Merchant Processing Agreement

This document, “Merchant Processing Agreement” (the “Agreement”), accompanies the document “Merchant Application” (”Merchant Application”) and includes the Terms and Conditions set forth below (the “Terms and Conditions”) together with the terms and conditions of the Merchant Application. The bank (“Bank”) identified in this Agreement is a member of Visa USA, Inc. (“Visa”) and MasterCard International, Inc. (“MasterCard”), and is Deutsche Bank AG, New York branch. EVO Merchant Services, LLC d/b/a EVO ("EVO") is a registered independent sales organization for Visa and a member service provider of MasterCard. This Agreement is between EVO, Bank, and the merchant (or "you") identified in the Merchant Application ("Merchant"). Merchant and EVO agree that the rights and obligations contained in this Agreement do not apply to Bank with respect to Discover transactions. To the extent Merchant accepts Discover cards, the provisions in this Agreement with respect to Discover apply if Merchant does not have a separate agreement with Discover. In such case, Merchant will also be enabled to accept JCB and Diner’s Club cards under the Discover network and such transactions will be processed at the same fee rate as Merchant’s Discover transactions are processed. Any references to the Debit Sponsor shall refer to the debit sponsors identified below.

Recitals

Merchant desires to accept credit cards (“Cards”) validly issued by members of Visa, Mastercard, and Discover. Bank and EVO desire to provide credit card processing services to Merchant. Therefore, Merchant, EVO and Bank agree as follows:

Terms and Conditions

1. Honoring Cards.

A. Without Discrimination. You will honor, without discrimination, any Card properly tendered by a Cardholder.

B. Cardholder Identification. You will identify the Cardholder and check the expiration date and signature on each Card. You will not honor any Card if: (i) the Card has expired, (ii) the signature on the sales draft does not correspond with the signature on the Card, or (iii) the account number embossed on the Card does not match the account number on the Card’s magnetic strip (as printed in electronic form) or the account number listed on a current Electronic Warning Bulletin file. You may not require a Cardholder to provide personal information, such as a home or business telephone number, a home or business address, or a driver’s license number as a condition for honoring a Card unless permitted under the Laws and Rules (defined in Section 14, below).

C. Card Recovery. You will use your best efforts to retain any Card: (i) on Visa Cards if the printed four digits below the embossed account number do not match the first four digits of the embossed account number; (ii) if you are advised by EVO or Bank (or a designee) the issuer of the Card or the designated voice authorization center to retain it; (iii) if you have reasonable grounds to believe the Card is counterfeit, fraudulent or stolen, or not authorized by the Cardholder; or (iv) if, for MasterCard Cards, the embossed account number, indent printed account number and encoded account number do not match or the Card does not have a MasterCard hologram on the lower right corner of the Card face.

D. Surcharges. You will not add any amount to the posted price of goods or services you offer as a condition of paying with a Card, except as permitted by the Rules. This paragraph does not prohibit you from offering a discount from the standard price to induce a person to pay by cash, check or similar means rather than by using a Card.

E. Return Policy. You will properly disclose to the Cardholder, at the time of the Card transaction and in accordance with the Rules, any limitation you have on accepting returned merchandise.

F. No Claim Against Cardholder. You will not have any claim against or right to receive payment from a Cardholder unless EVO and Bank refuses to accept the Sales Draft (as defined in Section 3) or revokes a prior acceptance of the Sales Draft after receipt or a chargeback or otherwise. You will not accept any payments from a Cardholder relating to previous charges for merchandise or services included in a Sales Draft, and if you receive any such payments you promptly will remit them to EVO and Bank.

G. Disputes With Cardholders. All disputes between you and any Cardholder relating to any Card transaction will be settled between you and the Cardholder. Neither EVO nor Bank bear any responsibility for such transactions.

2. Authorization. A. Required on All Transactions. You will obtain a prior authorization for the total amount of a transaction via electronic terminal or device before completing any transaction, and you will not process any transaction that has not been authorized. You will follow any instructions received during the authorization process. Upon receipt of authorization you may consummate only the transaction authorized and must note on the Sales Draft the authorization number. Where authorization is obtained, you will be deemed to warrant the true identity of the customer as the Cardholder.

B. Effect. Authorizations are not a guarantee of acceptance or payment of the Sales Draft. Authorizations do not waive any provisions of this Agreement or otherwise validate a fraudulent transaction or a transaction involving the use of an expired Card.

C. Unreadable Magnetic Stripes. When you present Card transactions for authorization electronically, and if your terminal is unable to read the magnetic stripe on the card, you will obtain an imprint of the card and the Cardholder’s signature on the imprinted draft before presenting the Sales Draft to EVO and Bank for processing. Failure to do so may result in the assessment of a transaction surcharge on non-qualifying transactions.

3. Presentment of Sales Drafts.

A. Forms. You will use a Sales Draft (“Sales Draft”) or other form approved by EVO and Bank to document each Card transaction. Each Sales Draft will be legibly imprinted with: (i) Merchant’s name, location and account number; (ii) the information embossed on the card presented by the Cardholder (either electronically or manually); (iii) the date of the transaction; (iv) a brief description of the goods or services involved; (v) the transaction authorization number; (vi) the total amount of the sale including any applicable taxes, or credit transaction; and (vii) adjacent to the signature line, a notation that all sales are final, if applicable.

B. Signatures. Each Sales Draft must be signed by the Cardholder unless the Card transaction is a valid mail/telephone order Card transaction which fully complies with the requirements set forth in this Agreement. You may not require the Cardholder to sign the Sales Draft before you enter the final transaction amount in the Sales Draft.

C. Reproduction of Information. If the following information is not legibly imprinted on the Sales Draft, you will legibly inscribe on the Sales Draft before submitting it to EVO and Bank: (i) the Cardholder’s name; (ii) account number (iii) expiration date of the Card and (iv) the Merchant’s name and place of business. Additionally, for MasterCard transactions you will legibly inscribe the name of the bank issuing the Card as it appears on the face of the Card.

D. Delivery and Retention of Sales Drafts. You will deliver a complete copy of the Sales Draft or credit voucher to the Cardholder at the time of the transaction. You will retain the “merchant copy” of the Sales Draft or credit memorandum for at least 3 years following the date of completion of the Card transaction (or such longer period as the Rules require).

E. Electronic Transmission. In using electronic authorization and/or data capture services, you will enter the data related to a sales or credit transaction into a computer terminal or magnetic stripe reading terminal no later than the close of business on the date the transaction is completed (unless otherwise permitted by the Rules). Failure to do so may result in the assessment of a transaction surcharge on non-qualifying transactions and, at EVO’s sole discretion, the deposit of the funds received for such sales or credit transaction into the Reserve Account. If you provide your own electronic terminal or similar device, such terminal must meet EVO and Bank’s requirements for processing transactions. Information regarding a sales or credit transaction transmitted with a computer or magnetic stripe reading terminal will be transmitted by you to EVO and Bank or their agent in the form EVO and Bank from time to time specify or as required under the Rules. If EVO or Bank requests a copy of a Sales Draft, credit voucher or other transaction evidence, you will provide it within 24 hours following the request.

4. Deposit of Sales Drafts and Funds Due Merchant.

A. Deposit of Funds. I. Deposits. You agree that this Agreement is a contract of financial accommodation within the meaning of the Bankruptcy Code, 11 U.S.C. § 365 as amended from time to time. Subject to this Section, Bank will deposit to the Designated Account (defined in section 6 below) funds evidenced by Sales Drafts (whether evidenced in writing or by electronic means) complying with the terms of this Agreement and the Rules and will provide you provisional credit for such funds (less recoupment of any credit(s), adjustments, fines, chargebacks, or fees). You shall not be entitled to credit for any indebtedness that arises out of a transaction.
not processed in accordance with the terms of this Agreement or the rules and regulations of a card association or network organization. You acknowledge that your obligation to EVO and Bank for all amounts owed under this Agreement arises out of the same transaction as EVO and Bank's obligation to deposit funds to the Designated Account. ii. Provisions of Credit. Notwithstanding the previous sentences, under no circumstances, without your prior written consent, shall any of the following terms and conditions apply to any Network (in whole or in part): (i) making an offer or affording to sell a product or service to the customer; (ii) providing or giving the description of any product to the customer. Merchant agrees that EVO will process any charged back, or cure, the transaction. iii. Agreement Subject to Change. You acknowledge that any of your agreements, and may be changed at the sole discretion of EVO or Bank. This limit may be changed by EVO or Bank upon written notice to you.

B. Chargebacks. You are fully liable for all transactions returned for whatever reason, otherwise known as “chargebacks”. You will pay on demand the amount of all chargebacks. Authorization is granted to offset from incoming transactions and to debit the Designated Account, the Reserve Account (defined in Section 7, below) or any other account held at Bank or at any other financial institution the amount of all chargebacks. You will fully cooperate in complying with the Rules regarding chargebacks.

C. Excessive Activity. Your presentation to EVO and Bank of Excessive Activity will be a breach of this Agreement and cause for immediate termination of this agreement. "Excessive Activity" means, during any monthly period: (i) the dollar amount of fraud or manipulation of any Network; (ii) sales activity that exceeds 20% of the average monthly dollar amount of your Card transactions; (iii) returns equals 20% of the average monthly dollar amount of your Card transactions. EVO or Bank may impose a cap on the volume and ticket size of any Network. In the event that EVO or Bank imposes a cap on the volume and ticket size of any Network, you will not submit a credit memorandum relating to any Sales Draft not o
without prior consent will be deemed a breach of this Agreement and cause for immediate termination, in addition to any other remedies available under the Laws or Rules. ii. Acceptance. If you have obtained prior written consent, then you will complete such Card transactions in accordance with the terms set forth in this Agreement, the Rules, and the Laws. Cardholders must execute one Sales Draft for each transaction, whether in-person or mail order/telephone order. Cardholders are responsible for maintaining the accuracy of the amount charged, description of goods or services, and date of transaction. You will not record any transaction or credit memo on any Sales Draft labeled “balance” or “short” unless you have obtained prior written consent. Such consent will be subject to Bank’s final approval. If you process any such transactions, you may be immediately terminated and EVO or Bank may hold funds and/or increase the amount allocated to the Reserve Account and/or deduct from the amount of funds held in the Reserve Account. You authorize EVO or Bank to debit the Merchant Account for any amount owed under this Agreement, and irrevocably authorizes Bank and EVO to debit the Designated Account for any amount owed to Bank or EVO under this Agreement. You agree that any such transactions will be accounted for and properly settled. You also authorize EVO and Bank to debit the Merchant Account for any fees due such vendor or agent under this Agreement. This authority will remain in effect for at least 2 years after termination of this Agreement whether or not you have notified EVO and Bank of a change to the Designated Account. Merchant must have EVO’s and Bank’s prior written consent before depositing funds to the Designated Account. Merchant agrees to implement the procedures described in Section F. Future Delivery. You will not present any Sales Draft or other memorandum to Bank for processing “whether by electronic means” which relates to the sale of goods or services for future delivery without EVO or Bank’s, prior written authorization. Such consent will be subject to Bank’s final approval. If EVO or Bank does not have given prior written consent, you represent and warrant to EVO and Bank that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. You will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or payment. You will not include sales drafts or other memorandum taken in connection with future delivery transactions.

G. Electronic Commerce Transactions. You may process electronic commerce (“EC”) transactions only if you have so indicated on the Application, and only if you have obtained EVO’s consent. If you submit EC transactions without our consent, we may immediately terminate this Agreement. If you have indicated on the Application that you will be submitting EC transactions, you acknowledge that you have reviewed the Payment Card Industry Data Security Standards (PCI DSS), Visa’s Cardholder Information Security Program (CISP) and MasterCard’s Site Data Protection (SDP), and to the extent that they apply to you, you agree to comply with, and ensure such transactions comply with, the terms of each. You understand that transactions processed via EC are high risk and subject to a higher incidence of failed transactions, chargebacks and rests. You will have obtained prior written consent from EVO and Bank that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. You will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or payment. You will not include sales drafts or other memorandum taken in connection with future delivery transactions.

H. American Express, JCB and Diners Club Transactions. Upon your request, EVO will provide authorization and/or data capture service, for JCB, Diners Club and American Express transactions. By signing this Agreement, Merchant agrees to abide by the terms and conditions of Diners Club, American Express, and JCB. Merchant understands and agrees that any business entity represented under the name “American Express,” “JCB,” “Mercedes Benz,” “Diners Club” or “American Express Business” business entity indicated on this application. By accepting the Diners Club Card for goods and/or services, Merchant agrees to be bound by the terms and conditions of the Agreement, EVO and Bank are not responsible for funding such transactions. You authorize EVO and Bank to debit the Merchant Account for any amount owed under this Agreement, and irrevocably authorize Bank and EVO to debit the Designated Account for any amount owed to Bank or EVO under this Agreement. You agree that any such transactions will be accounted for and properly settled. You also authorize EVO and Bank to debit the Merchant Account for any fees due such vendor or agent under this Agreement. This authority will remain in effect for at least 2 years after termination of this Agreement whether or not you have notified EVO and Bank of a change to the Designated Account. Merchant must have EVO’s and Bank’s prior written consent before depositing funds to the Designated Account. Merchant agrees to implement the procedures described in Section F. Future Delivery. You will not present any Sales Drafts to the Designated Account subject to the other provisions of this Agreement. The funds represented by Sales Drafts will be deposited 3 business days following EVO’s receipt of the Sales Draft, except for mail order/telephone order and electronic commerce transactions, which will be deposited 5 business days following receipt of the Sales Draft. “Business Day” means Monday through Friday, excluding holidays observed by the Federal Reserve Bank of New York. Merchant authorizes Bank and EVO to initiate reversal or adjustment entries and initiate or suspend such entries as may be necessary to grant Merchant provisional credit for any entry. You authorize and appoint Bank and EVO to act as your agent to collect Card transaction amounts from the Card issuing bank. As the collecting agent, Bank and EVO in their sole discretion, may grant you provisional credit for transaction amounts in the process of collection, subject to recoupment back to Bank and EVO, if such amounts are not received or are returned. EVO and Bank will provide authorization and data capture service, for JCB, Diners Club and American Express transactions.


A. Establishment and Authority. Merchant will establish and maintain an account at an ACH receiving depository institution approved by Bank and EVO (“Designated Account”). Merchant will maintain sufficient funds in the Designated Account to satisfy all obligations, including fees, contemplated by this Agreement. Merchant irrevocably authorizes Bank and EVO to debit the Designated Account for charges, fees, interest, taxes, penalties, costs, and all amounts owed under this Agreement, and irrevocably authorizes Bank and EVO to debit the Designated Account for any amount owed to Bank and EVO under this Agreement. Merchant must have EVO’s and Bank’s prior written consent before depositing funds to the Designated Account. If Merchant does not get that consent, EVO or Bank may immediately terminate the Agreement and may take other action necessary, as determined by them in their sole discretion.

B. Recoupment of Funds. You will deposit all Sales Drafts to the Designated Account subject to the other provisions of this Agreement. The funds represented by Sales Drafts will be deposited 3 business days following EVO’s receipt of the Sales Draft, except for mail order/telephone order and electronic commerce transactions, which will be deposited 5 business days following receipt of the Sales Draft. “Business Day” means Monday through Friday, excluding holidays observed by the Federal Reserve Bank of New York. Merchant authorizes Bank and EVO to initiate reversal or adjustment entries and initiate or suspend such entries as may be necessary to grant Merchant provisional credit for any entry. You authorize and appoint Bank and EVO to act as your agent to collect Card transaction amounts from the Card issuing bank. As the collecting agent, Bank and EVO in their sole discretion, may grant you provisional credit for transaction amounts in the process of collection, subject to recoupment back to Bank and EVO, if such amounts are not received or are returned. EVO and Bank will provide authorization and data capture service, for JCB, Diners Club and American Express transactions.


A. Establishment and Authority. This Agreement is a security agreement under the Uniform Commercial Code. You grant to EVO and Bank a security interest in and lien upon: (i) all funds at any time in the Designated Account, regardless of the source of such funds; (ii) all funds at any time in the Reserve Account, regardless of the source of such funds; (iii) all funds at any time in the Designated Account, the Reserve Account, or any other account maintained by you at any institution to establish or maintain funds in the Reserve Account. Bank or EVO may deposit funds to the Reserve Account, regardless of the source of such funds; (iv) present and future amounts owed under this Agreement, and irrevocably authorize Bank and EVO to debit the Designated Account for any amount owed to Bank or EVO under this Agreement. You agree that any such transactions will be accounted for and properly settled. You also authorize EVO and Bank to debit the Merchant Account for any fees due such vendor or agent under this Agreement. This authority will remain in effect for at least 2 years after termination of this Agreement whether or not you have notified EVO and Bank of a change to the Designated Account. Merchant must have EVO’s and Bank’s prior written consent before depositing funds to the Designated Account. Merchant agrees to implement the procedures described in Section F. Future Delivery. You will not present any Sales Drafts to the Designated Account subject to the other provisions of this Agreement. The funds represented by Sales Drafts will be deposited 3 business days following EVO’s receipt of the Sales Draft, except for mail order/telephone order and electronic commerce transactions, which will be deposited 5 business days following receipt of the Sales Draft. “Business Day” means Monday through Friday, excluding holidays observed by the Federal Reserve Bank of New York. Merchant authorizes Bank and EVO to initiate reversal or adjustment entries and initiate or suspend such entries as may be necessary to grant Merchant provisional credit for any entry. You authorize and appoint Bank and EVO to act as your agent to collect Card transaction amounts from the Card issuing bank. As the collecting agent, Bank and EVO in their sole discretion, may grant you provisional credit for transaction amounts in the process of collection, subject to recoupment back to Bank and EVO, if such amounts are not received or are returned. EVO and Bank will provide authorization and data capture service, for JCB, Diners Club and American Express transactions.
accordance with this Section, if it determines such action is reasonably necessary to protect its interests. ii. Authorizations. EVO and Bank may, without notice to you, apply deposits in the Reserve Account against any outstanding amounts you owe under this Agreement or any other agreement between you and EVO or Bank. Also, EVO and Bank may exercise their rights under this Agreement against the Reserve Account to offset all or part of any amount that they are legally permitted to offset against the Reserve Account for any and all obligations which you may owe to EVO and/or Bank.

4. Setup and Termination. You may terminate this Agreement at any time, without penalty, if you provide EVO with an address where the funds you have remaining in the Reserve Account are to be mailed. EVO will then close your account and return the balance to you, minus any fees and charges that have accrued under this Agreement. You will hold harmless and indemnify EVO and Bank, their agents, employees, officers, directors, successors and assigns from any claim, liability or expense incurred by EVO or Bank in the enforcement of the Agreement, including, but not limited to, those resulting from any breach by you of this Agreement and those related to any bankruptcy proceeding.

5. Disputes. You and EVO shall use good faith and mutual cooperation in any dispute arising under this Agreement. In the event of any dispute, the parties shall use their best efforts to resolve the dispute. If the parties cannot resolve the dispute, the parties agree to submit the dispute to mediation, arbitration or court as provided in any applicable law or agreement between you and EVO or Bank.

6. Governing Law. This Agreement shall be governed by the laws of the state of New York, without regard to its choice of law provisions. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and may not be amended except in writing signed by both parties. You hereby submit to the personal jurisdiction of the courts of the state of New York in any action or proceeding arising out of or relating to this Agreement.

7. Miscellaneous. This Agreement may not be assigned by you without the prior written consent of EVO and Bank. EVO and Bank may assign this Agreement to any successor in interest to EVO or Bank. This Agreement may not be transferred, assigned, or delegated by either party without the prior written consent of the other party. This Agreement is for the benefit of the parties and their respective successors and assigns and may not be assigned or transferred by either party without the prior written consent of the other party.
A. Rule Compliance. You will comply with the Laws and Rules. Without limiting the generality of the foregoing, each sales transaction submitted hereunder and the handling, retention, and storage of information related thereto, will comply with the rules and regulations related to cardholder data security, including, without limitation Payment Card Industry Data Security Standards (PCI DSS), Visa’s Cardholder Information Security Program (CISP) and MasterCard’s Site Data Protection Program (SDP), and Payment Application Best Practices.

11. Audit and financial information.

A. Audit. You authorize EVO or Bank to audit your records to confirm compliance with this Agreement, as amended from time to time. You will obtain, and will submit, such additional information and documentation as EVO or Bank may require to confirm your compliance with the provisions of this Agreement. You agree to cooperate at your sole expense with any request for an audit by EVO, Bank, a card association or network organization in connection with cardholder and transaction information security. You may also be assessed a monthly or annual PCI fee, which will appear as a separate item on your monthly statement. This fee may be used by EVO and Bank to meet their efforts to comply with the PCI DSS and does not ensure your compliance with the PCI DSS or any law, rule or regulation related to cardholder data security. The payment of this fee shall not relieve you of your responsibility to comply with the rules and regulations related to cardholder data security, including without limitation the PCI DSS. Without limiting the generality of the foregoing, you agree to use information obtained from a cardholder in connection with a card transaction solely for the purpose of processing a transaction with that cardholder or attempting to re-present a chargeback with respect to such transaction. You will indemnify and hold EVO and Bank harmless from any fines and penalties issued by Visa, MasterCard, Discover, or any card association or network organization and any other fees and costs arising out of or relating to the processing of transactions by EVO and Bank at your request. You authorize EVO or Bank for any or all amounts due under this Agreement. EVO or Bank may refer to information to EVO or Bank, including any such amounts, with respect to any such fines, penalties, fees and costs. You also agree that you will comply with all applicable laws, rules and regulations related to the truncation or masking of cardholder numbers and expiration dates on transaction receipts from transactions processed at your location(s), including without limitation the Fair and Accurate Credit Transactions Act and applicable state laws ("Truncation Laws"). As between you, on the one hand, and EVO and Bank, on the other hand, you shall be solely responsible for complying with all Truncation Laws and will indemnify and hold EVO and Bank harmless from any claim, loss or damage resulting from a violation of Truncation Laws as a result of transactions processed at your location(s).

12. Third Parties.

A. Services. You may be using special services or software provided by a third party to assist you in processing transactions, including authorizations and settlements, or accounting functions. You are responsible for ensuring compliance with the requirements of any third party in using their products. This includes making sure you have and comply with any software updates or training materials. EVO and Bank have no responsibility to transaction until that point in time EVO or Bank receive data about the transaction.

B. Use of Terminals Provided by Others. You will notify EVO and Bank immediately if you decide to use electronic authorization or data capture terminals or software provided by any entity other than EVO and Bank or its authorized designee ("Third Party Terminals") to process transactions. If you elect to use Third Party Terminals or payment software provided by others you agree (i) the third party providing the terminals will be your agent in the delivery of Card transactions to EVO and Bank; and (ii) to maintain and provide full and complete information for EVO and Bank to comply with the Rules and this Agreement. Neither EVO nor Bank will be responsible for any losses or additional fees incurred by you as a result of any error by a third party agent, or a malfunction of your card credit terminal, including but not limited to Third Party Terminals.

13. Term and Termination.

A. Term. This Agreement shall become effective ("Effective Date") only upon acceptance by EVO and Bank, or upon the submission of a transaction by you to EVO and Bank. This Agreement will continue in effect for the period of 3 years ("Initial Term") and will renew for successive 1 year terms ("Renewal Term") unless terminated as set forth below.

B. Termination. The Agreement may be terminated by Merchant at the end of the Initial Term or any Renewal Term by giving written notice of an intention not to renew at least 90 calendar days before the end of the Initial Term or any Renewal Term. Further, this Agreement may be terminated by EVO or Bank at any time with or without notice and with or without cause.

1. Exclusivity. Merchant will be the exclusive, non-transferable agent for the delivery of Card transactions to EVO and Bank; and will authorize EVO and Bank immediately pay EVO and Bank, any amounts you owe them for the purpose of processing a transaction with that cardholder or attempting to re-present a chargeback with respect to such transaction. You will indemnify and hold EVO and Bank harmless from any claim, loss or damage resulting from a violation of Truncation Laws as a result of transactions processed at your location(s).

15. Use of Trademarks and Confidentiality.

A. Trademarks. Your use of Visa, MasterCard and Discover trademarks and service marks must comply with the Rules.

B. Merchant is hereby granted a limited non-exclusive, non-transferable license to use Discover brands, emblems, trademarks, and/or those that identify Discover cards. Except as expressly authorized in writing, you shall not use the Discover Program Marks other than as expressly authorized in writing. You shall not use the Discover Program Marks other than to display decals, signage, advertising and other forms depicting the Discover Program Marks that are provided to you pursuant to this Agreement, or otherwise approved by EVO and Bank. You will use the Discover Program Marks in such a way that customers could believe that the products or services offered by you are sponsored or guaranteed by the owners of the Discover Program Marks. You recognize that you have no ownership rights in the Discover Program Marks and shall not assign to any third party any of the rights to use the Discover Program Marks.


A. Entire Agreement. This Agreement, as amended from time to time, including the Rules and the completed Merchant Application, all of which are incorporated into this Agreement, constitute the entire agreement among the four parties hereto (other than any prior agreements to which Merchant is not a party), and all prior or other agreements to which Merchant is a party or representations, written or oral, agreements, arrangements, understandings or undertakings, oral or written, with or on behalf of any person, firm, corporation or other entity related to cardholder and transaction information security, including, without limitation, Payment Card Industry Data Security Standards (PCI DSS), Visa’s Cardholder Information Security Program and MasterCard’s Site Data Protection Program. You agree to cooperate at your sole expense with any request for an audit or investigation by EVO, Bank, a card association or network organization in connection with cardholder and transaction information security. You may also be assessed a monthly or annual PCI fee, which will appear as a separate item on your monthly statement. This fee may be used by EVO and Bank to meet their efforts to comply with the PCI DSS and does not ensure your compliance with the PCI DSS or any law, rule or regulation related to cardholder data security. The payment of this fee shall not relieve you of your responsibility to comply with the rules and regulations related to cardholder data security, including without limitation the PCI DSS. Without limiting the generality of the foregoing, you agree to use information obtained from a cardholder in connection with a card transaction solely for the purpose of processing a transaction with that cardholder or attempting to re-present a chargeback with respect to such transaction. You will indemnify and hold EVO and Bank harmless from any claim, loss or damage resulting from a violation of Truncation Laws as a result of transactions processed at your location(s).
will not be deemed to amend this Agreement. This Agreement may be executed by facsimile, and facsimile copies of signatures to this Agreement shall be deemed to be original and may be relied on to the same extent as the originals.

D. Assignability. This Agreement may be assigned by EVO or Bank but may not be assigned by Merchant directly or by operation of law, without the prior written consent of EVO and Bank. Any such assignment in breach of this provision shall be null and void, ab initio. If Merchant nevertheless assigns this Agreement without the consent of EVO and Bank, the Agreement shall be binding upon the assignee.

Bank will be notified in writing of any such assignment.

E. Notices. Any written notice under this Agreement will be deemed received upon the earlier of: (i) actual receipt or (ii) five calendar days after being deposited in the United States mail, and addressed to the last address shown on the records of the sender.

MEMBER BANK INFORMATION
Deutsche Bank AG, c/o Deutsche Card Services GmbH
Kaltenboreweg 1-3
50679 Cologne, Germany
+49 221 99577 777
Support.deucx@db.com

Debit sponsorship provided by either Wells Fargo Bank N.A. or JP Morgan Chase N.A., as applicable.

F. Bankruptcy. You will immediately notify EVO and Bank (i) of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against Merchant or any of its principals and (ii) if it could reasonably be expected that any such action or proceeding will be initiated by or against Merchant or any of its principals. You will include EVO and Bank on the list and matrix of creditors as filed with the Bankruptcy Court or other court in which a claim may exist at the time of filing. Failure to comply with either of these requirements will be cause for immediate termination or any other action available to EVO and Bank under applicable Rules or Law.

G. Choice of Law/Attorney’s Fees/Venue/Jury Trial Waiver. Should it be necessary for EVO or Bank to defend or enforce any of its rights under this Agreement in any collection or legal action, you agree to reimburse EVO and/or Bank, or any agent acting on their behalf, as applicable, for all costs and expenses including reasonable attorney’s fees, as a result of such collection or legal action. Without limiting the generality of the foregoing, you agree to reimburse EVO and/or Bank, or any agent acting on their behalf, as applicable, for all costs and expenses, including reasonable attorney’s fees, incurred by EVO, Bank or their agent in any action arising out of, relating to, or in connection with this Agreement, without regard to whether there has been an adjudication on the merits in any such action. You waive trial by jury with respect to any litigation arising out of, relating to, or in connection with this Agreement. EVO, Bank, you, and Guarantor agree that any and all disputes or controversies of any nature whatsoever (whether in contract, tort or otherwise) arising out of, relating to, or in connection with this Agreement, (i) will be resolved in writing in any such proceeding.

H. Severability and Waiver. If any provision of this Agreement is illegal, the invalidity of that provision will not affect any of the remaining provisions and this Agreement will be construed as if the illegal provision is not contained in the Agreement. Neither the failure nor delay by EVO or Bank to exercise, or partial exercise of, any right under this Agreement will operate as a waiver or estoppel of such right, nor shall it amend this Agreement. All waivers must be signed by the waiving party.

J. Independent Contractors. EVO, Bank and Merchant will be deemed independent contractors and will not be considered agent, joint venture or partner of the other, except as provided in 6.C and 7.A(iii).

K. Employee Actions. You are responsible for your employees’ actions while in your employment.


17. E-statements.

A. Merchant Account Statement. Upon opening a merchant processing account you will automatically have access to your monthly merchant account statement electronically (an “E-statement”) by viewing it on line. This Agreement governs the electronic availability of your E-statement. You agree to abide by the terms and conditions stated herein, and to access E-statements, as well as all notices and initial and future disclosures regarding your E-statement, electronically. You acknowledge that by the third business day of each month, your E-statement will be available online. You will be notified in writing of the website where you can access your E-statement. Your E-statement will be accessible only through a secure Log In screen which requires the use of a unique User ID and Password. You understand that you will receive a monthly merchant account statement by U.S. postal mail, and that making your E-statement available online constitutes EVO’s compliance with delivery of your monthly merchant account statement. You can print the E-statement or save the file to your computer’s hard drive or other disk in order to retain a copy of the E-statement. Your E-statement can be accessed through the E-statement link for three consecutive months from the date the E-statement is first made available. You further agree to receive all initial and periodic account statement disclosures or E-statements in an electronic format. All such disclosures shall be provided in a clearly, conspicuous manner that you can print and/or save using the hardware and software specified below. You are also entitled to obtain a paper copy of all disclosures or E-statements upon written request, however such a request does not constitute a withdrawal of consent to receive monthly E-statements. A fee may apply for providing such documentation. You understand that you may withdraw your consent to receive E-statements, or change your email address, upon 30 days written notice to EVO. Please note that a withdrawal of consent does not apply to an E-statement that was furnished before the date on which the withdrawal of consent becomes effective. PC Requirements: Viewing your E-statement on line requires a personal computer with Adobe Acrobat and internet access through a standard web browser. The product version levels must be supported by the respective vendors (i.e., Adobe, Apple, Mozilla, and Microsoft). EVO is not obligated to ensure that your E-statements are accessible through outdated vendor products. In the event you are unable to access any of the information that has been made available by EVO in electronic format, it is your obligation to notify EVO in writing immediately.

B. Reporting Of Errors. You must promptly view all E-statements, and immediately notify EVO in writing of any errors. Your 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 you believe an error exists and the cause of it, if known. That written notice must be received by EVO within 30 calendar days after the E-statement containing the asserted error is first made available. Your failure to notify EVO of any error within 30 days constitutes a waiver of any claim relating to that error. You may not make any claim against EVO for any loss, or expense relating to any asserted error for 60 calendar days immediately following EVO’s receipt of your written notice. During that 60 day period, EVO will be entitled to investigate the asserted error and we will notify you of the results of our investigation.

C. Miscellaneous. EVO shall not be responsible for: (i) consequential or incidental damages caused by services performed by EVO, its agents, or your Internet Service Provider ("ISP"); (ii) damages arising from unauthorized access to E-statement services; or (iii) any costs associated with updating, modifying or terminating your software or hardware. EVO may change, suspend, or terminate any or all of this service upon written notice to you.

18. Electronic Signatures.

Under the Electronic Signatures in Global and National Commerce Act ("E-Sign"), this Agreement and all electronically executed documents related hereto are legally binding in the same manner as are hard copy documents executed by hand. E-Signature and related documents, if agreed to and obtained, are valid and have the same standing as if executed by hand. E-Signature and related documents are governed by the provisions of E-Sign. By pressing Submit, you agree: (i) that the Agreement and related documents shall be effective by electronic means, (ii) to be bound by the terms and conditions of this Agreement and related documents, (iii) that you have the ability to print or otherwise store the Agreement and related documents, and (iv) to authorize EVO or Bank to conduct an investigation of your credit history with various credit reporting and credit bureau agencies for the sole purpose of determining the approval of the applicant for merchant status or equipment leasing. Information which is kept strictly confidential and will not be released.

© USMS 2006-2013
Business Agreement
Commercial Contract

This Commercial Contract herein known as “Business Agreement”, has been entered into, on the date stated on the Merchant Application by the Merchant as so stated on the Merchant Application and US Merchant Systems LLC, 48001 Fremont Blvd, Fremont, CA 94538.(USMS)

RECITALS

WHEREAS: US Merchant Systems LLC, is a Merchant Service Provider and is in the business of providing access to Credit Card Processing and other services to Merchants.

WHEREAS: Merchant, as listed on the Merchant Application, wishes to engage these services.

THEREFORE: Both Parties have agreed to be bound by the terms and conditions of this Agreement.

Duties of USMS

1 Bank Card and other Services: I, the Merchant, understand and agree that I am contracting with USMS to provide Merchant Services that include, but are not limited to Bank Card Services and I understand that USMS will cause to happen and do what is reasonable to serve the customer and provide these services so contracted for on the Merchant Application.

2 Customer Service: I, the Merchant, understand that USMS will have a Customer Service team that will assist me and do what is reasonable to assist and correct any issues or answer my questions in a reasonable time frame.

Duties of the Merchant

3 Separate Agreement(s): I agree that while this Agreement embodies several, individual Agreements into one written document, any action taken for breach of this agreement or any good faith dispute, must be made singly and solely against the entity who is allegedly responsible. I am stopped from bringing action against any other party to this agreement, unless a direct and actual cause can be shown linking other parties to any alleged dispute. I understand and accept that USMS is an independent entity, and is not affiliated with, and is not to be held responsible for any offers, promises, or business opportunities presented by any other entity, not specifically included in this contract. Any and all complaints not involving the specified services or equipment so listed on the Merchant Application shall be addressed directly to the vendor or entity I made the purchase from or agreement with.

4 Other Documents: I allow USMS to complete other applications or agreements that I have authorized from information contained on the front of the Merchant Application and this agreement or to which I may provide via phone or fax. I authorize US Merchant Systems, LLC to correct any errors on my application. Furthermore, I agree and accept that USMS may divulge or use information obtained on the Merchant Application to a third company as deemed necessary to provide any service to me.

5 Insufficient Funds: I also authorize USMS to charge me for any returned checks, whether they are returned for insufficient funds, account closed or stop payment. I accept the fee of $25.00 per returned check or NSF through ACH, which may also be billed to my account without notice to me. Furthermore, I understand and accept that USMS will consider a “stop payment”, “closed account” or any other banking actions used to thwart or impair USMS rights to full recourse as stated in this agreement as an intentional tort and I agree to pay USMS as compensation. I understand and agree that I could be liable for treble damages to the maximum allowed by law in addition to the original amount. All other remedies are additional and still apply.

6 Credit Card Statements and Address Updates: I, the Merchant, understand and agree that after receiving my Monthly Credit Card Statement, I will review it promptly and have knowledge of the content of said Statement. I further agree that I will notify USMS of any address changes or bank account changes within 10 days of the change.

7 Responsibilities, Profitability, Fees and other Costs: I, the Merchant, understand and accept that I will have a working knowledge of the fees and costs associated with my Merchant Account. Furthermore, I understand and accept that I am responsible for knowing and understanding all data that is on the application and have reviewed such data with my Sales Agent/Representative. I further agree that I am responsible for all Charge Backs (along with my guarantor) and any fee associated with the Charge Backs. I understand and accept that in the event account becomes unprofitable, USMS has the right to make periodic changes in my account’s fees, to adjust for losses taken, in light of any risk associated with my merchant account, or to maintain the account in a profitable manner.

8 Cooperation of Merchant: I understand and accept that under this agreement, time is of the essence, and I will cooperate with all parties to facilitate the completion of this agreement. I understand and accept that USMS does not allow, or promote a “pre app” policy. No such policy exists. I understand and accept that if I fail to accommodate the requests of any parties in fulfilling this agreement, I will have committed a material breach of this agreement and any and all rights provided me under this agreement may be terminated by USMS, including but not limited to, invoking the cancellation clause in §22, and/or requiring payment of the complete cost of the equipment or software license.

Bankruptcy or Business Cessation

I understand and accept, that in the case that I and/or my business, so listed on the application, enters bankruptcy voluntarily or involuntarily, or ceases operation in any form, my guarantor and I assume financial responsibility for all Charge Backs coming in to our merchant account and will assist, without wages or payment of any kind, USMS to rebut Charge Backs that are deemed fraudulent or unlawful. This includes, but is not limited to, collecting and delivering all credit card data, receipts, computers or portals (with usernames and passwords) with transaction data, what was sold and when and who much was used. I also agree to keep this data organized and in a safe location and will not destroy it or allow it to be destroyed.

9 PCI DSS: The Payment card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information. I, the merchant, understand that in order to implement mandatory enforcement of the PCI DSS program it is necessary for USMS to provide a portal where merchants can be educated and conduct the proper security procedures at their establishment. To cover the cost of implementation, a fee of $7.95 will be charged to all merchants on a monthly basis. This service includes information on the PCI DDS program, the self-assessment questionnaire (SAQ) and when necessary, a quarterly scan of any main website or payment portal. Also included will be at least $50,000 worth of breach insurance. This insurance will cover the merchant and the
merchant’s business up to at least $50,000 in case of a data breach. I agree that USMS may call me, send me mail, email, or text messages, and reach me through social media or any other means to contact me for the purposes of marketing or service. I understand and accept that USMS may contact me in perpetuity and I understand and accept that both parties to this agreement are Merchants and are therefore not consumers and are not bound by any Federal or State consumer law. I agree that Merchants are held to a higher standard than consumers and thus are responsible for reading what is signed by me or any of my agent(s). Furthermore, notwithstanding the statements Agent or representative or any presented advertising or brochure produced by the Sales Agent, Rep, Account Executive, et. al., the data contained in printed form on this application is what is binding. Added instructions written by the Agent or me, on the application or this agreement may not be enforceable, until signed and agreed to by an executive of USMS.

11 Contracting Parties are both Merchants: I, the Merchant, understand and agree that neither party will directly or indirectly make any statements, comments, or take any actions whatsoever which would in any way disparage each other, its Affiliates, officers, directors, employees, agents or similar. I also understand and agree, that by omission or inaction, I will not allow another to do the same. Furthermore, I, the Merchant, understand and agree that I specifically understand that both parties will not in any way comment or cause to have commented on social sites, consumer sites, or any other consumer compliant site any negative comments about each other whatsoever. I agree that nothing herein shall prevent me from testifying truthfully in connection with any litigation, arbitration or administrative proceeding when compelled by subpoena, regulation or court order to do so.

General Operating Section

12 Automatic Debit Rights: By signing the Merchant Application, I expressly agree and allow you to debit by any method, my checking, savings and/or any credit card accounts so listed on this, and/or other accompanying documents, or any other account(s) that may become known to USMS without prior notification, to satisfy any and all charges arising from this agreement including leasing charges. Merchant may be billed monthly for all services contracted for in this and any accompanying documents or agreements, at the discretion of USMS. I understand that the first payment or billing through my authorized bank account or credit card account for the services described herein, or in the accompanying documents, may occur prior to completion of the installation of my merchant account or final delivery process.

13 Perpetual Marketing Agreement. I, the merchant, understand and accept that USMS may contact me in perpetuity and I attest that this is my irrevocable expressed consent. I attest that USMS has the right and I will not take action or by omission, allow any entity to take civil, criminal or regulatory, action against USMS for contacting me through all media types, including, but not limited to, Telephone, Auto dialer, Predictive dialer, cell or mobile phone, email campaigns, bulk mail, regular mail, or mail of any kind. I agree and accept that this expressed consent will survive this agreement. I agree that US Merchant Systems, LLC has the right to pull or discontinue any past or currently running promotion as it sees fit. I agree that only one promotional incentive is allowed per Merchant Account.

14 Permitted use of marks, logos and photos. I understand and give my full perpetual permission to allow USMS to use, without restrictions, including but not limited to, my logos, my name, my trademarks or other marks, my photo(s), registered fonts in the trademark, other artwork, whether online or in print. USMS will use reasonable efforts to ensure the use is appropriate.

15 Refunds and Lease Defaults. I understand and accept that any transaction contained herein is final. There will be no refunds or acceptance of equipment once funds have been tendered to USMS, and equipment has been shipped to me. I understand and agree that in the event of a first time payment default or non-verification of lease with leasing company as requested within 10 days, my lease may be declared in default and USMS may assume the role as the lessor and/or declare a breach in which ALL lease payments are due and payable. Furthermore, I understand and accept that my refusal to accept delivery or my return of any promotional gift items, or any type of equipment, does not void my obligations under this agreement.

16 Charged back items and fees. I understand and accept that as the Merchant of record and a signatory on the Agreement, which I, along with the Guarantor, if any, am personally liable for the any and all chargebacks that may occur. I agree to remit payment to handle these chargebacks as they occur and in accordance with the Merchant Operating Guide.

17 Lease Substitutions/Declines: I agree to allow USMS to substitute leasing entities in the event that I am declined by any originally assigned leasing entity, and that such substitution is for my (Merchant's) benefit to ensure fulfillment of this Agreement.

Covenants

18 Right of First Refusal. I, the Merchant agree, that prior to the end of the initial term or prior to or at the end of any subsequent renewals, I agree to give US Merchant Systems LLC or its assignees, the Right of First Refusal at retaining the Credit Card Processing Merchant Account. I the Merchant, agree to only consider written proposals, quotes or written applications from competing Merchant Services Providers, ISOs or Banks, et.al., which I agree to immediately supply the same documents to USMS. Failure to adhere to this section will result in a breach and will incur damages as stated in §22 (Cancellation)

19 Secondary, additional or extra Merchant Account. I the merchant understand and accept, to promise not to engage a secondary merchant account with any other processor during the Initial Term or any subsequent Renewal Term of my agreement without specific written permission from an USMS officer. I understand and accept that violation of this section is a breach of my contract for cause and will be in breach of §18 and invoke §22. I agree that during the term of this agreement and subsequent renewals, that I, the Merchant, shall process all credit and debit card transactions for this location and/or Merchant Identification Number (MID), exclusively through this Agreement.

Terms

20 Terms: The Agreement will become effective on the date that I, the Merchant, sign, this Agreement (“Effective Date”). The Agreement
Termination

21 Termination: The Agreement may be terminated by any party to be effective at the end of the Initial Term or any Renewal Term by giving written notice of an intention not to renew, within 90 days before the end of the current term. Further, this Agreement may be terminated at any time with or without notice and with or without cause by US Merchant Systems LLC, EVO, and Bank.

Cancellation

22 Cancellations – Breach of Contract: I understand that this is a Commercial Agreement, which begins immediately upon my signing the Merchant Application. I understand and agree that USMS will put forth time, effort and expense to establish my credit card merchant account and other accounts I have applied for in this agreement. I also understand and agree that this document is a binding agreement, and should I attempt to terminate this Agreement during the application process or if it has already been approved or is approved with a reserve or holdback requirement as stated in §39, I agree to pay a fee as described below. I agree that all terminations must be in writing, and signed by the Merchant. I agree that once I have received any Point of Sale equipment, software, or Internet Processing Package, I am obligated to pay the amount in full as stated on the front of this agreement, and/or the sum total due on any lease agreement, whether by automatic debit, cashier’s check or credit card payment. As the merchant, I further agree that if I terminate this Agreement, or breach any of the aforementioned agreements, resulting in the termination of Service, before the end of the initial term, or during any subsequent renewal terms, I, the Merchant, attest and agree that this is a breach of contract and US Merchant Systems, LLC may terminate this agreement for cause and I agree that I, the Merchant shall pay US Merchant Systems, LLC as liquidated damages, up to $295 for each merchant ID number. I agree that this fee is not a penalty, but rather is reasonable in light of the financial harm and expense caused by my breach of contract or termination for cause by US Merchant Systems, LLC for breach of any of the aforementioned agreements. I recognize US Merchant Systems, LLC is the registered agent of Deutsche Bank AG, EVO Merchant Services Inc. and that US Merchant Systems, LLC has the complete authority to act on behalf of the above named companies for the purpose of enforcing any and all terms of the “Merchant Application,” “Merchant Processing Agreement”, “Merchant Debit Card Service Addendum”, and “Reserve Acknowledgement” between Merchant and the above named companies including but not limited to the collecting of fees, fines or other amounts owed by Merchant, setting reserve requirements, establishment of processing limits and the setting or adjusting of rates and fees.

23 Default: In the event of Default by Merchant, collection of all fees and monies owed arising from this contract will be initiated by USMS. Merchant will be allowed to remit possession of all equipment provided by USMS back to USMS. Following the remittance of such equipment, the wholesale value of any such equipment returned may be deducted at the discretion of USMS from any contract buy-out or payment agreement reached between USMS and Merchant.

Internet Gateway Fee: I understand and accept that the Internet Processing Package has a monthly gateway access fee in addition to any monthly payments for the license I am purchasing. This fee is separate from any other monthly payments. I understand and accept that the services granted under this license may be suspended indefinitely if the fees listed on the front of this agreement are not paid or returned for insufficient funds. I also agree that all Gateway fees are to be billed and debited for the previous month.

Installation Requirements: I agree to provide the phone line, or internet, and electrical outlet as needed, within proximity to install any electronic terminals. If I have purchased a gateway/virtual terminal, I agree to provide my own Internet access. I agree to accept installation within 5 days of being notified by USMS that my account has been approved. In the event that I decide not to accept installation within 5 days of being notified by you, I agree to hold USMS harmless for any fees billed to my account by any service providers contracted with in relation to this agreement. I agree that if I should fail to install or reject lease verification for a period of more than 30 days from being notified of approval, USMS may declare the contract as a cancellation and bill me or debit my account for the breach of contract fees as described above. Any other refunds are given on a case by case basis and are not to be construed as commonplace or standard practice and must be evaluated by a senior executive.

Restocking Fee: A restocking fee of 15% or $50 (whichever is greater) of the Retail Value of specified equipment/software/processing method will be assessed when a Merchant already has an established merchant account and desires to upgrade to another piece of equipment/processing method. If the merchant is not satisfied with the newer equipment/processing method, and wishes to stay with their current equipment/processing method, they can send back the upgrade for a full refund less the restocking fee.

To Replace or Return an Item: the returned item must be accompanied with a Return Merchandise Authorization (RMA) number. To request an RMA number for a return, merchant will need to call our Customer Service Department at 877-432-8871. When returning an item, the merchant will be responsible for insuring the package with the carrier they have chosen against damage/loss in addition to shipping fees.

Reprogramming of Merchant Owned or Prior Owned equipment: I, the Merchant, understand and accept that if I provide my own terminal or I obtained one that is not purchased from USMS, I accept and understand that I take full responsibility for the outcome of this equipment if it cannot be reprogrammed. Notwithstanding any verbal statements or promises made by the agent or sales representative, I will continue to hold this agreement in full force and I will either purchase a terminal from USMS or from another source with all haste.

Merchant’s Terminals; Security Lockdown. I the Merchant understand and agree to allow USMS to place a security lock on my equipment, without regard to ownership. This security lock will prevent outside tampering with the equipment’s internal programming. USMS will be notified if the terminal is tampered with in any way. At termination of this Agreement the Security Lock will be removed from the Merchant owned equipment, provided all of the terms in §18 and §22, have been met and the account is not in breach and any Breach of Contract fees have been paid. In the event that I request to unlock my terminal, there may be a $50 Unlocking Fee imposed.

Login ID and Password: I understand and agree that if I have received and have signed for the gateway license, or Point of Sale equipment and it has or they have been activated, my account will be considered installed. I agree that the lease obligations will commence upon activation, and that USMS will use its “best
reasonable efforts” to notify me of my “log-in” ID and “password” for the Internet Gateway. I understand and agree that I am ultimately responsible for establishing my “log-in” ID and “password” and I am precluded from holding USMS responsible for not providing the aforementioned, and I cannot use such lack of “log-in or password” as a defense against any or all of the remedies stated in this contract.

31** Store and Forward/Offline Transactions/DailyBatching:** I agree that should I run any transactions offline or in Store and Forward Mode, or force any transaction through that has been declined, I agree that these transactions are processed at my own risk and I shall not hold USMS liable for any lost or declined transactions. I agree that I will “batch out” my equipment or gateway daily and I hold USMS harmless against any losses due to not batching out my machine or gateway.

32** Limited/Extended Warranty:** I understand that unless I purchase a limited/extended warranty as provided by USMS that I will pay for all parts, shipping and any other applicable fees. I agree to allow USMS to debit my accounts as stated herein for all costs related to the limited/extended warranty that I elect to purchase from USMS. I understand that the additional limited/extended warranty coverage that I may purchase will remain in effect as long as the monthly warranty premium is assessed. If limited/extended warranty coverage is terminated or never purchased, Merchant will assume all liability for equipment replacement including all parts, shipping and terminal(s).

The limited/extended warranty will cover Manufacturers defect or normal wear and tear. The limited/extended warranty does not cover product abuse, negligence, accidental liquid spillage, acts of nature, or damage during transit to or from USMS. The terminal(s) must not be tampered with or dropped. I agree to allow USMS to debit my accounts as stated herein for all costs related to any extended warranty that I elect to purchase from USMS.

33** Warranty:** I understand that upon purchase of equipment the Warranty will cover Manufacturer’s defect for 30 days after purchase, subject to Manufacturer terms.

34** Loaners:** In the event that I enter into an agreement verbally or in writing with a member of USMS team, I agree to abide by the Loaner Agreement Terms that will be sent via email/mail/fax. Failure to do so or failure to send loaned equipment to USMS by a specified date may result in the collection of fees from my bank account for said equipment(s).

35** Equipment and Service Substitutions:** I agree to allow USMS to substitute any or all products, technologies or services including the selection of leasing companies when necessary. Any substitutions will consist of products, technologies or services of the same or equal quality.

36** American Express:** I understand that American Express Merchant Account applications are approved separately and solely by American Express. I also understand that all related monetary rates and the extent of services are determined solely by American Express. I understand that by checking the front of this application for American Express, I may be charged a fee.

**General Terms**

37** Agreement Changes:** I understand and accept that marketing and legal situations change from time to time, and because of these changes, I understand and accept that USMS has the right to change this agreement at any time and I will accept notice by email, mail, on my merchant account monthly statement, phone or posts to the USMS website. I understand and accept that the most current version of this agreement is the operable one and that I attest that I have the most current copy which can be found at www.usms.com/termsofconditions

38** Indemnification:** To the extent permitted by law, I shall indemnify USMS and hold harmless from any and all claims, actions, proceedings, expenses, damages, consequential damages and liabilities, including attorney’s fees, arising in connection with the equipment, or software, or any Internet Processing Package, including without limitation, its manufacture, selection, purchase, delivery, installation, misrepresentations, promises made, possession, use, operation or return. I understand and accept that USMS and its affiliates are not responsible for the success or failure of my business, or the success or failure of my on-line site, if I have one.

39** Risk and Additional Data:** I agree that USMS may ask for additional data, including but not limited to, personal and business financials, invoices, signed receipts, and any other documents that are deemed necessary to prevent or mitigate any substantial risk or loss to USMS. Furthermore, I agree that when necessary, USMS may ask my customers to validate charges made on my Merchant Account at any time. I understand and agree to a Reserve or holdback requirement, if one should arise. This situation would arise for a number of reasons, including but not limited to, no credit, insufficient credit, bad credit, high monthly volume or high average ticket price at which time the bank may require a holdback amount or my account is deemed “High Risk”.

40** Default Fees:** I understand and agree that USMS may place my Merchant Account in a “High Risk Status” and apply defaults values that supersede the processing fees so listed on the Merchant Application. A Default Fee of up to 3% may be apply to all of my tiered (Qualified, Mid-qualified, Non-qualified) or interchange plus rates, in addition to my current rates. This High Risk Status may be triggered by the following items, including, but not limited to, a) Merchant did not disclose additional Merchant Account(s), b) $40,000 or 40% over the listed Approved Total Monthly Volume (TMV), whichever is less. c) 0.75% of Charge Backs or Retrievals. d) Refunds or Credits back to customers on or above 5% of the TMV. e) 2 or more ACH Rejects. f) Authorized Maximum Ticket Size exceeded. g) Improper disclosure of business type, products or services. h) Fraudulent or illegal business practices. i) Unauthorized Pre-Paid Services or Future Delivery transactions where services are not delivered within 30 days. j) Changes to the products sold and/or changes to the Merchant’s URL (Website) without notification and approval from USMS. I understand and agree that USMS has the right to assess the above fee from the date of the first infraction of one or more of the infractions listed above.

41** Future Delivery or Pre-Paid Services:** I understand and agree that unless I have written authorization from USMS, I will not process by any means, any transactions that are for Products or Services that are delivered outside of thirty (30) days of the from the date of the transactions. I understand and agree that should I make these transactions, or allow them to be made on my Merchant Account, I may be asked to Credit or Refund my customer the transaction, my Account may be place on “Risk Hold” and all funds held indefinitely and my Merchant Account may terminated and I may be placed on the Terminated Merchant File (TMF).

42** Errors or Omissions on Application or in charges made:** I, the Merchant, agree that in the event of a billing error or the Application was unclear on the pricing, I understand and accept that I have thirty (30) days from the date of my latest Merchant Account Statement to inquire about this perceived error and work out an equitable solution to the mistake. Any remedy by USMS is limited to the actual damages or $500.00, whichever is less.

43** Drafting:** I, the Merchant, agree that no provision of this Agreement shall be construed against any party merely because that
party or counsel drafted or revised the provision in question. All parties have been advised and have had an opportunity to consult legal counsel of their choosing regarding the force and effect of the terms set forth herein. This Agreement shall be deemed to be jointly prepared by the parties and therefore any ambiguity or uncertainty shall be interpreted accordingly.

44 **Section Headings:** I agree that the section headings contained in this Agreement are for convenient reference only, and shall not in any way affect the meaning or interpretation of this Agreement.

45 **Ownership:** I agree that the equipment that I purchased or leased is my responsibility. Any and all disputes with regards to the lease will be handled by me directly with the leasing company and I will hold US Merchant Systems, LLC. harmless in such an event.

46 **Absolute Guarantee:** I understand and accept that by signing the Merchant Application document, I whether an owner or shareholder, personally guarantee and warrant all sums due or the settlement of any legal action taken against the business entity so listed on this document, the payment of which may be done by automatic debit from any and/or all of my accounts.

47 **Assignability:** I understand and agree that this contract or accompanying contracts as they relate to the Merchant Operating Guide and Merchant Application, and including, but limited to, the Internet Gateway License, or Point of Sale Equipment, or leasing service, inclusive of all their terms, conditions and Merchant obligations may be assigned to another business entity, trust, individual or financial institution, only at the sole discretion of USMS. Such aforementioned potential assignment is for the benefit of merchant and may facilitate efficient processing of all billing processes. Such assignment, will inure to such third party entity or financial institution all the benefits derived from such contract.

48 **Prevailing Party Remedies:** I the Merchant understand and agree that in the event this agreement is violated in any dispute, the non-prevailing party will pay all attorneys' fees and courts cost.

49 **Force Majure:** I agree that USMS will not be liable for any loss, expense or cost incurred by me, resulting from US Merchant Systems, LLC.'s failure to perform under this agreement due to causes beyond USMS control, including but not limited to war, fire, flooding, explosions, acts of God, power failures, Government priorities, labor stoppage, ill employees, supplier failure or delay, civil disorder, breakdown or malfunction of utilities, etc., provided that USMS shall take all reasonable, practical, and necessary steps in such an event or events to affect prompt resumption of performance herein.

50 **Severability:** Any finding, by a court of competent jurisdiction of the invalidity of any part of this agreement shall not affect the validity of any of the remaining provisions of this agreement.

51 **Consumer Credit Reporting:** I the Merchant authorize USMS to confirm and verify all information provided by Merchant on this or other accompanying applications or forms, through the use of credit bureaus/reporting agencies, or any other verification procedure available to ensure the accuracy of the information stated herein, for the purposes of assessing the Merchant's credit status.

52 **Governing Law and Jurisdiction:** This agreement shall be governed by, interpreted and construed in all respects in accordance with and under the laws of the State of California. The Merchant and the Guarantor hereby irrevocably and unconditionally agree that all claims with respect to such action or proceeding may only be heard in a court located in the County of Alameda, State of California. Merchant and Guarantor hereto irrevocably and unconditionally waive any forum non-conveniens objection that either of them may have to suit arising out of or relating to this Agreement being venued in the County of Alameda, State of California.

---

**Reserve Acknowledgement and Agreement**

By undersigning the Merchant Application I, the Merchant, understand and agree that upon underwriting the account, US Merchant Systems may impose a reserve based on the following terms:

**Reserve Account Required to Mitigate Financial Risk.** I, the Merchant, understand and agree that after careful review of the financial risks associated with my business and method of processing by the US Merchant Systems Underwriting Department, I may be required to establish a reserve account based on a percentage of the monthly dollar amount processed in bankcard transactions.

Financial risks include, but are not limited to derogatory or insufficient consumer credit reporting, high-risk business type or MCC or business model, history of excessive charge-backs and status of business financials.

I acknowledge that it is US Merchant Systems intention to work with every merchant in an effort to mitigate the inherent financial risk associated with bankcard transaction processing. The establishment of a reserve account will allow my business to process credit card transactions in a safe and prudent manner.

By signing the Merchant Application, I understand and agree to the following explanation of reserve options:

1. **Term of Active Reserve Account.** Reserves are typically held for as long as the merchant account is live and it is possible that a six month rolling reserve may be imposed instead. Should the merchant close the account, reserves will be held in a non-interest bearing account for the term of six (6) months. After a period of six months the merchant may request that the account be reviewed for a possible release of any funds held.

2. **Amount and Percentages to Reserves.** US Merchant Systems Underwriting Department may recommend that a certain amount is required as an up-front deposit into a reserve account in order to activate the merchant account, and that a percentage of monthly bankcard transaction volume will be deposited into the reserve account, while the percentage deposit of six (6) months previous is released to the merchant, creating a rolling reserve account.

---

**Equipment Placement Agreement**

1. Merchant understands and agrees that the “Equipment” is the property of USMS. Merchant agrees that in order to return the Equipment at any time Merchant shall obtain a Return Merchandise Authorization (RMA) number from USMS by fax or email, and Merchant shall pay all costs of packaging, shipping and insuring Equipment.

2. Upon completion of the full term or any renewal terms of the Merchant Processing Agreement between Merchant and USMS whereby Merchant discontinues the Merchant Processing Agreement in accordance with the specifically provided terms of cancellation therein, Merchant may obtain an RMA, and return the Equipment within 10 business days. If merchant fails to return “Equipment” on time (within 10 business days), USMS, at USMS' sole and absolute
discretion may charge Merchant the full replacement value of the unreturned Equipment, and the Equipment shall be deemed to have been purchased by Merchant. Merchant agrees that in the event USMS does not receive the Equipment on time and USMS bills or collects payment from Merchant, USMS has no obligation thereafter to accept equipment or refund amounts paid for purchase of Equipment.

3 In the event Merchant does not comply with the full term or any renewal terms of the Merchant Processing Agreement, Merchant agrees to the following: A) Merchant may return Equipment and allows USMS to bill Merchant as follows: 75% of the replacement value of Equipment if Merchant’s termination of agreement occurs within the first two years, and 50% of the replacement value of Equipment if termination occurs within the third year or any renewal terms of the Merchant Processing agreement between the parties. B) Merchant may keep the Equipment and pay 100% of the replacement value. C) If Merchant fails to return the Equipment within a 10 business day period from the effective date of Merchant’s termination, USMS shall bill Merchant 100% of the replacement value of Equipment with same terms to apply to such purchase by Merchant as those stated in “B” above. Merchant agrees that the replacement value of equipment is as follows: $600 for each terminal, $300 for each PIN Pad, $500 for each Check Reader, $149 for each Pay Saber Unit and fair market retail value of any additional items provided to Merchant under this agreement. Merchant agrees that all replacement values for Equipment are those that are stated herein.

4 Notwithstanding Section 3, Merchant understands and agrees that USMS, at its sole discretion, shall have the right to assess the condition of all Equipment upon return. In the event the Equipment is returned in an inoperable condition, Merchant will be responsible for any damages to the “Equipment” as the result of negligence, misuse, or inoperability or failure. Merchant understands and agrees that USMS shall have the right, at USMS’ sole discretion, to reasonably determine the cost of any needed repairs or replacement, whether damages are a result of negligence or abuse or failure during the course of normal wear and tear.

5 Merchant expressly agrees and understands that “Equipment” must be exclusively used in conjunction with the credit card processing and related services covered under Merchant’s agreements with USMS. Merchant understands and agrees that USMS, at its sole discretion, shall have the right to determine whether the “Equipment” was used in conjunction with the services.

6 In the event Merchant’s processing agreement with USMS is terminated for cause by USMS, Merchant agrees that USMS shall have the right to charge Merchant for all Equipment as referenced in Section 3 above. Any decision to accept the “Equipment” in lieu of payment in full shall be at the absolute discretion of USMS.

7 In the event funds are due under this agreement from Merchant to USMS, Merchant grants USMS the right to collect by any means, whether cash, credit card, ACH or offset of processing dollars the full amount or any lesser amount as may be available and without prior notice. In the event USMS receives a lesser amount than the total due, Merchant agrees that the remaining amount shall be still due and payable until the full balance is paid.

8 All general provisions of Merchant Processing Agreement and Application between the parties, apply herein. The terms of this Equipment Placement Agreement are additional and separate, and where any terms conflict between this agreement and other agreements between the parties, this agreement shall supersede. This Agreement is not subject to any specific terms of any promotional offers or service guarantees. Any specific waivers or changes of terms in the Merchant Processing Agreement or Application, shall not apply to this Agreement.