s obligations do not include policing card types at the point-of-sale. Merchant will be solely responsible for the implementation of its decision for limited acceptance including but not limited to policing the Card Network type(s) of transactions at the point-of-sale submitted for processing by Provider. Should Merchant submit a Transaction for processing for a card type it has indicated it does not wish to accept, Provider may process that Transaction and Merchant will pay the applicable fees, charges, and assessments associated with that Transaction. Merchant will comply with any applicable Laws and Network Rules and other applicable rules and regulations for the Card Network type processed.

(b) If Merchant has chosen to accept Discover Cards in the Merchant Application, Merchant must accept Discover Cards at all Merchant establishments, including in payment for purchases of goods and services, for charitable contributions and for Cash Over Transactions (subject to the terms of the Network Rules and other applicable rules and regulations), when properly presented for payment by a Cardholder. Subject to this section, Merchant must create a Transaction Record for each Discover Card Transaction and deliver at least one copy of the Transaction Record to the Cardholder. A Merchant may issue a Cash Over (subject to the terms of the Network Rules) in connection with a Discover Card Transaction. Merchant must deliver a single Authorization request for the aggregate total of the goods/services purchase amount and the Cash Over amount. In addition, the Transaction Record must include both the purchase amount and the Cash Over amount.

ARTICLE III - PRESENTMENT, PAYMENT, CHARGEBACK

- 3.01 Acceptance.** Provider will accept from Merchant all Transaction Records deposited by Merchant under the terms of this Agreement and will present the same to the appropriate Card Issuers for collection against Cardholder accounts. Merchant must transmit Transaction Records and Credit Vouchers to Provider or its processing vendor on the same or next business day immediately following the day that such Transaction Records and Credit Vouchers have been originated. All presentment and assignment of Transaction Records, collection therefor and reassignment or rejection of such Transaction Records are subject to the terms of this Agreement and the Network Rules. Provider will only provisionally credit the value of collected Transaction Records to Merchant's Account and reserves the right to adjust amounts collected to reflect the value of Chargebacks (actual and anticipated), fees, penalties, late submission charges, reserve deposits, negative Transaction Record batch deposits and items for which Provider did not receive final payment.
- 3.02 Endorsement.** By presenting Transaction Records to Provider for collection and payment, Merchant agrees to sell and assign all its right, title and interest in each Transaction Record completed in conformity with Provider's acceptance procedures. Merchant's presentment of Transaction Records to Provider constitutes an endorsement by Merchant to Provider of such Transaction Records. Provider may supply such endorsement on Merchant's behalf.
- 3.03 Prohibited Payments.** Provider may receive payment of any Transaction Record presented by Merchant and paid by Provider unless and until there is a Chargeback. Unless specifically authorized in writing by Provider, Merchant may not collect or attempt to collect any Transaction Record, including Chargebacks, and will hold in trust for Provider and promptly deliver in kind to Provider any payment Merchant receives, in whole or in part, of the amount of any accepted Transaction, together with the Cardholder's name and account number and any corresponding accompanying payment.
- 3.04 Chargebacks.** Merchant will accept responsibility for all Chargebacks related to Merchant's Transactions. Accordingly, Merchant will be liable to Provider in the amount of any Transaction disputed by the Cardholder or Card Issuer for any reason under the Network Rules. Merchant authorizes Provider to offset from funds due to Merchant or to debit the Account or, if applicable, the Reserve Account for the amount of all Chargebacks. Merchant agrees to fully cooperate with Provider in complying with the Network Rules regarding all Chargebacks. Merchant may not initiate a sale Transaction in an attempt to collect a Chargeback. Merchant will pay the current published fees for each Chargeback as listed on the Merchant Application and any other fines, fees, or assessments imposed by any Card Network or Card Issuer.
- 3.05 Reserve Account.** Notwithstanding anything to the contrary in this Agreement and in addition to any other legal rights or remedies available to Provider, Bank may establish (without notice to Merchant) and Merchant agrees to fund and/or allow Provider to fund from the Account or by way of offset of funds otherwise due to Merchant, a non-interest bearing reserve deposit account (the "Reserve Account") at Bank in an amount determined by either Provider in its sole discretion. Such Reserve Account may be funded by all or any combination of the following, as determined by Provider: (i) one or more debits to Merchant's Account or any other accounts held by Bank or any of its affiliates in Merchant's name or on Merchant's behalf; (ii) one or more deductions or offsets to any payments otherwise due to Merchant under this Agreement or otherwise; (iii) Merchant's delivery to Bank of a letter of credit; (iv) if Bank so agrees, Merchant's pledge to Bank of a freely transferable and negotiable certificate of deposit; or (v) Provider's demand of other security or increase of any discount rate, transaction fees or other fees. Any such letter of credit or certificate of deposit shall be issued by a financial institution reasonably acceptable to Bank. The Reserve Account may be established at any time or for any reason. Specific examples of reasons include (and not by way limitation): (a) Merchant engages in any Transaction processing that creates an overcharge to a Cardholder by duplicating Transactions; (b) any activity designed by Merchant to circumvent a "call center" message when attempting to process a Transaction; (c) Merchant breaches this Agreement, violates any representation, covenant or warranty herein, or violates any Network Rule or Law; (d) the Merchant Application is in any way inaccurate or becomes inaccurate subsequent to Provider's approval of the Merchant Application; (e) Merchant changes its type of business without Provider's prior written approval; (f) fraud, Merchant processes an unauthorized charge, or other action that violates Provider's applicable risk management standards or is likely to cause a loss; (g) Merchant has Chargebacks exceeding one percent (1%) of the total

number of transactions completed by Merchant in any thirty (30) calendar day period; (h) excessive numbers of requests from Cardholders or Card Issuers to retrieve documentation; (i) any adverse change occurs in Merchant's financial condition in either Provider's sole discretion or prospects or Merchant ceases doing business; or (j) Merchant terminates this Agreement. Once the Reserve Account is established, collected funds will be placed in the Reserve Account by Bank. Before releasing funds after this Agreement is terminated, Merchant will pay any equipment cancellation fees and any outstanding charges, losses or amounts, and Chargebacks owed by Merchant to either Provider under or in connection with this Agreement, including any of the foregoing for which Merchant has provided indemnification under this Agreement. Further, Bank may require Merchant to deposit additional amounts based upon Merchant's processing history and/or anticipated risk of loss to Bank into the Reserve Account. Once established, unless Bank determines otherwise at its sole discretion, the Reserve Account will remain in place for the later of (i) twelve (12) months, or (ii) such period thereafter during which Cardholder disputes may remain valid under the Network Rules. **The provisions of this Agreement relating to account debits and credits apply to the Reserve Account and survive this Agreement's termination until Bank terminates the Reserve Account. Any balance remaining after Chargeback rights have expired and all of Bank's other anticipated expenses, losses and damages have been paid will be disbursed to Merchant.**

ARTICLE IV - TERMINATION AND EFFECT OF TERMINATION

4.01 **Term.** This Agreement will be effective once Provider accepts it and, unless otherwise terminated, will continue for two (2) years (the "Initial Term") with automatic two (2) year renewal terms thereafter (each a "Renewal Term," and together with the Initial Term, the "Term") unless and until Merchant provides written notice of non-renewal to Provider not less than ninety (90) days before the end of the then-current Term.

4.02 **Termination.**

(a) Without Cause. Provider may terminate this Agreement, without cause, upon thirty (30) days' advance written notice to Merchant.

(b) For Cause. Provider may terminate this Agreement in its sole discretion, effective immediately, upon written or verbal notice, or by closing Merchant's point-of-sale terminal, if Provider reasonably determines that any of the following conditions exists: (i) Merchant has violated any provision of this Agreement or Provider is otherwise entitled to terminate this Agreement pursuant to any provision of this Agreement; (ii) there is an adverse change in Merchant's financial condition or prospects; (iii) if any case or proceeding is commenced by or against Merchant, its affiliates or principals under any Law dealing with insolvency, bankruptcy, receivership or other debt relief; (iv) any information which Merchant provided to Provider, including in the Merchant Application, was false, incomplete or misleading when received; (v) at any time during the Term, Merchant has had a monthly ratio of Chargebacks to total Transactions exceeding Card Network requirements or one percent (1%), or Chargebacks exceed three percent (3%) of any monthly dollar amount of total Transactions; (vi) an overdraft in the Account exists for more than three (3) days; (vii) Merchant or any of Merchant's officers or employees has been involved in processing Transactions arising from fraudulent or otherwise unauthorized Transactions; (viii) Merchant is or will be unable or unwilling to perform its obligations under this Agreement or applicable Law; or the Network Rules (ix) Merchant has failed to timely pay Provider any amount due; (x) Merchant has failed to promptly perform or discharge any obligation under its Account or the Reserve Account; (xi) any of Merchant's representations or warranties made in connection with this Agreement was not true or accurate when given; (xii) Merchant has defaulted on any agreement it has with Provider or any of either Provider's affiliates; (xiii) Provider is served with legal process seeking to attach or garnish any of Merchant's funds or property in Provider's possession, and Merchant does not satisfy or appeal the legal process within fifteen (15) days of such service; (xiv) any Network Rules are amended in any way so that the continued existence of this Agreement would cause Provider to be in breach of those rules; (xv) any guaranty supporting Merchant's obligations is revoked, withdrawn, terminated or altered in any way; (xvi) if any circumstances arise regarding Merchant or its business that create harm or loss of goodwill to any Card Network; (xvii) termination is necessary to prevent loss to Provider or Card Issuers; (xviii) Merchant's type of business indicated on the Merchant Application or as conducted by Merchant could endanger Bank's safety or soundness; (xix)

Merchant's owner, officer, Guarantor, or corporate entity has a separate relationship with Bank and that relationship is terminated, (xx) Merchant appears on any Card Network's security reporting; or (xxi) Provider's security for repayment becomes impaired.

- 4.03 Effect of Bankruptcy.** Any account or security held by Provider will not be subject to any preference, claim or stay by reason of bankruptcy or similar Law. The parties expressly agree that the acquisition of Transactions hereunder is a financial accommodation and if Merchant becomes a debtor in any bankruptcy or similar proceeding, this Agreement may not be assumed or enforced by any other person and Provider will be excused from performance hereunder.
- 4.04 Effect of Termination; Early Termination Fee.** If this Agreement is terminated, regardless of cause, Provider may withhold and discontinue the disbursement for all Cards and other Transactions in the process of being collected and deposited. If the Agreement is terminated for cause, Merchant acknowledges that Provider may be required to report Merchant's business name and the names and other identification of its principals to various Card Network and industry databases, including the Terminated Merchant File and the Merchant Alert to Control High Risk Merchants File ("MATCH"). **Merchant expressly agrees and consents to such reporting if Merchant is terminated for any reason requiring listing on the MATCH file.** Merchant waives and will hold harmless Provider from any claims that Merchant may raise as a result of Provider's MATCH file reporting. Upon termination of the Agreement, Merchant will immediately cease requesting Authorizations. If Merchant obtains any Authorization after termination, the fact that any Authorization was requested or obtained will not reinstate this Agreement. Further, Merchant will return all Provider property, forms, or equipment. All obligations for Transactions prior to termination (including payment for Chargebacks and Provider's expenses relating to Chargebacks) survive termination. Provider is not liable to Merchant for damages (including prospective sales or profits) due to termination. Following termination, Merchant will, upon request, provide Provider with all original and electronic copies of Transaction Records and Credit Vouchers, if any, that have been retained by Merchant as of the date of termination. Upon termination, any amounts due to Provider will accelerate and be immediately due and payable, without any notice, declaration or other act whatsoever by Provider. The parties agree that if this Agreement is terminated before completion of any Term for any reason other than a material uncured breach by Provider, Merchant will pay Provider an early termination fee determined by multiplying (a) the number of months remaining from the date of termination to the end of the current Term, by (b) the average monthly processing fees paid by Merchant to Provider, plus Provider's costs and attorneys' fees incurred in connection with Merchant's termination of this Agreement. Merchant agrees that these damages are not a penalty but are a reasonable computation of the financial harm caused by the early termination of this Agreement.
- 4.05 Recoupment and Set Off.** Each Provider has the right of recoupment and offset. Specifically, each Provider may offset or recoup any outstanding/uncollected amounts owed by Merchant under or in connection with this Agreement from: (i) any amounts Provider would otherwise be obligated to deposit into the Account; (ii) any other amounts either Provider may owe Merchant under this Agreement or any other agreement; and (iii) any funds in the Account or Reserve Account. Merchant acknowledges that in the event of a bankruptcy proceeding, in order for Merchant to provide adequate protection under the Bankruptcy Code to Provider, Merchant must create or maintain the Reserve Account as required by Provider, and Bank must have the right to offset against the Reserve Account for any and all obligations which Merchant may owe to either Provider, without regard to whether the obligations relate to Transactions initiated or created before or after the filing of the bankruptcy petition.

ARTICLE V - MISCELLANEOUS

- 5.01 Account Monitoring.** Merchant acknowledges that Provider will monitor Merchant's Transaction activity. In addition to Provider's right to fund a Reserve Account as set forth in Section 3.05, Provider may upon reasonable grounds suspend disbursement of Merchant's funds for any reasonable period of time required to investigate suspicious or unusual Transaction activity. Provider will make good faith efforts to notify Merchant promptly following such suspension. Provider is not liable to Merchant for any loss, either direct or indirect, which Merchant may attribute to any suspension of funds disbursement.

- 5.02 Forms.** Merchant will use only the forms or modes of transmission of Transaction Records and Credit Vouchers that are provided or approved in advance by Provider, and Merchant may not use such forms other than in connection with Transactions.
- 5.03 Indemnification.** Merchant will defend, indemnify and hold Provider and its officers, directors, members, shareholders, partners, employees, agents, subcontractors and representatives harmless from and against any and all fines, penalties, claims, damages, expenses, liabilities or fees of any nature whatsoever, including attorneys' fees and costs (collectively, "Damages"), asserted against or incurred by Provider arising out of, relating to or resulting from, either directly or indirectly: (a) a breach of the security of the system safeguarding Cardholder Information resulting in unauthorized access to Cardholder Information; (b) a breach of any representation, warranty, covenant, agreement or term of this Agreement, including, but not limited to, the data security provisions by Merchant, or any service provider, subcontractor or agent of Merchant; (c) the negligence, gross negligence or willful misconduct of Merchant in the performance of its obligations under or in connection with this Agreement, including, but not limited to, the data security provisions hereof; (d) any violation of applicable Law or Network Rules by Merchant; and (e) all third-party claims arising from the foregoing. Notwithstanding the preceding, Merchant is not liable to Provider if Damages are caused by, related to or arise out of Provider's gross negligence or willful misconduct, or Provider's breach of this Agreement. Merchant will promptly reimburse Provider for any assessments, fines, fees or penalties imposed by any Card Network in connection with this Agreement, including the data security provisions, and authorizes Bank to deduct any such sums from the Account, the Reserve Account or amount to otherwise be cleared and settled with Merchant.
- 5.04 Records.** In addition to any records Merchant routinely furnishes to Provider under this Agreement, Merchant will preserve Transaction Records and Credit Vouchers and any written authorization of the Cardholder for the longer of the following: (a) two years after the Transaction is completed, (b) the period required by Law or the Network Rules, (c) if a dispute is pending, until such dispute is resolved.
- 5.05 Requests for Copies.** Immediately after Merchant receives the request by Provider, Merchant will provide to Provider either the original or a legible copy (in a size comparable to the actual Transaction Record) of the paper Transaction Record and any other documentary evidence available to Merchant that Provider reasonably requests to meet Provider's obligations under Law (including its obligations under the Fair Credit Billing Act) or otherwise to respond to questions concerning Cardholder accounts.
- 5.06 Exclusivity.** Merchant agrees that during the Term, Merchant will not enter into an agreement with any other entity that provides processing services similar to those provided by Provider and that Provider shall be Merchant's exclusive provider of all Card processing services as set forth in this Agreement.
- 5.07 Fees and Charges.** Merchant will pay to Provider the fees and charges set forth on the Merchant Application including any additional charges applied to transactions that fail to meet Card Network requirements for the lowest interchange levels. The fees and charges will either be debited from the Account through ACH or withheld from daily payments to Merchant for such amounts and for any other fees, charges or adjustments incurred by Merchant and associated with processing services. Provider may change fees, including adding fees for additional services utilized by Merchant, upon thirty (30) days' written notice to Merchant.
- 5.08 Security Interest.** This Agreement constitutes a security agreement under the Utah Commercial Code. To secure payment of Merchant's obligations under this Agreement, Merchant grants to Provider a security interest in all now existing or hereafter acquired: (a) Transactions, Transaction Records, Credit Vouchers and other items submitted to Provider for processing by or for Merchant; (b) accounts receivable and payment rights relating to or arising from this Agreement, including all amounts due Merchant (including any rights to receive credits or payments hereunder); (c) accounts maintained with Bank or any institution other than Bank, including without limitation the Account and the Reserve Account, in the name of or for the benefit of, Merchant or any Guarantor of Merchant's obligations under this Agreement; (d) deposits, regardless of source, to Merchant's or any Guarantor's accounts with Bank or any institution other than Bank, including the Account and the Reserve Account; (e) all deposits and all other property and funds deposited by Merchant or withheld by Bank, including

funds and property withheld as the result of security monitoring; and (f) proceeds of the foregoing. If Provider reasonably determines that Merchant has breached any obligation under this Agreement, or that proceeds of Merchant's future Transactions are unlikely to cover anticipated Chargebacks, credits, fees and adjustments, as reasonably determined by Provider (whether because this Agreement has been terminated or for any other reason), Provider may setoff or otherwise exercise its security interest without notice or demand by immediately withdrawing from or freezing any account or otherwise exercising its rights under this Agreement or those rights available under the Network Rules, applicable Laws, including the Utah Uniform Commercial Code, or in equity. In addition to the collateral pledged above, Provider may require Merchant to furnish such other and different security as Provider deems appropriate in its sole discretion to secure Merchant's obligations under this Agreement. Bank may fully or partially prohibit withdrawal by Merchant of funds from Merchant's Account with Bank or financial institutions other than Bank, pending Bank's determination from time to time to exercise its rights as a secured party against such accounts in partial or full payment of Merchant's obligations to Bank. Merchant will execute any documents and take any actions required to comply with and perfect any security interest under this paragraph, at Merchant's cost. Merchant represents and warrants that no other party has a security interest or lien in any of the collateral pledged above, and Merchant will obtain Bank's written consent before it grants a lien or security interest in that pledged collateral to any other person. Merchant shall not assign to any third party any payments due to it under this Agreement, and all indebtedness arising from Transactions will be for bona fide sales of goods and services (or both) at its business locations and free of liens, claims, and encumbrances other than ordinary sales taxes. Merchant may not sell and assign future Transaction receivables to any person or entity without Provider's prior written consent.

5.09 Modifications to Agreement. From time to time Provider may amend any provision or provisions of this Agreement, including, without limitation, those relating to the discount rate or to other fees and charges payable by Merchant by mailing written notice (including notification on Merchant's monthly account statement) to Merchant of the amendment at least thirty (30) days prior to the effective date of the amendment, and the amendment will become effective unless Provider receives Merchant's written notice of termination of this Agreement before such effective date. If Merchant continues to submit Transaction Records to Provider or otherwise continues to process Transactions with Provider after such thirty (30) day period (even if notice of objection was provided to Provider), then Merchant shall be deemed to have accepted and agreed to such amendment. In addition, Merchant acknowledges and agrees that this Agreement is subject to amendment by Provider to conform to the Network Rules and Law and that amendments required due to changes in either the Network Rules, Law or judicial decision may become effective on such shorter period of time as Provider may specify if necessary to comply with the applicable Network Rule, Law or decision. As a matter of clarification, Merchant may not terminate this Agreement if Provider amends the Agreement as necessary to comply with applicable Network Rules, Law or a judicial decision.

5.10 Warranty Disclaimer. PROVIDER MAKES NO WARRANTIES REGARDING THE USE, OPERATION OR PERFORMANCE OR NON-PERFORMANCE OF SOFTWARE AND SYSTEMS UTILIZED FOR THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED, AND PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

5.11 Limitation of Liability. Providers' collective liability with respect to any Transaction may not exceed the amount of the Transaction Record in connection with that Transaction less any applicable fees and charges. **In no event will either Provider or any of their agents, officers, directors or employees be liable to Merchant for any indirect, incidental, exemplary, punitive, special or consequential damages whatsoever, including, but not limited to, lost profits.** Merchant waives all claims against Provider for any loss, claim, demand, penalty, action, delay, cost or expense (including reasonable attorneys' fees) of any kind unless Merchant provides written notice to Provider of the occurrence that gave rise to the alleged liability within thirty (30) days after Merchant knew or should have known of the occurrence. Merchant will indemnify and hold Provider harmless from any claim relating to any Transaction Record paid for by Provider as may be made by anyone by way of defense, dispute, offset, counterclaim or affirmative action, or for any damages of or losses that Provider may incur as a result of Merchant's breach of this Agreement. Further, Merchant will reimburse Provider for all expenses and costs, including attorneys' fees, with regard thereto. Merchant acknowledges that the fees for the services provided to Merchant by Provider are very small in relation to the funds advanced to Merchant for Transactions and consequently Provider's

willingness to provide these services is based on the liability limitations contained in this Agreement. Therefore, in addition to greater limitations on Provider's liability that may be provided elsewhere (including the per Transaction Record limitation above), any liability of the Providers under this Agreement, whether to Merchant or any other party, whatever the basis of the liability, will not exceed, collectively between the Providers in the aggregate, an amount equal to the lesser of (a) the fees paid by Merchant to Provider during the last three (3) months, exclusive of fees and variable costs incurred by Provider to process Transactions, such as interchange costs, assessments and fees imposed by a third party or (b) fifty thousand dollars (\$50,000).

5.12 Waiver. Provider's failure by Provider to enforce one or more of the provisions of this Agreement will not constitute a waiver of the right to enforce the same or other provision in the future.

5.13 Written Notices. All written notices and other written communications required or permitted under this Agreement to be delivered to Provider will be deemed delivered immediately when hand-delivered or on the following business day when sent by reputable, overnight courier, addressed as follows:

(a) If to Bank: At the address provided at the top of the Merchant Application.

(b) If to ISO: At the address provided at the top of the Merchant Application.

All written notices and other written communications required or permitted under this Agreement to be delivered to Merchant will be deemed delivered immediately when hand-delivered or sent via facsimile and the sender obtains a fax confirmation or on the following business day when sent by reputable, overnight courier, addressed as follows: At the facsimile number or address provided as the billing address listed on the Merchant Application or such more recent fax number and/or address Bank and/or ISO have on file for Merchant.

5.14 Choice of Law; Jurisdiction; Waiver of Jury Trial. Utah law governs this Agreement. Any claim or cause of action arising out of this Agreement against Provider must be initiated and maintained exclusively in the state or federal courts located in New York, New York. To the extent permitted by applicable Law, Merchant and Provider waive any right to trial by jury in any action or proceedings regarding any litigation related to this Agreement and each agree that any such actions or proceedings will be tried by a judge without a jury.

5.15 Entire Agreement; Assignability. This Agreement expresses the entire understanding of the parties with respect to the subject matter hereof. This Agreement may be assigned by Bank without Merchant's or ISO's consent. This Agreement may not be assigned, directly or by operation of law by either Merchant or ISO, without Bank's prior written consent; provided, however, that Bank shall not unreasonably withhold or delay its consent to the assignment of this Agreement by ISO. This Agreement will be binding upon and inure to the benefit of the parties' respective heirs, personal representatives, successors and assigns.

5.16 Deposit Account. Merchant will at all times maintain an Account at a bank that is a member of the Federal Reserve ACH system and approved by Provider and will provide Provider with proper authorization to debit the Account. All credits for collected funds and debits for fees, payments and Chargebacks and other amounts for which Merchant is liable under the terms of this Agreement will be made to the Account. During the term of this Agreement and for a period of one (1) year after the termination of this Agreement, Merchant may not close or change the Account without prior written approval by Provider, which approval may not be unreasonably withheld. Merchant will be solely liable for all fees and costs associated with the Account and for all overdrafts. Merchant hereby grants to Provider a security interest in the Account to the extent of any and all fees, payments and Chargebacks and other amounts due which may arise under this Agreement, and Merchant will execute any document and obtain any consents or waivers from the bank at which the Account is maintained as requested by Provider to protect its security interests therein, including a deposit account control agreement. Merchant will maintain sufficient funds in the Account to accommodate all Transactions contemplated by this Agreement and all other fees, charges, credits or other payments or amounts due under this Agreement.

- 5.17 Credit and Financial Inquiries; Additional Locations; Inspections.** Provider may make, at any time, any credit inquires which it may consider necessary to accept or review acceptance of this Agreement or investigate Merchant's deposit or Card acceptance activities subsequent to acceptance of this Agreement. Such inquiries may include, but are not limited to, a credit and/or criminal check of Merchant and business including without limitation its proprietor, partners, principals, owners, directors, managers, shareholders or officers. Upon Provider's request, Merchant will provide the written consent of any person for which an inquiry has been or is to be made if such person has not executed this Agreement and will provide any financial statements, income tax and business tax returns and other financial information as Provider may consider necessary to perform initial or periodic reviews of Merchant's financial stability and business practices. Merchant may accept Cards only at locations approved by Provider. Additional locations may be added, subject to Provider's prior written consent. Provider or Merchant may remove locations by providing notice as provided herein. Merchant will permit Provider, at any time and from time to time, to inspect locations to confirm that Merchant has or is adhering to the terms of this Agreement and is maintaining the proper facilities, equipment, inventory, records and license or permits (where necessary) to conduct its business. However, nothing in this paragraph may be deemed to waive Merchant's obligation to comply in all respects with the terms of this Agreement or the Network Rules. Provider, its internal and external auditors, and its regulators may audit compliance with this Agreement, compliance with Laws and Network Rules, including, but not limited to, relating to Card acceptance and Transaction processing, data security provisions and Card Network compliance. Merchant will make available its records maintained and produced under this Agreement, and Merchant's facilities will be made accessible, upon notice during normal business hours for examination and audit and shall cooperate with such audits or examinations. Nothing in this section may be construed to require Merchant to give access to its facilities, personnel or records in a manner that unreasonably interferes with its business operations. Each party will bear its own expenses of any audit.
- 5.18 Marketing of Non-Card Services.** From time to time, Provider may offer to Merchant certain additional products and services which may or may not be related to the processing of credit card and debit card Transactions. If such offers are made, Merchant may decline the offers or be deemed to have accepted the offers and be liable for payment therefor. If any additional product or service is offered by ISO independently of Bank, then ISO (and not Bank) shall be responsible to deliver and perform such product and service and, accordingly, Merchant may not assert any claim against Bank as it relates to such additional product or service provided by ISO. Likewise, if any additional product or service is offered by Bank independently of ISO, then Bank (and not ISO) shall be responsible to deliver and perform such product and service and, accordingly, Merchant may not assert any claim against ISO as it relates to such additional product or service provided by Bank.
- 5.19 Force Majeure.** The parties will be released from liability hereunder if they fail to perform any obligation where the failure occurs by reason of any act of God, fire, flood, storm, earthquake, tidal wave, communications failure, sabotage, war, military operation, terrorism, national emergency, mechanical or electronic breakdown, civil commotion or the order, requisition, request or recommendation of any governmental authority, or either party's compliance therewith, or governmental regulation, or priority, or any other similar cause beyond either party's reasonable control.
- 5.20 No Third-Party Beneficiary.** No other person or entity may be deemed to be a third-party beneficiary of this Agreement.
- 5.21 Severability; Conflict with Network Rules.** If any provision in this Agreement is for any reason held to be invalid or unenforceable, no other provision shall be effected thereby, and this Agreement shall be construed as if the invalid or unenforceable provision had never been a part of it. In the event of a conflict between this Agreement and the Network Rules, the Network Rules shall govern and control.
- 5.22 IRS Reporting Information.** Pursuant to Section 6050W of the Internal Revenue Code, merchant acquiring entities such as Bank and third-party settlement organizations are required to file an information return reflecting all payment card transactions and third-party network transactions occurring in a calendar year. This requirement applies to returns for all calendar years after December 31, 2010 and Merchant will receive a form 1099-K reporting Merchant's gross transaction amounts for each calendar year. In addition, amounts payable under Section 6050W are subject to backup withholding requirements. Merchant acquirers such as Bank, either itself or through third parties, are required to perform backup withholding by deducting and withholding income tax from reportable transactions if (a) the payee fails to provide the payee's taxpayer identification number (TIN) to the merchant acquirer; or (b) if the IRS notifies the merchant acquirer that the TIN

(when matched with the name) provided by the payee is incorrect. Accordingly, to avoid backup withholding, it is very important that Merchant provides Bank with the correct name and TIN that Merchant uses when filing its income tax return that includes the transactions for Merchant's business. In addition to the fees set forth on the Merchant Application, if Merchant fails to comply with the obligations set forth in this section, Provider may charge Merchant additional amounts determined by Provider and may pass through any additional fines, costs or expenses incurred by Provider.

5.23 Confidentiality. Merchant shall protect all information or other items proprietary to Provider that Merchant obtains knowledge of or access to as a result of Provider's provision of the services pursuant to this Agreement (collectively, "Provider Confidential Information") from unauthorized disclosure, publication, or dissemination with the same standard of care and discretion Merchant uses to protect similar confidential information of Merchant's own, but in no event less than reasonable care. Furthermore, Merchant shall not use, reproduce, distribute, disclose, or otherwise disseminate Provider Confidential Information, except in connection with the performance of Merchant's obligations under this Agreement. The Provider Confidential Information described in the previous sentence, shall include, but not be limited to, the following types of information and other information of a similar nature (whether or not reduced to writing): scientific, technical, or business information, product makeup lists, ideas, concepts, designs, drawings, techniques, plans, calculations, system designs, formulae, algorithms, programs, software (source and object code), hardware, manuals, test procedures and results, identity and description of computerized records, identity and description of suppliers, customer lists, processes, procedures, trade secrets, "know-how," marketing techniques and material, marketing and development plans, price lists, pricing policies, and all other financial information. The obligations of non-disclosure provided hereunder shall continue during the Term and, (i) with respect to Provider Confidential Information that does not constitute a trade secret, for a period of three (3) years thereafter and, (ii) with respect to Provider Confidential Information that rises to the level of a trade secret under applicable Law, for such period of time thereafter as the Provider Confidential Information shall retain its status as a trade secret under applicable law, and no less than three (3) years thereafter.

Terms Below Are Additional Terms Applicable Specifically to American Express Card Acceptance (capitalized terms below not defined elsewhere in the Agreement shall have the meanings assigned in the American Express Network Rules). With respect to participation in an American Express acceptance program, in the event of a conflict between the terms below and other terms of this Agreement, the terms below shall control with respect to American Express transactions only. Merchant shall be bound by American Express Network Rules, including the Merchant Operating Guide: www.americanexpress.com/merchantopguide.

- A5.24 Transaction Data.** Merchant authorizes Provider and/or its affiliates to submit American Express Transactions to, and receive settlement on such Transactions from, American Express or Bank on behalf of Merchant.
- A5.25 Marketing Message Opt-Out.** Merchant may opt-out of receiving future commercial marketing communications from American Express by contacting Provider. Note that Merchant may continue to receive marketing communications while American Express updates its records to reflect this choice. Opting out of commercial marketing communications will not preclude Merchant from receiving important transactional or relationship messages from American Express.
- A5.26 Conversion to American Express Direct Merchant.** Merchant acknowledges that it may be converted from American Express Card OptBlue program to a direct relationship with American Express if and when its Transaction volumes exceed the eligibility thresholds for the OptBlue program. If this occurs, upon such conversion, (i) Merchant will be bound by American Express' then-current Card Acceptance Agreement; and (ii) American Express will set pricing and other fees payable by Merchant.
- A5.27 American Express as Third Party Beneficiary.** Notwithstanding anything in the Agreement to the contrary, American Express shall have third-party beneficiary rights, but not obligations, to the terms of this Agreement applicable to American Express Card acceptance to enforce such terms against Merchant.
- A5.28 American Express Opt-Out.** Merchant may opt out of accepting American Express at any time without directly or indirectly affecting its rights to accept Cards bearing Marks of other Card Networks.
- A5.29 Refund Policies.** Merchant's refund policies for American Express purchases must be at least as favorable as its refund policy for purchase on any other Card Network, and the refund policy must be disclosed to Cardholders at the time of purchase and in compliance with Law. Merchant may not bill or attempt to collect from any Cardholder for any American Express Transaction unless a Chargeback has been exercised, Merchant has fully paid for such Chargeback, and it otherwise has the right to do so.
- A5.30 Establishment Closing.** If Merchant closes any of its Establishments, Merchant must follow these guidelines: (i) notify ISO immediately; (ii) policies must be conveyed to the Cardholder prior to completion of the Transaction and printed on the copy of a receipt or Transaction record the Cardholder signs; (iii) if not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Transaction record and on websites and catalogs); (iv) return and cancellation policies must be clearly disclosed at the time of sale; and (v) for Advance Payment Charges or Delayed Delivery Charges, Merchant must either deliver the goods or services for which Merchant has already charged the Cardholder or issue Credit for any portion of the Transaction for which Merchant has not delivered the goods or services.