

MERCHANT APPLICATION

Merchant # _____



New Location Additional Location
4100 W. Royal Lane • Suite 150 • Irving, TX
75063 Tel: 800.944.1399 • Fax: 214.260.9320
www.signapay.net • ISO #: _____

▶ Business Information

Note: Your Business Legal Name and Tax ID Number must be entered exactly as it appears on your Income Tax Return or on your SS4-Employer Identification Number (EIN) letter to avoid fees and income withholding by the IRS.

Legal Name (as it appears on your income tax return):			Name of Account (Doing Business As):		
Legal Address:			Physical Street Address (No P.O. Box):		
City:	State:	Zip:	City:	State:	Zip:
Phone #: ()	Contact:		DBA Phone #: ()	Fax #: ()	
Must Choose One Mailing Address: <input type="checkbox"/> DBA Address <input type="checkbox"/> Legal Address		E-Mail Address:	Website Address: www.		
Federal Tax #	# of Locations	Years In Business	Years Owned Business		
Place of Legal Formation:			Country of Primary Business Operations:		
Bank Reference:			Contact:	Phone #: ()	

▶ Owners or Officers – Individual Ownership Must be Equal to or Greater than 50%

Name: 1.	Title:	Date of Birth:	Applicant's SS #:	% Equity Ownership:	
Residence Address:	City:	State:	Zip:	# Years:	
US Government Issued ID#:	Type of ID:	Expiration Date:	Country of Citizenship (if not US):	Home Phone: ()	
Name: 2.	Title:	Date of Birth:	Applicant's SS #:	% Equity Ownership:	
Residence Address:	City:	State:	Zip:	# Years:	
US Government Issued ID#:	Type of ID:	Expiration Date:	Country of Citizenship (if not US):	Home Phone: ()	

▶ Business Profile

Type of Ownership: Sole Proprietor Assoc/Estates/Trusts Joint Venture Government
 Corporation (Privately Traded) Corporation (Publicly Traded) Medical or Legal Corp
 Partnership Tax Exempt Org Single Member LLC Multi Member LLC Civic Assoc
 Limited Partnership Political Org Other _____

Type of Goods or Services Sold: _____ SIC Code: _____

Do you currently accept Discover®/Visa/Mastercard?
 Yes No
(If yes, you should submit 3 current months' statements.)

Has Merchant or any associated principal disclosed below filed bankruptcy or been subject to involuntary bankruptcy?
 Yes Date: _____ No

▶ Sales Profile

Merchant Type: Discover/Visa/MasterCard Sales Profile

Retail Be Accurate:

Restaurant Card Swipe _____ %

Lodging Manual Key Entry with Imprint,

Service Card Present _____ %

Internet Mail Order/Telephone _____ %

Home Based Internet _____ %

Other Total = _____ 100 %

▶ Business Trade Suppliers – List Two

Name:	Address:	Contact:	Phone #: ()
Name:	Address:	Contact:	Phone #: ()

▶ Merchant Site Survey Report – To Be Completed by Sales Representative

Merchant Location: Retail Location with Store Front Office Building Internet Residence Other _____

Area Zoned: Commercial Industrial Residential Square Footage: 0-250 251-500 501-2,000 2,001+

Does the amount of inventory and merchandise on shelves and floor appear consistent with this type of business? Yes No
If No, explain: _____

The Merchant: Owns Leases the Business Premises Landlord Name & Phone #: _____

Further Comments by inspector (Must Complete) _____

I hereby verify that this application has been fully completed by merchant applicant and that I have physically inspected the business premises of the merchant at this address and the information stated above is true and correct to the best of my knowledge and belief.

Verified and Inspected by: _____ Office #: _____ Representative #: _____ Representative Signature: _____ Date: _____

X

X

Discover / Visa / Mastercard Standard Retail / High Risk Retail Rates

Merchant Chooses to accept the following: Tiered Interchange + Pricing
 DISC/VS/MC (Other Cards) Discount Rate: _____
 VS/MC Discount Rate for Debit Cards _____

Mail / Phone / Internet / Touchtone Rates

Merchant Chooses to accept the following: Tiered Interchange + Pricing
 DISC/VS/MC (Other Cards) Discount Rate: _____
 VS/MC Discount Rate for Debit Cards _____

Fees

DISC/VS/MC Transaction Fee: _____ Per Item
 Non-Bankcard Transaction Fee: _____ Per Item
 Non-Bankcard: _____ % Discount Rate _____ Per Item
 Statement Fee: _____ Per Item
 VIMAS Online Service: _____ Monthly
 Monthly Minimum: _____ Monthly

Debit Transaction Fee Plus Network Fees: _____ Per Item
 EBT Transaction Fee: _____ Per Item
 EBT Statement Fee: _____ Monthly
 Batch Fee: _____ Per Batch
 Chargeback Fee: _____ Per Item
 ACH Reject Fee: _____ Per Item
 Retrieval Fee: _____ Per Item
 Voice Authorization Fee: _____ Per Call
 ARU/IVR/Touch: _____ Per Call
 Gateway Access Fee: _____ Monthly
 AVS Surcharge: _____ Per Item
 Government Compliance Fee: _____ Per Month
 TIN Mismatch Fee: _____ Until Validated

Fees

DISC/VS/MC Transaction Fee: _____ Per Item
 Non-Bankcard Transaction Fee: _____ Per Item
 Non-Bankcard: _____ % Discount Rate _____ Per Item
 Statement Fee: _____ Monthly
 VIMAS Online Service: _____ Monthly
 Monthly Minimum: _____ Monthly

MOTO/Internet Surcharge: _____ Per Item
 AVS Surcharge: _____ Per Item
 Batch Fee: _____ Per Batch
 Chargeback Fee: _____ Per Item
 ACH Reject Fee: _____ Per Item
 Retrieval Fee: _____ Per Item
 Voice Authorization Fee: _____ Per Call
 ARU/IVR/Touch: _____ Per Call
 Gateway Access Fee: _____ Monthly
 Government Compliance Fee: _____ Per Month
 TIN Mismatch Fee: _____ Until Validated

Misc Fees:	Start Mo/Yr:	Amount:	Terms:
#1 _____	_____	_____	_____
#2 _____	_____	_____	_____
#3 _____	_____	_____	_____
#4 _____	_____	_____	_____
#5 _____	_____	% of Volume and/or \$ _____	per item

Misc Fees:	Start Mo/Yr:	Amount:	Terms:
#1 _____	_____	_____	_____
#2 _____	_____	_____	_____
#3 _____	_____	_____	_____
#4 _____	_____	_____	_____
#5 _____	_____	% of Volume and/or \$ _____	per item

1) I/We understand and agree that while my/our Discount Rate as stated above will be charged on most electronically authorized payment card transactions batched and closed daily, charges up to 5% higher than my discount rate may apply where additional criteria is not met. Examples of where higher rates may apply, include but are not limited to, MOTO, keyed in transactions, transactions without AVS, business and foreign card transactions (See Section 7.3 for further information on Discount Rates 2 and 3). 2) Pass-through Association fees include Visa Acquiring Processing Fee, Visa Misuse of Auth Fee, Visa International Service Assessment Fee (ISA), Visa Zero Floor Limit Fee, Visa International Acquirer Fee, MC Acquirer Program Support Fee, MC Cross Border Fee, and the MC Network Access and Brand Usage (NABU) Fee. Please visit the Associations' website for further details. An early cancellation fee of \$495 will be paid to SignaPay if I/We terminate the agreement before the initial 3 year term. 3) By checking the "Yes" checkbox, I acknowledge that I am using a third party to store, process or transmit cardholder data. Yes
 Give name/address: (examples include, but not limited to hosting companies, shopping carts, Loyalty Programs, Electronic Data Capture). Please identify any software used for storing, transmitting or processing Card Transaction or Authorization requests. _____

Next Day Funding

Next Day Funding* _____ Per Month (POS Device batch must be closed by 9pm EST/6pm PST)

*Next Day Funding is subject to approval. All payments are provisional and are subject to, including but not limited to, additional fees, chargebacks, withholding, set off, security and reserve rights. Cynergy Data or Bank will not be liable for any delay in receipt of funds, fees for any delays, or errors in debit and credit entries caused by third parties, including but not limited to, any Association or your financial institution. For more information, see Section 5. "Settlement of Card Transactions" of this agreement.

▶ American Express

Estimated Annual American Express Charge Volume \$ _____ Average Ticket \$ _____

[] American Express ESA Existing ESA SE _____ Merchant CAP _____
 Discount Rate _____ % Per Transaction Fee \$ _____
OR PrePaid Discount Rate _____ % PrePaid Per Transaction Fee \$ _____
 [] \$7.95/month option for merchants under \$5,000 – mandatory for Internet-Physical Delivery, MO/TO and Home-Based regardless of volume (ESA program only)

[] New American Express OnePoint Discount Rate _____ % Per Transaction Fee \$ _____
 PrePaid Discount Rate _____ % PrePaid Per Transaction Fee \$ _____

All fees are applicable to OnePoint and ESA unless otherwise stated.
 Card Not Present (CNP) Fee: 0.30% Downgrade
 Inbound Fee: 0.40% Downgrade for all Cross-Border Transactions

By signing below, I represent that I have read and am authorized to sign and submit this application for the above entity, which agrees to be bound by the American Express® Card Acceptance Agreement ("Agreement"), and that all information provided herein is true, complete and accurate. I authorize Cynergy Data, LLC. and American Express Travel Related Services Company, Inc. ("AXP"), and AXP's agents and Affiliates to verify the information in this application and receive and exchange information about me personally, including by requesting reports from consumer reporting agencies from time to time, and disclose such information to their agent, subcontractors, Affiliates and other parties for any purpose permitted by law. I authorize and direct Cynergy Data, LLC. and AXP and AXP's agents and Affiliates to inform me directly, or inform the entity above, about the contents of reports about me that they have requested from consumer reporting agencies. Such information will include the name and address of the agency furnishing the report. I also authorize AXP to use the reports on me from consumer reporting agencies for marketing and administrative purposes. I am able to read and understand the English language. Please read the American Express Privacy Statement at <http://www.americanexpress.com/privacy> to learn more about how American Express protects your privacy and how American Express uses your information. I understand that I may opt out of marketing communications by visiting this website or contacting American Express at 1-800-528-5200.

I understand that upon AXP's approval of the application, the entity will be provided with the Agreement and materials welcoming it either to AXP's program for Cynergy Data, LLC. to perform services for AXP (OnePoint) or to AXP's standard Card acceptance program (ESA) which has different servicing terms (e.g. different speeds of pay).

If qualified for OnePoint, I acknowledge that Cynergy Data will provide merchant instructions on accessing the American Express Terms and Conditions (Agreement for American Express® Card Acceptance American Express OnePoint® Program) and the American Express Merchant Regulations – U.S. including any updates to these regulations as they are made available via <https://www.mybackoffice.com/corporatesite/login.asp>. Specific instructions will be delivered to the entity via a welcome letter that will be forthcoming upon account approval.

I understand that if the entity does not qualify for the Cynergy Data, LLC. servicing program that the entity may be enrolled in AXP's standard Card acceptance program, and the entity may terminate the Agreement. By accepting the American Express Card for the purchase of goods and/or services, or otherwise indicating its intention to be bound, the entity agrees to be bound by the Agreement.

Merchant Signature _____ Date: _____

▶ Debit/Credit Authorization – Include a voided check or bank letter verifying bank account information.

Merchant authorizes Cynergy Data, LLC. ("Processor") or BMO Harris Bank N.A. ("Bank") to present Automated Clearing House credits, Automated Clearing House debits, wire transfers, or depository transfer checks to and from the following account and to and from any other account for which Processor or Bank are authorized to perform such functions under the Merchant Processing Agreement, for the purposes set forth in the Merchant Processing Agreement. This authorization extends to such entries in said account concerning lease, rental or purchase agreements for POS terminals and/or accompanying equipment and/or check guarantee fees and amounts due for supplies and materials. This automated clearing House authorization cannot be revoked until all Merchant obligations under this agreement are satisfied, and Merchant gives Cynergy Data written notice of revocation.

DDA: _____ ABA Routing: _____

INVESTIGATIVE CONSUMER REPORT: An investigative or consumer report may be made in connection with application. MERCHANT authorizes BANK or any of its agents to investigate the references provided or any other statements or data obtained from MERCHANT, from any of the undersigned individual guarantor(s) or from any other person or entity with financial responsibilities under this agreement. You have a right, upon written request, to a complete and accurate disclosure of the nature and scope of the investigation requested. By signing below, or clicking I accept, Merchant represents that the information provided in this Application is true, complete and not misleading in any way.

AVERAGE TICKET SIZE: **AVERAGE MONTHLY VOLUME:**

Each person certifies that the average ticket size and sales volume indicated is accurate and agrees that any transaction or monthly volume that exceeds either of the above amounts could result in delayed and/or withheld settlement of funds. Also, see paragraphs 5.4 and 15.3 of the MERCHANT Processing Agreement regarding suspension and termination of MERCHANT.

IMPORTANT NOTICE: All information contained in this application was completed, supplied and/or reviewed by the undersigned Merchant. Processor shall not be responsible for any change in printed terms unless specifically agreed to in writing by an officer of Processor and/or BMO Harris Bank N.A. Chicago, IL. By signing below, you are agreeing to the provisions stated within this merchant application, on the reverse side (the Merchant Agreement) and acknowledge receipt of the merchant operating guide. Those provisions must be read before signing. By signing below, you agree to the terms on the front and back of this MERCHANT Processing Agreement and the merchant operating guide.

▶ Individual Guaranty – No Titles

As a primary inducement to Processor and Bank to enter into this Agreement, the undersigned Guarantor(s), by signing this Agreement, jointly and severally, unconditionally and irrevocably, personally guarantee the continuing full and faithful performance and payment by Merchant of each of its duties and obligations to Processor and Bank under this Agreement or any other agreement currently in effect or in the future entered into between Merchant or its principals and Processor or Bank, as such agreements now exist or are amended from time to time, with or without notice. Guarantor(s) understands further that Processor or Bank may proceed directly against Guarantor(s) without first exhausting their remedies against any other person or entity responsible to it or any security held by Processor and Bank or Merchant. This guarantee will not be discharged or affected by the death of the undersigned, will bind all heirs, administrators, representatives and assigns and may be enforced by or for the benefit of any successor of Processor and Bank. Guarantor(s) understand that the inducement to Processor and Bank to enter into this agreement is consideration for the guaranty, and that this guaranty remains in full force and effect even if the Guarantor(s) receive no additional benefit from the guaranty.

AGREED AND ACCEPTED:

X
 #1 From Application – Signature _____ Date _____
 X
 #2 From Application – Signature _____ Date _____

▶ For All Businesses – Business Resolution

The indicated officer(s) identified in numbers 1 and/or 2 below have the authorization to execute the MERCHANT Processing Agreement on behalf of the here within named business. **MERCHANT UNDERSTANDS THAT THIS AGREEMENT SHALL NOT TAKE EFFECT UNTIL MERCHANT HAS BEEN APPROVED BY BANK AND A MERCHANT NUMBER IS ISSUED.**

Print Legal Name of Merchant Business _____
 X
 #1 From Application – Signature _____ Date _____
 X
 #2 From Application – Signature _____ Date _____
 X
 Accepted by Processor _____ Date _____
 X
 Accepted by BMO Harris Bank N.A. Chicago, IL _____ Date _____

This Merchant Application and Agreement (also referred to as the "Agreement"), is entered into between the business indicated on the Merchant Application and Agreement ("Merchant" or "you"), Cynergy Data ("CD" or "Processor"), and BMO Harris Bank, N.A. ("Bank"). The Processor and Bank may be collectively identified as "we" or "us" within the body of this Agreement.

Recitals

Merchant desires to accept Debit Cards and/or Credit Cards, ("Card" or collectively "Cards") as indicated on the Merchant Application. Bank and Processor desire to provide the Services to Merchant. Therefore, Merchant, Processor and Bank agree as follows:

1 Acceptance of Card Transactions

1.1 Acceptance of Card Transactions. The following requirements apply to all Card Transactions: Merchant will accept without discrimination, all valid Cards properly presented by Cardholders for payment for goods or services. Merchant will prominently display the promotional materials provided by Processor and Bank in its place(s) of business. Use of promotional materials and use of any trade name, trademark, service mark or logo type ("Marks") associated with Card(s) shall be limited to informing the public that Card(s) will be accepted at Merchant's place(s) of business. Merchant's use of promotional materials and Marks is subject to the direction of Processor and Bank. When accepting a Card, Merchant will follow the steps provided by Processor and Bank for accepted Cards and will:

- (a) Determine in good faith and to the best of its ability that the Card is valid on its face;
- (b) Obtain Authorization (as set forth in Section 2, below) before completing any Transaction. Where Authorization is obtained, Merchant will be deemed to warrant the true identity of the customer as the Cardholder;
- (c) Obtain an Imprint of the Card unless the Sales Draft is electronically generated from a swiped Transaction or is the result of an Internet, mail, phone or preauthorized order. Receiving an Authorization shall not relieve the Merchant of liability for Chargeback on any Transaction for which the Merchant did not obtain an imprint and the Cardholders signature;
- (d) Obtain an imprint of the Card and the Cardholder's signature on the imprinted draft before processing the Sales Draft if Merchant's terminal is unable to read the magnetic stripe on the Card;
- (e) Enter a description of the goods or services sold and the price thereof (including any applicable taxes);
- (f) Obtain the Cardholder's signature on the Sales Draft and compare that signature to the signature on the Card;
- (g) Deliver a true and completed copy of the Sales Draft to the Cardholder at the time of delivery of the goods or performance of the services, or if the Sales Draft is prepared by a point-of-sale terminal, at the time of the sale;
- (h) Legibly reproduce without alteration of the original Transaction receipt, the Cardholder's name, account number, expiration date and the Merchant's name and place of business if that information is not legibly imprinted on the Sales Draft. For MasterCard Transactions, Merchant will legibly reproduce the name of the Card Issuer as it appears on the face of the Card;
- (i) Merchant is responsible for the actions of each of its employees, including their compliance with the terms and conditions hereof;
- (j) Any tax required to be collected must be included in the total Transaction amount and not collected in cash;
- (k) Accept a Visa Card or Visa Electron Card for the purchase of Scrip;
- (l) Accept a Visa TravelMoney Card for a Manual Cash Disbursement; and
- (m) 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.

1.2 Prohibited Transactions.

- (a) You cannot establish minimum or maximum amounts as a condition for accepting U.S. issued Debit Cards; however a minimum payment, not to exceed \$10 may be established, for all other Card brands;
- (b) Federal agencies and higher education institutions only may establish a maximum payment for all card brands except for U.S. issued Debit Cards;
- (c) You cannot impose a surcharge or fee for accepting a Card; however, you may discount or offer incentives for other forms of payment such as Debit Cards, cash, or check;
- (d) You cannot establish procedures that discourage, favor or discriminate against the use of any particular Card; however, you may choose not to accept either U.S. issued Debit Cards or U.S. issued credit Cards under the terms described in Section 1.3;
- (e) You cannot require the Cardholder to supply any personal information (e.g., home or business phone number; home or business address; or driver's license number) unless instructed by us, except for a mail order/telephone order or delivery required transaction, and ZIP code for a Card-present key-entered Transaction in order to obtain an Address Verification (AVS);
- (f) You cannot submit any Transaction representing the refinance or transfer of an existing Cardholder obligation deemed uncollectible;
- (g) You cannot submit a Transaction or sale that has been previously charged back;
- (h) You are prohibited from depositing Transactions originating from Cards of owners, partners or officers of your business establishment except for Transactions that are routine in type, size and frequency for your business and that represent actual sales of goods or services. Submission of sales Transactions on Cards in order to obtain a cash advance is strictly prohibited and may result in immediate cancellation of your account;
- (i) Cash payments by and cash disbursements to Cardholders are also prohibited;
- (j) You must not accept any direct payments from Cardholders for charges of merchandise or services which have been included on a Sales Draft; it is the right of the Card Issuing Bank to receive such payments;

- (k) You may not make any cash disbursements to a Cardholder as part of a Card Transaction except to the extent expressly authorized by the Merchant Application and Agreement or the Association Rules;
- (l) You cannot submit a Transaction or sale to cover a dishonored check;
- (m) You cannot deposit a credit Transaction without a preceding debit Transaction;
- (n) You cannot 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 data in plain view when mailed;
- (o) You cannot request or use a cardholder's account number for any purpose other than as payment for your goods or services, except to support the Health Care Eligibility Service or the Visa Prepaid Load Network;
- (p) You may not process for payment any Transaction(s) representing the refinancing of an existing obligation of Cardholder including, but not limited to, obligations previously, owed to Merchant, or arising from the dishonor of a cardholder's personal check, and/or representing the collection of any other pre-existing indebtedness;
- (q) You shall not require any Cardholder to pay any part of any Discount Rate or charge imposed upon Merchant by this Agreement, Merchant will not deposit duplicate Transactions,
- (r) A Card must not be accepted for the purchase of scrip, and
- (t) A prepaid Card must not be redeemed for cash. Failure to comply with any of the Association Rules may result in fines, penalties and/or termination of this Agreement.

1.3 If you have indicated either in your Merchant Application and Agreement or by registering with us at least thirty (30) days in advance that you will limit your acceptance to either only accept Signature Debit Transactions or only accept Credit Card Transactions, then the following terms in this Section 1.3 will apply:

- (a) You will be authorized to refuse to accept for payment either Signature Debit or Credit Cards that are issued within the United States. You will, however, continue to be obligated to accept all foreign issued Credit or Debit Cards issued by Discover, MasterCard or Visa, so long as you accept any type of Discover, MasterCard or Visa branded Card.
- (b) While many Debit Cards include markings indicating debit, such as, Visa Checkcard, Visa Buxx, Gift Card, DEBIT or Mastermoney), many Debit Cards do not include any such markings. It will be your responsibility to determine at the point of sale whether a Card is of a type that you have indicated that you will accept. You agree to institute appropriate systems and controls to limit your acceptance to the Card types indicated. You may purchase a table of BIN and ICA numbers currently associated with Debit Card Transactions upon execution of confidentiality/non-disclosure agreements required by the Associations. You will be responsible for updating your systems to utilize such tables and to obtain updated tables.
- (c) To the extent that you inadvertently or intentionally accept a Transaction that you are not registered to accept, such Transaction will downgrade to a mid or non-qualified Credit Transaction and the Discount Rate that will be applied to the Transaction will be your mid or non-qualified rate as described on page 2 of this application in the fees section.
- (d) Based upon Merchant's choice to accept only the Card types indicated in your Merchant Application and Agreement, you must remove from your premises any existing signage indicating that you accept all Discover, Visa or MasterCard Cards and use approved specific signage reflecting your policy of accepting only Debit Cards or Credit Cards.
- (e) Notwithstanding any election not to accept Credit or Signature Debit Transactions, you may still accept PIN Debit Transactions if you have signed up for PIN Debit services.

1.4 Along with this Merchant Application and Agreement, you are being provided with Operating Procedures, which contain the operating procedures, instructional and other directives related to Card Transactions. You agree that if you process Card Transactions, you will comply with and be bound by the Operating Procedures for all Transactions you process. You may also request a copy of the Operating Procedures from your sales representative and or Processor at any time.

1.5 Merchant will promptly examine all statements relating to the Account and immediately notify us in writing of any errors. Merchant's written notice must include: (i) Merchant name and account number, (ii) the dollar amount of the asserted error, (iii) a description of the asserted error, and (iv) an explanation of why Merchant believes an error exists and the cause of it, if known. That written notice must be received by us within 60 days after Merchant received the periodic statement containing the error.

2 Authorization

2.1 You must obtain an Authorization for all sales that you submit to us.

2.2 An Authorization only indicates the availability of credit on an account at the time the Authorization is requested. It does not warrant that the person presenting the Card is the rightful Cardholder, nor is it a promise or guarantee that you will not be subject to a Chargeback. If you fail to obtain an Authorization or if you submit a Card Transaction after receiving a decline (even if a subsequent Authorization attempt provides an approval), your Transaction may be assessed fines or fees by the Card Associations for which you will be responsible. These fines or fees currently range from \$50 per Transaction to \$150. To avoid these costs, always obtain an Authorization directly from your terminal before submitting a Transaction for settlement.

2.3 Do not attempt to obtain an Authorization provided by someone other than us, except as described in Section 2.6. If a Cardholder or another service provider provides you with either an Authorization number or with a telephone number for obtaining Authorizations, the Authorization you receive may not be valid. Even if the Transaction is initially processed and funded, it may be subject to a Chargeback at a later date. Also, if you receive an Authorization from someone other than us, we will not have a record of it and will be unable to verify that you received the Authorization if it is later questioned in a

Merchant Initials: X_____ CD Initials: X_____

Chargeback. Where Authorization is obtained you will be deemed to warrant the true identity of the Cardholder.

2.4 You may not attempt to obtain multiple Authorizations for a single Transaction. If a sale is declined, do not take alternative measures with the same Card to obtain an approval of the sale from other Authorization sources. Instead, request another form of payment. If you accept and process a Transaction that was declined, or attempt to submit multiple Transactions and/or multiple Authorizations, you are subject to a Chargeback, Association Fines and/or cancellation of this Merchant Application and Agreement.

2.5 If you utilize AVS, you must review the response from the Authorization separately from the response from the AVS. A Transaction can receive an Authorization from the Issuing Bank even if AVS is unavailable or reflects that the address provided to you does not match the billing address on file at the Issuer. If the authorized Cardholder disputes such a Transaction, you will be responsible for the resulting Chargeback.

2.6 **Third Party Authorization System.** If you have contracted with another Authorization network to obtain Credit Card Authorization, i.e., your terminal can split dial, liability resulting from discrepancies with that network must be resolved between you and that network. We will not research Chargebacks resulting from Authorization approval codes obtained from another authorization service organization. Such Chargebacks will be passed through to you for resolution. If an Authorization provided by a third party authorization system is challenged in a Chargeback, you must obtain proof (e.g., third party authorization logs) from the authorization source and submit it to us within the time frame specified on the Chargeback documentation.

IF YOU CONTRACTED TO USE ONE OF OUR AUTHORIZATION SERVICES, DO NOT USE ANOTHER THIRD PARTY SYSTEM WITHOUT NOTIFYING CUSTOMER SERVICE. OTHERWISE, WE WILL BE UNABLE TO SUCCESSFULLY RESEARCH AND DEFEND ANY AUTHORIZATION RELATED CHARGEBACKS ON YOUR BEHALF. THIS DELAY WILL SIGNIFICANTLY DECREASE YOUR TIME TO RESEARCH AND PROVIDE PROOF OF AUTHORIZATION, THUS REDUCING YOUR OPPORTUNITY TO REVERSE A CHARGEBACK.

If you utilize another authorization network, you will be responsible for the downgrade of any Transactions to a higher cost interchange that result from a mismatch of information to our systems and those of third party authorization networks.

If you use a third party authorization network, you must also comply with Section 4.10 of the Operating Procedures.

3 **Sales Drafts**

3.1 Each Transaction that you submit must be supported by a single Sales Draft containing all of the following:

(a) A clear imprint of the Card, showing account number and expiration date, truncated if applicable;

(b) The signature of the Cardholder;

(c) A short description of the goods or services sold;

(d) The total amount charged;

(e) Your business name and Merchant number; and

(f) You will retain the Merchant copy of the Sales Draft or credit memorandum for at least three years following the date of completion of the Card Transaction (or such longer period as the Rules require).

3.2 Instead of an imprint of the Card on the Sales Draft, you may rely on the terminal printout of the Card account number on the Sales Draft only in cases where the terminal is able to successfully read the magnetic stripe from the Card (i.e., the Card number is not keyed in) and the Transaction is authorized by the terminal without any Referral or voice authorization.

3.3 You may not combine different papers to create a single Sales Draft. All the requirements of the Sales Draft must be met by a single page document.

3.4 You must timely provide us with copies of any Sales Drafts that we request. Failure to provide us with a valid Sales Draft may result in a Chargeback.

3.5 If you accept a Transaction where you do not obtain a Sales Draft meeting all of the requirements of Section 3.1, you do so at your own risk.

4 **Mail Order, Telephone Order, Internet Transactions.** You may only engage in mail/telephone/Internet orders provided they do not exceed the percentage of your total bankcard volume reflected on your Merchant Application and Agreement. Failure to adhere to this requirement may result in cancellation of this Merchant Application and Agreement, or we may hold your funds and/or interrupt or terminate your Services. Mail/Telephone/Internet Transactions have a substantially higher risk of Chargeback. Since you will not have an imprinted or magnetically swiped Transaction and you will not have the Cardholder's signature on the Sales Draft as you would in a face-to-face Transaction, you will assume all risk associated with accepting a mail/telephone/Internet order Transaction.

5 **Settlement of Card Transactions**

5.1 Subject to your compliance with Association Rules and this Merchant Application and Agreement, Bank will settle the Card Transactions for Cards specified in your Merchant Application and Agreement and will initiate a transfer of applicable funds to you. Such funds shall be subject to our withholding, set-off, security and reserve rights. All settlements for Discover, MasterCard and Visa Card Transactions will be net of credits/refunds, adjustments, applicable Discount Rates when due, Chargebacks and any other amounts then due from you. All payments to you are provisional and are

subject to, among other things, Chargebacks, fees and fines imposed by the Associations. We will not be liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties, including, but not limited to, any Association or your financial institution.

5.2 In addition to any other remedies available to us under this Merchant Application and Agreement, we may, without prior notice, suspend payment of any funds should any Event of Default occur or if we have reason to believe there is any fraudulent activity related to the Transactions that you submit to us.

5.3 The "Combined Estimated Monthly Volume" and "Estimated Highest Ticket/Sales Amount" appearing on your Merchant Application and Agreement is the maximum monthly Transaction volume and maximum Sales Draft amount that you are permitted to submit to us. If you exceed these amounts, we may hold your funds and/or interrupt or terminate Services. Any request for an increase to these amounts is contingent upon our prior written approval.

5.4 **Account Monitoring.** Merchant acknowledges that Processor will monitor Merchant's daily Credit Card Transaction activity. Merchant agrees that Processor may upon reasonable grounds, divert the disbursement of Merchant's funds and/or temporarily suspend processing under this Agreement and/or terminate this Agreement, and Processor shall provide Merchant with notice of such action. Reasonable grounds shall include, but not be limited to, the following: suspicious or unusual Transaction activity; material variance in the nature of Merchant's business, type of product and/or service sold, average ticket size, monthly volume or swiped/keyed percentages, from such disclosures made by Merchant in this Agreement; Merchant does not authorize Transactions; receives excessive retrieval requests against Merchant's prior activity; excessive ACH rejects or Excessive Chargebacks are debited against Merchant's prior activity. If the Merchant's funds are diverted by Processor or Processor has temporarily suspended processing under this Agreement, such diversion or suspension shall be for any reasonable period of time required by Processor to fully investigate Merchant's account activity and resolve, to Processor's sole satisfaction, the subject questionable, suspect or fraudulent Transactions or activity of Merchant. Any funds diverted shall be maintained by Bank in a non-interest bearing account at Bank. Bank and Processor shall have no liability for any losses, either direct or indirect, which Merchant may attribute to any diversion of funds, suspension of processing or termination of this Agreement by Processor pursuant to this paragraph. Processor will assess all fees and expenses incurred in relation to its investigation of suspicious or unusual Transaction activity, which includes activity that deviates from this Agreement.

6 **Exclusivity.** During the term of this Merchant Application and Agreement, you shall use Processor as your exclusive provider of all Services unless we have otherwise specifically agreed in writing.

7 **Fees; Adjustments; Collection of Amounts Due**

7.1 You shall be charged fees for the Services, which shall be calculated and payable pursuant to this Merchant Application and Agreement and any additional pricing supplements. You agree to pay any fines imposed on either Processor or Bank by an Association or Debit Card network resulting from Chargebacks and any other fees or fines imposed by an Association with respect to your acts or omissions. You are also obligated to pay all taxes, and other charges imposed by any governmental authority on the services provided under this Agreement. Through ACH, Bank or Processor will debit your Settlement Account, daily or monthly as applicable, for the following fees: (See Sections 1.3, 2.2, 8.5, 10.3, 13, 16 and this Section 7 for additional fees that may apply. Please also see ACH approvals at the end of the Agreement.)

a) \$25.00 administrative fee for each judgment, writ, warrant of attachment, execution or levy received and processed by CD.

b) A fee for each returned ACH debit. See Page 2 and Section 8 for more information on the ACH settlement process and the initiation of credits and debits to your account.

c) A monthly fee not to exceed \$25 per merchant account (MID) for governmental compliance in support of programs developed by Processor to ensure compliance with all federal regulations as mandated, inclusive of, but not limited to, annual income reporting, Tax Id Number "TIN", and Legal name matching. Notwithstanding the foregoing, additional fees, not to exceed \$50 per month may be assessed for a non-matching TIN and Legal Name.

7.2 Discount Rates are charged on all sales and refunds where applicable. All Discount Rates may be deducted daily.

7.3 You acknowledge that for Discover, Visa and MasterCard Transactions, we will process your Card Transactions at the Rate 1 Discount Rate only when your Transactions meet certain criteria set by the applicable Association and us. When your Card Transactions fail to meet the qualification criteria, we will process your Transactions at the higher Rate 3 Discount Rate (or, in certain circumstances, at an intermediate Rate 2 Discount Rate) indicated in this Merchant Application and Agreement. Notwithstanding the previous sentence, Rate 1, Rate 2 and 3 Discount Rate pricing tiers do not apply to pricing scenarios where Discount Rate pricing is based on "interchange pass-through pricing plans plus basis points".

7.4 The fees for Services set forth in your Merchant Application and Agreement may be adjusted to reflect changes by the Associations in interchange, assessment and other Association fees or to pass through increases charged by third parties. All such adjustments shall become effective upon the date determined by the applicable Association or third party, or upon such other date as identified by us. The Association fees are subject to change and additional categories of fees may be added. For further information on Association fees and pass through increases, please see the Association's website.

- 7.5 Subject to Section 15.1, we may also increase the rates and/or fees for Services for any other reason (excluding Association increases which are discussed in Section 7.4) by notifying you at least twenty (20) days prior to the effective date of any such change.
- 7.6 You are responsible for purchasing all supplies required to properly process Card transactions (sales slips, printer rolls, etc.).
- 7.7 **Other Amounts Owed.** You will immediately pay Processor and Bank any amount incurred by Processor and Bank attributable to this Merchant Application and Agreement including but not limited to Chargebacks, fines imposed by Visa or MasterCard, non-sufficient fund fees, and ACH debits that overdraw the Settlement Account, Reserve Account or are otherwise dishonored. You authorize Processor and/or Bank to debit via ACH the Settlement Account, Merchant account, or any other account you have at Bank or at any other financial institution for any amount you owe Processor or Bank under this Agreement or under any other contract, note, guaranty, instrument or dealing of any kind now existing or later entered into between you and Processor or Bank, whether your obligation is direct, indirect, primary, secondary, fixed, contingent, joint or several. In the event Processor or Bank demand sums due or such ACH does not fully reimburse Processor and Bank for the amount owed, you will immediately pay Processor and Bank such amount.

8 Electronic Funding

- 8.1 To the extent the Automated Clearing House (ACH) settlement process is used to debit or credit your Settlement Account and Reserve Account (if one is established for you in accordance with Section 19), you agree to be bound by the terms of the operating rules of the National Automated Clearing House Association (NACHA). You hereby authorize us (Bank and Processor) to initiate credit and debit entries and adjustments to your account through the ACH settlement process and/or through direct instructions to (or such other arrangements as Bank and/or Processor deem appropriate) the financial institution where your Settlement Account and Reserve Account are maintained for amounts due under this Merchant Application and Agreement and under any agreements with us or our affiliates for any related services, as well as for any credit entries in error. You hereby authorize the financial institution where your Settlement Account and Reserve Account are maintained to make all such debits and credits to your account. This authority will remain in full force and effect until all monies due under this Merchant Application and Agreement and under any other agreements with us or our affiliates for any related services have been paid in full.
- 8.2 After you submit sales and credit drafts, you will receive settlement funds through ACH credit. We will initiate a transfer of such applicable settlement funds through ACH to your Settlement Account. Settlement by ACH credit generally will take place the second banking day after we process the applicable Card Transactions. Settlement funds will be net of discount and all other amounts then due from you.
- 8.3 If you believe any adjustments should be made with respect to your Settlement Account, you must notify us in writing within sixty (60) days after any debit or credit is or should have been affected.
- 8.4 If after your account has terminated, you fail to instruct Processor and/or Bank as to where to transmit funds that are being held and that are due to you, Processor and/or Bank may deduct from those funds Processor and/or Bank's fees and reasonable costs associated with the maintenance of such funds on a monthly basis.
- 8.5 The following is a partial list of reasons for other debits to your Settlement Account. Processor and/or Bank may add to this list as required:
- (a) Association fees, charges and fines assessed as a result of your Transactions;
 - (b) Currency conversion errors;
 - (c) Fees and Chargebacks not previously charged;
 - (d) ACH reject fees; and
 - (e) Deposits posted in error.

For additional reasons, refer to your Operating Procedures.

9 Other Entitlements

- 9.1 American Express is subject to separate approval.

10 Chargebacks

- 10.1 You are responsible for reimbursing Processor and/or Bank for any Transaction that is charged back by the Card Issuing Bank and/or the Cardholder and for related fees.
- 10.2 Among the reasons that a Transaction may be charged back are:
- a) A Cardholder disputes the validity of a Transaction;
 - b) A Cardholder disputes the quality or receipt of goods or services;
 - c) A copy of the Sales Draft was not provided when requested, or the copy provided was improperly completed or illegible in whole or in part;
 - d) A credit was not provided to the Cardholder;
 - e) The Transaction was not authorized by the Issuing Bank at the time of sale, or efforts were made to avoid a decline of the Authorization (such as, but not limited to, attempts to obtain an Authorization after receiving either a decline or a Referral to a call center or splitting a sale across multiple Transactions of the same Card);
 - f) The Sales Draft was not imprinted using an imprinting machine (an electronic swipe of the magnetic stripe on the Card may only substitute for a manual imprint if the Transaction is electronically authorized by the terminal after the swipe. In situations where the account number is keyed into the terminal or where the terminal provides a Referral response, a physical imprint of the Card on the Sales Draft is mandatory); and

- g) All mail order/telephone order and Internet sales are at your risk and are subject to Chargeback.
- h) Any other circumstance where a Transaction is charged back.

10.3 You will incur a Chargeback Fee each time a Transaction is charged back or reversed to you. Your Chargeback Fee may be doubled in the event of Excessive Chargebacks as defined in Section 28 of this Agreement. If we reverse a Chargeback on your behalf and the Issuing Bank disputes the reversal (which may occur through a subsequent Chargeback, a pre-arbitration demand or an arbitration demand), the Transaction may be charged back again, and you will incur an additional Chargeback Fee. You may also be charged an arbitration fee of up to \$500 and/or incur "good faith" connection fees in connection with a disputed Chargeback.

10.4 Merchant hereby grants a security interest in any Settlement Account and/or any substitute account now and in the future and all proceeds thereof, to Bank and/or Processor to secure all fees, costs and charges due in accordance with this Merchant Application and Agreement. Bank and/or Processor are authorized to file financing statements relating to the Settlement Account without Merchant's signature. Merchant appoints Bank and/or Processor as its attorney-in-fact to execute such documents as may be necessary or desirable to accomplish perfection of any security interest. This appointment is coupled with an interest and shall be irrevocable for the later of (i) as long as Merchant owes any amount to Bank and/or Processor; or (ii) ten months following termination of this Agreement.

You must maintain sufficient funds in your designated Settlement Account to cover all Chargebacks and other amounts owed under this Agreement. Simultaneously, with each Transaction processed by you, we have a contingent and un-matured claim against you for any amount we must pay as a result of your processing of Transactions, including, but not limited to, any Chargebacks, fees, discounts, customer credits and adjustments, charges, fines, assessments and penalties. All settlements or credits given or payment made by us to you in connection with your Transactions are provisional, and subject to revocation, Chargeback or refund, subject to the terms and conditions of this Merchant Application and Agreement, and Association Rules. Your right to receive any amounts due from us is expressly subject and subordinate to our Chargeback, set-off, lien and security interest rights without regard to whether such Chargeback, set-off, lien and security interest rights are applied to claims that are liquidated, un-liquidated, fixed, contingent, matured or un-matured. **WE MAY, WITHOUT FURTHER NOTICE, ELECTRONICALLY DEBIT YOUR SETTLEMENT ACCOUNT TO COVER ALL SUMS OWING TO US PURSUANT TO THIS MERCHANT APPLICATION AND AGREEMENT, INCLUDING, BUT NOT LIMITED TO, AMOUNTS OWING FOR CHARGEBACKS, RELATED FEES AND FINES IMPOSED BY CARD ASSOCIATIONS.**

11 Representations; Warranties

11.1 For each Card Transaction submitted to us, you warrant the following:

- (a) It is a lawful sale/rental not previously submitted and is only for the items sold or rented (including taxes, but without any surcharge);
- (b) It represents an obligation of the Cardholder for the Transaction amount;
- (c) It is not an amount charged subject to any dispute, set-off or counterclaim;
- (d) It is for merchandise or service actually delivered or performed at the same time you accepted and submitted the Card for processing (except for any delayed delivery or advance deposit Transactions expressly authorized by this Merchant Application and Agreement);
- (e) It is not the refinancing of an existing obligation of the Cardholder or arising from the dishonor of a personal check;
- (f) That you have no knowledge or notice that the Transaction is improper, fraudulent or unauthorized;
- (g) That the Transaction is between you and the Cardholder;
- (h) Is not the deposit of a credit Transaction without a preceding debit; and
- (i) The Transaction is made in accordance with this Merchant Application and Agreement, the Operating Procedures and Association Rules.

11.2 THIS IS A SERVICE AGREEMENT. WE DISCLAIM ALL OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THOSE REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OR ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS MERCHANT APPLICATION AND AGREEMENT.

12 Limitations on Liability; Exclusion of Consequential Damages

12.1 IN NO EVENT SHALL PROCESSOR OR BANK, OUR AFFILIATES OR ANY OF OUR/THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS, BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL THEORY FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER ANY PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

12.2 NOTWITHSTANDING ANYTHING IN THIS MERCHANT APPLICATION AND AGREEMENT TO THE CONTRARY (INCLUDING, BUT NOT LIMITED TO, SECTIONS 12.3 or 21, OUR CUMULATIVE LIABILITY FOR ALL LOSSES, CLAIMS, SUITS, CONTROVERSIES, BREACHES OR DAMAGES FOR ANY CAUSE WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATED TO THIS MERCHANT APPLICATION AND AGREEMENT) AND REGARDLESS OF THE

Merchant Initials: X _____ CD Initials: X _____

FORM OF ACTION OR LEGAL THEORY SHALL NOT EXCEED (I) \$50,000 OR (II) THE AMOUNT OF FEES RECEIVED BY US PURSUANT TO THE MERCHANT APPLICATION AND AGREEMENT FOR SERVICES PERFORMED IN THE IMMEDIATELY PRECEDING TWELVE (12) MONTHS, WHICHEVER IS LESS.

12.3 NEITHER PROCESSOR NOR BANK SHALL BE RESPONSIBLE OR LIABLE FOR ANY ACTION TAKEN BY PROCESSOR OR BANK (OR THE RESULTS THEREOF) WHICH IS AUTHORIZED BY THIS AGREEMENT. WE MAKE NO WARRANTIES, EXPRESS, IMPLIED OR STATUTORY IN CONNECTION WITH THIS AGREEMENT AND, WITHOUT LIMITING THE FOREGOING, WE DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. WE SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY INFORMATION PROVIDED BY OTHERS OR FOR THE USE OF ANY SYSTEM OR EQUIPMENT OF PROCESSOR, BANK OR OTHERS OR FOR ANY CIRCUMSTANCES BEYOND OUR CONTROL.

12.4 NOTWITHSTANDING ANYTHING IN THIS MERCHANT APPLICATION AND AGREEMENT TO THE CONTRARY (INCLUDING, BUT NOT LIMITED TO, SECTION 21, OUR LIABILITY FOR ANY DELAY IN FUNDING TRANSACTIONS TO YOU FOR ANY REASON WILL BE LIMITED TO INTEREST COMPUTED FROM THE DATE THAT YOU SUBMIT THE TRANSACTION TO THE DATE THAT WE FUND THE TRANSACTION AT THE RATE OF THE FEDERAL FUNDS, AS ESTABLISHED BY THE FEDERAL RESERVE BOARD FROM TIME TO TIME, LESS ONE PERCENT (1%). Processor is the exclusive agent of Bank and Bank is at all times entirely responsible for, and in control of Processor's performance.

13 Confidentiality.

(a) Cardholder Information. Except as required or permitted pursuant to this Merchant Application and Agreement or otherwise required by law, you will not disclose to any third party Cardholders' account information or other personal information except to an agent of yours assisting in completing a Card transaction, a Card Association, or as required by law. You must keep all systems and media containing account, Cardholder, or transaction information (physical or electronic, including but not limited to account numbers, card imprints, and TIDs) in a secure manner, to prevent access by or disclosure to anyone other than your authorized personnel. You must destroy all material containing Cardholders' account numbers, Card Imprints, Sales Drafts, Credit Vouchers (except for Sales Drafts maintained in accordance with this Agreement, Laws, and the Rules). Further, you must take all steps reasonably necessary to ensure Cardholder information is not disclosed or otherwise misused. You may not retain or store magnetic stripe, Discover CID or CVV2 data after authorization. If you store any electronically captured signature of a Cardholder, you may not reproduce such signature of a Cardholder, you may not reproduce such signature except upon our specific request. You acknowledge that you will not obtain ownership rights in any information derived from Card Transactions.

(b) Neither Processor nor Bank shall be responsible for any cardholder data that was delivered to Merchant in a secure or encrypted matter (as required by the PCI Data Security Standards) and then decrypted by the Merchant in order to process or re-key transaction authorizations or credits.

(c) Merchant authorizes Processor and Bank to obtain and share all financial, credit, sales, experience and other information about Merchant with their affiliates and with others as otherwise allowed by applicable law. Merchant authorizes us to contact or communicate with Merchant's customers with respect to Transactions.

(d) Merchant confirms that it is, and shall be, in full compliance during the term of this Merchant Application and Agreement with all laws, statutes and federal and/or state regulations, as well as the Association Rules applicable to Merchant, its business and any Transaction, including without limitation all state and federal consumer credit and consumer protection statutes and regulations, non-disclosure of Cardholder information to third parties and transaction documents, and other security procedures adopted by the Debit Networks, Visa, MasterCard, Discover, American Express and/or any other applicable Card Association. Merchant shall comply with all rules and regulations of all Payment Networks such as Visa, MasterCard and Discover and all bylaws, rules and regulations of any Card Issuer. Copies of the MasterCard Rules are available to Merchant at www.mastercard.com, selected excerpts of the Visa Rules are available to Merchant at www.visa.com and Discover's rules and operating regulations are located at www.discovernetwork.com. Merchant shall promptly pay penalties assessed by any Card Issuer or Payment Network for Merchant's failure to comply with the Association Rules or other requirements. Merchant hereby certifies that it (and any outside agent that it may utilize to, submit Transactions to Bank and/or Processor) complies with the PCI Data Security Standards as may be amended, (instituted by Visa, MasterCard and Discover. Merchant hereby agrees to pay an annual PCI compliance fee not to exceed \$300 per Merchant account as well as any fees, fines, and penalties that may be assessed by Bank, Processor, Visa, MasterCard and/or Discover as a result of Merchant's noncompliance with the requirements of PCI, or by its failure to accurately validate its compliance, including a monthly PCI non-compliance fee not to exceed \$50 per Merchant account until compliance is validated. The Merchant should review and/or monitor the requirements at <http://www.pcisecuritystandards.org> in order to determine its due date of compliance under PCI. The foregoing is an ongoing obligation during the term of this Merchant Application and Agreement and as it may be renewed. Merchant acknowledges and understands that Merchant may be prohibited from participating in Payment Network programs if it is determined that Merchant is non-compliant. The following lists certain specifications of the current PCI requirements, all of which Merchant shall comply with, if applicable: (i) install and maintain a working network firewall to protect data accessible via the Internet; (ii) do not use vendor-supplied defaults for system passwords and other security parameters; (iii) encrypt stored Cardholder data; (iv) encrypt transmission of Cardholder data sent across open, public

networks; (v) use and regularly update anti-virus software; (vi) Develop and maintain secure systems and applications; (vii) restrict access to Cardholder data to business "need to know;" (viii) assign a unique ID to each person with computer access to data; (ix) restrict physical access to Cardholder information; (x) track and monitor all access to network resources and Cardholder data by unique ID; (xi) regularly test security systems and processes; and (xii) maintain a policy that addresses information security for employees and contractors. Merchant acknowledges that it may be subject to, and Processor and/or Bank retain the right, to conduct an audit performed by them and or any of their designated third party(s) to verify Merchant's compliance with the foregoing security procedures. Merchant is required to contact Processor and/or Bank within twenty-four (24) hours after becoming aware of (i) any suspected or actual data security breach and (ii) any noncompliance by Merchant with the security requirements set forth herein. Merchant shall be responsible, at its own expense, to (i) perform or cause to be performed an independent investigation of any data security breach of Card or Transaction data; (ii) perform or cause to be performed any remedial actions recommended by such investigation; and (iii) cooperate with Processor and/or Bank in the investigation and resolution of any security breach.

14 Assignments

14.1 Any transfer or assignment of this Merchant Application and Agreement by you, including any rights and obligations stated herein, is voidable by us and may result in the immediate termination of this Merchant Application and Agreement. We may transfer, assign and/or delegate this Merchant Application and Agreement to any third party without notice. Upon notice to you, another Bank or Processor may be substituted for the Processor or Bank under whose sponsorship this Merchant Application and Agreement is performed.

14.2 Except as set forth in this Section 14, this Merchant Application and Agreement shall be binding upon successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and assigns.

15 Term of Agreement

15.1 **Term and Termination.** This Merchant Application and Agreement shall become effective when accepted by Processor and Bank. The term of this Merchant Application and Agreement shall be for thirty-six months (3 years) and will renew for successive 1 year terms ("Renewal Term") unless terminated as follows. If you elect to terminate this Merchant Application and Agreement, you shall provide us with written notice of termination at least ninety (90) days prior to the expiration of your current term. In the event Processor changes the rates, fees or terms of this Merchant Application and Agreement pursuant to Sections 7.5 or 17, you may terminate the Merchant Application and Agreement upon written notice received by Processor from you prior to the effective date of such change, and, if applicable, no Cancellation Fee will be charged.

15.2 The provisions of this Merchant Application and Agreement intended to remain in effect after termination, including, but not limited to, Sections 3.4, 5.1, 8.1, 8.2, 8.3, 10.1, 10.2, 10.3, 12.1, 12.2, 12.3, 18.2, 18.4, 19.1, 19.2, 19.3 and 25, shall survive termination. After termination of this Merchant Application and Agreement for any reason, you shall continue to be solely responsible for all amounts owing for Chargebacks and fees resulting from your Card Transactions and all other amounts then due or which thereafter may become due under this Merchant Application and Agreement.

15.3 Notwithstanding any other provision of this Merchant Application and Agreement, we may terminate this Merchant Application and Agreement with or without cause at any time by providing 30 days' advance notice to you.

15.4 **Equipment.** Within 14 business days of the date of termination, you must return all equipment owned by Processor and immediately pay Processor and Bank any amounts you owe them for equipment costs.

16 Cancellation Fee

16.1 If (a) you elect to cancel this Merchant Application and Agreement prior to the expiration of the then current thirty-six (36) month term, or (b) this Merchant Application and Agreement is terminated by us prior to the expiration of the then current term due to an Event of Default, we will suffer a substantial injury for which it is impracticable or extremely difficult to fix actual damages. In an effort to liquidate in advance the sum that should represent such damages, you agree to pay us as a "Cancellation Fee" in the amount of four hundred ninety five dollars (\$495.00). This sum represents a reasonable pre-estimate of the losses that we will incur as a result of the cancellation of this Merchant Application and Agreement prior to the expiration of the then current term of the Merchant Application and Agreement.

17 **Amendments.** Subject to Section 15.1, we may amend this Merchant Application and Agreement at any time by providing written notice to you of any amendment at least twenty (20) days prior to the effective date of the amendment.

18 Events of Default

18.1 If any of the following events shall occur (each an "Event of Default"), we may immediately terminate this Merchant Application and Agreement without notice:

- (a) A material adverse change in your business or financial condition, business procedures, products or services;
- (b) Any assignment or transfer of voting control of you or your parent;
- (c) A sale of all or a substantial portion of your assets;
- (d) Irregular Card sales, Excessive Chargebacks or any other circumstances which, in our sole discretion, may increase our exposure for your Chargebacks or otherwise present a financial or security risk to us;
- (e) Your breach of any of your representations or warranties in this Merchant Application and Agreement;

Merchant Initials: X _____ CD Initials: X _____

- (f) You breach and/or default in the performance or observance of any term, covenant, condition or agreement contained in this Merchant Application and Agreement (or any agreement with any of our affiliates);
- (g) Any action or omission on your part that creates harm or loss of goodwill to Processor, Bank or any payment network or Association; or
- (h) Any fraudulent activity on your behalf.
- 18.2 After termination of this Merchant Application and Agreement for any reason whatsoever, you shall continue to bear total responsibility for all Chargebacks, fees, Credits, fines and adjustments resulting from Card Transactions processed pursuant to this Merchant Application and Agreement and all other amounts then due or which thereafter may become due under this Merchant Application and Agreement.
- 18.3 You agree that this Agreement is a contract of financial accommodation within the meaning of the Bankruptcy Code, 11 U.S.C.B 365 as amended from time to time, and, in the event Merchant becomes a debtor in any bankruptcy or similar proceeding, then (i) such event shall be deemed a default for purposes of this agreement and (ii) it is the intent of the parties that, unless otherwise agreed by us, this Agreement should not be assumed or enforced by another person and we should be excused from performance hereunder. In the event you file for protection under the Bankruptcy Code or any other laws relating to bankruptcy, insolvency, assignment for the benefit of creditors or similar laws, and you continue to use our services, it is your responsibility to open new accounts to distinguish pre- and post-filing obligations. You acknowledge that as long as you utilize the accounts you established prior to such filing, we will not be able to systematically segregate your post-filing transactions or prevent set-off of the pre-existing obligations. In that event, you will be responsible for submitting an accounting supporting any adjustments that you may claim. In the event of your failure, including bankruptcy, insolvency, or other suspension of business operations, sell, transfer or disclose any materials that contain Cardholder account numbers, personal information or Visa transaction information to third parties. You must either return this information to Bank or provide acceptable proof of destruction of this information to Bank.
- 18.4 If this Merchant Application and Agreement is terminated for cause, or if you voluntarily terminate this Agreement and grounds for termination for cause exists, you acknowledge that we may be required to report your business name and the names and other information regarding your principals to the Terminated Merchant file/match file maintained by Visa and MasterCard. You expressly agree and consent to such reporting if you are terminated as a result of the occurrence of an Event of Default or for any reason specified as cause by Visa or MasterCard or if such reasons exist at the time of your voluntary termination. Furthermore, you agree to waive and hold us harmless from and against any and all claims which you may have as a result of such reporting.
- 19 **Reserve Account; Security Interest**
- 19.1 *You expressly authorize us to establish a Reserve Account in an amount to be set by us in our sole discretion, based upon, among other things, your processing history and the potential risk of loss to us as we may determine from time to time. If your funds in the Reserve Account are not sufficient to cover the Chargebacks, adjustments, fees and other charges due from you, or if the funds in the Reserve Account have been released, you agree to promptly pay us such sums upon request.*
- 19.2 *The Reserve Account may be funded without notice. The Reserve Account may be funded as follows: (i) ACH or other debits to your Settlement Account or any other accounts held by Bank or any of its affiliates; (ii) deductions or offsets to any payments otherwise due to you; (iii) such other lawful manner acceptable to us. In the event of termination of this Merchant Application and Agreement by any party, an immediate Reserve Account may be established without notice in the manner provided above. Any Reserve Account will be held by us for the greater of 270 days after termination of this Merchant Application and Agreement or for such longer period of time as is consistent with our liability for Card Transactions in accordance with Association Rules. Your funds held in a Reserve Account may be held in a commingled Reserve Account for the reserve funds of our Merchants. You shall not receive any accrued interest on any funds held by us as a result of your processing of Transactions, including, but not limited to, funds held by us in a Reserve Account. Notwithstanding the foregoing, we shall be entitled to accrued interest on any such held funds. After the expiration of such 270 day period or greater you must provide Processor with written notification indicating your desire a release of any funds remaining in the Reserve Account in order to receive such funds. You agree that you will not use these funds in the Reserve Account for any purpose, and that Bank (and not Merchant) shall have sole control of the Reserve Account.*
- 19.3 *To secure your obligations to us and our affiliates under this Merchant Application and Agreement and any other agreement for the provision of related equipment or related services (Obligations), you hereby grant us a lien and security interest in and to any of your funds pertaining to the Card Transactions contemplated by this Merchant Application and Agreement now or hereafter in our possession, whether now or hereafter due or to become due to you. In addition to any rights granted under applicable law, we are hereby authorized (any related notice and demand are hereby expressly waived) to set-off, recoup and to appropriate and to apply any and all such funds against and on account of your Obligations, whether such Obligations are liquidated, un-liquidated, fixed, contingent, matured or un-matured. You agree to duly execute and deliver to us such instruments and documents as may be reasonably requested to perfect and confirm the lien, security interest, right of set-off, recoupment and subordination set forth in this Merchant Application and Agreement.*
- 20 **Financial and Other Information**
- 20.1 You will provide to us financial statements and other information concerning your business and your compliance with the terms and provisions of this Merchant

Application and Agreement as we may reasonably request. You will provide us with written notice of any judgment, writ, warrant of attachment, execution or levy against any of your assets not later than three (3) days after you become aware of same. You will be assessed an additional \$25.00 administrative fee for each judgment, writ, warrant of attachment, execution or levy received and processed by CD. You authorize us to obtain from third parties financial and credit information relating to you in connection with our determination whether to accept this Merchant Application and Agreement and our continuing evaluation of your financial and credit status. We may also access and use information which you have provided to Bank for any other reason. Upon request, you shall provide to us or our representatives reasonable access to your facilities and records for the purpose of performing any inspection and/or copying of your books and/or records deemed appropriate.

- 20.2 From time to time, we may determine that an inspection of your business location is necessary. In such event, you shall pay the costs incurred by us for such inspection, including, but not limited to, costs incurred for airfare and hotel accommodations. Prior to the imposition of such costs, we shall notify you in writing of our intention to impose such costs and provide you with an estimate as to the amount of such costs. Your written consent to pay such costs shall not be unreasonably withheld.

21 **Indemnification**

- 21.1 We agree to indemnify and hold you harmless from and against all losses, liabilities, damages and expenses resulting from any breach of any warranty, covenant or agreement or any misrepresentation by us under this Merchant Application and Agreement or arising out of our or our employees' gross negligence or willful misconduct in connection with this Merchant Application and Agreement; provided, however, that attorney's fees are not recoverable as a loss, liability or expense.

- 21.2 You agree to indemnify and hold Processor and Bank, our vendors and affiliates, as well as Discover, MasterCard, Visa and any other Card Association or Card Issuing bank, harmless from and against all losses, liabilities, damages, judgments, settlements, actions, suits, claims, demands, costs (including but not limited to, court costs and out-of-pocket costs and expenses) and expenses of any and every type (including but not limited to, attorneys' fees) in connection with, by virtue of or arising or resulting from, either directly or indirectly:

- (a) Submissions that do not conform to the requirements of this Merchant Application and Agreement, the Operating Procedures or applicable law;
 - (b) Any Transaction or any act or omission of Merchant in connection with a Cardholder;
 - (c) Your breach or default or an alleged breach or default of or under any term, warranty, covenant condition, representation, obligation, undertaking, promise or agreement contained in this Merchant Application and Agreement (including the Operating Procedures) or in any agreement with any Cardholder, Card Association, Processor or Bank; or
 - (d) The rescission cancellation or avoidance of any Transaction, by operation of law, adjudication or otherwise;
 - (e) Any claim, counterclaim, complaint, dispute, or defense, including, without limitation, claims brought by Merchant, whether or not well founded, with respect to this Agreement or a Transaction;
 - (f) Damages, including without limitation, those for death or injury caused by the good or service purchased with the Card; or
 - (g) All web based, Internet or electronic commerce transactions involving Merchant's insecure transmission of Card transaction data and/or storage of Cardholder information.
- For purposes of this Merchant Application and Agreement, including the foregoing indemnities, Merchant is responsible and liable for the acts of omission of its employees, agents and representatives (whether or not acting in the scope of their duties).

- 22 **Special Provisions for PIN Debit Transactions, EBT and Wireless Services.** Your acceptance of PIN Debit Transactions and EBT transactions, and your use of any Wireless Services, are governed by specific provisions of the Operating Procedures. In accepting these transactions or using these services, you agree to abide by these provisions, and failure to do so may result in additional fees.

23 **Processing Related Equipment**

- 23.1 YOU WARRANT THAT ANY PROCESSING EQUIPMENT AND/OR SOFTWARE YOU OBTAIN IS FOR A COMMERCIAL PURPOSE AND IS NOT FOR HOME OR PERSONAL USE. Unless otherwise provided for in a separate sales agreement, the sale of all processing equipment is between you and third parties, including, but not limited to, our independent sales agents and representatives. WE ARE NOT IN THE BUSINESS OF LEASING EQUIPMENT. ALL LEASES ARE BETWEEN YOU AND AN INDEPENDENT LEASING COMPANY.

- 23.2 YOU ACKNOWLEDGE THAT ANY EQUIPMENT AND/OR SOFTWARE YOU OBTAIN MAY NOT BE COMPATIBLE WITH ANOTHER PROCESSOR'S SYSTEMS. WE DO NOT HAVE ANY OBLIGATION TO MAKE SUCH EQUIPMENT AND/OR SOFTWARE COMPATIBLE WITH ANY OTHER PROCESSING SYSTEMS. IN THE EVENT THAT YOU ELECT TO USE ANOTHER PROCESSING SERVICE PROVIDER UPON THE TERMINATION OF THIS MERCHANT APPLICATION AND AGREEMENT, YOU ACKNOWLEDGE THAT YOU MAY NOT BE ABLE TO USE THE EQUIPMENT AND/OR SOFTWARE THAT YOU HAVE OBTAINED.

- 23.3 We may upgrade or otherwise modify our computer system at any time without prior notice. You agree to provide us access to your processing equipment in the event that we deem it necessary as part of our upgrade or system modification.

Merchant Initials: X _____ CD Initials: X _____

23.4 In the event of unauthorized access to any computer system or hardware containing cardholder account numbers, Merchant will notify Bank and Processor within 24 hours of such breach.

24 **Special Provisions Regarding Merchant Web Sites and Gateway Services**

24.1 A gateway service provides you with an Interface between you and your customers so you can accept sales from your customers over the Internet. Your choice of a third-party gateway service provider is subject to our approval. Notwithstanding any gateway service provider offered, suggested, or referenced by us or our sales agent, you acknowledge that all issues concerning your gateway service, including, but not limited to, its service and functionality, are solely between you and your gateway service provider. The fees and terms for your gateway service and any services or products offered by your gateway service are set forth in the Merchant Application and Agreement or, if applicable, stated in a separate agreement between you and your chosen gateway service provider.

24.2 Programming of your Web site, technical support, and its functionality with the gateway service provider you have chosen, are your sole responsibility. We shall not be liable in any manner whatsoever for any errors, disruptions or security breaches related to your Internet business or Web site. You shall be liable to us for all fees and liabilities incurred under this Merchant Application and Agreement notwithstanding any errors, disruptions or security issues related to your Internet business or Web site.

25 **Waiver of Trial by Jury.** ALL PARTIES IRREVOCABLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY CLAIM RELATING TO OR ARISING UNDER THIS MERCHANT APPLICATION AND AGREEMENT OR THE SERVICES PROVIDED BY US.

26 **Other Provisions**

26.1 No party shall be liable for any default or delay in the performance of its obligations under this Merchant Application and Agreement if and to the extent such default or delay is caused, directly or indirectly, by (i) fire, flood, earthquake, elements of nature or other acts of God; (ii) any terrorist attacks or outbreak or escalation of hostilities, war, riots or civil disorders in any country; (iii) any act or omission or any government authority; (iv) any labor disputes (whether or not employees' demands are reasonable or within the party's power to satisfy); or (v) the nonperformance by a third party for any similar cause beyond the reasonable control of such party, including, without limitation, failures or fluctuations in telecommunications or other equipment. In any such event, the nonperforming party shall be excused from any further performance and observance of the obligations so affected only for as long as such circumstances prevail and such party continues to use commercially reasonable efforts to recommence performance or observance as soon as practicable. Notwithstanding anything to the contrary in this paragraph, your failure to receive payment or funds from a third party shall not excuse the performance of your obligations to us under this Merchant Application and Agreement.

26.2 The headings contained in this Merchant Application and Agreement are for convenience of reference only and shall not in any way affect the meaning or construction of any provision of this Merchant Application and Agreement.

26.3 If there are any inconsistencies between the Merchant Application and Agreement and the Operating Procedures, the Merchant Application and Agreement will govern. If any part of the Merchant Application and Agreement is not enforceable, the remaining provisions shall remain valid and enforceable.

26.4 This Merchant Application and Agreement constitutes the entire agreement between the parties with respect to the subject matter thereof, supersedes any previous agreements and understandings and, except as expressly provided in this Merchant Application and Agreement, can be changed only by a written agreement signed by all parties. A party's waiver of a breach of any term or condition of this Merchant Application and Agreement shall not be deemed a waiver of any subsequent breach of the same or another term or condition.

26.5 The parties acknowledge that the Discover, MasterCard and Visa Association Rules give Discover, MasterCard and Visa certain rights to require termination or modification of this Merchant Application and Agreement with respect to Transactions involving Discover, MasterCard and Visa Cards and the Discover, MasterCard and Visa Card systems and to investigate you. The parties also acknowledge that issuers of other Cards, for which we perform services on your behalf, may have similar rights under their applicable Association Rules with respect to this Merchant Application and Agreement's applicability to Transactions involving such other Cards.

26.6 The Electronic Signatures in Global and National Commerce Act (ESIGN, Pub.L. 106-229, 14 Stat. 464, enacted June 30, 2000, 15 U.S.C. ch.96) provides that electronic signatures on documents hold equivalent legal status as traditional handwritten signatures. By completing the online merchant application and agreement via the internet, Merchant acknowledges, agrees and consents that it has read and understand the Terms and Conditions herein and does sign each section of these Terms and Conditions with its digital signature.

26.7 Except as otherwise specifically provided, all notices and other communications required or permitted hereunder (other than those involving normal operational matters relating to the processing of Card Transactions) shall be in writing and, if sent by Processor and/or Bank to you, by mail, courier, facsimile or electronically at your address appearing on your Merchant Application and Agreement, or any other address you provide notice to

Processor and/or Bank in a manner consistent with this paragraph; and if sent by you to Processor, by mail, courier to Cynergy Data, 30-30 47th Ave., 9th Floor, Long Island City, NY 11101 with a copy to Bank by mail, courier to BMO Harris Bank, N.A. 150 N. Martingale Road, Suite 900, Schaumburg, Illinois 60173.

27

Governing Law; Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York as applied to contracts made and performed within the State of New York. The parties hereby waive their right to assert in any proceeding involving this Merchant Application and Agreement that the law of any jurisdiction other than the State of New York shall apply to such dispute; and the parties hereby covenant that they shall assert no such claim in any dispute arising under this Merchant Application and Agreement. Any proceeding which arises out of or relates in any way to the subject matter of this Merchant Application and Agreement shall be brought in the Superior Court of New York, County of New York or the United States District Court for the Central District of New York, New York Division. The parties hereby consent to the jurisdiction of the State of New York and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the person or forum non conveniens.

28

GLOSSARY. As used in this Merchant Application and Agreement, the terms below will have the following meanings:

ACH Fee. A fee charged each time a Merchant's bank account is either debited or credited funds through the ACH Settlement process

Address Verification Service (AVS). A service provided through which the Merchant verifies the Cardholder's address. Primarily used by mail order/telephone order Merchants. Not a guarantee that a Transaction is valid.

Association. Any entity formed to administer and promote Cards, including, without limitation, MasterCard International, Inc.; VISA U.S.A., Inc.; and VISA International, Inc.

Association Rules. The rules, regulations, releases, interpretations and other requirements (whether contractual or otherwise) imposed or adopted by any Association.

Authorization. Approval by, or on behalf of, the Card Issuing Bank to validate a Transaction for a Merchant or another affiliate bank. An Authorization indicates only the availability of the Cardholder's credit limit at the time the Authorization is requested.

Authorization Fee (Auth Fee). A Merchant is charged an Authorization Fee each time communication is made via the POS terminal, software or gateway.

Bank. Member of MasterCard and Visa that clears Transactions for these Associations as set forth in the opening paragraph of this Merchant agreement. The Bank is BMO Harris Bank, N.A. 150 North Martingale Road, Suite 900, Schaumburg, IL 60173, or such other member of MasterCard and Visa that may subsequently be assigned.

Cancellation Fee. A fee in the amount of four hundred ninety five dollars (\$495.00), charged in the event that (a) you elect to cancel this Merchant Application and Agreement prior to the expiration of the then current thirty-six (36) month term of the Merchant Application and Agreement, or (b) this Merchant Application and Agreement is terminated prior to the expiration of the then current thirty-six (36) month term due to an Event of Default, except as provided in Section 15.1.

Card. A valid Credit Card or Debit Card bearing the service mark of Visa or MasterCard and, to the extent that you have signed up for such services, the marks of any other Association.

Cardholder. The individual whose name is embossed on a Card (or Debit Card, as applicable) and any authorized user of such Card.

Chargeback. The procedure by which a Sales Draft or other indicator of a Card Transaction (or disputed portion thereof) is returned to Bank or the Issuing Bank, the liability for which is the Merchant's responsibility.

Chargeback Fee. A fee incurred each time a Transaction is charged back to you.

Credit. A refund or price adjustment given for a previous purchase Transaction.

Debit Card. A Card used at a Merchant location bearing a MasterCard or Visa logo and/or the marks of ATM networks (such as MAC, NYCE, Star) where the Issuing Bank is not extending credit to the Cardholder, but where the Card is connected to either a deposit account, a prepaid account or a prepaid benefit account.

Debit Network Processing Fees. Fees charged by PIN Debit networks for processing PIN Debit Transactions. In addition to any Debit Network Processing Fees, Merchant will also pay the Debit Card/ATM transaction fee as indicated in the Merchant Application and Agreement. Debit Network Processing Fees are subject to change without notice.

Decline Fee. A fee charged each time the Merchant processes a Transaction which does not receive an Authorization or is otherwise declined.

Dial-Up Terminal. An Authorization device which, like a telephone, dials an Authorization center for validation of Transactions.

Discount Rate. An amount charged for processing credit Card Transactions or Signature Debit Transactions. Discount Rates are charged on all sales and refunds where applicable. The discount rates for Rate 2 and Rate 3 Transactions are higher or at interchange pass-through plus basis point Discount Rate as described in Section 7.3

Merchant Initials: X _____ CD Initials: X _____

and the "Schedule of Charges (Fees)" section of the Merchant Application and Agreement.

Downgrade Fee. An additional fee applied per settled item for Transactions that are charged a Rate 2 Discount Rate or Rate 3 Discount Rate.

Electronic Benefit Transfer (EBT). An electronic system that allows a government benefit recipient to authorize the transfer of his/her benefits from a Federal, State or local government account to a Merchant account to pay for products and services received.

Excessive Chargebacks. (a) Chargebacks or Retrieval Requests in excess of Association Rules as they may exist from time to time, (b) Chargebacks relating to a Merchant's Transactions processed by Bank in excess of one percent (1%) of the average monthly dollar amount of such Transactions, (c) Chargebacks relating to a Merchant's Transactions processed by Bank in excess of one and a half percent (1.5%) of the total number of Transactions processed by the Merchant for a particular month or, (d) Retrieval Requests in excess of three percent (3%) of the total number of Transactions processed.

Imprinter. A manual or electric machine used to physically imprint the Merchant's name and ID number as well as the Cardholder's name and Card number on a Sales Draft.

Issuing Bank. The bank that has issued a Card.

Magnetic Stripe. A stripe of magnetic information affixed to the back of a plastic Credit Card or Debit Card. The magnetic stripe contains essential Cardholder and account information.

Merchant. The party identified as "Merchant" on the Merchant Application and Agreement. The words "you" and "your" refer to Merchant.

Merchant Application and Agreement. The agreement among Merchant, Processor and Bank contained in the Merchant Application and Agreement, any attachments, addenda, schedules thereto, each as amended from time to time, all of which collectively constitute the agreement among the parties.

Monthly Minimum Discount Fee. A fee, as indicated in the Merchant Application and Agreement, less the net Discount Rates, if any, for your MasterCard/Visa Transactions during the month.

Monthly Fee. A recurring monthly fee, as indicated in your Merchant Application and Agreement, for maintaining an account with Processor and Bank.

Next Day Funding. A feature, for which an additional fee is assessed, enabling next business day settlement of Card Transactions, as specified in your Merchant Application and Agreement. See Section 5 Settlement for all conditions that apply.

Online Merchant Portal Fee. A recurring monthly fee, as indicated in your Merchant Application and Agreement for the provision of online real time access to enable the Merchant to review statement details on a real time basis including: daily batch activity, Transaction details and ACH funding.

Operating Procedures. The then-current manual prepared by Processor, containing operating procedures, instructions and other directives relating to Card Transactions. If you process Card Transactions, you must comply with the Operating Procedures

Pre-Authorization Fee. A fee charged when a Merchant completes pre-authorization on a Transaction.

Processor. Cynergy Data or any successor, transferee, assignee or delegate thereof.

Referral. The message received from an Issuing Bank when an attempt for Authorization requires a call to the Voice Authorization Center Voice Response Unit (VRU).

Reserve Account. A fund established and managed by us to protect against actual or contingent liability arising from Chargebacks, adjustments, fees and other charges.

Retrieval Request/Transaction Documentation Request: A request for documentation related to a Card Transaction such as a copy of a Sales Draft or other Transaction source documents.

Sales Draft. Evidence of a purchase of goods or services by Cardholder from Merchant using a Card, regardless of whether the form of such evidence is in paper, electronic or otherwise, all of which must conform to Association Rules.

Services. The activities undertaken by Processor and Bank to authorize, process and settle all United States Dollar-denominated MasterCard and Visa Card Transactions undertaken by Cardholders Merchant's location(s) in the United States, and all other activities necessary for Processor and Bank to perform the functions required by this Merchant Application and Agreement for all other Cards covered by this Merchant Application and Agreement.

Settlement Account. An account at a financial institution designated by Merchant as the account to be debited and credited by Processor Bank for Card Transactions, fees, Chargebacks and other amounts due under the Merchant Application and Agreement or in connection with the Merchant Application and Agreement.

Signature Debit Transaction. A Transaction in which a Debit Card is used at a Merchant location bearing a MasterCard or Visa logo, but where the Cardholder does not enter a PIN.

Submission. The process of sending batch deposits to us for processing. This may be done electronically or by mail.

Transaction means acceptance of a Card for payment for goods sold and/or leased or services provided to Cardholder by Merchant and receipt of payment from Bank in accordance with the terms of this Agreement.

Us. Bank and Processor collectively.

Vital Fee. A fee charged for each Transaction processed through the Vital Front-End processor.

Voice Authorization Fee. This is a fee charged when the Merchant contacts an authorization representative to process their Transaction.

Voice Response Unit Fee: This fee is charged when the Merchant calls into the 800 number to authorize a Transaction

We. Bank and Processor collectively.

You, your. See Merchant

Merchant Initials: X _____ CD Initials: X _____

Member Bank (Acquirer) Information

Acquirer Name: BMO Harris Bank, N.A.
Acquirer Address: 150 N. Martingale Road, Suite 900, Schaumburg, IL 60173
Acquirer Phone: 847-240-6600

Important Member Bank (Acquirer) Responsibilities

- 1. A Discover / Visa / MasterCard Member is the only entity approved to extend acceptance of Discover / Visa / MasterCard products directly to a Merchant.
2. A Discover / Visa / MasterCard Member must be a principal (signer) to the Merchant Agreement.
3. The Discover / Visa / MasterCard Member is responsible for educating Merchant on pertinent Discover / Visa / MasterCard Operating Regulations with which Merchant must comply.
4. The Discover / Visa / MasterCard Member is responsible for and must provide settlement funds to the Merchant.
5. The Discover / Visa / MasterCard Member is responsible for all funds held in reserve that are derived from settlement.

Merchant Information

Merchant Name: _____
Merchant Address: _____
Merchant Phone: _____

Important Merchant Responsibilities

- 1. Ensure compliance with cardholder data security and storage requirements.
2. Maintain fraud and chargebacks below thresholds.
3. Review and understand the terms of the Merchant Agreement.
4. Comply with Discover / Visa / MasterCard Operating Regulations.

The responsibilities listed above do not supercede terms of the Merchant Agreement and are provided to ensure the Merchant understands some important obligations of each party and that the Discover / Visa / MasterCard Member (Acquirer) is the ultimate authority should the Merchant have any problems.

Merchant Signature _____ Date _____

Merchant's Printed Name and Title _____