

APPENDIX 1
FIRST DATA MERCHANT SERVICES STANDARD PROPOSED NEGOTIATION LANGUAGE
(PER EXHIBIT D.1.F FOR EXHIBITS G and K)
FOR LOCAL AND WSCA AUTHORIZED USERS

The following provisions represent Contractor's proposed negotiation language to add or modify portions of exhibit G and K which are negotiable pursuant to Exhibit D.1.f for Local and WSCA Authorized Users.

Exhibit G (Merchant Processing Services)

1. SCOPE OF THIS AGREEMENT; DEFINITIONS AND GENERAL PROVISIONS

b. Definitions:

Reserve Account means the fund established and managed by Servicers to protect against actual or contingent liability arising from Chargebacks, adjustments, fees and other charges due to or incurred by Servicers.

8. Internet Processing

If You accept Internet transactions without such approval, Servicers may, in addition to any other rights it may have under this Exhibit G, establish a chargeback reserve account to protect them from risk of loss.

16. YOUR EVENTS OF DEFAULT

16.1 If any of the following events shall occur (each an "Event of Default"):

- (i) *You shall experience a material adverse change in your business, financial condition, business procedures, products or services; or*
- (ii) any assignment or transfer of voting control of You or Your parent; or
- (iii) a sale of all or a substantial portion of Your assets; or
- (iv) irregular Card sales by You, excessive Chargebacks or any other circumstances which, in Servicers' sole discretion, may increase Servicers' exposure for Your chargebacks or otherwise presents a financial or security risk to Servicers; or
- (v) any representation or warranty of You in this Exhibit G is breached in any material respect or was or is incorrect in any material respect when made or deemed to be made; or
- (vi) You shall default in any material respect in the performance or observance of any term, covenant, condition or agreement contained in this Exhibit G, *including, without limitation, the establishment or maintenance of funds in a Reserve Account, as detailed in Paragraph 18 (Reserve), or the Data Security requirements as detailed in Section 16.*
- (vii) *You shall default in any material respect in the performance or observance of any term, covenant or condition contained in any agreement with any affiliate of Servicers, including, but not limited to, any agreement governing check guarantee or check verification services; or*
- (viii) You shall default in the payment when due, whether upon maturity or otherwise, of any material indebtedness for borrowed money or any material trade payable; or
- (ix) You shall: commence a voluntary case under the Bankruptcy Code; file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or entry into a composition

agreement or similar arrangement for adjustment of debts; consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws; apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign; generally become unable to pay its debts or trade obligations as they become due; make a general assignment for the benefit of creditors; or take any corporate action for the purpose of authorizing any of the foregoing; or

- (x) a case or other proceeding shall be commenced against You, in any court of competent jurisdiction seeking relief under the Bankruptcy Code or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, the appointment of a trustee, receiver, custodian, liquidator or the like of You, or of all or any substantial part of the assets, domestic or foreign, of You, and such case or proceeding shall continue undismissed or unstayed for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding against You (including, but not limited to, an order for relief under the Bankruptcy Code) shall be entered; or
- (xi) *the independent certified accountants retained by You shall fail to deliver an unqualified opinion with respect to Your annual financial statements,*

then, upon the occurrence of (1) an Event of Default specified in subparagraphs (i), (iv), (vi), (ix), or (x) above, Services may suspend this Exhibit G immediately without notice and/or terminate immediately upon written notice to Authorized User, 2) in the event you commit any other Event of Default (other than as specified in the above specified subparagraphs), without waiving its other rights and remedies, we have the right to send you a notice specifying the default and providing you an opportunity to cure the breach within a period of time no less than thirty (30) days (*Cure Period*). If the breach is not cured within the Cure Period, then we have the right to terminate this Agreement by notice to you, with termination to be effective not less than thirty (30) days following the end of the Cure Period.

If this Agreement terminates and any amounts remain unpaid, without waiving our other rights and remedies, then you and your successors and permitted assigns will remain liable for such amounts and will pay us within thirty days of request. You must also return our materials and equipment immediately, and submit to us any Charges and Credits incurred prior to termination.

18. RESERVE ACCOUNT; SECURITY INTEREST

- 18.1 You expressly authorize Servicers to establish a Reserve Account pursuant to the terms and conditions set forth in this Section. The initial amount of such Reserve Account shall be set by Servicers, in their sole discretion, based upon Your processing history and the anticipated risk of loss to Servicers.
- 18.2 The Reserve Account shall be fully funded upon three days notice to You, or in instances of fraud or an Event of Default, reserve account funding may be immediate. Such Reserve Account may be funded by all or any combination of the following: (i) one or more debits to Your Settlement Account or any other accounts held by Bank or any of its affiliates; (ii) one or more deductions or off sets to any payments otherwise due to You; (iii) Your delivery to Servicers of a letter of credit; or (iv) if Servicers so agree, Your pledge to Servicers of a freely transferable and negotiable certificate of

deposit. Any such letter of credit or certificate of deposit shall be issued or established by a financial institution acceptable to Servicers and shall be in a form satisfactory to Servicers. In the event of termination of this Exhibit G by either You or Servicers, an immediate Reserve Account may be established without notice in the manner provided above. Any Reserve Account will be held by Bank for the greater of ten months after termination of this Exhibit G or for such longer period of time as is consistent with Bank's 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 Bank's customers, without involvement by an independent escrow agent.

- 18.3 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 Servicers such sums upon request. In the event of a failure by You to fund the Reserve Account, Servicers may fund such Reserve Account in the manner set forth in subsection 19.2, above.
- 18.4 To secure Your obligations to Servicers and their affiliates under this Exhibit G and any other agreement for the provision of related equipment or related services, You grants to Servicers a lien and security interest in and to any of Your funds pertaining to the Card transactions contemplated by this Exhibit G now or hereafter in the possession of Servicers, whether now or hereafter due or to become due to You from Servicers. Any such funds, money or amounts may be commingled with other funds of Servicers, or, in the case of any funds held pursuant to the foregoing paragraphs, with any other funds of other customers of Servicers. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, Servicers are hereby authorized by You at any time and from time to time, without notice or demand to You or to any other person (any such notice and demand being 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 to Servicers and their affiliates under this Exhibit G and any other agreement with Servicers or any of Servicers' affiliates for any related equipment or related services (including any check guarantee and check verification services), whether such obligations are liquidated, unliquidated, fixed, contingent, matured or unmatured. You agree to duly execute and deliver to Servicers such instruments and documents as Servicers may reasonably request to perfect and confirm the lien, security interest, right of set off, recoupment and subordination set forth in this Exhibit G.

EXHIBIT K (Payment, Reserve Account, Security Interest)

4.1 All fees and charges are due upon receipt of invoice and payable as set forth in Exhibit E. For all payments and other amounts owed under this TeleCheck Exhibit (including, without limitation, all chargebacks and other amounts owing to TeleCheck or its affiliates under this TeleCheck Exhibit or any other agreement between Authorized User and TeleCheck and/or its affiliates), Authorized User authorizes TeleCheck or TeleCheck's designee to initiate debit entries and adjustments to the Authorized User's financial institution account ("Authorized User's Account") by ACH or other funds transfer (or by paper check/draft), and Authorized User authorizes TeleCheck or TeleCheck designee to initiate credit entries for amounts owing to Authorized User hereunder and to credit or deposit funds to the Authorized User Account in accordance with such credit entries and to debit, withdraw and transfer funds from Authorized User Account to TeleCheck or TeleCheck's designee in accordance with such debit entries and adjustments. If there are insufficient funds in Authorized User's Account to pay amounts owed to TeleCheck or its affiliates, or if there are any amounts otherwise not paid by Authorized User when due, including, without limitation, delinquent fees or chargebacks, Authorized User shall

immediately reimburse TeleCheck or its affiliates upon demand, or at TeleCheck's option, TeleCheck may offset such amounts against any amounts due Authorized User from TeleCheck or its affiliates under this TeleCheck Exhibit or any other agreement between Authorized User and TeleCheck or its affiliates. A delinquency charge of 1-1/2% per month or the highest amount permitted by law, which ever is lower, shall be added to the outstanding balance of any account over thirty (30) days delinquent. TeleCheck shall have the right to suspend all services and obligations to Authorized User, including the payment of all warranties due and all transactions previously authorized, during any period in which Authorized User's account is delinquent

4.2 Authorized User expressly authorizes TeleCheck to establish a Reserve Account for Electronic Check Business Transactions. The amount of the Reserve Account shall be set by TeleCheck, in its sole discretion, based upon Authorized User's processing history and the anticipated risk of loss to TeleCheck

4.3 If any such Reserve Account is established, the Reserve Account shall be fully funded upon three (3) days notice to Authorized User, or in instances of fraud or breach of this TeleCheck Exhibit, the Reserve Account may be funded immediately at TeleCheck's election. The Reserve account may be funded by either or both of the following: (i) one or more debits to Authorized User's financial institution (and TeleCheck is hereby authorized to make such debits); or (ii) one or more deductions or offsets to any payments otherwise due to Authorized User from TeleCheck or any of its affiliates. In the event of termination of this TeleCheck Exhibit by either Authorized User or TeleCheck, an immediate Reserve Account may be established without notice in the manner provided above. Any Reserve Account will be held by TeleCheck for five (5) months after termination of this TeleCheck Exhibit. Authorized User's funds held in a Reserve Account may be held in a commingled Reserve Account for the reserve funds of TeleCheck's Authorized Users, without involvement by an independent escrow agent, and shall not accrue interest.

4.4 If Authorized User's funds in the Reserve Account are not sufficient to cover the delinquent fees, chargebacks or rejected and reassigned warranty items, or any other fees and charges due from Authorized User to TeleCheck or its affiliates, or if the funds in the Reserve Account have been released, Authorized User shall immediately pay TeleCheck such sums upon request. In the event of a failure by Authorized User to fund the Reserve Account, TeleCheck may fund such Reserve Account in the manner set for the in subsection 4.3 above.