

This Rules Summary describes certain key requirements governing Merchant's receipt of the Services and acceptance of Cards and supplements the Merchant Processing Agreement (the "Agreement"). Nothing in this Rules Summary (i) restricts or limits any of Bank or Company's rights in the Agreement, or (ii) shall be construed as a substitute for Merchant's own analysis of, and compliance with, the Rules and Laws, including if such Rules and/or Laws have requirements more demanding than those summarized in this document. In addition to any other obligations of Merchant in the Agreement, Merchant shall comply with this Rules Summary.

1. Acceptance.

- 1.1. **Limited Acceptance.** Merchant will elect on the Merchant Application to accept (full acceptance) or not accept (limited acceptance) some or all credit and/or debit cards for payment. A full acceptance Merchant will accept all valid Cards unless Merchant provides 30 days' written notice to Bank and Company requesting limited acceptance and stating Merchant's election of Card types.
- 1.2. **Cardholder Identification.** Merchant will identify the Cardholder and check the expiration date and signature on each Card. Merchant will not honor any Card if: (i) the Card has expired; (ii) the signature on the Sales Draft does not correspond with the signature on the Card; (iii) the account number embossed on the Card does not match the account number on the Card's magnetic stripe (as printed in electronic form); (iv) the Card was declined as a result of an Authorization attempt. Merchant may not require a Cardholder to provide personal information, such as a home or business telephone number, a home or business address, or a driver license number as a condition for honoring a Card unless permitted by applicable laws and Rules.
- 1.3. **Security Features.** Merchant is required to examine the Card security features prior to completing a sale. Merchant should examine the Card to ensure there has no tampering to the signature panel, the EMV chip, or any other part of the Card.
- 1.4. **Non-presentment.** Merchant shall not accept a Card as payment (other than for mail order, Internet sale, telephone order, or preauthorized sale to the extent permitted under this Agreement), if the person seeking to use the Card does not present the Card to permit Merchant to examine it and obtain an imprint or otherwise use the physical Card to complete the Transaction.
- 1.5. **Honoring Cards.** Merchant will accept without discrimination, all valid Cards as indicated by Merchant on the Merchant Application when properly presented by Cardholders for payment for goods or services within the Merchant's Category (MCC) of acceptance. Merchant may not discriminate between payment Cards within a payment Card network on the basis of the Issuer that issued the presented payment Card.
- 1.6. **Presentment and Acceptance.** Company shall accept from Merchant all valid Sales Drafts presented by Merchant under the terms of the Agreement and shall present the same to the appropriate Card issuers for collection against Cardholder accounts. All presentment and assignment of Sales Drafts, collection therefor and re-assignment or rejection of such Sales Drafts are subject to the Agreement and the Rules. Bank shall be the only entity that will provisionally credit the value of collected Sales Drafts to Merchant's Account and reserves the right to adjust amounts collected to reflect the value of Chargebacks, fees, fines and penalties, late submission charges, and items for which Bank did not receive final payment. Bank or Company may refuse to accept or withhold payment of any Sales Draft without notice until the expiration of any Chargeback period or a period in which the Sales Draft is in question (in Bank's reasonable discretion), or revoke its prior acceptance of a Sales Draft, in the following circumstances: (i) Bank or Company reasonably suspect that the Sales Draft was not made in compliance with this Agreement, Rules, or applicable Laws; (ii) the Cardholder disputes its liability to Bank for any reason, including but not limited to Cardholder chargeback rights enumerated in the Rules; (iii) the Transaction giving rise to the Sales Draft was not directly between Merchant and Cardholder; (iv) the Transaction is outside the parameters indicated on the Merchant Application; (v) if Bank determines, at its sole and reasonable discretion, that a Transaction or batch of Transactions poses a risk of loss; (vi) Bank may impose a cap on the volume and ticket amount of Sales Drafts that Bank will process for Merchant, as indicated on the Merchant Application or imposed otherwise by Bank. This limit may be modified by Bank or Company upon notice to Merchant. If Merchant exceeds the limit established by this Agreement, Bank or Company may suspend processing, withhold funds, charge over limit fees, hold deposits over the cap, or return all Sales Drafts evidencing funds over the cap to Merchant or terminate this Agreement. Merchant will pay Bank and Company, as appropriate, any amount previously credited to Merchant for a Sales Draft not accepted or later revoked by Bank. Merchant agrees that Bank and Company have no liability for any delay in funding and that Bank and Company is not responsible for any losses Merchant may incur, including but not limited to NSF fees, due to delayed deposit of funds. If any type of overpayment to Merchant or other error occurs, Merchant's account(s) may be debited or credited, without notice, and if Merchant's account do not contain sufficient funds, Merchant Agrees to remit the amount owed directly to Company. Merchant agrees not to, directly or indirectly, prevent, block, or otherwise preclude any debit from Company or Bank to Merchant's account which is permitted hereunder.
- 1.7. **Returns and Adjustments: Credit Vouchers.** Merchant agrees that it will conduct business in regard to returns as follows: (a) Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered shall be established and posted in accordance with the Rules. Merchant agrees to disclose to a Cardholder before a Card sale is made, that if merchandise is returned: (i) no refund, or less than a full refund, will be given; or (ii) returned merchandise will only be exchanged for similar merchandise of comparable value; (iii) only a credit toward purchases will be given; or (iv) special conditions or circumstances apply to the sale (e.g., late delivery, charges, or other noncredit terms). (b) Disclosures must be made on all copies of Sales Drafts in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature on the Sales Draft and issued at the time of sale. (c) If Merchant does not make these disclosures and Cardholder requests a refund, a full refund in the form of a credit to the Cardholder's Card account must be given. Merchant shall not refund cash to a Cardholder who originally paid for the item by Card. (d) Credits must be made to the same Card account number on which the original sale Transaction was processed. (e) If Merchant accepts any goods for return, any services are terminated or canceled in conjunction with each such Transaction. Merchant shall have sufficient funds in its account available to Bank to cover the amount of the Transaction and any related fees. (f) Merchant warrants that any Credit Voucher it issues represents a bona fide refund or adjustment on a Card sale by Merchant with respect to which a Sales Draft has been accepted. (g) Under no circumstance will Bank be responsible for processing credits or adjustments related to Sales Drafts not originally processed by processor and Bank. (h) Merchant will be responsible for any fees charged for services provided pursuant this Agreement, regardless of exchange or return of goods and/or adjustment of a Card sale.

2. Authorization.

- 2.1. **Required on all Transactions.** Merchant will obtain prior Authorization for the total amount of a Transaction via electronic terminal, gateway, or other compliant and certified device before completing any Transaction, and Merchant will not process any Transaction that has not been authorized. Merchant will follow all instructions received during the Authorization process. Upon receipt of an Authorization approval Merchant may consummate only the Transaction authorized and must note on the Sales Draft the Authorization number. Where Authorization is obtained, Merchant will be deemed to warrant the true and matching identity of the Cardholder.
- 2.2. **No Guarantees.** Authorizations are not a guarantee of acceptance or payment of the Sales Draft. Authorizations do not waive any provisions of this Agreement or otherwise validate a fraudulent Transaction or a Transaction involving the use of an expired or otherwise invalid Card.

- 2.3. **Unreadable Magnetic Stripes.** When presenting Card Transactions for Authorization electronically, and Merchant's terminal is unable to read the magnetic stripe on the Card, Merchant must obtain a Phone Authorization (either via Voice or Automated Response Service, **both carry additional fees**) and Merchant must obtain an imprint of the Card and also obtain the Cardholder's signature on the imprinted Sales Draft before presenting the Sales Draft to Bank for processing. Failure to perform these additional actions may result in the assessment of Transaction surcharges or a rejected Transaction.

3. Sales Drafts.

- 3.1. **Sales Draft Administration.** Unless the Sales Draft is electronically generated from a swiped Transaction or is the result of an Internet, mail, phone or preauthorized sales order, Merchant must use a Sales Draft or other form approved by Bank to document each Card Transaction. Each Sales Draft will be legibly imprinted with: (i) Merchant's name, location, and account number; (ii) the information embossed on the Card presented by the Cardholder (either electronically or manually, and truncated if electronic); (iii) the date of the Transaction; (iv) a brief description of the goods or services involved; (v) the Transaction authorization number; (vi) the total amount of the Sale including any applicable taxes, or credit transaction; and (vii) adjacent to the signature line, a notation that all Sales are final, if applicable.
- 3.2. **Signatures.** Sales Drafts must be signed by the Cardholder unless the Card Transaction is a valid mail/telephone/Internet order Card Transaction, or PIN-based Debit Card Transaction, which fully complies with the requirements set forth in this Agreement. Merchant may not require the Cardholder to sign the Sales Draft before Merchant enters the final Transaction amount in the Sales Draft.
- 3.3. **Delivery and Retention of Sales Drafts.** Merchant will deliver a complete copy of the Sales Draft or credit voucher to the Cardholder at the time of the Transaction. In addition to any records routinely furnished to Company or Bank under this Agreement, Merchant shall preserve a paper or microfilm copy of all actual paper Sales Drafts and Credit Vouchers and if a mail, phone order or preauthorized order is involved, the Cardholder's signed Authorization for the Transaction for at least eighteen (18) months (or longer if required by Laws or Rules) after the date Merchant presents the Transaction. Merchant must follow Section 3.4 (Safeguarding Payment Card Information) to protect information it retains and may not retain information that section prohibits.
- 3.4. **Electronic Transmission.** If Merchant utilizes electronic authorization or data capture equipment or services, Merchant will enter the data related to a Sales or Return Transaction into a computer terminal or magnetic stripe reading terminal and transmit daily Transactions to Company or Bank (or its duly assigned processor) no later than the close of business on the day the Transactions are completed (unless otherwise permitted by the Rules). Failure to do so may result in the assessment of Transaction penalties.
- 3.5. **Daily Settlement of Transactions.** Merchant must Batch Out each POS terminal every day. Failure to Batch Out daily will delay the deposit of funds. "Batch Out" is the process by which a Merchant totals and settles all transactions, on each POS terminal, which occurred before midnight (12:00 a.m.) and transmits the information to Company. In all cases, Merchant must present the record within 3 business days (2 business days for Electron Cards) after the transaction date, unless otherwise permitted by the Rules. Transactions contained in an untimely Batch Out may be refused, held for a 180 day period, become subject to chargeback or be transferred to a Reserve Account and held in accordance with the terms of the Merchant Processing Agreement. Merchant is responsible for resubmitting a Batch Out or ticket if the POS terminal fails to properly Batch Out or if sales ticket data does not process through the normal payment cycle. Company is not liable to Merchant for amounts it did not collect, including amounts collected by Third Party Service Providers.
- 3.6. **Multiple Sales Drafts.** (a) Merchant will include a description and total amount of goods and services purchased in a single transaction on a single Sales Draft or Transaction record, unless (i) partial payment is entered on the Sales Draft or Transaction record and the balance of the Transaction amount is paid in cash or by check at the time of Transaction, or (ii) a Sales Draft represents an advance deposit in a Card Transaction completed in accordance with this Agreement and the Rules. (b) Merchant shall not submit duplicate Transactions. Merchant shall be debited for any duplicate Transactions and shall be liable for any Chargebacks resulting from duplicate Transactions.

4. Other Types of Transactions.

- 4.1. **Recurring Transactions.** For recurring transactions, Merchant must be approved by Bank to accept recurring transactions and obtain a written request from the Cardholder for the goods and services to be charged to the Cardholder's account, the frequency of the recurring charge, and the duration of time during which such charges may be made. Merchant will not complete any recurring transaction after receiving: (i) a cancellation notice from the Cardholder; (ii) notice from Bank, or (iii) a response that the Card is not to be honored. Merchant must print legibly on the Sales Draft the words "Recurring Transaction".
- 4.2. **Mail Orders "MO", Telephone Orders "TO", and Internet Orders "IO."** (a) Unless Merchant has been approved by Bank to accept mail orders, telephone orders, or Internet orders, Merchant warrants that it is a walk-in trade business, located in a retail business place conducting face-to-face Transactions. If Merchant is found to be submitting Card Transactions for mail orders, telephone orders, or Internet orders without Bank approval, this Agreement may be terminated and the value of all Sales Drafts collected from the first day of processing may be charged back to Merchant and all funds thereof may be held pursuant to Article IV of this Agreement. (b) If Merchant is authorized by Bank to accept payment by mail order, telephone order, or Internet order, the Sales Draft may be completed without the Cardholder's signature or an imprint, but in such case Merchant shall create a Sales Draft containing Cardholder account number, expiration date, transaction date, an authorization number, the sale amount and the letters "MO", "TO", or "IO" as appropriate. In addition, the Merchant's business name, city, and state must be included. Receiving an Authorization shall not relieve Merchant of liability for Chargebacks on any MO, TO, or IO Transaction. (c) For Approved MO, TO, and IO Merchants, performing AVS (Address Verification System) is required. AVS is not a guarantee for payment, and the use of AVS will not waive any provision of this Agreement or otherwise validate a fraudulent Transaction. (d) In the event the Merchant is approved to conduct MO, TO, or IO Transactions, Merchant is cautioned to apply fraud protection measures (as described on the Visa and MasterCard websites) and Merchant understand that there is a higher risk of Bank disputes and/or fraud associated with these types of Transactions. (e) If Merchant's Retail/Mail Order/Telephone Order, Internet mix changes from the percentages represented to Bank in the Merchant Application, Bank may cease accepting mail/telephone order transactions, or limit its acceptance of such transactions, or increase its fees, or terminate this Agreement, or impose a Reserve Account, unless prior written approval has been obtained from Bank. (g) Merchant may not deposit a MO, TO, or IO Sales Draft before the product is shipped.
- 4.3. **Lodging and Vehicle Rental Transactions.** (a) Merchant must estimate and obtain Authorization for the amount of the Transaction based upon the Cardholder's intended length of stay or rental and the Cardholder must be informed of the dollar amount Merchant intends to pre-authorize. Additional Authorization(s) must be obtained and recorded for charges actually incurred in excess of the estimated amount. (b) Regardless of the terms and conditions of any written preauthorization form, the Sales Draft amount for any lodging or vehicle rental Transaction shall include only that portion of the sale, including any applicable taxes, evidencing a bona fide rental of personal property by Merchant to the Cardholder and shall 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 Card Transaction. (c) It is the responsibility of the Merchant to comply with the Rules applicable to the Lodging and Vehicle Rental MCCs in order to qualify for special Interchange pricing incentives for Lodging and Vehicle Rental merchants. Card Association Rules may be obtained from each Card Association's

website.

- 4.4. **Future Delivery.** (a) Merchant will not present for processing, whether by electronic means or otherwise, any Sales Draft or other memorandum, to Bank representing a payment, partial payment, or deposit for goods or services to be delivered in the future, without the prior written consent of Bank. Such consent will be subject to Bank's final approval. (b) The acceptance of a Card for payment or partial payment of goods or services to be delivered in the future without prior consent will be deemed a breach of this Agreement and may result in immediate termination in addition to any other remedies available under the Laws or Rules. (c) If Bank has given such consent, Merchant represents and warrants to Bank that Merchant will not rely on any proceeds or credit resulting from such Transactions to purchase or furnish goods or services. Merchant will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from Sales Drafts or other memoranda taken in connection with future delivery (d) If Merchant has obtained prior written consent, Merchant will complete such Card Transactions in accordance with the terms set forth in this Agreement, the Rules, and the Laws. Cardholders must execute one Sales Draft when making a deposit with a Card and a second Sales Draft when paying the balance. Merchant will note upon the Sales Draft the words "deposit" or "balance" as appropriate. Merchant will not deposit the Sales Draft labeled "balance" until the goods have been delivered to Cardholder or Merchant has fully performed the services.
- 4.5. **Electronic Commerce Transactions.** Merchant must obtain the consent of Company to process electronic commerce ("EC") transactions, and may process such transactions only if the transactions comply with the Payment Card Industry Security Standard requirements set forth below. EC transactions are higher risk and subject to a higher incidence of chargebacks, and if Merchant submits EC transactions without Company's consent, Company may immediately terminate the Agreement. All communication costs and telecommunications links and software related to EC transactions are Merchant's responsibility. Merchants who are permitted to process EC transactions shall only do so in U.S. Dollars in connection with Internet purchases.

5. Debit Card Processing

- 5.1. **Debit Networks.** "Debit Networks" refers to those regional and national Debit Card networks accepted by Bank, including but not limited to the following organizations and their successors: Star, NYCE, Pulse, Interlink, AFFN, Alaska, Jeanie, Accel, Maestro and Money Station. This Section (2.6) pertains only to transactions authorized, captured and settled through such Debit Network.
- 5.2. **Compliance.** Merchant must comply with all Debit Network rules, regulations, procedures, fees, assessments, penalties, and other membership duties, obligations, and costs of each such Debit Network, which are applicable to Merchant during the term of this Agreement. Merchant shall complete only those POS transactions that comply in all respects with the Rules and which have been authorized. Merchant shall comply with the Graphics Standards Manual, the Security Manual, all federal, state, and local laws applicable to its participation in the system, including without limitation statutes, regulations, and judicial decisions relating to POS transactions, POS Terminals sharing, consumer credit, consumer protection, electronic funds transfers, antitrust, franchise, and other trade regulation matters, and shall indemnify and hold Bank and Debit Network harmless against any and all liability or expenses related thereto.
- 5.3. **Honoring Cards.** Merchant must honor all valid cards when presented for payment of Debit transaction when such transactions can be initiated and completed electronically. If a technical malfunction prevents electronic initiation and completion of a transaction, Merchant is not obligated to complete such Debit transaction. Merchant must treat transactions by any Debit Network cardholders in the same manner as transactions by any other cardholders as permitted by the Rules and law. Merchant may not require or request the cardholder's signature or any other means of verifying the cardholder's identity.
- 5.4. **Authorizations.** Bank will provide a transaction authorization service, which will enable the Merchant to offer its Cardholders a method of payment using PIN-Debit Cards. Merchant will be permitted to accept certain PIN-Debit Cards and access Bank's contracted data center facilities to perform authorization requests.
- 5.5. **Funds.** Bank will facilitate the transfer of funds received from the Debit Networks as a result of Merchant's transaction activity. Funds will be transferred to Merchant's Designated Account using the Automated Clearing House (ACH) of the Federal Reserve Bank, on a two-three (2-3) day delayed basis contingent upon receipt of funds by the Bank and method of Merchant statement reconciliation.
- 5.6. **Access.** Upon receipt of written instructions from any Debit Network to which Bank is providing access hereunder, Bank may immediately cease to provide to Merchant and its Cardholders, access to such Debit Network. Bank shall use reasonable efforts to promptly notify Merchant of such interruption in network access.
- 5.7. **Equipment.** (a) Merchant is required, at its own expense, to obtain and install POS Terminals, together with PIN-Pads and other facilities necessary to support the Debit Network transactions at Merchant location(s). Merchant shall provide Bank and the Debit Network with a list of all Merchant locations currently with compliant POS Terminals capable of accepting cards and shall provide a list as applicable. All POS Terminals shall accept cards. Merchant at all times shall maintain and operate the POS Terminals in accordance with the Operating Rules. (b) Merchant shall take all reasonable steps necessary to ensure that all POS Terminals and PIN-Pads operated at Merchant locations shall: (i) be available for use by cardholders of all provided Debit Networks for POS transactions; and (ii) function with a minimum of error and in a reliable manner and meet all applicable standards contained in the Technical Specifications and the Security Manual for Debit Network. (c) Merchant shall have at, or in proximity to, any POS Terminal where a card is accepted, an operating Track 2 magnetic stripe reader and PIN-Pad that meets the standards communicated to Merchant by Company, including any standards contained in the Agreement and in the Rules. The requirements of this paragraph shall not apply to POS transactions not involving the transfer of funds such as balance inquiries. Merchant shall be responsible for connecting the POS terminals at each Merchant location.
- 5.8. **Receipts.** At the time of any POS transaction involving a transfer of funds, Merchant shall make available to each cardholder a written receipt that complies fully with all applicable state and federal laws and regulation, including, but not limited to, Regulation E (12 C.F.R. § 205), and includes, but is not limited to, the following information: (i) the amount of the POS transaction; (ii) the transaction date; (iii) the type of POS transaction and, if more than one type of account may be accessed at the POS Terminal by the cardholder, the type of account (checking, savings, etc.) and, if more than one account of the same type may be accessed at the POS Terminal by the cardholder the specific account accessed must be uniquely identified; (iv) a number or code that uniquely identifies the cardholder initiating the POS transaction, or the cardholder's account, or the card used to initiate the POS transaction; (v) location of the POS terminal at which the POS transaction was initiated; (vi) the name of the Merchant providing the goods, services or money to the cardholder; and the trace number.
- 5.9. **Dispute Resolution.** Merchant will attempt to settle in good faith any dispute with a Cardholder involving a transaction. Merchant will establish a fair, consistent policy for the exchange and return of merchandise and for the adjustment of amounts due on Debit Card sales. Except as the Debit Networks may permit, Merchant will not make any cash refunds or payments for returns or adjustments on Debit Card transactions but will instead complete an adjustment form provided or approved by Bank. The Debit Card Sales Draft for which no refund or return will be accepted by Merchant must be clearly and conspicuously marked (including on the Cardholder's copy) as "final sale" or "no return" and must comply with the Rules. Merchant will refer Debit Card Cardholders with questions or problems to the institution that issued the Debit Card. Merchant will cooperate with each processor and with each applicable Debit Network and its other members to resolve any alleged errors relating to transactions. Merchant will permit and will pay all expenses of periodic examination and audit of

functions related to each Debit Network, at such frequency as the applicable Debit Network deems appropriate. Audits will meet Debit Network standards, and the results will be made available to the Debit Network.

- 5.10. **Personal Identification Numbers.** (a) For each PIN-based Debit Card sale, Cardholder must enter a Personal Identification Number ("PIN") through a PIN-pad located at the point of sale. (b) PIN-pad(s) must be situated to permit Cardholders to input PINs without a chance of revealing it to another individual, including Merchant or its employee(s). (c) Merchant will instruct employees not to ask any Cardholder to disclose a PIN and in the event Merchant or employee(s) nevertheless becomes aware of any Cardholder's PIN, Merchant or employee(s) will not use such PIN or create or maintain any record of such PIN, and will not disclose such PIN to any other person. (d) Merchant must ensure the PIN message is encrypted, using a compliant encryption method, from the PIN-pad to the POS Terminal, and from the POS Terminal to the Debit Network and back (end-to-end). (e) The PIN encryption method considered compliant is the method mandated by the Card Associations, the Debit Networks and the PCI-SSC. (f) Merchant may only use a PIN entry device certified by Bank and listed as compliant by the PCI-SSC (including PTS and PCI-PED) for submitting PIN-Debit Transactions. Merchant will comply with any other requirements relating to PIN security as required by Bank or by any Debit Network, inclusive of PIN encryption method.
 - 5.11. **Inquiries.** Balance inquiries may be performed only at cardholder-operated terminals and shall at all times require entry of the cardholder's PIN and use of the magnetic stripe reader.
 - 5.12. **Confidentiality.** Merchant shall not disclose to third parties, other than; (a) the Debit Network or Bank or (b) otherwise specifically required by law, any information related to POS transactions (including, but not limited to, cardholder account information) without the prior written consent of the cardholder and the card issuing bank.
 - 5.13. **Cashback.** (a) Cashback transactions shall be limited to the maximum of \$200 per Cardholder on any transaction date. If Merchant allows Cardholders to initiate cashback transactions, Merchant must transmit to the Debit Network for each cashback transaction initiated at Merchant's location, the following information in its transaction message: (i) the amount of cashback given to the Cardholder pursuant to the POS transaction; and (ii) Whether the POS transactions involved the issuance of scrip to the cardholder. For purposes of cashback reporting required under this paragraph, the full amount debited from Cardholder's account during a Debit transaction initiated at terminal that issues scrip shall be reported as the cashback amount, regardless of the amount used by the Cardholder to purchase goods or services at the Merchant's location. (b) If Merchant receives, in response to a request for authorization for a cashback transaction involving the purchase of goods and services, a denial code indicating that a cashback transaction has been denied solely because the cashback portion of the Debit transaction would cause the Cardholder to exceed a limit on cash withdrawals imposed on the Cardholder by the Card issuing bank, Merchant shall inform Cardholder that the transaction was denied because it would cause the Cardholder to exceed such limit on cash withdrawals, but that a new Debit transaction in the amount of the purchase alone may be approved.
 - 5.14. **Inspection.** Merchant agrees that, upon request, it will promptly provide to Debit Network or Bank any information reasonably requested by it to aid in determining whether Merchant is in compliance with the Operating Rules and the Graphics Standards Manual, the Security Manual and this agreement between Merchant and Bank, or Debit Network.
 - 5.15. **Reimbursements.** Merchant shall promptly reimburse within three (3) business days of the event giving rise to any loss for the amount of all losses resulting from any of the following actions, including without limitation reasonable attorney's fees and court costs, in the event that Merchant or any of its agents or employees or any of the operators of its POS Terminals at Merchant locations or the employees or agents of any such operators: (i) knowingly permits anyone other than the Cardholder, or a person expressly authorized by the Cardholder, to use the Card and to initiate any POS transaction; (ii) permits the amount debited in a POS transaction by use of a Card to exceed the actual amount of goods or services and cashback, if any, provided to such Cardholder at the time in respect to such transaction; (iii) circumvents the limit imposed by a Merchant on POS transactions by dual submissions for the same POS transaction; (iv) otherwise permits the use of any Card in any manner in violation of the Operating rules or the Security Manual; (v) completes any declined POS transactions; or (vi) otherwise participates in any fraud resulting in loss.
 - 5.16. **Records.** Merchant shall retain records for each POS transaction for at least seven (7) years or for such longer period as is required by applicable federal or state law or regulation and/or in accordance with Network Operating Rules and in accordance with Article III, Section 3.4 of the Agreement.
 - 5.17. **Investigation.** Merchant is responsible for investigation of any complaints regarding POS transactions in accordance with the requirements of the Operating Rules.
 - 5.18. **Security.** Debit Networks, Bank or its designated agent, on behalf of itself or others, shall have the right to inspect Merchant security systems and procedures from time to time after reasonable notice to Merchant.
 - 5.19. **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.
6. **Chargebacks.**
- 6.1. Merchant and Guarantor(s) are fully liable for all Transactions returned for whatever reason (Chargebacks). Merchant will pay upon presentation the value of all Chargebacks. Authorization is granted by Merchant to Bank and Company to offset from incoming Transactions and to debit the Designated Account, the Reserve Account, or any other account held at Bank, Company, or at any other financial institution the amount of all Chargebacks. Merchant will fully cooperate in complying with the Rules regarding Chargebacks. Merchant agrees that: (a) failure to pay a Chargeback upon such presentation shall be considered a material breach of this Agreement and Merchant, in addition to any other remedies which may be exercised by Bank or Company, shall be charged a late fee of (i) the maximum allowed by Laws; or (ii) one and one half percent (1.5%) per month or portion thereof on all unpaid Chargebacks, whichever is greater; (b) Merchant agrees to accept for Chargeback any sale for which the Cardholder disputes the validity of the sale according to the Rules, or Bank determines that Merchant has in any way failed to comply with the Rules or Bank procedures, including but not limited to the following:
 - 6.1.1. the Sales Draft is illegible, not signed by the Cardholder, or has not been or cannot be presented to Bank within the required time frame(s);
 - 6.1.2. the Sales Draft does not contain the Imprint of a valid unexpired Card; (iii) an Authorization has not been obtained or a valid Authorization number has not been correctly and legibly recorded on the Sales Draft; (iv) Sales Draft is a duplicate of a prior Transaction or is the result of two or more

Transactions generated on one Card for a single sale; (v) Cardholder alleges that he or she did not participate in the sale, authorize the use of the Card, receive goods or services purchased, or receive a required credit adjustment, or disputes the quality of the goods or services purchased; (vi) the price of goods or services on the Sales Draft differs from the amount which Merchant presents for payment;

- 6.1.3. the Transaction results from an Internet, mail, phone, or preauthorized order and the Cardholder disputes entering into or authorizing the Transaction or the Transaction has been made on an expired or non-existing account number;
- 6.1.4. Bank or Company reasonably believe that Merchant has violated any provision of this Agreement; (ix) Bank or Company reasonably determines that the Transaction record is fraudulent or that the Transaction is not bona fide or is subject to any claim of illegality, cancellation, rescission, avoidance, or offset for any reason whatsoever, including without limitation, negligence, fraud, or dishonesty on the part of Merchant or Merchant's agents or employees; (a) for whatever reason pertaining to not complying with the Rules. (b) Notwithstanding any authorization or request from a Cardholder, Merchant shall not initiate a sale Transaction in an attempt to collect a Chargeback. (c) Guarantors are personally liable for all Chargebacks. In the event Merchant sells its business and a new owner incurs Chargebacks, the original Merchant and all Guarantors will be held personally liable for the Chargebacks and any other liabilities of the new owner(s). (d) In the event the Account is closed or is otherwise unavailable to Bank for ACH debit, Merchant and Guarantors consent to Bank locating additional deposit accounts or assets by using any means available. In this event Merchant and Guarantors waive all rights to their privacy in favor of Bank until such time as all unpaid Chargebacks and fees owed to Bank have been paid in full. (e) Merchant agrees to pay Chargeback fees as indicated on the Merchant Application for Chargebacks received by Bank regardless of outcome of a Merchant dispute of such Chargeback. (f) Merchant has the right to follow procedures outlined by the Rules to dispute a Chargeback, but such Merchant dispute procedure does not guarantee to relieve Merchant from the responsibilities in respect to Chargebacks outlined in this section.
- 6.2. **Excessive Activity.** Merchant's presentation to Bank of Excessive Activity will be a breach of this Agreement and may result in immediate termination of this Agreement. "Excessive Activity" means, during any monthly period for any one of Merchant's terminal identification numbers or merchant identification numbers: (i) the dollar amount or number of chargebacks and retrieval requests in excess of 1% of the average monthly dollar amount or number of Card Transactions; (ii) sales activity that exceeds by 25% or more the dollar volume indicated on the Merchant Application; or (iii) the dollar amount of returns equals 3% of the average monthly dollar amount of Card Transactions. Merchant authorizes, upon the occurrence of Excessive Activity, Bank or Company to take any action deemed necessary including but not limited to suspension or termination of processing privileges or creation or maintenance of a Reserve Account in accordance with this Agreement.

7. Merchant Business Practices

- 7.1. **Truncation.** Merchant must comply and adhere to the security provisions set forth in the Fair and Accurate Credit Transactions Act of 2003 (FACTA), 15 U.S.C. § 1681c(g), which mandates that Card receipts given to the Cardholder may not contain: (i) more than the last five digits of the credit card account number; and that the Card receipt may not contain the expiration date and the collection of personal information from a cardholder in connection with a card transaction, including applicable state laws.
- 7.2. **Passwords.** If Merchant receives a password from Bank to access a transaction system or gateway, Merchant shall: (i) keep the password confidential; (ii) not allow any other entity or individual to use the password or gain access to Bank's systems; be liable for all action taken by any user of the password; and (iv) promptly notify Bank if Merchant believes the confidentiality of Bank's system or Merchant's information has been compromised by use of such password.
- 7.3. **Advertised Price.** Merchant agrees to accept Cards for payment of goods or services without charging any amount over the advertised price as a condition of Card acceptance, unless local law requires Merchant be permitted to engage in such practice.
- 7.4. **Minimums and Maximums.** (a) Merchant shall not establish minimum or maximum transaction dollar value for Signature-Debit or PIN-Debit Card sales as a condition for accepting such Debit Cards. (b) Merchant may set a minimum transaction dollar value for the acceptance of a Credit Card, only to the extent that: (i) such minimum dollar value does not exceed \$10; and (ii) such minimum dollar value is the same for all Issuers or payment Card networks. (c) If Merchant is a federal agency or institution of higher education, Merchant may set a maximum dollar value for the acceptance of Credit Cards, to the extent that such maximum dollar value is the same for all Issuers or payment card networks.
- 7.5. **Surcharges.** If Merchant chooses to impose a surcharge on Card payments, Merchant may do so only after meeting specific considerations, limitations, and requirements as defined by the Card Associations. Requirements and limitations include: (i) Merchant may impose a surcharge only if permitted by, and is compliant with, state and local law; (ii) Merchant shall notify Bank, Company, and Card Associations no less than 30 days in advance of imposing any surcharge; (iii) Merchant shall publicly disclose its surcharge practices at the store entry point and point of sale; and (iv) Any surcharge imposed by Merchant shall not exceed 4% of the underlying Transaction amount. For information on, and further links to, surcharge considerations, requirements, limitations, and Card Association surcharge registration pages, visit www.mastercard.us/merchants/support/surcharge-rules.html and www.visa.com/merchantsurcharging.
- 7.6. **Discounts.** Merchant may offer a discount or in-kind incentive as an inducement for a Cardholder to use a means of payment that the Merchant prefers, provided that the discount: (i) is clearly disclosed as a discount from the standard price; (ii) is non-discriminatory, by providing the same discount for all Cards accepted; (iii) does not differentiate on the basis of the Issuer or the Card Association; and (iv) is in accordance with Laws and the Rules.
- 7.7. **Disputes with Cardholder.** (a) All disputes between Merchant and any Cardholder relating to any Card Transaction will be settled between Merchant and the Cardholder. Bank and Company bear no responsibility for such Transactions. (b) Merchant must not require a Cardholder, as a condition for honoring a Card, to sign a statement that waives the Cardholder's right to dispute the Transaction with the Card Issuer.
- 7.8. **Returns and Adjustments: Credit Vouchers.** Merchant agrees that it will conduct business in regard to returns as follows: (a) Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered shall be established and posted in accordance with the Rules. Merchant agrees to disclose to a Cardholder before a Card sale is made, that if merchandise is returned: (i) no refund, or less than a full refund, will be given; or (ii) returned merchandise will only be exchanged for similar merchandise of comparable value; (iii) only a credit toward purchases will be given; or (iv) special conditions or circumstances apply to the sale (e.g., late delivery, charges, or other noncredit terms). (b) Disclosures must be made on all copies of Sales Drafts in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature on the Sales Draft and issued at the time of sale. (c) If Merchant does not make these disclosures and Cardholder requests a refund, a full refund in the form of a credit to the Cardholder's Card account must be given. Merchant shall not refund cash to a Cardholder who originally paid for the item by Card. (d) Credits must be made to the same Card account number on which the original sale Transaction was processed. (e) If Merchant accepts any goods for return, any services are terminated or canceled in conjunction with each such Transaction. Merchant shall have sufficient funds in its account available to Bank to cover the amount of the Transaction and any related fees. (f) Merchant warrants that any Credit Voucher it issues represents a bona fide refund or adjustment on a Card sale by Merchant with respect to which a Sales Draft has been accepted. (g) Under no circumstance will Bank be responsible for processing credits or adjustments related to Sales Drafts not originally processed by

processor and Bank. (h) Merchant will be responsible for any fees charged for services provided pursuant this Agreement, regardless of exchange or return of goods and/or adjustment of a Card sale.

- 7.9. **Advertising.** Merchant must display Visa, MasterCard, Discover Network and any other applicable Card issuer, Debit Network and EBT Network decals and program marks on promotional materials that Processor furnishes, including, if applicable, the JCB, CUP, DCI and/or Electron symbol, in equal prominence near the point-of-sale devices and as otherwise required by the Rules. Merchant's use of the promotional materials of Visa, MasterCard, Discover Network or any other Association will not indicate, directly or indirectly, that Visa, MasterCard, Discover Network or any other Association endorse any goods or services of Merchant.
- 7.10. **Equipment.** (a) Merchant shall, at its own expense, obtain and install POS Terminals, together with PIN-Pads and other facilities necessary to support the Debit Network transactions at Merchant location(s). Merchant shall provide Bank and the Debit Network with a list of all Merchant locations currently with compliant POS Terminals capable of accepting cards and shall provide a list as applicable. All POS Terminals shall accept cards. Merchant at all times shall maintain and operate the POS Terminals in accordance with the Operating Rules. (b) Merchant shall take all reasonable steps necessary to ensure that all POS Terminals and PIN-Pads operated at Merchant locations shall: (i) be available for use by cardholders of all provided Debit Networks for POS transactions; and (ii) function with a minimum of error and in a reliable manner and meet all applicable standards contained in the Technical Specifications and the Security Manual for Debit Network. (c) Merchant shall have at, or in proximity to, any POS Terminal where a card is accepted, an operating Track 2 magnetic stripe reader and PIN-Pad that meets the standards contained in Article III, Section 3.4. The requirements of this paragraph shall not apply to POS transactions not involving the transfer of funds such as balance inquiries. Merchant shall be responsible for connecting the POS terminals at each Merchant location.
- 7.11. **Forensic Investigations.** Merchant shall fully cooperate with any forensic investigation initiated by a Card Brand (including but not limited to any investigation that is ongoing at the time the Agreement is signed) until such time as the investigation is completed.
- 7.12. **Fraud Transactions.** Merchant will not, under any circumstances, present for processing of Sale or Credit, directly or indirectly, any Transaction or any Transaction Merchant knows or should know to be fraudulent or not authorized by the Cardholder. Merchant must not request or use a Card account number for any purpose other than as payment for goods and services.
- 7.13. **Factoring.** Merchant will not, under any circumstances, present for processing of Sale or Credit, directly or indirectly, any Transaction not originated as a result of a bona-fide Card Transaction directly between Merchant and Cardholder. Merchant will not present any Sales Drafts on behalf of another company, person, source or entity.
- 7.14. **Lawful Purposes.** Merchant will not, under any circumstances, engage in any Transaction, or use Card Acceptance and Transaction capabilities, for selling goods or providing services prohibited by applicable Laws, including but not limited to, the USA PATRIOT Act, Bank Secrecy Act, consumer protection laws, or the U.S. Internal Revenue Code. Merchant will not submit any Transactions prohibited by the Rules. Perpetrators of fraud or fraudulent Transactions will be referred to law enforcement agencies.
- 7.15. **Cash Payments.** Merchant will not, under any circumstances, accept cash, checks or other negotiable items from any Cardholder and forward a Credit Transaction as a purported payment or deposit to an account maintained by the Cardholder.
- 7.16. **Cash Advances.** Merchant will not submit, deposit or process any Transaction for the purpose of obtaining or providing a cash advance. Merchant will not submit any Transaction that involves a Card owned or controlled by Merchant for the purpose of obtaining a cash advance or deposit of funds into Merchant's own Designated Account. Merchant agrees that any such deposit or Transaction may result in immediate termination.
- 7.17. **Refinancing Existing Debt.** Merchant will not accept a Card to collect or refinance an existing debt that: (i) has been deemed uncollectible by the Merchant providing the associated goods or services; (ii) represents any other pre-existing indebtedness by Cardholder, including collection of delinquent accounts on behalf of other parties; (iii) represents the collection of a dishonored check. Further, Merchant must not accept Cardholder payments for previous Card charges.
- 7.18. **Merchant Category.** Merchant may not accept Card payments for products or services delivered to Cardholder that are not directly applicable to the Merchant Category Code (MCC) entered on the Merchant Application for which Merchant was approved. Should Merchant's MCC change after the Effective Date of this Agreement, Merchant shall not submit, deposit, or process any Transactions until receiving Bank's prior written approval of an MCC change. Merchant understands that accepting payments for goods and/or services not directly relating to the approved MCC may result in termination of this Agreement.
- 7.19. **Cooperation.** Merchant will fully cooperate with Company, Bank and each Card Association in the event that Company, Bank or any Card Association determines that there is a substantial risk of fraud arising from Merchant's access to Card processing networks. Merchant will take whatever action(s) Company, Bank or Card Associations reasonably require to protect Company, Bank, Card Associations, or their members or Cardholders. Neither Company, Bank nor the Card Associations nor any of their respective personnel will have any liability to Merchant for any action taken in good faith.
- 7.20. **Prohibited Transactions.** Merchant will not submit any telemarketing (inbound or outbound) sales Transactions or any other Transactions that Bank or Card Associations deem to be High Risk unless Merchant obtains Bank's prior written consent. Such consent will be subject to Bank's final approval and may be revoked by Bank without prior notice. Consent can be obtained only from Bank and cannot be granted by Bank's agents, affiliates, Independent Sales Organizations (ISOs), Merchant Service Providers (MSPs) or other non-Bank entities. Merchant may be subject to Card Association registration and reporting requirements. If Merchant processes any such Transactions without Bank's prior approval, Merchant may be terminated immediately and Bank may suspend funds and/or require Merchant to establish a Reserve Account.