STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (NEW 02/98)

AGREEMENT NUMBER
DGS MSA WELLS

1. This Agreement is entered into between the State Agency and the Contractor named below
STATE AGENCY'S NAME
Department of General Services
CONTRACTOR'S NAME
Wells Fargo Merchant Services

2. The term of this Agreement is: May 1, 2002 through April 30, 2005

3. The maximum amount of this Agreement is: $ 0

The contractor agrees to provide services as set forth in the Terms & Conditions of this Master Services agreement (MSA) and in any and all documents referenced.

The following portions of Wells Fargo Merchant Services' bid is incorporated into the MSA:
Contractors proposal pages 1-18, 22-58, 60, Amendment to Merchant Agreement and Operating Procedures Guide, Merchant Agreement & Operating Procedures Guide, Sample Wells Fargo Merchant Application, CCC 201, Payee Data Record, Attachment 4 – Visa and MasterCard Association Interchange Rate Schedules/Debit Interchange and Miscellaneous pricing, Attachment 5 – Terminal Matrix.

Request for Proposal, RFP-DGS-OFA-01-CPAS is hereby made part of this agreement, incorporated by reference, and on file with the DGS / Office of Fleet Administration (OFA), including all attachments identified and incorporated therein.

General Terms and Conditions (GTC 201), updated 2-20-01, are hereby incorporated by reference and made part of this agreement. GTC 201 can be found at www.dgs.ca.gov/contracts.

The State of California, Department of General Services (DGS) is the agency awarding this MSA. Wells Fargo Merchant Services is the contractor that will support credit and debit card processing and is responsible for settling credit card transactions to a bank account designated by the State.

The following fourteen (14) items are incorporated into this MSA and are listed on the following 2 pages.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(If other than an individual, state whether a corporation, partnership, etc.)*
Wells Fargo Merchant Services

BY *(Authorized Signature)*
Geary Lyons

DATE SIGNED *(Do not type)*
April 4, 2002

PRINTED NAME AND TITLE OF PERSON SIGNING
Geary Lyons, Vice President, Sales Director

ADDRESS
85 Clearealand Rd. 1st Floor
Pleasant Hill CA 94523

STATE OF CALIFORNIA

AGENCY NAME
Department of General Services / Office of Fleet Administration

BY (Authorized Signature)

DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS
802 Q Street, Sacramento, CA 95814

CALIFORNIA Department of General Services Use Only

bjb

APPROVED
APR – 8 2002
DEPT OF GENERAL SERVICES

☐ Exempt per _____

1. **Term**
   This MSA shall be for a three year term beginning May 1, 2002 through April 30, 2005. In addition, DGS reserves the right, at the conclusion of the contract term, to renew the contract for two additional, one-year periods. A written and approved amendment to extend the contract is required for each extension.

2. **Conflict**
   In the event of a conflict between the RFP language and the MSA language the terms and conditions of the RFP shall prevail. In the event of a conflict between the MSA language and the language of any document(s) incorporated by reference, other than RFP-DGS-OFA-01-CPAS, the MSA language will prevail. In case of conflict between the RFP and the contractor's proposal, the RFP will prevail. In the event of a conflict between the MSA language and any subscription agreement, the terms and conditions of the MSA take precedence.

3. **Purpose**
   Upon approval of this agreement, the basic services to be offered include credit and debit card acceptance and processing services for state agencies, universities, and city/county/local agencies. The State is seeking to implement as many payment vehicles as are practical and secure to improve its efficiency and the level of service experienced by all parties which pay the state money. Accordingly, the contractor may add materials, new features to the services, or offer new electronic information services and payment technologies. Any changes in terms and conditions established by contractor for new materials, features, or electronic information services and payment technologies must be approved by DGS in writing.

4. **Subscription Agreements**
   Under the MSA, individual subscribers should establish subscription agreements with the contractor in accordance with their specific requirements. The contractor will be able to provide solutions to the particular requirements of subscribers regarding accounting practices, information requirements associated with some payments, and recovery of costs associated with card acceptance. The subscription agreements executed between the contractor and the subscribing agency shall incorporate the MSA. Subscribing agencies should complete the Standard Agreement, Standard Form 213 or appropriate equivalent contract form.

   To better meet the specific needs of the subscribing agency, a subscription agreement may contain a particular set of terms and conditions, as mutually agreed, provided that:

   - They comply with, and meet all requirements of the codes and regulations of the State of California,

   - There are no conflicts with the terms and conditions of the MSA and RFP.

5. **Pricing**
   In consideration of the contractor's processing services, subscribers will pay monthly, and in arrears, pricing based on Attachment 4 – Visa and MasterCard Association Interchange Rate Schedules / Debit Interchange and Miscellaneous pricing.

6. **Visa and MasterCard Interchange Assessment Rates**
   The pricing specified is subject to fluctuations in the Visa and MasterCard interchange assessment rates. These rates are outside of the control of the State of California and the Contractor. Both increases and decreases in the rates are to be passed on to the State in the form of changes in the official interchange assessment rates from Visa and MasterCard. The contractor will send to each subscriber and to the DGS contact person notices documenting all pricing adjustments resulting from official changes in interchange assessment rates.

7. **Credit Card Acceptance Official Contact Persons**
Any reports and notices required under the MSA shall be in writing and delivered to the appropriate addresses below. The contractor is responsible for notifying all subscribing agencies in the form of a written letter of any changes to a contact person, address, phone numbers, or any other information deemed important to the day to day operation of the credit card acceptance program.

James Sapnaro
Department of General Services
Office of Fleet Administration
802 Q Street
Sacramento, CA 95814

E-mail: james.sapnaro@dgs.ca.gov
Phone: (916) 322-9017
Fax: (916) 327-1159

Geary Lyons
Wells Fargo Merchant Services
Western Region Sales Manager
85 Cleaveland Road, 1st Floor
Pleasant Hill, CA 94523

E-mail: glyons@wellsfargo.com
Phone: (925) 975-4730
Fax: (925) 943-7929

8. **Financial Liability**
Each subscriber is responsible for payment for credit card acceptance services, subject to appropriations of their controlling body. The State does not accept liability of non state subscribers (cities, counties, local governments, and political subdivision).

9. **Severability**
If any provisions of this MSA is held by a court of competent jurisdiction to be void or unenforceable, the remainder of this MSA shall remain in full force and effect.

10. **Invoicing**
Each subscriber shall provide billing information (mailing address, contact person, etc.) as requested by the contractor. The contractor shall bill each subscriber monthly for services and equipment, if applicable. The invoice shall reference the MSA number, subscriber's subscription agreement contract number, and month of billing period. The contractor will provide a telephone number, fax number, and address to each subscriber for billing comments or inquiries.

11. **Card Payment Deposits**
All participating state agencies are required to open a zero balance account (ZBA) at a selected Centralized Treasury System (CTS) bank to accept card payment transactions. The contractor shall transmit the total amount of the card payment transactions, less the amount of any convenience fees, for each agency tot he appropriate ZBA each day. Either automated Clearing House (ACH) or Fedwire may be used.

The vendor may not debit or reduce any payment transaction in the ZBA. The contractor shall settle in gross daily and process chargebacks and adjustments through invoicing the subscriber.

12. **American Express and Discover Card**
The contractor will provide processing (authorization, capture, and routing) for American Express and/or Discover Card once subscribers have completed a separate subscription agreement with American Express and/or Discover Card. Settlement will be made directly to the State by American Express and/or Discover Card.

13. **No Additional Requirements or Qualifications**
The contractor agrees that no additional requirements or qualifications to the terms and conditions of this agreement beyond what is required by federal and state laws and regulations, or by Visa and MasterCard operating rules, or by prudent operating requirements, shall be made in carrying out the contractor's stated obligations herein.

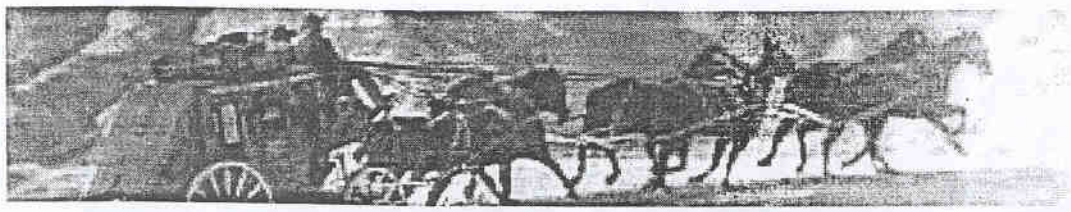
14. **Debit Card Sales**
The State is permitted to process debit card sales and agrees to comply with the operating rules and regulations of the participating debit card networks.

WELLS FARGO

Proposal
Card Payment Acceptance Services
RFP-DGS-OFA-01-CPAS

State Of California
Department Of General Services

Wells Fargo Merchant Services
July 31, 2001



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SECTION I

INTRODUCTION

INTRODUCTION

Wells Fargo Merchant Services is committed to providing State of California with a comprehensive array of services that encompass the desired flexibility, reliability, functionality and cost effectiveness that is essential to a successful payment processor partnership. Our goal is to showcase Wells Fargo Merchant Services' state-of-the-art products and service abilities we provide today while demonstrating an interest in developing unique solutions in a partnership with State of California in the years ahead.

In 1993 Wells Fargo Bank and First Data Corporation entered into a joint venture creating Wells Fargo Merchant Services, LLC. (WFMS). This partnership allows WFMS the ability to offer our clients a full spectrum of services from Wells Fargo Bank and First Data Corporation. WFMS has been extremely successful in integrating the attributes of the largest, most diverse payment processor in the country with Wells Fargo Bank's tradition of delivering service excellence and innovative banking products to our customers.

Wells Fargo Merchant Services' goals are to:

Maximize Checkout Performance with fast, comprehensive transaction processing from a single processing platform to support all major payment options available to agency customers.

Build Reliability with a state-of–the-art communications network and switching architecture unrivaled in the industry. Our site diversity and platform redundancy is built to ensure uninterrupted service and consistent response time performance. Wells Fargo Bank has been delivering reliable services to its customer for 148 years.

Create Flexibility to support all payment types required today and to provide State of California the option of introducing new services in the future to its customer while maintaining a single processor to manage the entire network.

Provide Cost Effective Solutions by consolidating as many services as possible under one integrated authorization network and processing platform to take advantage of economies of scale.

To Meet The Challenges Of Future technological innovations in payment processing. We know that changes in payment methodology are increasingly important to State of California and to the industry in general. Our commitment is to deliver any planned future enhancements to State of California to increase alternative payment options for your customers and to create efficiencies in managing the anticipated growth State of California will experience in the days ahead.

Wells Fargo Merchant Services (WFMS) offers a vast array of services designed to provide comprehensive processing solutions to our merchants. We have designed an organization and systems that offer merchants measured cost savings, technological expertise, exceptional service and a unique set of operational benefits.

WFMS offers State of California some unique advantages:

- **Multiple Processing Platforms:** Ability to process all authorizations through remarkably fast, reliable, cost processing platforms. This state-of-the- art communication network, complete with multiple back up redundancies, ensures the highest level of connectivity and efficiency to State of California, while providing a substantial per transaction cost savings.

- **Low Unit Transaction Fees**: WFMS enjoys large economies of scale and has aggressively structured our fees to offer State of California measurable cost savings.

- **Expedited Funding:** Funding of bankcard transactions are expedited through an automated file transfer directly to the Wells Fargo DDA system

- **Build On Existing Banking Relationship:** We are eager to earn your transaction processing business and build on the long-standing partnership Wells Fargo Bank has enjoyed with State of California.

  - **Dedicated Local Relationship Manager:** WFMS is committed to service excellence. We are prepared to assign a dedicated Relationship Manager to State of California to work directly with your staff on all aspects of your processing needs.

    In addition, State of California will be supported by a number of specialized teams and individuals to provide exceptional service.

    - Merchant Conversion Team
    - Certification Project Manager
    - Network Planning Team
    - Certification and Implementation Team
    - E-Commerce Specialists

Together, with the support of senior management, these service units will ensure State of California unqualified satisfaction with Wells Fargo

SECTION II
BIDDER'S QUALIFICATIONS

A. Safety and Soundness

Wells Fargo Merchant Services is a joint venture backed by two of the most well known and well-regarded corporations within the financial services industry – Wells Fargo Bank and First Data Corporation. For the second consecutive year, *Fortune* magazine voted Wells Fargo the "most admired" super regional bank, while *Institutional Investor* wrote, "If First Data isn't a first mover, then no company is." Both companies bring to the payments market the strong financial management and creative innovation that have allowed them to report record earnings year after year.

Wells Fargo & Co.

In 2000, Global Finance rated Wells Fargo the safest US Bank.

Year Ending	2000	1999	1998
Return on Assets	1.61%	1.78%	1.06%
Return on Equity	16.31%	17.55%	10.26%
Capital Ratios			
Stockholders Equity to Assets	9.72%	9.90%	9.96%
Risk Based Capital			
Tier 1 Capital	7.29%	8.00%	7.99%
Total Capital	10.43%	10.93%	10.78%
Leverage	6.49%	6.76%	6.58%
Average Assets ($Billions)	$272.4	$241.1	$224.1
Stockholders Equity ($Billion)	$26.20	$23.60	$21.87
Market Capitalization ($Billions)	$94.60	$69.30	$68.34

First Data Corporation

Year Ending	2000	1999	1998
Return on Equity	24.40%	31.30%	12.60%
Debt / Equity	0.49	0.40	0.42
Leverage	26.17%	27.43%	26.62%
Stockholders Equity ($Billion)	$3.73	$3.91	$3.76
Market Capitalization ($Billions)	$20.72	$20.61	$13.88

Wells Fargo & Co.

Rating	Moody's	S & P
Issuer	A	A+
Senior Debt	AA	A+
Commercial Paper	F1+	A-1
Subordinated Debt	AA-	A
Preferred Stock	AA-	A-

First Data Corporation

Rating	Moody's	S & P
Senior Debt	A2	A
Bank Loan		A+
Commercial Paper	P-1	A+
Outlook	Positive	Stable

SECTION III
CARD PROCESSING EXPERIENCE

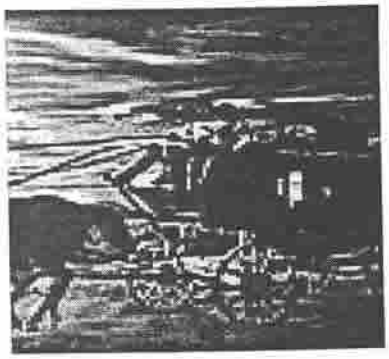
EXPERIENCE

Wells Fargo Merchant Services, LLC is a joint venture of Wells Fargo Bank NA (a wholly owned subsidiary of Wells Fargo and Company) and First Data Corporation.

WELLS FARGO MERCHANT SERVICES

For over 25 years, Wells Fargo Merchant Services has been developing new and more efficient ways for our merchants to process electronic payments of all kinds. Wells Fargo began this process in 1976 with the design of an in-house authorization and processing system, establishing Wells Fargo as the first bank to offer electronic authorization for MasterCard and Visa transactions. In 1981 we were the first bank in the country to offer electronic draft capture for our merchants. Wells Fargo Merchant Services ranks as one of the largest credit card (# 9) and debit processors (#5) in the country, serving approximately 200,000 merchant locations, including over 3,000 Internet merchants, with combined annual bankcard volume in excess of $40 billion.

Today, Wells Fargo Merchant Services is setting the pace with a wide array of products and services that are unparalleled in the transaction processing industry. From simple terminal applications to complex multi-location host interfaces, WFMS provides processing solutions that allow merchants to select the configuration best suited to their business.



WELLS FARGO & CO.

Wells Fargo & Co. (NYSE: WFC) is a diversified financial services company - providing banking, insurance, investments, mortgage and consumer finance from almost 5,400 stores and other distribution channels across North America and elsewhere internationally.

We're headquartered in San Francisco, but we're decentralized in such a way that every local Wells Fargo store is a headquarters for satisfying all our customer's financial needs and helping them succeed financially. Wells Fargo has $272 billion in assets, 15 million customers and 117,000 team members. We ranked seventh in assets and 2nd in the market value of our stock at December 31, 2000 among our peers.

Over the past decade, a select list of important initiatives include:

- Pioneered banking by computer
- First bank to offer 24-hour person-to-person telephone service
- First bank to process secure credit cards transactions over the internet
- Piloting Mondex smart card in the U. S.
- First to provide mutual fund trades via ATMs
- Pioneered sales of U. S. postage stamps at ATMs
- First lender to originate small business loans remotely (direct mail)
- Automated supermarket banking centers
- First to offer banking via the Internet

Our vision is to become the premier financial Services Company in North America. We want to satisfy all our customers' financial needs and help them become financially successful.

Forbes Global Business & Finance magazine recently ranked Wells Fargo as the #1 bank in the world and Smart Money magazine named Wells Fargo its #1 stock pick in the banking segment of the financial services industry.

INDUSTRY RANKINGS

Retail banking cross-sell #1
Mortgage origination's #1
Small business lending #1
Agricultural lending #1
Online financial services #1
Supermarket Banking #1
Education finance #1
Commercial real estate lending #1
Insurance agency sales #1

Card Processing Experience

Wells Fargo has been offering card-processing services for the last 25 years. During that time, Wells Fargo has continually leaded the industry in developing innovative payments solutions for our clients. We were the first bank to offer electronic authorization for MasterCard and Visa. In 1981, we were the first bank to offer electronic draft capture. And in 1995, we became the first bank to offer secured credit card processing over the Internet.

1) Related Services Currently Offered

Wells Fargo, as a diversified financial services company, and First Data, the global leader in check, credit and debit authorization, offer an array of products and services that would complement State of California's card processing needs. From sophisticated cash management and treasury management to electronic checks and future payments, we stand prepared to help State of California move, use and invest its working capital wisely. State of California has a strong relationship with Wells Fargo and has a dedicated bank officer, June Hanson, Vice President-US Corporate Banking assigned as the representative for the delivery of all Wells Fargo products.

2) Third Party Services

As a joint venture between Wells Fargo and First Data, no third parties are needed to deliver the necessary card processing services specified by State of California.

3) Customers Currently Utilizing Wells Fargo Merchant Services

Households		Outlets	
Industry	#	Industry	#
AIRLINE	37	AIRLINE	52
CAR RENTAL	204	CAR RENTAL	374
DIRECT MKTING	14,767	DIRECT MKTING	17,584
GOVERNMENT	504	GOVERNMENT	1,547
HEALTHCARE	14,841	HEALTHCARE	18,407
LODGING	3,400	LODGING	4,296
RESTAURANT	15,347	RESTAURANT	21,708
RETAIL	93,728	RETAIL	134,399
SUPERMARKET	3,171	SUPERMARKET	8,590
TRANSPORT	1,858	TRANSPORT	2,471
TOTAL	147,857	TOTAL	209,428

4) Daily and Hourly Processing Statistics and System Capabilities

First Data currently processes over 24 million transactions per day. During a typical day, peak volumes have reached 3 million transactions per hour. Current

capacity exceeds 133% of peak volumes. With 4 separate data centers providing multiple systems redundancy, First Data has enough excess capacity to process existing volume at only 3 data centers should one data center experienced an extended outage. Capacity levels are monitored regularly and expanded to ensure a significant level of excess capacity is always available.

Capacity Expansion and Needed Resources

Wells Fargo Merchant Services maintains several processing platforms. Our platforms are highly scalable platforms, at four geographically diverse data centers. Capacity is added by increasing the number of authorization switching hosts. Each year a detailed review of current and projected capacity levels is completed. Additional capacity is added to ensure that our combined authorization-processing capacity at any three of our four data centers exceeds the upcoming peak season transaction processing requirements.

SECTION IV
BIDDER'S PROFILE

Personnel
Contacts, roles, phones, and bios:

PERSON	TITLE	BUSINESS UNIT	ROLE	PHONE	FAX	CELL	e-MAIL	BIO
Brian Sems	Senior Vice President	Wells Fargo Merchant Services	Co- General Manager				brian.sems@firstdata.com	
Charles Drucker	Senior Vice President	Wells Fargo Merchant Services	Co- General Manager	(515) 222-6770			charles.d.drucker@wellsfargo.com	
Michele Banaugh	Senior Vice President	Wells Fargo Business Internet Services	General Manager	(415) 746-7495	(925) 933-4375	(415) 517-7505		
Geary Lyons	Vice President / Western Region Sales Manager	Wells Fargo Business Internet Services	Sales Manager	(925) 975-4730	(925) 943-7929	(925) 963-9330	gearjosf@wellsfargo.com	27 years in sales & sales management an has managed the Western Region Team for 2 years. BA in Marketing & Executive Management.
Greg Schroeder	Vice President / Sales Manager	Wells Fargo Merchant Services	Senior Sales Manager	(888) 999-9615			greg.schroeder@firstdata.com	
Mary Vann Damm	Regional Sales Director	Wells Fargo Merchant Services	Sales Manager - SoCal/Nevada				mary.van_damm@firstdata.com	
Monica Gordon	Regional Sales Director	Wells Fargo Merchant Services	Sales Manager - NorCal				monica.gordon@firstdata.com	
Teresa Parenti	Regional Sales Director	Wells Fargo Business Internet Services	Sales Rep - Online Card Processing	(877) 207-9059	(415) 975-6425	(925) 943-0755	parentit@wellsfargo.com	5 years in sales with Wells Fargo Merchant Services and Wells Fargo Business Internet Services. Currently pursuing MBA
Farid Behmaram	Vice President / Manager- Relationship Mgmt	Wells Fargo Merchant Services	Manages the Relationship Managers	(925) 746-3715	(925) 256-7023		farid.behmaram@firstdata.com	20 years in merchant processing sales and service with 12 or these years in management
Robin Leidenthal	Customer Care Director	Wells Fargo Business Internet Services	Relationship Management - Online Card Processing	(925) 746-3732	(925) 933-4375	(925) 947-7648	leidenre@wellsfargo.com	
Troy Tannyhill	Project Manager / Technical Analyst	Wells Fargo Business Internet Services	Technical Consultation & Support	(925) 746-4109	(925) 933-4375		tannyhtm@wellsfargo.com	

Relationship Management Team

Specific services provided by Relationship Managers are:

- Consultative design and development of payment processing services to enhance your operation and customer satisfaction. This includes recommendations on terminals, POS interfaces; host-to-host connects using frame-relay or lease line communications, high-speed batch processing, secure Internet State of California processing and alternative payment options.
- Adding new locations.
- Industry updates on new products and services and changes in Visa/MasterCard Association rules and fees.
- Resolution of Merchant Services processing issues.
- Contract and pricing reviews.

Relationship Managers are led by:

Farid Behmaram As the department manager, Farid is responsible for managing Wells Fargo's top 200 national and large merchant accounts. Farid has been involved in the merchant processing product, sales and services since 1981 and has managed several sales and service areas since 1989. Farid was appointed as manager of the department in 1999.

Michelle Jordheim The merchant business has been Michelle's focus for the last 3 years. Prior to becoming Senior Relationship Manager, Michelle was a Sales Quality Manager, responsible for developing and maintaining relationships between our sales organization and current and potential customers. Michelle is located in Walnut Creek, California. Her current portfolio consists of Associations, Government, and Retailers.

Personnel Distribution

Wells Fargo Merchant services has approximately 150 employees working "behind the scenes" to serve our client base in Chargeback Control / Management, Technical Support, and Customer Service. Dedicated to providing the highest levels of support and service in the industry, Wells Fargo is continuously monitoring and reviewing our levels of service to always ensure adequate deployment of support personnel.

KEY FACTS

Assets $272 billion
Team Members 117,000
Customers 15 million
Stores nearly 5,400
ATMs over 6,500
Market Capitalization $95.2 billion
Common Shares Outstanding 1.6 billion
Return on Assets 2.18 %
Return on Equity 34.58 %

WFMS had net income of approximately $80 million in 2000. Wells Fargo & Company had net income of $4,026 million for 2000.

Complete financials are available at Wells Fargo & Co.'s website: www.wellsfargo.com

FIRST DATA

FIRST DATA CORPORATION

First Data helps move the world's money. As the leader in electronic commerce and payment services, First Data serves more than two million merchant locations, 1,400 card issuers and millions of consumers, making it easier, faster and more secure for people and businesses to buy goods and services. With more than 33,000 employees worldwide, the company provides credit, debit and stored-value card issuing and merchant transaction processing services; Internet commerce solutions; money transfers and money orders; and check processing and verification services throughout the United States, United Kingdom, Australia, Mexico, Spain and Germany. In addition, its Western Union® network includes approximately 78,000 locations with operations in 176 countries.

In 2000, First Data and its principal operating units:

- Maintained data for 212 million credit, debit and other accounts on behalf of more than 1,400 card issuing clients.
- Processed more than 4 billion cardholder transactions representing $300 billion.
- Processed and settled 5 billion electronic payment transactions for approximately 2 million merchant locations -- representing over $250 billion in merchant dollar volume.
- Processed 61 million electronic funds transfers
- Western Union grew to 55,000 agent locations in more than 160 countries.
- Grew number of Internet merchants 380% to 21,578.
- 7,500 Electronic Check Acceptance (ECA) locations.
- Serviced 26 million shareholder accounts, representing over $800 billion worth of assets.

First Data Merchant Services, a division of FDC, through alliances with some of the nation's largest financial institutions and relationships with hundreds of others, is a leading electronic payment transaction processor for merchants of all sizes - from brick-and-mortar merchants to Internet start-ups and large online merchants. The First Data merchant processing services include authorization, settlement, chargebacks, reconciliation and reporting. First Data also has significant partnerships with Internet powerhouses such as Excite@Home, iMALL, IBM Yahoo! and Verio, offering one-stop e-commerce solutions to help merchants quickly and easily begin selling products and services over the Internet.

www.firsdata.com

REFERENCES

Fry's Electronics
Donald Madrid, Director of Finance, 408-487-4500
Lease Line merchant
Retail electronic sales- California, Oregon, Arizona & Texas
Customer since 1990

Geico Insurance
Charles G. Schara, Treasurer, 301-986-2685
Lease line merchant
Insurance sales – throughout USA
Customer since 1996

City of Scottsdale
Lisa Murphy 480-312-7009
Dial-Up Terminals, Frame relay connection and Internet Processing
City- Municipality
Customer since 1998

University of Denver
Duane L. Reeves 303-871-2342
Credit Card payments for all units throughout the University, School
Customer since 1995

Ivy Tech State College
Tina Weeks, Director of Cash Management, 317-921-4909
Visa/MC, American Express. Terminal retail processing, PC software and Internet Processing.
State College System
Customer since 2000

SECTION V
CONTRACT AND ADMINISTRATIVE REQUIREMENTS

Non-Bank Card Processing

Non-Bank Card authorizations fees (Discover, AMEX, JCB, Diners) are $0.08 per attempt.

Online Debit Processing

Online Debit transactions fees are $0.08 per transactions plus all applicable network interchange, switch, and adjustment fees which are passed through to each agency at cost.

Internet Pricing

Internet pricing is based on many factors requiring consultation with each agency and/or department to determine exact needs and match appropriate resources to meet those specific needs. We offer a broad array of Internet processing options and, as an industry leader, we are consistently increasing the use of the Internet as a customer payment interface.

Equipment Pricing

Wells Fargo Merchant Services offers a many terminal and point of sales processing option. Our field sales executives will be available to meet with specific agencies and/or departments to determine exact needs and match appropriate equipment solutions to meet those specific needs.

These prices include programming, shipping and handling.

Terminal Product	Purchase Price	36 Month Lease	48 Month Lease
Hypercom ICE 5500	$645.00	$24.00	$18.00
Linkpack 3000	$ 536.00	$20.00	$15.00
Hypercom T7P Thermal	$ 480.00	$18.00	$14.00
S8 Pinpad	$ 235.00	$ 8.66	$ 6.55

Wells Fargo Merchant Services supports a variety of products and solutions. The Equipment selection for pricing reflects suggested products based on typical card

present processing. Other processing products are available to agencies as needed. Pricing may be similarly discounted for agencies.

Electronic Reporting

Wells Fargo Merchant Services offers a variety of custom reports and electronic files.

- Moneta – A $5.00 per month / per Moneta user ID fee will be assessed for online reporting service.
- FARS – Data sizing is required to determine actual cost. WFMS will quote to match each specific agency's needs.

UNIQUE CAPABILITIES

Wells Fargo Merchant Service prides itself on not only being innovative in bringing new products to the market, but also strongly believes in a firm commitment to providing outstanding customer service. We understand the card business. We don't just bring the latest products to the market, but we bring innovative products that are tested and are well executed, so they bring immediate value to you and your customers. Whether it is new POS devices that accept debit, credit and checks; Internet fraud protection or mobile commerce, we constantly look for ways to enhance the buying experience for the customers served by the State's agencies.

Customer service and service excellence are not just slogans to us. First Data is well on it's way to completing the *Six Sigma* quality assurance process throughout their entire Merchant Services organization. By year-end, Wells Fargo Merchant Services will have a number of employees who will have achieved black belt status. At Wells Fargo, we distinguish ourselves in two ways. First, we want to be advocates for our customers. They are the center of everything we do. Second, we want to understand their needs so well and give them such sound advice that we will help them become financially successful and they, in turn, will reward us with more of their business. We listen to our customers and we make quality and service a competitive advantage.

We're also highly efficient, with one of the lowest cost structures in the industry. It allows us to invest in the right things like customer service and quality. We've got a great brand- Wells Fargo is the top recognized brand in financial services. Our brand is time tested – 150 years old – and stand for trust and security.

Finally, our people.. Without our talented team members, all the above is meaningless. We have over 110 field sales executives strategically dispersed throughout the state. These payment-processing professionals will actively introduce agencies to the benefits of card payment processing. The field representatives are supported by a dedicated team of over 150 individuals dedicated to the highest levels of customer satisfaction. We believe that because our people care more than the people we compete against - care more for our customer, communities, colleagues and company - that we will out-perform and out-service our competitors every time.

Wells Fargo recognizes that the payment industry is changing rapidly. With the advent of the Internet, new ways to move money from one place to another are created almost daily. From virtual cash to smart cards, bill presentment to wireless communication, Wells Fargo and First Data are actively involved in developing new products and new technologies. Wells Fargo, through its venture capital are, has made strategic investments in new companies that hope to innovate the payments industry, like Billpoint and iPin. First Data is also

making strategic investments with the formation of eOne Global – a new company specifically created to focus on next-generation payments. These are two highly dynamic companies focused on the development of new services. Both have invested hundreds of millions of dollars in research, product development and strategic partnerships in the last year.

Wells Fargo merchant Services has an active product development calendar and will be introducing a wide variety of new products and services within the next 6 to 12 months. New services will be following in the footsteps of recent Wells Fargo announcements like wireless Internet banking or enhanced fraud protection to reduce chargebacks.

SECTION VI

CONVENIENCE FEES & CARD PAYMENT DEPOSITS

WFMS has the capability to authorize, process and settle convenience fees for card payment services.

Convenience Fee Assessment (All MR)

Functions/Capabilities	Currently Available	Planned Availability Date	Comments
V.1 Assess a flat convenience fee	X		
V.2 Assess a percentage convenience fee	X		
V.3 Assess a tiered convenience fee	X		
V.4 Provide flexibility for each agency to assess or not assess a convenience fee	X		
V.5 Provide flexibility for each agency to assess or not assess a convenience fee by payment channel	X		
V.6 Support variations in convenience fees at the agency level	X		

Card Payment Deposits

WFMS has the capabilities and will comply with State of California's required financial and accounting policies.

Functions/Capabilities	Currently Available	Planned Availability Date	Comments
V.7 Deposit card transactions, less convenience fee, into agency ZBA	X		
V.8 Submit monthly invoices for discount fees and any other fees to individual agencies	X		
V.9 Transmit timely detailed analysis necessary to reconcile ZBA and convenience fee deposits	X		
V.10 Provide a directory of representatives for inquiry and problem resolution	X		
V.11 Identify revenue classification and source	X		
V.12 Electronically transmit all accounting information to the State and participating agencies	X		
V.13 Provide ad hoc reporting	X		Various levels of reporting are available, depending on the individual agency's need.

SECTION VII

LEVELS OF SERVICE

WFMS has the capability to authorize, process and settle all of the levels of service indicated in this section.

Levels of Service

Levels of Service	Currently Available	Planned Availability Date	Comments
VI.1 Manual	X		Paper deposits must be made at a Wells Fargo retail branch location.
VI.2 Authorization only	X		
VI.3 EDC	X		
VI.4 Check Authorization Services	X		Check guarantee and check truncation, (Electronic Check Acceptance), with an Eclipse terminal. Truncation processes a check as debit transaction.
VI.5 Electronic ECR/POS Interface	X		
VI.6 PC Interface	X		
VI.7 Plural Interface Processing	X		
VI.8 Mail Order Telephone Order (MOTO)	X		
VI.9 Internet Processing	X		

Levels of Service	Currently Available	Planned Availability Date	Comments
VI.10 Debit Card Processing	X		Online debit card processing and offline 'check card' processing are supported.
VI.11 Interactive Voice Response (IVR) Interface	X		
VI.12 IVR Support & Fulfillment	X		

SECTION VIII

CREDIT & CHARGE CARD PAYMENT SUPPORT REQUIREMENTS

A. Card Brand Support

1)

WFMS supports credit and charge card transaction authorization, routing and settlement is required for all major card brands and for debit cards:

- American Express
- Discover
- MasterCard (credit and debit)
- Visa (credit and debit)
- Debit Card (On-line, pinned ATM)
- JCB
- Diners

2) Debit Card Support

Wells Fargo Bank has long been a leader in debit card issuing and processing. The recent and forecasted growth of debit card usage requires having the latest technology available to serve merchants and their customers.

WFMS's On-line Debit State of California Processing is offered via six fully redundant IBM RISC6000 computers. Each set of three boxes is fully capable of handling one hundred percent of WFMS's On-line Debit volume.

In November 2000, the Debit gateway processed over 26 million transactions, attaining a peak TPS (transactions per second) of 49.05 on December 24, and an average TPS of 28.07 for the entire month.

The WFMS Debit gateway is configured to accept transactions from gateway's acquiring front-end platform, perform key de-encryption and re-encryption, edit check the message, parse and format as necessary to support the characteristics of the acquiring platform, and pass the transaction on to the applicable end point, either directly to the network or to a third party State of California provider. Once a response is received, the gateway passes the response back down the same path.

At the end of each business day, the Debit gateway creates transaction files that are passed to the WFMS back office systems for report creation, settlement and reconciliation processing, and ultimately, fee billing and statement generation.

WFMS believes the highest level of cardholder satisfaction is achieved when the transaction is accurately completed on the first processing attempt. In instances where telecommunication or external provider issues cause timeouts, WFMS ensures reversal messages are formatted properly so that receiving entities have the greatest chance of matching and processing the reversal without impacting the cardholder's available funds.

WFMS has built direct connections to the major networks representing over 90 % of all national debit card transaction activity. The smaller networks are accessed through a long-standing relationship we have with EDS.

3) Retrievals and Chargebacks

WFMS is a leader in the card payment processing industry in providing "Positive Chargeback Defense". We are able to resolve many chargeback requests without the involvement of the merchant.

- Retrieval requests are received by WFMS from card issuing banks through the interchange process. Retrieval requests are loaded to the retrieval systems on the day the file is received. That night, retrieval requests are generated to merchants. The requests can be mailed or faxed to the specified merchant location(s). The merchant may also receive a faxed report daily outlining:
  - new requests received,
  - requests successfully responded to,
  - requests responded to, but wrong item or
  - illegible item and items about to expire that require immediate attention.

  If WFMS does not receive a response to a retrieval request, a second request is sent as a reminder to the merchant. Follows up calls are also made on items over $100.00.

  Additionally, WFMS responds to mail and telephone order transactions and retail retrieval requests where the reason code for the chargeback does not require a signature or is not fraud related with substitute drafts. This benefits the merchant in several ways: Merchant does not spend his time searching for drafts and avoids many fatal "non-receipt" chargebacks.

  Merchant responses that are returned via fax go through a robust fax server gateway and are presented to our retrieval team as images that are then processed quickly and efficiently through our retrieval system. This gateway retains an archive of all images received for research and validation purposes. Valid retrieval responses are processed through our systems within three days of receipt. Substitute drafts are processed on the day the retrieval team receives the draft.

- Approximately 20% of all chargebacks received are reversed. Approximately 15% of all chargebacks are processed without merchant involvement.

- The card associations require a response in 30 days. WFMS requires a response from our merchants within 12 days. Responses received after the 12 days are processed by WFMS.

- When a cardholder reviews their statement and identifies what they believe to be an inaccurate or inappropriate transaction, the cardholder should try to contact the merchant listed on their statement to resolve the charge. If the Cardholder feels that the transaction has not been resolved to their satisfaction, they will contact their Issuing Bank to dispute the charge. After the cardholder has disputed a transaction, the Issuing bank has two options depending on what the cardholder has indicated as the reason for the dispute:

  1. Request a copy of the sales record; also known as a "Media Request" or

"Media Retrieval Request".

2. Or if the Cardholder claims that the transaction is fraudulent, the Issuing Bank will request that the transaction be charged back immediately to the merchant; also known as a "Chargeback Request".

It is very important that a merchant responds to every Media Retrieval Request. If you fail to respond, the Media Retrieval Request will result in a Chargeback to your account that is not reversible.

After we fax or mail you a copy of the Media Retrieval Request, you have twelve (12) calendar days from the date on the request to fax a clear and legible copy of the sales record. It's important to gather as much information about the transaction as possible and provide a comprehensive response to the request.

If the information provided to the Issuing Bank by the Merchant is sufficient to resolve the Cardholders concerns, the issue is resolved. If, however, the information provided does not satisfy the Cardholders concerns, the Issuing bank will submit a Chargeback request, and the Merchant's account is immediately debited for the amount of the dispute and will not be reversed until the Cardholder and/or Issuing Bank accepts your defense.

When we fax or mail a Chargeback Request, the Merchant has twelve (12) calendar days from the date on the request to fax a clear and legible copy of the sales record. It's important to gather as much information about the transaction as possible and provide a comprehensive response to the request. If you have already issued a credit, provide copies of the credit record, including the date and the amount that the account was credited. Always respond to chargeback notices, even if you have already issued a credit.

To dispute a chargeback, provide a clear copy of the sales order within 12 business days showing:

- Date of original sale/credit
- Cardholder's account number and name
- Description of goods and services
- Total amount of the sale
- Total amount of Chargeback
- Date of authorization and approval code
- Dated cover letter detailing the reasons for requesting a review of the Chargeback, including information about the steps taken to prevent the Chargeback, and documentation to support your dispute. It's very important to clearly explain why the customer's complaint is not valid.
- Any other supporting documentation such as AVS code, delivery confirmation (preferably by cardholder), any correspondence with the Cardholder.

Retain a copy of all correspondence and documentation for your files.

If the dispute and documentation support a reversal of the Chargeback to the card issuer, AND is received within the reversal timeframes, we will reverse the item back to the card issuer and your account will be credited. It is important to note that the reversal is contingent upon the acceptance by the card issuer and/or the Cardholder. The item may be represented a second and, in some cases, a third time and your account will be debited accordingly. A reversal is NOT a guarantee that the chargeback has been resolved in your favor.

C) **Merchant Help Desk**

WFMS provides significant support to its merchants through our Customer Service and POS Help Desk groups.

- **Customer Service**
  - 24 hours, 7 days a week (including holidays)
  - Two operations in Florida and Maryland that offer support that is segmented into Integrated Service Teams
  - Customer Service receives approximately 235,000 calls per month
  - Each agent handles an average of 967 calls per month
  - 243 agents total-210 staffed daily subject to projected volume
  - Support groups include:
    - **Relationship Representatives-** Agents handle multiple works flows including inbound and outbound calls, Remedy and paper callbacks, mail, fax, e-mails and voicemail. They are responsible for contractual inquiries, rate changes, equipment and product sales and rentals, network changes, adding and deleting equipment, terminal investigations, adding check services, debit and EBT set up.
    - **Research Investigators-** Agents assist merchants with funding issues such as unpaid deposits or missing funds.
  - Response times for account changes are normally 24-48 hours, additional locations are set up within 5-7 business days upon receipt of the signed paperwork. Equipment is shipped in 48 hours and those merchants with customer owned equipment can contact Merchant Activation to have their terminal programmed.

- **POS Help Desk**
  - 24 hours, 7 days a week (including holidays)
  - Two operations in Florida and Maryland that offer support that is segmented by front-end network
  - POS receives approximately 230,000 calls per month
  - Each agents handles an average of 760 calls per month

- 303 agents total-230 staffed daily subject to projected volume
- Additional POS Units:
  - **Enhanced Function Unit (EFU)-** Agents are tasked with multiple issues such as terminal file updates, replacement reviews and downloads.
  - **Technical Help Support Specialists-** Agents receive inbound phone calls from merchants needing assistance with their PC products that FDMS supports.
  - **E-Operations-**Agents receive inbound phone calls from merchants that process via the Internet.

- Response times for terminal replacements range from overnight to 3-5 business days depending upon geographical location, time of request and holiday schedules.
- Reprogramings are completed at the point of contact or within 24 hours depending upon the terminal network.
- Peripherals, such as connector cords and power packs, are delivered in 3-5 business days. *Overnight delivery available based on urgency.

- **Service Operations Support Units**

  - **Service Quality:** Specialists quality monitor and Coach agents daily to improve performance. Partner with managers to address performance related action items

  - **Technical Development:** Technology Development provides solutions for Service Operations in the form of reporting, tracking applications, automation (ACD call statistics), and other information systems.

  - **Model Office:** Technical specialists conduct problem analysis, testing, piloting, and post-implementation review for new products, new technology, new processes, new procedures and new user systems.

  - **Intranet Development:** Developers design and develop online/intranet procedures for use by the agents in the Communications Center.

  - **Workforce Management:** Specialists monitor the Traffic Desk in the Communications Center on a real-time basis; monitor the agent's availability and attendance as well as manage SLA requirements; schedule the agents and forecast the calls expected to come into the center. Monitor the historical data of the Communications Center in order to publish to internal and external clients.

Customer Service

Measured items	Target	
ASA(Average Speed of Answer)	< or = 30 Seconds	
Abandoned Rate	< or = 3%	
Quality Scores	> or = 60	Note: 52-67 = Meets Expectations
Investigations (5 business days)	95% and better	

POS Help Desk

Measured items	Target	
ASA(Average Speed of Answer)	< or = 30 Seconds	
Abandoned Rate	< or = 3%	
Quality Scores	> or = 60	Note: 52-67 = Meets Expectations

D. Authorization and Processing

Processor end-point response time is primarily dependent upon three factors: host processing period, propagation delay inherent to telecommunications network facilities, and bankcard association response time. The first and second factors are relatively static, and therefore show very small deviation, and the third factor is entirely outside of WFMS' control. WFMS observed response times averaging less than three seconds for greater than 90% of all credit transactions.

Response times can be measured at several points in the networks and systems engaged in transaction processing. WFMS has no way of measuring response times at the merchants' point of sale locations, however, we have conducted testing that gives an indication of what to expect, and there are some merchants who have provided us with their observed response times. There are several factors that must be noted in any discussion on measured response times: the networks and systems used by WFMS all have known performance parameters, however, transactions also flow through networks and systems that are outside of WFMS' control, namely at the bankcard associations (Visa, MasterCard), at the issuing banks, at other third party processors, and within the merchants' systems and networks. Therefore, we can only report on the observed response times that FDMS can actually measure, and those that are reported to FDMS by some of our client merchants.

For Credit:

- In the dial environment, the response times average between 12 and 15 seconds at the POS devices.
- In the leased line and frame relay network environments, some merchants have reported average response times as low as 2.9 to 3.0 seconds.
- FDMS has observed average response times from the associations ranging from 1.9 to 2.5 seconds.

For Debit:

- Debit response times may be up to a second or two longer than for credit, depending on the performance of the various debit networks.
- FDMS has not observed an increase in response times from the associations during peak transaction periods, and FDMS does not experience increased response times in our systems or networks during peak periods due to the fact that FDMS systems and networks are designed and maintained with an operating capacity that exceeds the peak period transaction rate.

E. Authorization and Processing During Downtime

Explain your procedures for authorization and processing during downtime and system outages. Indicate any scheduled downtime, periods in terms of duration and frequency.

F. Interactive Voice Response (IVR)

WFMS has the capability to support a variety of interactive voice and touchtone response systems.

G. Settlement and Clearing

WFMS settles and clears through the appropriate processing platform matching the agencies needs. There is no outsourcing or third party involvement.

- We operate on a 24/7/365 schedule for transmission acceptance.

- WFMS has a 11:00 PM PT cut off for receiving settlement files for dial terminal based processing. Settlement times for other transmission methodologies vary. Files received by the cut off time will be posted to a Wells Fargo DDA account the next morning by 8:00 AM PT. These timelines apply to Visa, Mastercard and debit activity. Funding to non Wells Fargo accounts may result in funding delays due to ACH processing times.

- Funding on other card types may depend on agreements agencies have in place directly with those companies.

- The settlement transmission time frame, for dial terminal based processing, for Visa, MasterCard, Discover, American Express, Diners and JCB is 11:00 PM PT. Settlement times for other transmission methodologies vary.

- The latest time that sales transactions can be transmitted to meet these settlement times is 11:00 PM PT.

- Settlement times have no effect on processing/discount expense.

  - Agencies may have multiple settlement accounts. Agencies have the ability to use separate checking accounts for each merchant

H) Convenience Fee Collection

The procedures used for collecting, depositing, and accounting for all convenience fees will vary, depending on the fee assessment methodologies selected by individual agencies and/or departments. Collecting, depositing and accounting would be the same procedurally as for any transaction, assuming that the convenience fee is collected via card processing payment. Convenience fees collected separately by cash, check or other non card processing can not be collected, deposited or accounted for by WFMS.

I) Funding Procedures

- Funds for bankcard processing are available next business day after each business day's transactions are settled, if deposited to a Wells Fargo Business Checking Account as the ZBA.
- Gross settled amount is deposited.
- Method of transmission of funds
- Reporting format
- Supporting documentation
- If the ZBA's are not Wells Fargo Bank Business Checking Accounts, the funds would be deposited to designated ZBA's via the Federal Reserve ACH. Timeframe for funds availability would depend on the individual bank's funds availability policy.

J) Agency Fee Collection

WFMS is willing to comply with the State's requirement for monthly invoicing for all fees (including discount fees). Supporting documentation for monthly invoices would be available to agencies online, via our Moneta product. We can supply other documentation, as needed for specific agencies.

K) Reports

- Standard reports
  - Monthly statements
  - Monthly invoices for fees
- Special reporting capabilities
  - Moneta provides transaction detail via a password secured online web site. Information may be downloaded to electronic spreadsheets for formatting and manipulation of reporting.
  - FARS provides raw transaction feeds that allow the agency to manipulate and format reporting as needed.
- Information about retrieval capabilities
- Various report media is available such as hard copy, document image, electronic file transmission, etc.
- Reporting information can be accessed on-line in real time or PC remote batch mode.
- Security and access control for both electronic access is via secured password. Hard copy reports are sent to contact address in the established merchant identification file.

L) Customer Service

See Section VII, C.

M) Training and Implementation Support

WFMS offers several methods for training and support. For agencies with no experience with card acceptance will benefit from our field sales executives, currently over 100 geographically dispersed throughout the state. The field SE's would :

- Promote and provide assistance in determining card processing acceptance
- Mutually analyze agency's processing needs
- Match needs to appropriate processing method
  - best processing platform
  - recommend appropriate hardware/software
  - coordinate a supply of processing collateral materials
  - coordinate activation of processing and location training through our "high touch" merchant activation group.

Larger individual agencies, with high volumes, greater than $5 million in bankcard processing and technically sophisticated processing needs may be assigned relationship managers. These relationship managers will assist in coordinating WFMS customer support resources such as needed.

The specific individuals who would support the implementation effort are included on page 10, Personnel.

N) Implementation Schedule

If the schedule of key action dates, in the RFP, for contract award are met, there should adequate time for WFMS to convert currently processing agencies by the January 1, 2002 timeframe. Actual implementation timelines will vary by agency, depending on the current processing interface and complexity. WFMS would, immediately upon award of contract, establish a conversion team from key WFMS departments. The conversion team would contact currently processing agencies, as detailed in the RFP, to develop an agency specific timeline.

Conversion Team members would include team members from:

- Relationship Management
- Field Sales Management
- E-Commerce Specialists Certification
- Operations
- Customer Activation
- Product Support
- Certification Project Manager
- Network Planning Team
- Certification and Implementation Team

The key individuals, and their contact information, for most of these teams are detailed in Section I.

Field Sales Management would, upon award of contract, begin the process of establishing local contact with agencies currently not processing or not listed as processing in the RFP, These initial contact would be to market the benefits of card acceptance to non-acceptors or the benefits of processing with WFMS for agencies currently processing with other vendors. With over 100 field Sales Executives, WFMS is in the unique position to support the state's mandate for card acceptance with timely, affirmative marketing actions.

O) Implementation Support

See sections M and N.

P) Fraud and Loss Prevention Support

Wells Fargo actively works with its clients to ensure that they have a solid understanding of the latest industry trends and changes in association rules or regulations that would affect them. Having been the first merchant provider to support Internet payments, we clearly understand the potential that the Internet has

for fraudulent activity. We regularly share best practices and new approaches and techniques to fraud management and chargeback reduction.

WFMS maintains a dedicated Fraud Prevention unit which is part of the Credit/Risk Management department. Their primary objective is to monitor the entire portfolio to protect clients from potential fraudulent merchant transaction activity via the following
series of internal exception reports:

- **Daily Exception Average Ticket Report** – highlights outlets with unusually high average tickets

- **Telemarketing Exception Report** – highlights outlets with recurring dollar amount sales.
- **New Account Tracking** – compares actual deposits with expected sales.
- **Key vs. Swiped** – review of abnormally high hand keyed transactions.
- **Funding Exclusion System** – automatically diverts/suspends merchant funds from outgoing ACH when they have exceeded their daily sales deposit limit.
- **Active Client Tracking System** – weekly report comparing weekly sales, refunds, and chargeback to the weekly average over last 3 months.
- **Chargeback Report** – produced twice a month, this report tracks merchant's chargeback ratio.

Additionally, agencies may chose to have on–line access via our Moneta service to view headquarter and location data to satisfy quick data inquiry needs.

Q) American Express and Discover Card Processing

WFMS can accommodate the processing of both of these travel and entertainment cards. We can initiate the relationships at time of account setup, accept an existing relationship or initiate service on accounts initiated by the agency.

For American Express we offer:

- Authorization and Settlement
- Split Dial processing
- Reverse PIP processing.
  (subject to hardware and/or software limitations)

R) System Processing and Response Times

See Section D, page 32..

S) Credit/Charge Card Transaction Set

Levels of Service	Currently Available	Planned Availability Date	Comments
VII.1 Sales Authorization	X		
VII.2 Credit (returns)	X		
VII.3 Pre-authorization	X		
VII.4 Pre-authorization Cancellation	X		
VII.5 Post Authorization	X		
VII.6 Purchase Cancel	X		
VII.7 Off-line Purchase	X		

SECTION IX

TECHNOLOGY & COMMUNICATIONS CAPABILITIES

A. Computer Systems, Facilities and Sites

WFMS has several processing platforms, based on agency need. These platforms are geographically disperse and offer high levels of redundancy.

The platforms we utilize have multiple network connectivity interfaces to the VISA and MasterCard bankcard associations, Diners Club, American Express, Discover, JCB, Debit gateways, various third party check and private label processors, and has single interface connectivity with dial backup to additional third party private label processors.

These platforms provide a large variety of data communications protocols and telecommunications access methods for merchant connectivity. These include dial-up asynchronous, bisync 3270, bisync 3780, SNA LU0, SNA LU2, SNA LU6.2, NCR 9150, X.25, TCP/IP, and UDP/IP. The primary authorization message formats supported by the platform are ISO8583, VisaGen I, and VisaGen II. The EDC message format is used for asynchronous dial-up terminals.

Company Host Interfaces

WFMS welcomes the opportunity to review with state agencies the specific interfaces and support required between and within divisions for transaction and sales activity.

National and Regional Interfaces

WFMS supports interfaces to all national and most regional POS Debit networks via both direct link and gateway.

B. Hardware, Software, and Operating Systems

As an example, the CardNet platform, one of our suggested platforms for the State of California, is a highly scalable platform running on multiple IBM RS/6000s at four geographically diverse data centers. Capacity is added by increasing the number of RS/6000 authorization switching hosts. Each year a detailed review of current and projected capacity levels is completed. Additional capacity is added to ensure that FDMS' combined authorization-processing capacity at any three of our four data centers exceeds the upcoming peak season transaction processing requirements.

C. Provisions for Normal Operating Problems

Under normal operating circumstances, authorization traffic will be roughly balanced across multiple WFMS data centers, and across multiple authorization switches at each data center site. All scheduled system outages will be coordinated in advance and appropriate steps will be taken prior to the scheduled outage to redirect authorization traffic to authorization switches that are not scheduled for an outage. After the

scheduled system outage, authorization traffic will return to a balanced load configuration.

D. Emergency

All of our processing platforms maintain provisions for back-up and recovery in an emergency situation or in loss of power circumstances. Our highly detailed business resumption plans provide for redundancy of systems, the onsite generator capabilities to operate on a sustained basis independent of public sources of electrical power, and key sites for resuming and/or rereouting processing should a regional major disaster occur.

In the event of an unscheduled system outage, authorization traffic will be directed to the available systems. If the system outage is confined to one switch, then the authorizations will be processed on the remaining systems. If the system outage is due to a network failure or data center site failure such that all of the systems at one data center are not available, then the authorization traffic will be processed at the remaining data centers. In the case of a network failure, steps will be taken to re-establish connectivity to the data centers through the alternate, failover WAN carrier, or by ISDN backup.

E. Communications and Network

The following summarizes the communications and network architecture that WFMS uses to provide the services listed in this RFP.

- WFMS proactively monitors all network and connectivity through its Operations Control Center (OCC). This unit is staffed for 24x7, 365 days a year. Agencies may contact this group directly for support in any telecommunications or file transmission areas.

- Communications protocols include dial-up asynchronous, bisync 3270, bisync 3780, SNA LU0, SNA LU2, SNA LU6.2, NCR 9150, X.25, TCP/IP, and UDP/IP. The primary authorization message formats supported by the platforms are ISO8583, VisaGen I, and VisaGen II. The EDC message format is used for asynchronous dial-up terminals.

- MCI is the carrier that provides WFMS primary telecommunications service.

SECTION X

TERMINAL SUPPORT SERVICES

A. Terminal Installation and Support

WFMS supports terminal lease/purchase/rental, installation and support. Customer owned terminals are supported, if certified on a FDMS processing platform, a separate contract for terminals is not required.

All POS terminal equipment manufacturers and models that are available and supported in Attachment 5.

B. Terminal Functions

WFMS supports each of the functions.

Functions/ Capabilities	Currently Available	Planned Availability Date	Comments
IX.1 Batch entry of off-line transactions	X		
IX.2 Batch authorizations of off-line transactions	X		
IX.3 Identify (flag) off-line transactions	X		
IX.4 Include off-line transactions in batch totals	X		
IX.5 Recall transaction by sales receipt	X		
IX.6 Recall transaction by card number	X		
IX.7			

Functions/ Capabilities	Currently Available	Planned Availability Date	Comments
Edit entries (or prompt) for required information	X		
IX.8 Scroll transaction log	X		May be dependent on terminal, POS or software limitations.
IX.9 Enter transaction edits/ adjustments	X		
IX.10 Display stored transaction records	X		
IX.11 Display magnetic stripe data for stored transactions	X		
IX.12 Last transaction reprint	X		Maybe dependent on terminal, POS or software limitations.
IX.13 Pre-programmed alternate telephone numbers	X		
IX.14 Automatic download of terminal data	X		
IX.15 PIN pad support	X		
IX.16 Smart card/chip card support	X		

Functions/ Capabilities	Currently Available	Planned Availability Date	Comments
IX.17 Data collection and support for preferential card interchange rates	X		

SECTION XI

SETTLEMENT & DATA TRANSMISSION SERVICES

All of functions are currently supported through the WFMS system and equipment.

Functions/ Capabilities	Currently Available	Planned Availability Date	Comments
X.1 System calculates totals and summaries	X		
X.2 Support reconciliation of terminal log to paper transactions	X		
X.3 Multi-point settlement transmissions	X		
X.4 Host verification of settlement transmissions	X		
X.5 Host verification of totals	X		
X.6 Summary of sales and credit transactions for payment	X		
X.7 Reporting levels and distribution options	X		

SECTION XII

PRICING

A. Combined Volume Pricing

WFMS understands and agrees to the fact that, under the Master Services Agreement it is anticipated that the transaction volumes and card activity of all agencies that engage the same contractor will be combined to qualify for any volume, discount, or tier based pricing and fees.

B. Term Pricing Schedule

Pricing schedules cover the three-year period from January 1, 2002 through December 31, 2004 and subsequent extensions, if any, until the expiration of the entire term of the MSA.

C. Service Level Pricing

Interchange rates are provided for each of the Levels of Service. See Attachment 4.

D. Bundled Pricing

MC/VISA Average Ticket Amount		MC/VISA Assessments and Processor Service Fees
$1,000.00 and Up		0.19%
$500.00 - $999.00		0.20%
$200.00 - $499.00		0.21%
$100.00 - $199.00		0.23%
$50.00 - $99.00		0.27%
$30.00 - $49.00		0.34%
$20.00 - $29.00		0.43%
$10.00 - $19.00		0.59%

Notes:

- MC/Visa rate applies to the gross MC/Visa volume of each agency that signs with Wells Fargo Merchant services.
- Grid is fixed based on the individual agency's signed average ticket.
- Pricing assumes that the individual agencies will be utilizing an FDMS processing platform as the front end.
- Each agency will receive the best interchange level for which their transactions qualify, as a straight pass through (see association interchange chart for interchange levels and descriptions, Attachment 4.

Non-Bank Card Processing

Non-Bank Card authorizations fees (Discover, AMEX, JCB, Diners) are $0.08 per attempt.

Online Debit Processing

Online Debit transactions fees are $0.08 per transactions plus all applicable network interchange, switch, and adjustment fees which are passed through to each agency at cost.

Internet Pricing

Internet pricing is based on many factors requiring consultation with each agency and/or department to determine exact needs and match appropriate resources to meet those specific needs. We offer a broad array of internet processing options and, as an industry leader, we are consistently increasing the use of the internet as a customer payment interface.

All rate quotes are applicable to all current and future card acceptance during the term of the initial Master Services Agreement and any extensions. Bankcard and Debit interchange rates are subject to change. WFMS will pass any Bankcard and Debit interchange rate changes directly to state agencies.

E. Funds Availability Option

Next day funds availability, when deposited to a Wells Fargo business Checking Account, is standard. Funds deposited to non Wells Fargo accounts are subject to ACH funding delays. WFMS does not charge additional fees for ACH transfers.

F. **Terminal Pricing**

Equipment Pricing

Wells Fargo Merchant Services offers many terminal and point of sales processing options. Our field sales executives will be available to meet with specific agencies and/or departments to determine exact needs and match appropriate equipment solutions to meet those specific needs.

These prices include programming, shipping and handling.

Terminal Product	Purchase Price	36 Month Lease	48 Month Lease
Hypercom ICE 5500	$645.00	$24.00	$18.00
Linkpack 3000	$ 536.00	$20.00	$15.00
Hypercom T7P Thermal	$ 480.00	$18.00	$14.00
S8 Pinpad	$ 235.00	$ 8.66	$ 6.55

Wells Fargo Merchant Services supports a variety of products and solutions. The Equipment selection for pricing reflects suggested products based on typical card present processing. Other processing products are available to agencies as needed. Pricing may be similarly discounted for agencies.

Additional Payment Options

Wells Fargo Merchant Services and Wells Fargo Bank offer a wide array of payment processing options. We are a market leader in alternative payment processes. We offer all of the following alternative payment processes:

- EFT and ACH-based payment services are available through Wells Fargo Bank and micropayment capabilities are available through products such as BillPoint. (BillPoint is a joint venture between Wells Fargo Internet Services and Ebay.)
- EDI support
- ATM support for non-cash services through Wells Fargo Express Banking.
- Kiosk/customer information terminals
- Gateway services and network access for both internet processing and "virtual terminal" capabilities. Wells Fargo has established working relationships with every leading Internet Payment facilitator to offer seamless credit card processing interfaces regardless of the systems you use. To exemplify our leadership in the area of Internet Commerce, the following recognized solutions are supported:

  - AuthorizeNet
  - AT&T Secureby
  - ClearCommerce
  - Cybercash
  - Net Verify/IC Verify
  - CyberSource
  - ICOMS
  - PaymentNet
  - Open Market
  - OrderTrust
  - Tellan Software
  - Verifone – VPOS 4.0
  - SurePay

  In addition, we have managed conversions for many Internet merchants from third party intermediaries to high speed frame relay based authorization and settlement processing as their volumes grew and they required a more efficient and direct interface to our credit card processing system.

- Wells Fargo Bank introduced to the U.S. marketplace, and is still a major industry leader, the Smart card technology. First Data has been issuing stored data/smart cards for nearly 3 years.

- Personal check processing through Wells Fargo Bank.

- Internet payments (including SET compliance) are offered through a variety of gateways and secured processing server capabilities for both e-commerce and physical processing applications.
- Checks over the internet is also available.

AMENDMENT TO MERCHANT AGREEMENT AND OPERATING PROCEDURES GUIDE BETWEEN (1) WELLS FARGO MERCHANT SERVICES, L.L.C. AND WELLS FARGO BANK, N.A.; AND (2) THE STATE OF CALIFORNIA

This Amendment (the "Amendment") to the Merchant Agreement and Operating Procedures Guide (the "Agreement") is entered into between Wells Fargo Merchant Services, L.L.C., with offices at 265 Broad Hollow Road, Melville, NY 11747 and Wells Fargo Bank, N.A., with offices at 1200 Montego Way, Walnut Creek, CA 94598 (collectively, "WFMS" or "We" or "Us") and the STATE of CALIFORNIA, and each of its designated agencies, departments, and/or divisions (collectively "STATE" or "Merchant" or "You").

W I T N E S S E T H:

WHEREAS, WFMS and STATE have fully negotiated in good faith and agreed to revise and/or modify certain provisions of the Agreement, and now desire to amend the Agreement as set forth herein; and

WHEREAS, the parties acknowledge that this Amendment shall apply to each Agreement executed with, and be binding upon, any and all agencies, departments, and/or divisions of the STATE.

NOW, THEREFORE, in consideration of the mutual covenants and benefits to be derived from the Agreement and this Amendment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by both parties, WFMS and STATE agree the terms set forth below shall be incorporated into, and become a part of, the Agreement and the parties further agree to be legally bound by the following new terms and to amend the Agreement as follows:

1. Section 9.1 – add the following text at the end: "STATE shall only be responsible for complying with all applicable Association Rules to the extent STATE is made aware of or put on notice of such rules."

2. Section 17.1 – replace the period "." at that end of the sentence with a comma "," and add the following text: "except for your divisions, products or business lines for which we are not processing. WFMS acknowledges that STATE will be using multiple providers for its bank card processing services and that providers other than WFMS may be used for those divisions, products or business lines for which WFMS is not processing."

3. Section 18.4 – after first sentence, add: "Notwithstanding any other provision in this Section 18.4 to the contrary, increases in fees during the term of the Pricing Schedules, as set forth in Section XI(B) of the RFP, shall only be permitted for pass-through cost increases."

4. Section 18.6 – remove all references in this section to the debiting of the Settlement Account. The parties agree that all fees for the Services shall be invoiced to STATE on a monthly basis.

5. Section 20.2 – insert the following text after the first sentence: "We represent and warrant that the Services provided hereunder shall be performed: (i) in good faith and in accordance with industry standards; (ii) in compliance with all applicable Federal, State, and local laws, ordinances, and regulations and Association rules and regulations; and (iii) in compliance with and pursuant to the terms of this Agreement."

6. Section 20.3 – add the following text after last sentence: "Notwithstanding the foregoing limitations, the parties expressly acknowledge that 'Direct Damages' are not intended to be included as part of the types of damages excluded hereunder. Direct Damages shall only be limited in amount as provided in Section 20.4."

7. Section 20.4 – Remove reference to "$50,000" in roman numeral "I".

8. Section 23.2 – amend last part of first sentence to read: " . . . shall have an initial term of three (3) years."

9. Add new Section 24.5 – "The parties acknowledge that all provisions relating to the establishment of a Reserve Account shall be subject to the availability of funds and any California State Budget Act limitations that may exist."

10. Delete Section 26.1, relating to indemnification by STATE, in its entirety.

11. Any and all references to attorney's fees being paid by STATE are hereby stricken.

12. Section 25.1 – add new first sentence which reads: "The Parties acknowledge that the financial statements contemplated under this Section 25.1 are publicly available to WFMS at STATE's web site (www.dof.ca.gov). STATE's duty to provide such financial statements herein shall apply to the extent that such financial statements are not available to WFMS at this web site or to the extent WFMS requires additional financial statements or other information as reasonably requested hereunder, and then only upon ninety (90) days' prior notice."

13. Replace all of Section 27.1 with the following: "STATE shall not be subject to any early termination fees."

14. Delete Section 31.33 in its entirety relating to liquidated damages for TeleCheck.

15. Add new Section 31.39 – "The parties acknowledge that all provisions in Section 31.35, 31.36, and 31.37 relating to the establishment of a Reserve Account shall

be subject to the availability of funds and any California State Budget Act limitations that may exist."

16. Delete Section 33.10 in its entirety relating to indemnification for Equipment Purchase or Rental.

17. Delete Section 33.14 in its entirety relating to Arbitration for Equipment Purchase or Rental.

18. Section 35.2 – replace all references to "New York" with "California."

19. Delete all of Section 39 relating to Arbitration.

20. Any other provisions of the Agreement which are not specifically mentioned herein remain unchanged and in full force and effect. In the event of any conflict between the provisions of this Amendment and the Agreement or the Application, this Amendment shall control and govern.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Amendment as of the _____ day of _____, 2002.

STATE OF CALIFORNIA

By: _____

Title: _____

Print Name: _____

Date: _____

Wells Fargo Merchant Services, L.L.C. and Wells Fargo Bank, N.A.

By: _____

Title: _____

Print Name: _____

Date: _____

Merchant Agreement

and

Operating Procedures Guide

PREFACE

Thank you for selecting Wells Fargo Merchant Service, L.L.C., for your credit card processing needs.

Accepting credit cards provides a convenience to your customers, increases your customers' ability to spend at your establishment, and helps speed payment to your account. Credit cards also present risks of loss and nonpayment that are different than those with other payment systems. In deciding to accept credit cards, you should be aware that you are also accepting these risks.

Visa U.S.A., Inc., ("VISA") and MasterCard International Incorporated ("MasterCard") are associations of banks that electronically exchange sales drafts and Chargebacks for credits and debits. (We will refer to both VISA and MasterCard as "Associations.") Sales drafts are electronically transferred from banks that acquire them from merchants such as yourself (these banks are referred to as "Acquirers") through the appropriate Association, to the bank that issued the Cardholder's credit card (these banks are referred to as "Issuers" or "Issuing Banks"). The Issuing Banks then bill their Cardholders for the transactions. The Associations charge the Acquirers interchange fees and assessments for submitting transactions into their systems. A substantial portion of the discount rate that you are paying will go toward these fees and assessments.

In order to speed up the payment process, the Issuer transfers the funds back through the Association to the Acquirer at approximately the same time that the Issuer receives the electronic sales drafts. Even though the payments under this system are made simultaneously, all payments made through the Associations are conditional and subject to reversals and adjustments. The Associations have developed rules and regulations (the "Association Rules") that govern their member banks in the procedures, responsibilities and allocation of risk for this process. The Association Rules and applicable banking laws give Cardholders and Issuing Banks certain rights to dispute transactions, long after payment has been made to the merchant. These disputed transactions are referred to as Chargebacks.

We do not decide what transactions are charged back, and we do not control the ultimate resolution of the Chargeback. While we can attempt to reverse a Chargeback to the Issuing Bank, we can only do so if the Issuer agrees to accept it or the Association requires the Issuer to do so after a formal appeal process. Sometimes, your customer may be able to successfully charge back a credit card transaction even though you have provided your goods or services and are otherwise legally entitled to payment from your customer. While you may still be able to pursue claims directly against that customer, we will not be responsible for such transactions.

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

This Program Guide describes your merchant processing service program. It contains the operating procedures and other terms under which we will accept credit card transactions. Any alteration of these procedures and other terms must be in writing and signed by our authorized management representative. Please read this Merchant Agreement completely, as it contains important information. The Application, the Merchant Agreement, and the Schedules (including the pricing schedule) and the documents thereto, each as amended from time to time, collectively constitute the Agreement. Your processing of transactions after receipt of this Agreement constitutes acceptance of the terms and conditions of the Agreement.

MERCHANT AGREEMENT

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MERCHANT AGREEMENT

OPERATING PROCEDURES

This section of the Merchant Agreement describes the procedures and methods for submitting credit card transactions for payment, obtaining authorizations, responding to Chargebacks and media retrieval requests, and other aspects of the operations of our services.

We are a full-service financial transaction processor, dedicated, among other processing services, to facilitating the passage of your sales tickets back to the thousands of institutions that issue the MasterCard and VISA Cards carried by your customers, as well as to the independent Card Issuers of American Express/Optima, Diners Club/Carte Blanche, Discover, and JCB. The Operating Procedures contained in this section focus primarily on the MasterCard and VISA Associations' operating rules and regulations, and seek to provide you with the principles for a sound Card program. They are designed to help you decrease your Chargeback liability and train your employees. (In the event we provide authorization, processing or settlement of transactions involving Cards other than MasterCard and VISA, you should also consult those independent Card Issuers' proprietary rules and regulations.)

1. MasterCard and VISA Acceptance

1.1. **Card Descriptions.** At the point of sale, the Card must be carefully examined to determine whether it is a legitimate and valid Card. The name of the Card (e.g., VISA/MasterCard) and Card Issuer (e.g., XYZ Bank, etc.) should appear in bold letters on the Card. The following is a description of the authorized VISA and MasterCard Card designs:

- VISA Cards have the VISA symbol on the right-hand side of the Card. Above the VISA symbol is the **three-dimensional hologram of the VISA Dove design.** The expiration date must be followed by one space and the symbol "V". VISA Cards contain a 13- or 16-digit account number embossed across the middle of **the Cards and the first digit is always a four (4).** In addition, the Classic and Preferred Cards have the first four digits of the account number printed directly below the embossed number. You must always check these numbers carefully to ensure that they are the same. Only VISA Cards fitting this description may be accepted.
- **MasterCard** Cards are issued under the following names: MasterCard, EuroCard, Access, Union, Million and Diamond. The MasterCard symbol appears on the right-hand side of the front or back of the Card. MasterCard and the Globe designs appear in **a three-dimensional hologram** above the symbol. In addition, the words Classic, Preferred, Gold or Business may appear. MasterCard **account numbers are always 16 digits and the first digit is always a five (5).** The first four digits of the account must be printed directly below the embossed number. Only MasterCard Cards fitting this description may be accepted.

1.2. Effective/Expiration Dates.

At the point of sale, the Card should be examined carefully for the **effective** (valid from) (if present) and **expiration** (valid to) dates that are located on the face of the Card. The sale date must fall on or between these dates. **Do not accept a Card prior to the effective date or after the expiration date. Otherwise, you are subject to a Chargeback and could be debited for the transaction.**

1.3. Valid Signature.

Check the back of the Card. Make sure that the signature panel has not been disfigured or tampered with in any fashion (an altered signature panel may appear discolored, glued or painted, or show erasure marks on the surface). The signature on the back of the Card must compare favorably with the signature on the sales slip. The sales slip must be signed in the same format as the signature panel on the Card; e.g., Harry E. Jones should not be signed H.E. Jones.

- **VISA:** If the signature panel on the Card is blank, in addition to requesting an Authorization, a Merchant must do **all** the following:
- Review positive identification bearing the Cardholder's signature (such as an unexpired passport or driver's license) to validate the Cardholder's identity.
- Indicate the positive identification, including any serial number and expiration date, on the transaction receipt.

- Require the Cardholder to sign the signature panel of the Card prior to completing the Transaction.
- **MasterCard:** If the Card is not signed and the Cardholder refuses to sign the Card, do not accept it for a transaction. If the Cardholder is willing to sign the Card in your presence, request positive identification bearing the Cardholder's signature (i.e. drivers license) and compare the signatures to validate the cardholder's identity.

1.4. **Users Other Than Cardholders.** A Cardholder may not authorize another individual to use his/her Card for purchases. Be sure the signature on the Card matches with the one on the sales slip. Furthermore, any Card having two signatures on the back panel is invalid and if a sale is made with this Card, it can result in a Chargeback. For Cards bearing a photograph of the Cardholder, ensure that the Cardholder appears to be the person depicted in the picture that appears on the Card. If you have any questions, call the Voice Authorization Center and request to speak to a Code 10 operator.

1.5. **Special Terms. If you limit refund/ex-change terms** or other specific conditions for Card sales, the words "No Exchange, No Refund," etc., must be clearly printed (in 1/4" letters) on the imprinted sales slip (or electronic equivalent; i.e., the receipt printed when a Card is swiped through a terminal) near or above the Cardholder's signature. The Cardholder's copy, as well as your copy, must clearly show this information. **Never give cash, check or in-store credit refunds for Credit Card sales. NOTE: A qualifier does not completely eliminate your liability for a Chargeback because consumer protection laws and Association Rules frequently allow the Cardholder to still dispute these items.**

1.6. **Delayed Delivery or Deposit Balance.** In a delayed delivery transaction whereby a Cardholder makes a deposit toward the full amount of the sale, you should execute two separate sales slips (each completed fully as described in Section 3.1.), the first for a deposit and the second for payment of the balance upon delivery of the merchandise or the performance of the services.

- For **VISA** transactions, you must obtain separate authorizations for each of the two sales slips. You must assign the separate authorization number to each sales slip, respectively. You must note on such sales slips the words "delayed delivery," "deposit" or "balance," as appropriate, and the authorization dates and approval codes.
- For **MasterCard** transactions, you must obtain one authorization. You must note on both sales slips the words "delayed delivery," "deposit" or "balance," as appropriate, and the authorization date and approval code.

NOTE: We recommend you reauthorize the unprocessed portion of the transaction prior to delivery. If the transaction is declined, contact the Cardholder and request another form of payment. For ex-ample: On January 1, a Cardholder orders $2,200 worth of furniture and you receive an authorization for the full amount; however, only a $200 deposit is processed. The above procedures are followed; with a $2,000 balance remaining on the furniture, the $2,000 transaction balance should be reauthorized.

1.7. Recurring Transaction and Preauthorized Order Regulations.

If you process recurring transactions and charge a Cardholder's account periodically for recurring goods or services (e.g., monthly insurance premiums, yearly subscriptions, annual membership fees, etc.), the Cardholder shall complete and deliver to you a written request for such goods or services to be charged to his account. The written request must at least specify the transaction amounts, the frequency of recurring charges and the duration of time for which the Cardholder's permission is granted.

If the recurring transaction is renewed, the Cardholder must complete and deliver to you a subsequent written request for the continuation of such goods or services to be charged to the Cardholder's account. You may not complete a recurring transaction after receiving a cancellation notice from the Cardholder or issuing bank or after a request for authorization has been denied.

You must obtain an authorization for each transaction and write "Recurring Transaction" (or "P.O." for MasterCard transactions) on the sales slip in lieu of the Cardholder's signature.

A Recurring Transaction or Preauthorized Order may not include partial payments for goods or services purchased in a single transaction.

You may not impose a finance charge in connection with a Recurring Transaction or Preauthorized Order.

1.8. **Honoring Cards.** The following rules are requirements strictly enforced by VISA and MasterCard:

- You cannot establish minimum or maximum amounts as a condition for accepting a Card.
- You cannot impose a surcharge or fee for accepting a Card.
- You cannot establish any special conditions for accepting a Card.
- You cannot establish procedures that discourage, favor or discriminate against the use of any particular Card.
- You cannot require the Cardholder to supply any personal information (e.g., home or business phone number; home or business address; or driver's license number) unless instructed by the Authorization Center. The exception to this is for a mail/telephone order or delivery-required transaction, and zip code for a card-present key-entered transaction in order to obtain an Address Verification (AVS).
- Any tax required to be collected must be included in the total transaction amount and not collected in cash.
- You cannot submit any transaction representing the refinance or transfer of an existing Cardholder obligation deemed uncollectible.
- You cannot submit a transaction or sale that has been previously charged back.
- You must deliver at least one copy of the sales slip or credit slip to the Cardholder.
- Association Rules also indicate that "you cannot submit a transaction or sale to cover a dishonored check."

1.9. **Deposits of Principals.** Owners, partners or officers of your business establishment are prohibited from depositing sales transacted on their own personal bank-cards, other than transactions for valid purchases of goods or services **(e.g., cash advances are prohibited).**

1.10. **Displays and Advertising.** You must display VISA, MasterCard and, if applicable, other Association decals and program marks on promotional materials as required by Association Rules. You may not indicate that VISA, MasterCard or any other Association endorses your goods or services.

1.11 Cash Payments by and Cash Disbursements to Cardholders.

You must not accept any direct payments from Cardholders for charges of merchandise or services that have been included on a Sales Draft; it is the right of the Card-Issuing Bank to receive such payments. Taxes on Card transactions must be included in the amount charged and may not be collected by you in cash. You may not make any cash disbursements to a Cardholder as part of a Card transaction except to the extent expressly authorized by the Agreement or the Association Rules.

2. Suspect Transactions

If the appearance of the Card being presented or the behavior of the person presenting the Card is suspicious in nature, you must immediately call the Voice Authorization Center and ask to speak to a Code 10 operator. Answer all their questions and follow their instructions. While not proof that a transaction is fraudulent, the following are some suggestions to assist you in preventing fraud transactions that could result in the receipt of a Chargeback:

Ask yourself, does the Customer:

- appear nervous/agitated/hurried?
- appear to be making indiscriminate purchases (e.g., does not care how much an item costs, the size, etc.)?
- make purchases substantially greater than your usual customer (e.g., your average ticket/purchase is $60, but this transaction is for $360)?
- insist on taking the merchandise immediately (e.g., no matter how difficult it is to handle, is not interested in free delivery, alterations, etc.)?
- appear to be purchasing an unusual amount of expensive items?
- take an unusual amount of time to sign the sales slip, or look at the back of the Card as he signs?
- talk fast or carry on a conversation to distract you from checking the signature?
- take the Card from a pocket instead of a wallet?
- repeatedly come back, in a short amount of time, to make additional purchases?

- cause an unusual, sudden increase in the number and average sales transactions over a one- to three-day period?
- tell you he has been having some problems with his Card Issuer and request that you call a number (that he provides) for a "special" handling or authorization?

Does the Card:

- have embossed characters the same size, height, style and all within alignment?
- appear to be re-embossed (the original numbers or letters may be detected on the back of the Card)?
- have a damaged hologram?
- have a magnetic stripe on the back on the Card?
- have an altered signature panel (e.g., appear discolored, glued or painted, or show erasure marks on the surface)?
- have "valid from" (effective) and "valid thru" (expiration) dates that coincide with the sale date?

If you use an electronic terminal and swipe the Card, make sure the account number displayed on the terminal and/or the sales slip matches the embossed number on the Card. If you cannot or do not verify the account number and accept the sale, you are subject to a Chargeback and could be debited for the amount of the transaction. *IF THE NUMBERS DO NOT MATCH, DO NOT ACCEPT THE CARD AS A FORM OF PAYMENT, EVEN THOUGH AN AUTHORIZATION CODE FOR THE MAGNETICALLY SWIPED CARD NUMBER MAY BE RECEIVED.*

Fraud-Prone Merchandise Tips:

- Jewelry, video, stereo, computer and camera equipment, shoes and men's clothing are typically fraud-prone because they can easily be resold.
- Be suspicious of high dollar amounts and transactions with more than one fraud-prone item; e.g., two VCRs, three gold chains, etc.

If you suspect fraud:

- Call the Voice Authorization Center and ask to speak to a Code 10 operator.

If the terminal does not display the Card number, call the POS Help Desk for terminal assistance.

Remember: An authorization code only indicates the availability of a Cardholder's credit at the time of the transaction. It does not warrant that the person presenting the Card is the rightful Cardholder. If proper procedures are not followed at the time of the transaction, you are subject to a Chargeback and your account may be debited for the amount of the transaction.

3. Completion of Sales/Credit Slips

3.1. Information Required.

The following information must be contained on the sales slip:

- Clear imprint of the Card*
- Cardholder's account number
- Cardholder's signature
- Date of the transaction
- Amount of the transaction
- Description of the goods and/or services involved in the transaction (if there are too many items, combine them into one description; e.g., "clothing" instead of "one pair of pants, one shirt"). Do not carry information onto a second sales slip.
- A valid authorization code
- Merchant's d/b/a name and location (city and state required)
- **Please note:** Whenever the term "imprint" is used, it refers to the process of using a manual imprinting machine to make an impression of the Card on a sales slip; it does not include the print-out from a roll printer attached to an electronic device. If you use an electronic device (e.g., authorization/draft capture terminal, cash register, etc.) and swipe the Card to read and capture the Card information via the magnetic stripe, you do not have to imprint the Card.

HOWEVER, IF YOU ARE UNABLE TO SWIPE THE CARD (E.G., DUE TO A DEFECTIVE MAGNETIC STRIPE OR YOUR TERMINAL IS DOWN), YOU MUST IMPRINT THE CARD TO PROVE THAT THE CARD WAS PRESENT AT THE TIME OF THE TRANSACTION. IN ADDITION, THE SALES SLIP MUST HAVE THE CARDHOLDER'S SIGNATURE. FAILURE TO FOLLOW THESE PROCEDURES MAY RESULT IN A CHARGEBACK. ENTERING INFORMATION INTO A TER-MINAL

MANUALLY WILL NOT PREVENT THIS TYPE OF CHARGEBACK. FOR MAIL /TELEPHONE/INTERNET ORDERS, SEE SECTION 3.2.

We offer several types of imprinters to assist you in this process. For more information on which imprinter is best for your organization, call the Customer Service center noted on your statement. When imprinting sales slips, do not alter the Cardholder account number, circle or underline any information on the sales slip or alter a sales slip in any way after the transaction has been completed and signed. Stray marks and other alterations on a sales slip may render it electronically unscannable or unread-able/illegible. This may result in a Chargeback or summary adjustment to your account.

A copy of the completed sales slip must be given to the Cardholder at the time of the transaction.

3.2. **Mail/Telephone/Internet Orders.** You may only engage in mail/telephone/Internet orders provided they do not exceed the percentage of your total bankcard volume you indicate on your application. Failure to adhere to this requirement may result in cancellation of your Agreement. Since you will not have an imprinted or magnetically swiped transaction and you will not have the Cardholder's signature on the sales slip as you would in a face-to-face transaction, you will assume all risk associated with accepting a mail/telephone/Internet order transaction. It is with this in mind that we recommend the following:

- On the sales slip, clearly print the Cardholder's account number; effective and expiration dates; date of transaction; description of the goods and services; amount of the transaction (including shipping, handling, insurance, etc.); Cardholder's name, billing address and shipping address; authorization code; and merchant's name and address (city and state required).
- For mail/telephone/Internet order authorization inquiries, you must obtain the expiration date of the Card.
- If a Cardholder's account is invalid, the sale will result in a summary adjustment, electronic reject, or a Chargeback. • For mail orders, write "MO"; for telephone orders, write "TO" on the Cardholder's signature line.
- For your protection, it is best to have the Cardholder's signature on file or to utilize **address verification** (see following) to provide an indication as to whether the purchaser is indeed the Cardholder, as you are responsible for identification of the Cardholder and the validity of the Card user.
- For telephone orders, it is recommended that written verification of the sale be requested from the Cardholder (sent by mail or fax).
- You may not submit a transaction for processing until after the merchandise has been shipped or the service has been provided to the customer. (VISA will permit the immediate billing of merchandise manufactured to the customer's specifications [i.e., special/custom orders] provided the Cardholder has been advised of the billing details.)
- Notify the Cardholder of delivery time frames, special handling or of a cancellation policy. Merchandise shipping dates must be within seven (7) days of the date authorization was obtained. If, after the order has been taken, additional delays will be incurred (e.g., out of stock), notify the Cardholder and reauthorize the transaction.
- You may not require a Cardholder to complete a postcard or other document that displays the Cardholder's account number in clear view when mailed.
- If you accept orders via the Internet, your web site must include all the following information in a prominent manner:
  - — Complete description of the goods or services offered
  - — Returned merchandise and refund policy
  - — Customer service contact, including email address and/or telephone number
  - — Transaction currency (U.S. dollars, unless permission is otherwise received from Servicers)
  - — Any applicable export or legal restrictions
  - — Delivery policy

If you are interested in our Address Verification Service (AVS), please contact Customer Service for details. This service is not a guarantee against Chargebacks; it is designed to assist you

in reducing the risk of fraud and may help you avoid incurring additional interchange expenses.

3.3. **Encryption Software.** You agree that all transactions you process through the Internet shall be processed utilizing an encryption software approved by us, prior to sending such transactions to Bank for further processing. Such encryption software shall secure and keep confidential and free from disclosure to other Internet users transaction data between Cardholder and you and between you and Bank, Processor or their designated agents.

3.4. **Multiple Transactions** Only one Sales Draft may be completed for each Card purchase. If you deposit two or more Sales Drafts for one purchase (involving one Card) to avoid authorization, you will be subject to a Chargeback. If a transaction/purchase involves a combination of payment methods (e.g., multiple card) for a single purchase, then each Sales Draft must be completed as described in Section 3.1. and each transaction requires an Authorization.

3.5. **Customer Service Telephone** Numbers for Card types that are funded by individual Associations include:

American Express/Optima 1-800-528-5200

Diners Club/Carte Blanche 1-800-525-7376

Discover/NOVUS 1-800-347-2000

JCB, International 1-800-366-4522

4. Authorizations

All transactions must be authorized in one format or another (e.g., via terminal, VRU or Voice). Failure to authorize a sales transaction may result in a Chargeback and/or the termination of your Agreement.

An authorization only indicates the availability of the Cardholder's credit at the time the authorization is requested. It does not warrant that the person presenting the Card is the rightful Cardholder, nor is it an unconditional promise or guarantee that you will not be subject to a Chargeback or debit.

For Cards other than MasterCard and VISA (e.g., AMEX, Discover, JCB, etc.) or for check acceptance, you must follow the procedures for authorization and acceptance for each.

- You may not attempt to obtain multiple authorizations for a single transaction. If a sale is declined, do not take alternative measures with the same Card to obtain an approval of the sale from other authorization sources. **Instead, request another form of payment. If you accept and process a transaction that was declined, or attempt multi-transactions and/or multi-authorizations, you are subject to a Chargeback and cancellation of your Agreement.**

4.1. Authorization via Telephone (Other Than Terminal/ Electronic Device Users)

- Call your designated voice authorization 800 number and enter authorization information into the voice response unit ("VRU") using a touch-tone phone.
- If advised to pick up a Card, use reasonable and peaceful means to do so. Forward the Card to: Attn: Rewards Department, P.O. Box 5019, Hagerstown, MD 21740. You may be paid a reward for the return of the Card.
- On occasion, the Authorization Center will ask you to obtain identification from the Cardholder before issuing an approval code. If you are instructed to do so, clearly write the appropriate identification source and numbers in the space provided on the sales slip unless otherwise prohibited by law.
- If the sale is declined, please remember that our operators are only relaying a message from the bank that issued the Card. The fact that a sale has been declined should not be interpreted as a reflection of the Cardholder's credit-worthiness. The Cardholder should be instructed to call the bank that issued the credit Card.
- If the sale is declined, do not take alternative measures with the same Card to obtain an approval of the sale from the same or other authorization sources. Instead, request another form of payment. If you accept and process a transaction that was declined, or attempt multi-transactions and/or multi-authorizations, you are subject to a Chargeback and cancellation of your Agreement.

4.2. Authorization via Electronic Devices

- If you use electronic authorization equipment, all sales must be authorized through this equipment.
- If the sale is declined, please remember that our system is only relaying a message from the bank that issued the Card. The fact that a sale has been declined should not be

interpreted as a reflection of the Cardholder's creditworthiness. The Cardholder should be instructed to call the bank that issued the credit Card.

- If the sale is declined, do not take alternative measures with the same Card to obtain an approval of the sale from the same or other authorization sources. Instead, request another form of payment. If you accept and process a transaction that was declined, or attempt multi-transactions and/or multi-authorizations, you are subject to a Chargeback and cancellation of your Agreement.
- Call your designated voice authorization 800 number and enter authorization information into the VRU using a touch-tone phone for MasterCard, VISA and JCB cards.

Call the following for other card types:

American Express/Optima	**1-800-528-2121**
Diners Club/Carte Blanche	**1-800-525-9040**
Discover/NOVUS	**1-800-347-1111**
CB International	**1-800-522-8788**

Available: **24 hours/day; 7 days/week**

- If your terminal malfunctions, refer to your terminal manual or call the POS Help Desk. The problem will either be corrected immediately or may require terminal reprogramming or re-placement.
- **Until the terminal becomes operable, you must call your designated voice authorization 800 number and enter authorization information into the VRU using a touch-tone phone. Furthermore, each transaction must be imprinted using a manual imprinter machine. Failure to obtain an authorization and to imprint these transactions could result in a Chargeback to your account.**
- During the period in which your terminal is not functioning, remember to check it periodically since most terminal problems are temporary in nature and are quickly corrected.
- If a terminal is moved or if wires are disconnected, causing a malfunction, call the POS Help Desk immediately and follow their instructions. You may be responsible for any service charges incurred for reactivation of the terminal.

4.3. Third Party Authorization System. If you have contracted with another authorization network to obtain credit card authorization, i.e., your terminal can split dial (dial directly to the Third Party Authorizer), liability resulting from discrepancies with that network must be resolved between you and that network. We will not be responsible for researching Chargebacks resulting from authorizations obtained from another authorization service organization. Such Chargebacks will be passed through to you for resolution. You must obtain proof (e.g., third party authorization logs) from the authorization source and submit it to Us within the time frame specified on the documentation received.

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

4.4. Electronic Cash Registers (ECR).

If you use electronic cash registers linked to our authorization network, all sales must be authorized through the cash registers. **Should the register malfunction, or the Authorization lines or network fail to function, you must call the Voice Authorization Response Unit on all sales and obtain a manual Card imprint.**

4.5. Electronic Data Capture (EDC).

For merchants utilizing the Electronic Data Capture service, all transactions must be entered into the terminal for authorization and capture. **Should the terminal become inoperable, call the POS Help Desk. If a "referral" is received, call the Voice Authorization Response Unit. All approved sales authorized in this manner must be entered manually as "post authorization" transactions into the terminal, once the terminal becomes operational.** All credit transactions must be entered into the terminal for data capture. You may be subject to a Chargeback if you receive a referral and subsequently receive an approval. To avoid such a Chargeback, the Card should be

Complete the appropriate summary form designated for your use. Imprint the completed summary with your Merchant Identification Card, if applicable, and sign it. Please do not staple or clip sales slips together or to summary forms. This will distort the Cardholder's account number and may result in a summary adjustment or Chargeback to you. Mail your deposits daily to us, or, if your Agreement allows deposit at a Wells Fargo Bank branch, you must make daily deposits.

Do not send Us the Merchant tissue copies (which are for your records); submit only the Bank hard copies of the transactions. If Merchant tissue copies are submitted, they will be returned to you unprocessed.

5.4. **Electronic Merchants: Daily Batching Requirements & Media Submission. Batches must be transmitted to Us by the time indicated on the application in order to be processed on the date of transmission. Additionally, if you deposit via magnetic tape, electronic transmissions, or electronic data capture terminal (EDC), and have contracted to send the actual sales and credit slips to Us for microfilming and retrieval, the sales slips (media) must be batched daily by register/terminal following the procedures below. Failure to do so may result in a processing fee and/or a Chargeback due to our in-ability to retrieve the media as requested by the Card Issuer.**

- A register/terminal batch header form must be filled out for each batch of media.
- The batch header should be imprinted with your Merchant Identification Card, and all areas completed properly (i.e., batch number, date, amount, number of items, etc.).
- The batch/deposit total must match to the settled/reconciled amount displayed on the terminal upon closing the batch.
- Any discrepancies between the actual media and electronic display must be rec-onciled and corrected before storing the media (for merchants who contract to hold their media) or before sending Us the copies of the deposit. Otherwise, transactions may appear to be a new sub-mission and may be manually keyed (causing duplicate billing to Cardholders and resulting in Chargebacks) or we may not be able to retrieve an item when requested by the Card Issuer.
- It is your responsibility to ensure that the actual media is batched correctly and, depending on the terms of your Agreement, either stored at your location or sent to Processor. (In some cases, the actual media is sent daily to your head office, and forwarded to Processor for microfilming.)

6. Settlement

Your Card transactions will be settled promptly after you submit sales and credit slips. You will be provided with settlement funds in one of the following manners:

- **Direct Settlement Account.** If you maintain a Settlement Account at a financial institution with which we have arrangements permitting direct payment of settlement funds, we will initiate a transfer of such applicable settlement funds through a credit to the Settlement Account. Such settlement will generally occur by the second banking day after we process the applicable Card transactions unless a different time is specified.
- **Wire Transfer.** If you receive payment of settlement funds by wire transfer, we will initiate a wire transfer of such applicable settlement funds to the Settlement Account. Settlement by wire generally occurs by 3:00 p.m. ET on the following banking day after we process the applicable Card transactions.
- **Automated Clearing House Credit.** If you receive payment of settlement funds through automated clearing house credit, we will initiate a transfer of such applicable settlement funds through ACH to your Settlement Account. Settlement by automated clearing house credit generally will take place the second banking day after we process the applicable Card transactions.

7. Refunds/Exchanges (Credits)

7.1 Refunds.

- You must promptly complete and submit a credit slip (with your name, city, state and merchant account number) for the total amount of the refund due a Cardholder.
- Full refunds must be for the exact dollar amount of the original transaction including tax, handling charges, etc. (You must identify the shipping and handling charges incurred.)
- A description of the goods or services is required.

a Media Request or Retrieval is received from the Card Issuer, we will respond by sending a copy of the transaction, if available.

Electronic Merchants: Media Retention & Retrieval. If you deposit via magnetic tape, electronic transmission, or electronic data capture terminal, and hold your sales slips (media), it is your responsibility to respond to all media retrieval requests within twelve (12) calendar days of the initial request. You are responsible for retaining and providing copies of transactions for a minimum of three years from the original sale/post date. Upon receipt of a Bank Retrieval Request List, immediately retrieve the requested sales slip(s) using the following guidelines:

- Make a legible copy, centered on 8 1 /2 x 11-inch paper (only one (1) sales slip per page).
- Write the 'Index Number' from the Bank Retrieval Request List on each copy.
- If applicable, make copies of a hotel folio, car rental agreement, or mail/phone order form.
- If credit has been issued, a copy of the credit slip is also required.
- Letters are not acceptable substitutes for sales slips.
- Please fax copies of the sales slips with the appropriate Bank Retrieval Request List to the fax number provided on the Bank Retrieval Request List, or you may mail your response by registered or certified mail to:

  Media Retrieval Œ N
  P.O. Box 6700
  Hagerstown, MD 21740-6700

- You must retain proof of your fax response to us.
- If you fax your response, please set your fax machine to print your fax number and name on the documents that you send. We can use this information to help know immediately where the documentation received originated from and to know whom to contact in the event the transmission is not clear or complete.
- If you use a fax machine, please set the scan resolution on your fax machine to the highest setting. The higher resolution setting improves the clarity of characters and graphics on the sales drafts transmitted and helps reduce the number of illegible Chargebacks.

If Merchant Services does not receive a clear, legible copy of the sales slip within twelve (12) calendar days of the initial request, you may be subject to a Chargeback. A courtesy call or letter may be sent if the request is not responded to within the required time frame; however, the potential liability remains with you if the item is not supplied within twelve (12) calendar days of the initial request. If you are unable to supply a legible copy of the sales slip(s), your Chargeback reversal rights are forfeited for nonreceipt of sales slip.

If a retrieval request results from a difference in the following information on the sales draft and transmitted record: merchant name or an incorrect city, state, foreign country and/or transaction date, a handling fee may be charged by the Issuing Bank and may be debited from your account.

If you do not respond or respond late to a media retrieval request, you may be without recourse.

Chargebacks for "nonreceipt of requested item" cannot be reversed unless the requested draft was provided within twelve (12) calendar days of the initial request.

Remember: Due to the time frames imposed by MasterCard and Visa, it is extremely important that you respond to/resolve a media request or Chargeback immediately. Regardless of whether a Media Request or Retrieval was responded to, a Chargeback may be debited to your account for numerous reasons (see Section 9.3). If you have reason to dispute a Chargeback, we must receive your response within twelve (12) calendar days. Fax your dispute to the number provided on the debit advice or send your response to:

P.O. Box 6700
Hagerstown, MD 21740-6700
Attn: Chargeback Reversal

If the information provided is sufficient to warrant a reversal of the Chargeback, and within the applicable time frame, we will do so on your behalf, but reversal is contingent upon acceptance by your customer's Card-Issuing Bank under Visa/ MasterCard guidelines. If the Chargeback is reversed, the Card-Issuing Bank does have the right to present the Chargeback a second time.

If the charge is not disputed within the applicable time limit set forth by MasterCard

and Visa regulations, reversal rights are lost. Our only alternative, on your behalf, is to attempt a "good faith collection" from the Card-Issuing Bank. You will receive only the amount, if any, recovered from the Cardholder's bank. Note: The Issuing Bank typically charges a fee for collection.

Association Rules and regulations require that a merchant must make a good faith attempt and be willing and able to resolve any disputes directly with the Cardholder. It is a violation of Association Rules and regulations to rebill a customer for a transaction that was charged back.

We recommend that when you send a copy of a transaction, you send all pertinent documents (e.g., rental agreement, imprinted portion of the folio/invoice/sales ticket; the portion signed by the Cardholder; and the area where the authorization codes [with amounts and dates] are located).

The more information we have at the time of the media request or Chargeback, the better we can dispute the item on your behalf.

9.3. **Chargeback Reasons.** The following are the top 10 Chargeback reason codes, and suggestions on how to avoid and dispute them:

1. **Cardholder or Card Issuer requests a copy of the sales slip.**

To Avoid:

- prepare clean, legible sales slips at the point of sale and send in your media daily (Section 5.4.) and/or respond to media retrieval requests (Section 9.2.) within the required time frame (failure to properly respond to a media retrieval request eliminates any opportunity for a Chargeback reversal).

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a clear and legible copy of the sales draft and proof that you responded to the initial retrieval request within the required time frame (e.g., fax confirmation, certified mail receipt, etc.)

2. **Cardholder did not authorize the transaction** — (primarily for mail/telephone orders; recurring transactions; preauthorized health care transactions)

To Avoid:

- mail/telephone orders — follow recommended procedures in Section 3.2.
- recurring transaction — ensure your customers are fully aware of the conditions of this type of transaction (see Section 1.7.).
- use **address verification** service (while transactions utilizing the address verification service may still be disputed, the service may alert you to certain fraudulent transactions).

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a copy of an imprinted and signed sales slip/invoice/order form.
- provide a signed delivery receipt (UPS, FedEx, etc.) showing the name and address to which the merchandise was delivered.
- provide a signed form/invoice acknowledging Cardholder's participation in a recurring transaction.
- if possible, contact the Cardholder directly to resolve the inquiry/dispute.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

3. **Nonmatching account number — (transaction was processed on an account not found on an Issuing Bank's masterfile).**

To Avoid:

- if you are a paper merchant or the Card cannot be magnetically stripe read, clearly imprint the Card using the manual imprinter machine and do not alter in any way.
- if you are an electronic merchant, swipe the Card through the electronic authorization device and ensure the displayed Card number matches the number on the Card. The Card must be imprinted if the magnetic stripe cannot be read or the electronic equipment is inoperable.
- **carefully examine the front and back of the Card at the time of transaction (see Sections 1.1. and 1.3.).**
- check the signature.
- telephone orders confirm the account number provided by the customer by repeating the number back to the customer.

- properly authorize all transactions (see Section 4.).
- if the terminal does not display the Card number, call the POS Help Desk for a terminal upgrade.

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a copy of a signed and imprinted sales slip (or a signed receipt from a magnetically swiped transaction).
- if you use a third party for authorization, immediately request their authorization logs and submit to us.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

If possible, contact the Cardholder to verify the account number or request another form of payment. If an incorrect number was used, authorize and redeposit the transaction using the correct number.

4. **Transaction was processed more than once to the same Cardholder.**

To Avoid:

- settle and reconcile your batches on your terminal/register daily. Ensure that the total amount settled and submitted (displayed on terminal) balances with/ matches to the credit Card receipts of the transactions (Section 5.4.).

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide two different sales slips (both signed and imprinted/ magnetically stripe read).
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

5. **Sales slip was not imprinted.** The sales slip provided was not imprinted using a manual imprinter machine nor was the Card magnetically stripe read (e.g., the transaction was force-entered into your terminal; see Sections 3.1. and 3.2.) and the Cardholder denies participation in the transaction.

To Avoid:

- if you are unable to swipe a Card through an electronic authorization device to capture the Cardholder's information via the magnetic stripe, you must imprint the Card to prove the Cardholder was present at the time of transaction. **Manually entering the information into the terminal does not protect you from this type of Chargeback. All pertinent information relating to the transaction must be written on the manually imprinted ticket (date, dollar amount, authorization, and merchandise description). This information ties the imprinted ticket to the transaction.**

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide an imprinted or magnetically swiped sales slip signed by the Cardholder.

6. **Credit not processed — the Cardholder is claiming that a credit voucher or refund acknowledgment issued by you was not processed.**

To Avoid:

- ensure proper disclosure of your refund policy is on the sales draft, the words "No Exchange, No Refund," etc., must be clearly printed (in 1/4" letters) on the imprinted (or electronic equivalent; i.e., the receipt printed when a Card is swiped through a terminal) near or above the Cardholder's signature.
- process credits daily.
- all credits must be applied to the account to which the debit originally posted.
- do not issue in-store or merchandise credit.

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a copy of the credit slip, date credit was processed, and the deposit total that included the credit.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

7. **No authorization.**

To Avoid:

- authorize all transactions and use the proper method of authorization (see Section 4.).

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a copy of your sales draft showing the transaction date, dollar amount and authorization code and any other documentation showing that an authorization was obtained.
- **if you used a third party (i.e., American Express) to authorize, you must contact them immediately for proof of authorization (e.g., authorization log) and submit to Us (see Section 4.3.).**

8. <u>Nonreceipt of merchandise</u> —

Cardholder is claiming they did not receive the merchandise or merchandise was paid for by other means.

To Avoid:

- do not process a transaction until merchandise is shipped.
- do not process any credit card transaction where the Cardholder has already paid for the goods or services using another method of payment.

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide proof that the merchandise was received (i.e., UPS, FedEx, etc., tracer and delivery receipt; signed by the Cardholder).
- if possible, contact the Cardholder directly to resolve the inquiry/dispute.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

9. <u>Invalid T & E (Travel and Entertainment) transaction</u> — **Cardholder is claiming they neither authorized nor participated in the transaction, or a fictitious account number was used to complete the transaction.**

To Avoid:

- obtain Card imprint (or swipe the Card through electronic authorization device to capture Cardholder information) and Cardholder signature.
- for mail/telephone order clients, see Section 3.2.

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a clear and legible imprinted and signed sales slip/folio/voucher/airline ticket.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.

10. <u>Card used before effective date or after expiration date.</u>

To Avoid:

- carefully examine the Card for effective and expiration dates when accepting it for a transaction (see Sections 1.1. and 1.2.).
- do not process a transaction prior to the effective date appearing on the Card.
- do not process a transaction after the expiration date appearing on the Card.

To Dispute:

Within twelve (12) calendar days of the date you were debited:

- provide a clear and legible imprinted and signed sales slip showing that the transaction was processed on or after the effective date or on or before the date of expiration.
- in addition to the above, you may submit a letter to Us with supporting documentation stating why you believe the Chargeback may be improper or invalid.
- if possible, contact the Cardholder for another form of payment.

Other Chargeback Reasons:

The following is a list of reasons for other Chargebacks. Changes to Association Rules or operational requirements may create other Chargeback strategies:

- services not rendered.
- services were paid by another method (i.e., cash, check, another Card).
- error in addition was made when calculating transaction amount.
- incorrect/invalid account number.
- a valid authorization was not obtained for a transaction and Cardholder neither authorized nor participated in trans-action.
- sales slip was incorrectly completed, incomplete or illegible.
- Cardholder credit was posted/ processed as a debit or a debit was processed as a credit.

- Cardholder does not receive proper credit upon a return of merchandise.
- transaction was processed for an incorrect amount.
- not as described: goods or services received by the Cardholder did not match merchant's written, mail/phone order or merchant's verbal description.
- claim or defense: local, state and/or federal law required the Card Issuer to credit a Cardholder's account and no other Chargeback right was available (Cardholder tried to resolve dispute with the merchant and was still dissatisfied).
- defective merchandise: shipped merchandise is alleged to be received in defective condition or otherwise unsuitable for purpose sold.
- several drafts (sales slips) were imprinted at same merchant location but Cardholder acknowledged participation in only one transaction (including execution of multiple drafts to avoid authorization scrutiny).
- counterfeit transaction.
- account number was listed on exception file.
- transaction was completed after authorization was declined.
- transaction was not processed within MasterCard or VISA time frames.
- no Cardholder signature was obtained.
- Cardholder neither authorized nor participated in transaction, or no outstanding valid Card exists.
- the signature on the draft was unauthorized as compared to the signature appearing on the Card, the signature panel on the Card was blank, or a limited purpose business purchasing Card was accepted without appropriate authorization of the nature of the goods or services purchased.
- Cardholder claims merchant changed amount of transaction (sales draft) without permission.
- fraudulent transaction occurred with a merchant who has a prior history of fraudulent transactions.
- limited amount terminal (terminal is specifically programmed for specific type of merchants) transaction exceeded limited amount.
- authorization code invalid.
- suspicious transaction, e.g., knowingly participating in a fraudulent transaction.
- sales slip was or is alleged to have been executed, accepted, endorsed, completed or assigned improperly without authority.
- Cardholder disputes the validity of a telephone or mail order Card transaction.
- invalid sale: lost/stolen, counterfeit/altered or other invalid transaction that although correctly authorized, may be charged back in full or in part in accordance with MasterCard International or VISA, USA regulations.
- Cardholder was denied right to return item.
- Cardholder canceled order, cancellation number received.
- your actions associated with the transaction in any way constituted or otherwise involved a breach of any term, condition, representation, warranty or duty.
- transaction is otherwise subject to Chargeback in accordance with Association Rules or applicable law.

In addition to the above, the following Chargeback reasons are specific to Travel & Entertainment (T&E) Merchants:

- service error.
- merchant was unable or unwilling to provide services.
- airline, cruise line or passenger rail tickets that were purchased by mail/ phone were not received.
- the credit voucher issued for the transaction was not processed.
- authorized but not for equal or greater amount (up to 15%/20% more). See Section 4.7 and 4.8.
- processing error (for example, a transaction using an incorrect account number, transaction code and/or amount).
- requested T&E document not received (required documents that contain a Card imprint or magnetic swipe with Cardholder signature). The imprint may be on a hotel guest folio, and the signature may be on a draft, but both must be sent.
- hotel merchant charged Cardholder's account despite proper cancellation of guaranteed hotel reservations.

- hotel or cruise line merchant incorrectly charged Cardholder's account for advance lodging deposit transaction or improperly administered the Advance Lodging Deposit Service.
- failure to provide proper disclosure of cancellation policy, signed by the Cardholder.

9.4. **Other Debits.** The following is a list of reasons for other debits. We may add to or delete from this list as changes occur in the Association Rules or our operational requirements:

- Association fees, charges, fines, penalties or other assessments as a consequence of client's sales activities (for example, see Section 11).
- currency conversion was incorrectly calculated.
- discount, interchange or non-qualified interchange fees not previously charged.
- reversal of deposit posted to your account in error.
- debit for summary adjustment not previously posted.
- reversal of credit for deposit previously posted.
- debit for Chargeback never posted to your account.
- debit for EDC batch error fee.
- Association Merchant Charge-back Monitoring Fee — Excessive Chargeback Handling Fee (see Section 11).
- failure of transaction to meet Member Controller Authorization Service ("MCAS") — Cardholder account number on exception file.
- original transaction currency (foreign) not provided.
- Travel Voucher exceeds maximum value.
- debit and/or fee for investigation and/or Chargeback costs related to our termination of the Agreement for cause, or for costs related to our collection activities including reasonable attorneys' fees.
- costs arising from replacement or damage to equipment rented from us.
- incorrect merchant descriptor (name and/or city, state) submitted.
- incorrect transaction date submitted.
- shipping and handling interchange fees.

9.5. Summary (Deposit) Adjustments/ Electronic Rejects.

Occasionally, it is necessary to adjust the dollar amount of your summaries/ submissions (deposits) and facilitate the crediting or debiting of your account accordingly. The following is a list of the most frequent reasons for Summary (Deposit) Adjustments/ Electronic Rejects:

- your summary reflected an arithmetic error.
- submitted sales not included in your Agreement (i.e., Diners Club, American Express, Discover, JCB.)
- the dollar amount is unreadable/ illegible.
- the Cardholder's account number is unreadable/illegible.
- duplicate sales slip submitted.
- credit Card number is incorrect/ incomplete.
- summary indicated credits, but no credits were submitted.

9.6. Disputing Chargebacks, Debits and Summary Adjustments.

In order to quickly resolve disputed Chargebacks, debits and summary adjustments, it is extremely important that the items listed in this section be sent to the address below.

If the Summary Adjustment is for unreadable or incorrect Cardholder number, resubmit the corrected sales slip with your next deposit. Also, if the transaction is over thirty (30) calendar days old, you must reauthorize and obtain a valid authorization code.

- a clear and legible copy of the sales slip containing the following should be obtained from your files:
  - date of sale/credit
  - Cardholder's account num-ber, name and signature.
  - total amount of the sale and description of goods and services.
  - date and authorization approval code.
- a dated cover letter detailing the reasons for requesting a review of the Chargeback, debit or summary adjustment and documentation to support your dispute. (You should retain a copy of the correspondence and all documentation for your files.) If the inquiry is related to prior correspondence, be sure to

include the control number we used previously.

Immediately fax the sales/credit slips, all documentation and your letter to the fax number provided on your debit advice, or you may mail the information to:

P.O. Box 6700
Hagerstown, MD 21740-6700
Attention: Chargebacks Reversals

If you have any questions, please call Customer Service number provided on the last page of this Merchant Agreement. If you are informed by a Customer Service Representative that additional documentation is required in order to fully review the item, please submit it immediately to the above address.

It is strongly recommended that, whenever possible, you contact the Cardholder directly to resolve a Chargeback.

9.7. **Chargeback Reversals/Collections. If your documentation supports a reversal of the Chargeback to the Card Issuer, and is received within the MasterCard and VISA reversal time frames, we will reverse the item back to the Card Issuer and your account will be credited.** It is important to note that the reversal is contingent upon the acceptance by the Card Issuer and/or the Cardholder. The item may be presented a second time and your account will be debited accordingly. **A reversal is not a guarantee that the Chargeback has been resolved in your favor.**

If the Chargeback is presented by the Card Issuer a second time, it may not be reversible and you may be debited. If you feel strongly that it is an invalid Chargeback, you may request Us to have MasterCard or VISA review and arbitrate the item to determine the validity. Both MasterCard and VISA have a $150 filing fee and a $250 review fee; both fees may be nonrefundable and may be debited to your account. Visa International has fees of $250 for filing, and $250 for review. In addition, if the decision is ruled in favor of the Cardholder and/or Card-Issuing Bank, an additional penalty may be assessed and debited to your account.

If your dispute and documentation supports your case, but is received after the MasterCard and VISA time frames, our only alternative is to attempt a "good faith" collection with the Card-Issuing Bank. This process can take from 30 to 180 days and the transactions must meet the Card Issuer's collection criteria (e.g., above a set dollar amount, usually $50.00; within a specified time limit; etc.), and the Card Issuer may assess a collection fee (e.g., $25 to $100). A "good faith" collection is not a guarantee that any funds will be collected on your behalf. You will be credited when and if the Card Issuer accepts the collection and makes payment (less any fees charged by the Card Issuer).

Due to the short time frames and the supporting documentation necessary to successfully (and permanently) reverse a Chargeback in your favor, we strongly recommend the following:

- avoid Chargebacks by adhering to the guidelines and procedures outlined in this section (Section 9).
- if you do receive a Chargeback, investigate, and if you dispute the Chargeback, send in the appropriate documentation within the required time frame.
- whenever possible, contact the Cardholder directly to resolve the inquiry/dispute.
- if you have any questions, call Customer Service and they will assist you (or they will refer you to someone who can).

10. Account Maintenance

10.1. Change of DDA Number (Checking Account).

If you change your DDA number, the business owner or signer of the Agreement must call Customer Service or Relationship Management immediately. You may also be responsible for contacting certain Associations to notify them of this change.

10.2. Change in Legal Name or Structure.

The business owner or signer of the Agreement must call Customer Service or Relationship Management.

10.3. Change Company DBA Name, Address or Telephone Number.

To change your company DBA name, address or telephone number, please send your request in writing to the address on your statement.

10.4. Change in Product or Delivery Method.

If you change the product you are selling or your method of marketing and delivery of your product (i.e. selling MO/TO vs. retail store front), the business owner or signor must call

Customer Service or Relationship Management prior to processing transactions.

11. Association Compliance Programs

In an effort to combat credit card fraud and reduce Chargebacks that ultimately lead to higher costs and risk for all parties within our industry, MasterCard and Visa Associations have developed several programs designed to mitigate fraud risk and curb Chargebacks. These programs identify merchants who generate excessive activity and merchants with a disproportionately high percentage of fraud transactions. Merchants identified in these Association programs are subject to significant fines, restrictive operating requirements, settlement delays or withholding of funds, and termination. We will make every effort to work on your behalf and support you in defense of Association concerns where we believe you are not at fault or where Association enforcement of unreasonable guidelines is evident.

Generally, you can avoid identification in the Chargeback monitoring programs by maintaining a Chargeback rate (number of chargeback/number of sales) less than 1%. Identification in fraud monitoring programs may be avoided by following the card acceptance and fraud detection steps included throughout this Agreement.

12. Equipment Terms

12.1. Alterations/Replacement of Equipment Provided

- Upon request, you must allow Us (or our agents) reasonable access to the premises where authorization terminals or other communications equipment (e.g., printers) are or will be located.
- Any alterations required for installation of authorization terminal(s) or other communications equipment will be done at your expense.
- Only we or our agents can alter or modify authorization terminal(s) or other communications equipment owned by us.
- If a terminal or printer appears to be defective, you must immediately call the POS Help Desk.
- You are responsible for safeguarding authorization terminals or other equipment from loss, damage or theft. We should be notified immediately regarding any damage to or loss of communications equipment.
- If necessary, we will assist you in obtaining replacement equipment. If you fail to return any defective equipment, you may be responsible for its replacement value and for any legal and/or collection costs incurred by the equipment owner in connection with recovering equipment.
- You are responsible for keeping all communications equipment free of any claims, liens and legal processes initiated by creditors.
- Equipment may not be subleased at any time. The cost of comparable new equipment, as well as any associated le-gal and/or collection costs incurred by Us or the owner of the equipment, will be assessed to you for each piece of equipment not returned upon termination of the Agreement by either party, or upon request for the return of the equipment for any reason.

12.2. Replacement of Merchant-Owned Equipment

- Maintenance and repair of merchant-owned equipment is your responsibility. Should your terminal become inoperable, we will provide you with equipment at a monthly rental fee. There will also be a nominal shipping & handling fee. Contact the POS Help Desk.

12.3. Relocation or Requesting Additional Equipment

- You may not relocate, remove, disconnect, modify or in any way alter any equipment used in connection with the services we are providing to you without first obtaining our permission.
- You must provide Us with thirty (30) days' prior written notice to request the relocation of any equipment.
- Should you require additional equipment, you must contact Relationship Management or Customer Service (there may be additional costs or fees charged to you in connection with any new equipment ordered, including down-load fees).

12.4. Returning Equipment

- We will assist you in returning equipment. Upon return, the following in-formation must be included within the shipping box:

1. Company name, complete address and phone number.
2. Name of person to contact if there are any questions.
3. Client identification number (merchant number).
4. Serial number of the terminal (found on the underside of the terminal).
5. A letter explaining the reason for the return.

- Please maintain proof of delivery documents for your records, and the serial number from the bottom of the terminal.
- Call Customer Service for the address of the location to send the equipment.
- Rental fees may be continued until equipment is returned.

12.5.Imprinters

If the imprinter appears to be defective, or to order an imprinter, you should call Customer Service, which will assist you. The imprinter reproduces both Cardholder and Merchant information on the sales/credit slip. Poorly imprinted information can result in a Chargeback or summary adjustment. There is a nominal fee for a new imprinter.

13. Supplies

13.1.Placing Orders

- To order additional supplies, call Customer Service, when you have two months' inventory left. We will ship you an adequate amount of supplies. The amount of supplies (based on usage) on hand should not exceed a three- to six-month supply.
- In an EMERGENCY, please contact Customer Service using the number provided on the last page of this Merchant Agreement. If supplies are sent via an express delivery service, the delivery charges will be debited to your account.
- Since you are responsible for unauthorized use of sales/credit and summary media, it is recommended that all supplies be stored in a safe location. applicable shipping and handling charges.

14. Travel & Entertainment (T&E) Services

14.1.Reservation Service for Lodging

Lodging merchants (hotel, motel, resort, or inn) may use certain Card types specified by IJs to guarantee reservations by obtaining the Cardholder's account number, expiration date, and name embossed on the Card and complying with the following requirements:

1. Confirm the reservation by confirming the following information verbally to the Cardholder and if requested, provide the Cardholder with a written confirmation, as specified below:
   - Cardholder account number, expiration date, and name embossed on the Card as provided by the Cardholder.
   - Name and exact address; including street, city, and state of the location of the lodging check-in.
   - Confirmation code.
   - Rate and any other details relating to the reservation.
   - Provisions of the guaranteed reservation relating to the Cardholder's obligations and any other cancellation details related to the reservation as specified below.
2. Inform the Cardholder that accommodations will be held until checkout time the following day unless canceled by 6:00 pm establishment time on the scheduled arrival date.
3. Advise the Cardholder of the billing for a No Show Charge of one night's lodging plus applicable tax if the Cardholder has not checked in by the checkout time the day following the scheduled arrival date, and the reservation was not properly canceled.
4. If the Cardholder has not claimed or canceled the reserved accommodations by the specified cancellation time, the accommodations must be held until checkout time the following day.
5. If the Cardholder has not claimed or canceled the reserved accommodations by the specified cancellation time, the lodging merchant may then complete a No Show Sales Draft, which must contain the following information:

- Amount of one night's lodging plus applicable tax.
- Cardholder name embossed on the Card, account number, Card expiration date, date of no show, and assigned room number.
- The words "No Show" on the signature line of the Sales Draft.

- Obtain an Authorization approval code in accordance with other requirements of the Merchant Services Agreement.

6. Accept all cancellation requests from Cardholders provided the cancellation request is made prior to the specified cancellation time. Provide the Cardholder a cancellation code and advise the Cardholder that it must be retained in case of dispute. If requested, provide the Cardholder written confirmation of the cancellation including name embossed on the Card, the cancellation code, and the details related to the canceled reservation.
7. If the accommodation that was guaranteed is not available, alternate accommodations must be provided as specified below at no charge to the Cardholder.
   - Comparable accommodations at an establishment of equal or better quality, not to exceed fourteen (14) nights, or until the reserved room is available.
   - Transportation between alternate establishment and original establishment.
   - If requested, one (1) 3-minute telephone call and message forwarding to the alternate establishment.

14.2. Reservation Service for Car Rentals

Car rental merchants only for Specialized Vehicles (a unique class of vehicle not in the mainstream of the car rental merchant's rental fleet and which do not constitute more than five (5%) percent of the car rental merchant's rental fleet) may use certain Card types specified by Us to guarantee reservations by obtaining the Cardholder's account number, expiration date, and name embossed on the Card and complying with the following requirements:

1. Provide a written confirmation to the Cardholder, including the information specified below. For reservations made less than seventy-two (72) hours prior to the scheduled rental time, written confirmation is required only upon Cardholder request.
   - Cardholder account number, expiration date, and name embossed on the Card as provided by the Cardholder.
   - Name and exact address; including street, city, and state of the location of the Specialized Vehicle pickup.
   - Confirmation code.
   - Rate and any other details relating to the reservation.
   - Provisions of the guaranteed reservation relating to the Cardholder's obligations and any other cancellation details related to the reservation as specified below.
2. Inform the Cardholder that the Specialized Vehicle will be held until the scheduled pickup time, unless the reservation is canceled by the specified cancellation time, which must not exceed seventy-two (72) hours prior to the scheduled rental time.
3. Advise the Cardholder that a No Show Charge (not to exceed two (2) days' rental) may be billed if the Cardholder has not rented the Specialized Vehicle by the scheduled time (up to eight (8) hours prior to the scheduled rental time) or if the reservation was not properly canceled. If the Cardholder's account is charged for a No Show Transaction for a reserved Specialized Vehicle, the car rental merchant must hold the Specialized Vehicle available for the period of time represented by the No Show Transaction.
4. If the Cardholder has not rented or canceled the reserved Specialized Vehicle by the specified cancellation time, the Specialized Vehicle must be held available in accordance with the reservation.
5. If the Cardholder has not rented or canceled the reserved Specialized Vehicle by the specified cancellation time, the car rental merchant may then complete a No Show Sales Draft, which must contain the following information:
   - An amount not to exceed two (2) days' rental, including tax.
   - Cardholder name embossed on the Card, account number, and Card expiration date.
   - The words "No Show" on the signature line of the Sales Draft.
   - Obtain an Authorization approval code in accordance with other requirements of the Merchant Services Agreement.
6. Accept all cancellation requests from Cardholders provided the cancellation request is made prior to the specified cancellation time. Provide the Cardholder a cancellation code and advise the Cardholder that it must be retained in case of dispute. If requested, provide the Cardholder written confirmation of the cancellation including

name em-bossed on the Card, the cancellation code, and the details related to the canceled reservation.

7. If the Specialized Vehicle that was guaranteed is not available, the car rental merchant must provide the Cardholder with at least a comparable Specialized Vehicle from another car rental merchant for the reservation period and provide transportation to the alternate car rental establishment.

14.3. T&E Advance Deposit Service

Certain Card types specified by Us may offer a service that a lodging merchant, cruise line merchant, or car rental company provides to a Cardholder to pay an advance deposit required to reserve accommodations or a vehicle. MasterCard does not permit advance deposits for car rentals.

Reservation Procedures

a. Determine the T&E Advance Deposit Transaction amount, not to exceed the following:

- For lodging accommodations, the cost of the intended length of stay, not to exceed fourteen (14) nights' lodging.
- Cost of the cruise.
- For a car rental, the cost of the intended term of the rental, not to exceed fourteen (14) days' rental.

b. Apply the deposit amount to the total obligation. You may not process a "No Show" Transaction under the T&E Advance Deposit Service.

c. Inform the Cardholder of the advance deposit requirements. For lodging and cruise accommodations, inform the Cardholder that accommodations will be held for the number of nights used to determine the amount of the Advance Deposit Transaction. For car rentals, inform the Cardholder that the vehicle will be held for the number of days used to determine the amount of the Advance Deposit Transaction.

d. Obtain the following information from the Cardholder:

- Cardholder name, account number, and expiration date as embossed on the Card.
- Telephone number and mailing address.
- Scheduled date of arrival (for a lodging merchant), embarkation (for a cruise line), or rental (for a car rental company).
- Intended length of stay (for a lodging merchant), or term of rental (for a car rental company).

e. Inform the Cardholder that You will hold the accommodations or vehicle according to the reservation and provide written confirmation of a Cardholder reservation change, if requested.

f. Advise the Cardholder that merchant will retain the entire T&E Advance Deposit Transaction amount or the amount specified in Your stated policy, if the Cardholder has not:

- Checked in by checkout time (for a lodging merchant) the day following the specified last night of lodging used to determine the T&E Advance Deposit Transaction amount.
- Checked in by the departure time (for a cruise line).
- Rented the vehicle by the end of the last day of the rental period used to determine the amount of the transaction (for a car rental company).
- Canceled the reservation within the specified time frames.

g. Quote the rate of the reserved accommodations or car rental, the amount of the T&E Advance Deposit Charge, and Your exact location; or, in the case of cruise lines, the name and complete address of the point of embarkation. Provide the Cardholder with a confirmation number (advising that it must be retained with the actual date and time the cancellation privileges expire).

h. Complete a Sales Draft for the amount of the advance deposit. The Sales Draft must include the following information:

- Advance deposit amount.
- Cardholder name, account number, card expiration date, and the name embossed on the Card.
- Cardholder telephone number and mailing address.
- The words "Advance Deposit" on the Sales Draft signature line.
- Confirmation code.
- Scheduled check-in, vehicle rental, or embarkation date.
- Date and time that cancellation privileges (if any) expire without deposit forfeiture.

- Follow normal Authorization procedures. If the authorization request is approved, mail the Cardholder copy of the Sales Draft and the written cancellation policy to the address indicated by the Cardholder within three (3) business days from the Charge date and process the Sales Draft with Us in accordance with usual procedures as specified in this Agreement.
- If the Authorization request is declined, advise the Cardholder and do not process the Sales Draft.

Cancellation Procedures

a. Accept all cancellation requests from Cardholders, provided the cancellation request is made prior to the specified cancellation date and time.

b. Provide a cancellation number and advise the Cardholder that it must be retained to preserve rights in case of a dispute.

c. Complete a Credit Draft that includes the following information:
   - The entire T&E Advance Deposit Transaction amount (for a lodging merchant or car rental company) or applicable amount (for a cruise line merchant).
   - Cardholder name, account number, and expiration date as embossed on the Card.
   - Cardholder mailing address.
   - Cancellation code.
   - Words "Advance Deposit Cancellation" on the Credit Draft signature line.

d. Deposit the Credit Draft within five (5) calendar days of the Transaction date.

e. Mail the Cardholder copy to the Cardholder within three (3) calendar days of the Transaction date.

Alternate Accommodations

a. Lodging Merchant

i) If accommodations that were reserved under the T&E Advance Deposit Service are unavailable, complete and deliver to the Cardholder a Credit Draft for the entire deposit amount.

ii) Provide the following services at no charge to the Cardholder:
   - Comparable accommodations at an establishment of equal or better quality, not to exceed fourteen (14) nights, or until the reserved room is available.
   - Transportation between alternate establishment and original establishment.
   - If requested, one (1) 3-minute telephone call and message forwarding to the alternate establishment.

b. Cruise Line Merchant

i) If accommodations that were reserved under the T&E Advance Deposit Service are unavailable, and no comparable accommodations are available on the ship, You may, at your discretion, offer the following without additional charge:
   - A comparable cruise within the same approximate sailing dates and number of sailing days specified in the reservation.
   - Any extra nights' accommodations or air fare to a different port city necessitated by the Cardholder's acceptance of alternate accommodations.

ii) If comparable accommodations are not available, or the Cardholder elects not to accept the offered alternate accommodations, the Cardholder must receive a Credit Draft for the entire cost of the cruise.

iii) You must provide the following at no charge to the Cardholder:
   - One night's accommodation, if required.
   - Transportation to the hotel as well as the airport.
   - Airline transportation to the airport nearest the Cardholder residence.
   - Reasonable out-of-pocket expenses incurred by the Cardholder because the guaranteed accommodations were not available.

c. Car Rental Merchant

i) If the reserved vehicle is unavailable, You must provide the following services to the Cardholder without charge:
   - Credit Draft to refund the entire T&E Advance Deposit Transaction amount.

- At least a comparable vehicle for the number of days specified in the reservation, not to exceed fourteen (14) days, or until the reserved vehicle becomes available, whichever comes first.

14.4. Priority CheckOut Service

Any lodging or cruise line merchant participating in the Reservation Services or Advance Lodging/Cruise Line Deposit Service may participate in the Priority Checkout Service under the provisions set forth below. You must:

1. Provide the Cardholder with a Priority Checkout Agreement, which must be on a form specified by Us or a form supplied by You that provides for at least the following:
   - The Cardholder account number;
   - Your name, location, and telephone number;
   - The departure date of the Cardholder;
   - The Cardholder name, address and room number;
   - A statement authorizing You to charge the designated Cardholder account number for the amount of the bill without a Cardholder signature;
   - The Cardholder's signature on the Priority Checkout Agreement; and
   - A provision allowing the Cardholder to request specific billing receipts, including the name and address where the receipts are to be mailed.
2. Inform the Cardholder that the Priority Checkout Agreement must be completed and signed. The mailing address must be included to receive a copy of the hotel or cruise bill supporting the final amount.
3. Obtain the completed Priority Checkout Agreement and ensure the Cardholder account number identified is identical to the account number used for the Sales Draft.
4. Complete the Sales Draft indicating the total amount of the Cardholder's obligation and the words "Priority Checkout" on the signature line.
5. Follow normal authorization procedures for lodging or cruise line merchant transactions.
6. Mail the Cardholder copy of the Sales Draft, the itemized hotel or cruise bill, and signed Priority Checkout Agreement, if requested by the Cardholder, to the address provided by the Cardholder on the Priority CheckOut Agreement within three (3) business days of the Cardholder's departure.
7. Retain a copy of the itemized hotel or cruise bill and the signed Priority Checkout Agreement supporting a Priority Checkout Charge for a minimum of six (6) months from the transaction date.

14.5. T&E Cash Disbursement Service

Lodging and cruise line merchants participating in the Reservation Services and Advance Lodging/Cruise Deposit Service may make cash disbursements to VISA Gold or Platinum Cardholders under the following conditions:

1. The VISA Gold or Platinum Cardholder must be a registered guest at Your hotel or a registered passenger on the cruise ship and must have indicated that the hotel charges or shipboard expenses will be paid with a Card.
2. Cash disbursements under this service must not exceed $250.00 during the Cardholder's stay at the hotel or aboard ship. Cash disbursements may be further limited by cash availability.
3. All cash disbursements must be made only after reviewing positive identification to determine that the recipient of the cash is the Cardholder. The identification must consist of a current, official government identification document (such as a passport or driver's license) that bears the Cardholder's signature.

- You must compare the signature on the cash disbursement Charge form with the signature on the signature panel of the Card, as well as the signature on the identification presented, to ascertain that they appear to be the same. In addition, if a physical description or a photograph of the Cardholder appears on the identification or Card, You must ascertain that the physical description matches, or the photograph resembles, the person presenting the Card.
- You must enter on the cash disbursement Charge form in the space provided

  a description of the identification (including any serial number and expiration date), and the address of the Cardholder.

4. You may not include any additional fees or charges, except taxes or charges imposed by applicable law.
5. All cash disbursements must be completed using a cash disbursement Charge form specified by Us.

GENERAL TERMS

In addition to the preceding Operating Procedures, our Agreement with you includes the following General Terms. If you fail to follow any of the provisions of the Operating Procedures or General Terms, you may incur certain liabilities or we may terminate our Agreement.

Subject to Association Rules, services may be performed by one or more of our affiliates or a third party provider, including the provision of terminals or other equipment and local support functions in connection with this Agreement.

15. Operating Procedures; Association Rules

15.1 You agree to follow the procedures in the Operating Procedures section of this Agreement in connection with each Card transaction and to comply with all applicable Association Rules. From time to time, we may amend the Operating Procedures, by providing you with at least 30 days' prior written notice, and those provisions will be deemed incorporated into this Agreement. However, for changes in the Association Rules or for security reasons, certain changes in Card procedures may become effective on shorter notice. If there are any inconsistencies between the General Terms and the Operating Procedures, the General Terms will govern.

16. Settlement of Card Transactions

16.1. We will only be required to settle Card transactions for Cards specified in your Application. Promptly after presentment of Sales Drafts pursuant to the Operating Procedures, we will initiate a transfer of the applicable settlement funds to you.

16.2. All settlements for VISA and MasterCard Card transactions will be net of credits/ refunds, adjustments, applicable discount fees when due, Chargebacks and any other amounts then due from you.

16.3. All credits to your Settlement Account or other payments to you are provisional and are subject to, among other things, our final audit, Chargebacks (including our related losses), fees and fines imposed by the Associations. You agree that we may debit or credit your Settlement Account for any deficiencies, overages, fees and pending Chargebacks, or may deduct such amounts from settlement funds due to you. Alternatively, we may elect to invoice you for any such amounts, net due 30 days after the invoice date or on such earlier date as may be specified.

16.4.

We will not be liable for any delays in receipt of funds or errors in debit and credit entries caused by third parties including but not limited to any Association or your financial institution. In addition to any other remedies available to Us under this Agreement, you agree that should any Event of Default occur, we may, upon at least 24 hours' advance written notice, change processing or payment terms to suspend credits or other payments of any and all funds, money and amounts now due or hereafter to become due to you pursuant to the terms of this Agreement, until we have had reasonable opportunity to investigate such event. In cases of fraud or similar cause, no prior notice shall be required, but we shall notify you in writing within three business days after effectuating a suspension of credits or other payments, which shall state our reason for the belief that such fraud or similar cause exists.

17. Exclusivity

17.1.

During the term of this Agreement, you shall use Us as your exclusive provider of all Services.

17.2.

You may designate a third party, subject to our approval, that does not have a direct agreement with Us as your agent for the direct delivery of data-captured transactions. You must advise Us that you will use such a third party processor, and agree that we will reimburse you only for the amount of transactions delivered by that agent to Visa or MasterCard, less the appropriate discount fee. You assume responsibility for any failure by your agent to comply with Association regulations, including, but not limited to, any violation resulting in a Chargeback.

18. Fees; Adjustments; Collection of Amounts Due

18.1. You shall be charged a fee for the Services, which shall be calculated and payable pursuant to this Agreement and any additional pricing supplements. You ac-knowledge that the fees agreed to are based upon the qualification of your transactions for certain reduced interchange fees as set by the applicable Association. If your Card transactions fail to qualify for the reduced interchange fees, we will process such Card transactions at the higher applicable interchange fees and you shall be charged an additional fee for each nonqualifying transaction.

18.2. The fees for Services set forth in this Agreement are based upon assumptions associated with the anticipated volume and average transaction size for all Services as set forth in this Agreement and your method of doing business. If the actual volume or average transaction size are not as expected or if you significantly alter your method of doing business, we may adjust your discount fee and transaction fees without prior notice.

18.3. The fees for Services set forth in this Agreement may be adjusted to reflect increases or decreases by Associations in interchange, assessment and other Association fees or to pass through increases charged by third parties for on-line communications and similar items. All such adjustments shall be your responsibility to pay and shall become effective upon the date any such change is implemented by the applicable Association or third party.

18.4. We may also increase the fees for Services for any other reason by notifying you thirty (30) days prior to the effective date of any such change.

18.5. If you receive settlement funds by wire transfer, we may charge a wire transfer fee per wire, notwithstanding any lesser amount shown in this Agreement.

18.6. To the extent the Automated Clearing House (ACH) settlement process is used to effect debits or credits to your Settlement Account, you agree to be bound by the terms of the operating rules of the National Automated Clearing House Association, as in effect from time to time. You hereby authorize Us to initiate credit and debit entries and adjustments to your account through the ACH settlement process and/or through direct instructions to (or such other arrangements as We deem appropriate) the financial institution where your Settlement Account is maintained for amounts due under this Agreement and under any agreements with Us or our affiliates for any related services, as well as for any credit entries in error. You hereby authorize the financial institution where your Settlement Account is maintained to effect all such debits and credits to your account. This authority will remain in full force and effect until we have given written notice to the financial institution where your Settlement Account is maintained that all monies due under this Agreement and under any other agreements with Us or our affiliates for any related services have been paid in full.

18.7.

You shall also be liable for, and We may collect from you, all fees and costs (collection expenses) incurred by Us in collection efforts, whether performed by a collection agency or through an attorney, including, but not limited to, collection contingency fees. We shall pass through to You its legal fees, costs, and collection expenses incurred in seeking legal advice in contract negotiations, workouts, bankruptcy, collection efforts, or other similar event, not in the ordinary course of the Merchant Bank relationship descripted in this Agreement. This provision is effective even after this Agreement is terminated.

18.8.

You agree to pay any fines imposed on us by any Association resulting from Chargebacks and any other fees or fines imposed by an Association with respect to your acts or omissions.

18.9.

If your Chargeback percentage for any line of business exceeds the estimated industry Chargeback percentage, you shall, in addition to the Chargeback fees and any applicable Chargeback handling fees or fines, pay Us an excessive Chargeback fee for all Chargebacks occurring in such month in such line(s) of business. Each estimated industry Chargeback percentage is subject to change from time to time by Us in order to reflect changes in the

industry Chargeback percentage reported by VISA or MasterCard.

18.10. If you believe any adjustments should be made with respect to your Settlement Account, you must notify Us in writing within 90 days after any debit or credit is or should have been effected. If you notify Us after such time period, We may, in our discretion, assist you, at your expense, in investigating whether any adjustments are appropriate and whether any amounts are due to or from other parties, but We shall not have any obligation to investigate or effect any such adjustments. Any voluntary efforts by Us to assist you in investigating such matters shall not create any obligation to continue such investigation or any future investigation.

19. Chargebacks

19.1. You shall be responsible for all Chargeback amounts relating to Card transactions as set forth in the Operating Procedures.

19.2. You shall reimburse Us for any Chargebacks, return items, or other losses resulting from your failure to produce a Card transaction record requested by Us within the applicable time limits.

20. Representations; Warranties; Limitations on Liability; Exclusion of Consequential Damages

20.1. Without limiting any other warranties hereunder, you represent and warrant as to each Card transaction submitted under our Agreement that:

20.1.1. the Card transaction represents a bona fide sale/rental of merchandise or services not previously submitted;

20.1.2. the Card transaction represents an obligation of the Cardholder for the amount of the Card transaction;

20.1.3. the amount charged for the Card transaction is not subject to any dispute, setoff or counterclaim;

20.1.4. the Card transaction amount is only for the merchandise or services (including taxes, but without any surcharge) sold or rented and, except for any delayed delivery or advance deposit Card transactions expressly authorized by this Agreement, the merchandise or service was actually delivered to or performed for the person entering into the Card transaction simultaneously upon your accepting and submitting the Card transaction for processing;

20.1.5. the Card transaction does not represent the refinancing of an existing obligation of the Cardholder (including any obligation otherwise owed to you by a Cardholder or arising from the dishonor of a personal check);

20.1.6. you have no knowledge or notice of any fact, circumstances or defense that would indicate that the Card transaction was fraudulent or not authorized by the Cardholder or that would otherwise impair the validity or collectibility of the Cardholder's obligation arising from such Card transaction or relieve the Cardholder from liability with respect thereto;

20.1.7. the Card transaction submitted to Us was entered into by you and the Cardholder; and

20.1.8. the Card transaction was made in accordance with these General Terms, Association Rules and the Operating Procedures.

20.2.

THIS AGREEMENT IS A SERVICE AGREEMENT. WE DISCLAIM ALL OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO YOU OR ANY OTHER PERSON, INCLUDING WITH-OUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.

20.3.

NOTWITHSTANDING ANY-THING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL WE, OUR AFFILIATES OR ANY OF OUR/ THEIR RESPECTIVE DIREC-TORS, OFFICERS, EMPLOYEES, AGENTS OR SUB-CONTRACTORS, BE LIABLE UNDER ANY THEORY OF

TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL THEORY FOR LOST PROFITS, LOST REVENUES, LOST BUSINESS OPPORTUNITIES, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSE-QUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY AGREEMENT OF THE PARTIES, RE-GARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER ANY PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

20.4 .NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY (IN-CLUDING BUT NOT LIMITED TO SECTION 26), OUR CUMULATIVE LIABILITY FOR ALL LOSSES, CLAIMS, SUITS, CONTRO-VERSIES, BREACHES OR DAMAGES FOR ANY CAUSE WHATSOEVER (IN-CLUDING, BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATED TO THIS AGREE-MENT) AND REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY SHALL NOT EXCEED, (I) $50,000; OR (II) THE AMOUNT OF FEES RECEIVED BY US PURSUANT TO THE AGREEMENT FOR SERVICES PERFORMED IN THE IMMEDIATELY PRECEDING 12 MONTHS, WHICH-EVER IS LESS.

21. Confidentiality

21.1. Unless you obtain consents from Us and each applicable Association, Card-Issuing Bank and Cardholder, you must not use, disclose, sell or disseminate any Cardholder information obtained in connection with a Card transaction (including the names, addresses and Card account numbers of Cardholders) except for purposes of authorizing, completing and settling Card transactions and resolving any Chargebacks, retrieval requests or similar issues involving Card transactions, other than pursuant to a court or governmental agency request, subpoena or order. You shall use proper controls for and limit access to, and render unreadable prior to discarding, all records containing Cardholder account numbers and Card imprints. You may not retain or store magnetic stripe data after a transaction has been authorized. If you store any electronically captured signature of a Cardholder, you may not reproduce such signature except upon our specific request.

21.2.

You acknowledge that you will not obtain ownership rights in any information relating to and derived from Card transactions.

22. Assignments

22.1.

Any transfer or assignment of this Agreement by you, without our prior written consent, by operation of law or otherwise, is voidable by Us. Furthermore, you shall indemnify and hold Us harmless from all liabilities, Chargebacks, expenses, costs, fees and fines arising from such transferee's or assignee's submission of Card transactions to Us for processing. For purposes of this Section 22, any transfer of voting control shall be considered an assignment or transfer hereof.

22.2.

Upon notice to you, another VISA and MasterCard member may be substituted for Bank under whose sponsorship this Agreement is performed. Upon substitution, such other VISA and MasterCard member shall be responsible for all obligations required of Bank, including without limitation, full responsibility for its bankcard program and such other obligations as may be expressly required by applicable Association Rules. Subject to Association Rules, We may assign or transfer this Agreement and our rights and obligations hereunder and/or may delegate our duties hereunder, in whole or in part, to any third party, whether in connection with a change in sponsorship, as set forth in the preceding sentence, or otherwise, without notice to you or your consent.

22.3.

Except as set forth in Section 22 and as provided in the following sentence, this Agreement shall be binding upon successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and

assigns. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in possession or other person charged with taking custody of a party's assets or business, shall have any right to continue, assume or assign this Agreement.

23:Term; Events of Default

23.1 This Agreement shall become effective upon the date this Agreement is approved by Bank after review and approval of your Application, and we shall advise you of the effective date. The processing of transactions by you after the mailing or delivery of this Merchant Agreement shall further evidence your acceptance of the terms of this Agreement.

23.2 The initial term of this Agreement shall commence on the effective date and shall have an initial term as designated on the Application. Unless either party provides the other with a written notice of termination at least 30 days prior to the expiration of the then existing term, this Agreement shall automatically renew for successive one-year terms.

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

23.3.1. a material adverse change in your business, financial condition, business procedures, prospects, products or services; or

23.3.2. any assignment or transfer of voting control of you or your parent; or

23.3.3. a sale of all or a substantial portion of your assets; or

23.3.4. irregular Card sales by you, excessive Chargebacks or any other circumstances which, in our sole discretion, may increase our exposure for your Chargebacks or otherwise present a financial or security risk to us; or

23.3.5 any of your representations or warranties in this Agreement are breached in any material respect or are incorrect in any material respect when made or deemed to be made; or

23.3.6 you shall default in any material respect in the performance or observance of any term, covenant, condition or agreement contained in this Agreement, including, without limitation, the establishment or maintenance of funds in a Reserve Ac-count, as detailed in Section 24; or

23.3.7 you shall default in any material respect in the performance or observance of any term, covenant or condition contained in any agreement with any of our affiliates; or

23.3.8 you shall default in the payment when due, of any material indebtedness for borrowed money or any material trade payable (other than any trade payable subject to a good faith dispute so long as you are actively pursuing resolution of such dispute); or

23.3.9 you shall file a petition or have a petition filed by another party under the Bankruptcy Code or any other laws relating to bankruptcy, insolvency 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 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; or make a general assignment for the benefit of creditors; or take any corporate action for the purpose of authorizing any of the foregoing; or

23.3.10. your independent certified accountants shall refuse to deliver an unqualified opinion with respect to your annual financial statements and your consolidated subsidiaries; or

23.3.11. you are found to be on the Combined Terminated Merchant File; then, upon the occurrence of (1) an Event of Default specified in subparagraphs 23.3.4 or 23.3.9 above, We may consider this Agreement to be terminated immediately, without notice, and all amounts payable hereunder shall be immediately due and payable in full without demand or other notice of any kind, all of which are expressly waived by you, and (2) any other Event of Default, this Agreement may be terminated by Us giving not less than 10 days' notice to you, and upon such notice all amounts

payable hereunder shall be due and payable on demand.

23.4. Neither the expiration nor termination of this Agreement shall terminate the obligations and rights of the parties pursuant to provisions of this Agreement which by their terms are intended to survive or be perpetual or irrevocable and such provisions shall survive the expiration or termination of this Agreement.

23.5. If any Event of Default shall have occurred and be continuing, We may, in our sole discretion, exercise all of our rights and remedies under applicable law, including, without limitation, exercising our rights under Section 24.

23.6. This Agreement may be terminated by Us prior to the then-current expiration date upon at least 90 days' advance written notice, if your Card transactions fail to conform to your volume or average transaction size representations.

23.7. If this Agreement is terminated for cause, you acknowledge that We may be required to report your business name and the names and other information regarding its principals to the Combined Terminated Merchant File maintained by VISA and MasterCard. You expressly agree and consent to such reporting if you are terminated as a result of the occurrence of an Event of Default or for any reason specified as cause by VISA or MasterCard. Furthermore, you agree to waive and hold Us harmless from and against any and all claims which you may have as a result of such reporting.

23.8. After termination of this Agreement for any reason whatsoever, you shall continue to bear total responsibility for all Chargebacks, fees, credits and adjustments resulting from Card transactions processed pursuant to this Agreement and all other amounts then due or which thereafter may become due under this Agreement.

24. Reserve Account; Security Interest

24.1. You expressly authorize Us to establish a Reserve Account pursuant to the terms and conditions set forth in this Section 24. The initial amount of such Reserve Account shall be set by us, in our sole discretion, based upon your processing history and the potential risk of loss to Us.

24.2.

The Reserve Account shall be fully funded upon three (3) 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 offsets to any payments otherwise due to you; (iii) your delivery to Us of a letter of credit; or (iv) if we so agree, your pledge to Us 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 Us and shall be in a form satisfactory to us. In the event of termination of this Agreement by any party, an immediate Reserve Account may be established without notice in the manner provided above. Any Reserve Account will be held by Us for the greater of ten (10) months after termination of this Agreement or for such longer period of time as is consistent with our liability for Card transactions in accordance with Association Rules. Your funds held in a Reserve Account may be held in a commingled Reserve Account for the reserve funds of our Clients, without involvement by an independent escrow agent.

24.3.

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 Us such sums upon request.

24.4.

To secure your obligations to Us and our affiliates under this Agreement and any other agreement for the provision of related equipment or related services ("Obligations"), you hereby grant Us a lien and security interest in and to any of your funds pertaining to the Card transactions contemplated by this Agreement now or hereafter in our possession, whether now or

hereafter due or to become due to you. In addition to any rights granted under applicable law, we are hereby authorized (any related notice and demand are hereby expressly waived), to set off, recoup and to appropriate and to apply any and all such funds against and on account of your Obligations, whether such Obligations are liquidated, unliquidated, fixed, contingent, matured or unmatured. You agree to duly execute and deliver to Us such instruments and documents as may be reasonably requested to perfect and confirm the lien, security interest, right of set off, recoupment and subordination set forth in this Agreement.

25. Financial and Other Information

25.1. You will provide Us quarterly financial statements within 45 days after the end of each fiscal quarter and annual audited financial statements within 90 days after the end of each fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles. You will also provide such other financial statements and other information concerning your business and your compliance with the terms and provisions of this Agreement as we may reasonably request. You authorize Us to obtain from third parties financial and credit information relating to you in connection with our determination whether to accept this Agreement and our continuing evaluation of the financial and credit status of you. We may also access and use information which you have provided to Bank for any other reason. Upon request, you shall provide to Us or our representatives reasonable access to your facilities and records for the purpose of performing any inspection and/or copying of your books and/or records deemed appropriate.

25.2. You will provide Us with written notice of any judgment, writ, warrant of attachment, execution or levy against any substantial part (25% or more in value) of your total assets not later than three (3) days after you become aware of same.

26. Indemnification

26.1. You agree to indemnify and hold Us harmless from and against all losses, li- abilities, damages and expenses (excluding attorneys' fees and collection costs) resulting from any breach of any warranty, covenant or agreement or any misrepresentation by you under this Agreement, or arising out of your or your employees' negligence or willful misconduct, in connection with Card transactions or otherwise arising from your provision of goods and services to Cardholders.

26.2.

We agree to indemnify and hold you harm-less from and against all losses, liabilities, damages and expenses resulting from any breach of any warranty, covenant or agreement or any misrepresentation by Us under this Agreement or arising out of our or our employees' gross negligence or willful misconduct in connection with this Agreement.

27. Early Termination

27.1.

The parties further agree and acknowledge that, in addition to any remedies contained herein or otherwise available under applicable law, if (a) you breach this Agreement by improperly terminating it prior to the expiration of the applicable term of the Agreement, or (b) this Agreement is terminated prior to the expiration of the applicable term of the Agreement due to an Event of Default, then we will suffer a substantial injury that is difficult or impossible to accurately estimate. Accordingly, in an effort to liquidate in advance the sum that should represent such damages, the parties have agreed that the early termination fee set forth on the Application is a reasonable pre-estimate of our probable loss.

27.2.

'Notwithstanding any other provision of this Agreement, we may terminate this Agreement at any time by providing 30 days' advance notice to you.

28. Special Provision Regarding JCB and Diners Club

28.1. If you accept JCB cards,

you must retain original JCB Sales Drafts and JCB Credit Vouchers for a period of at least 120 days from the date of the JCB Card transaction and you must retain microfilm or legible copies of JCB Sales Drafts and JCB Credit Vouchers

for a period of at least three (3) years following the date of the transaction.

28.2. **If you accept JCB cards and/or Diners Club**, you agree to be bound by JCB and Diners Club rules. You also agree to be bound by all other provisions of this Agreement that are applicable to JCB and Diners Club.

29. Special Provisions for Debit Card

29.1. **Debit Card Acceptance.** Most, but not all, ATM cards (Debit Cards) can be accepted at the point of sale at participating locations. Examine the back of the Debit Card to determine if the card participates in a network that you are authorized to accept. The network mark(s) will be printed on the back of the Debit Card. If the Debit Card is valid and issued by a participating network, you must comply with the following general requirements for all participating networks:

- You must honor all valid Debit Cards when presented that bear authorized network marks.
- You must treat transactions by Cardholders from all Issuing Banks in the same manner.
- You may not establish a minimum or maximum transaction amount for Debit Card acceptance.
- You may not require additional information, beside the Personal Identification Number, for the completion of the transaction unless the circumstances appear suspicious. A signature is not required.
- You shall not disclose transaction related information to any party other than your agent, a network, or issuing institution and then only for the purpose of settlement or error resolution.

The special provisions outlined in this Section 29 apply only to those Debit Card transactions that are processed by a Cardholder entering a PIN. These provisions do not apply to Debit Card transactions that do not involve entry of a PIN.

29.2. **Transaction Processing.** The following general requirements apply to all Debit Card transactions.

- **All debit transactions must be authorized and processed electronically. There is no Voice Authorization or Imprinter procedure for Debit Card transactions.**
- You may not complete a Debit Card transaction that has not been authorized. You should request another form of payment from the customer. The Cardholder should be instructed to contact the Issuing Bank to find out why a transaction has been declined.
- You may not complete a Debit Card transaction without entry of the Personal Identification Number (PIN) by the Cardholder.
- The PIN must be entered into the PIN pad only by the Cardholder. You cannot accept the PIN from the Cardholder verbally or in written form.
- You must issue a receipt to the Cardholder upon successful completion of a transaction. The Cardholder account number will be masked so that only the last four digits will appear. The masked digits will appear as a nonnumeric character such as an asterisk. This is referred to as PAN truncation.
- You may not manually enter the account number. The account number must be read electronically from the magnetic stripe. If the magnetic stripe is unreadable, you should request another form of payment from the customer.
- Any applicable tax must be included in the total transaction amount for which authorization is requested. Tax may not be collected separately in cash.

29.3. Refunds.

The ability to process a credit or refund transaction on-line is not supported as part of the Debit Card service. If merchandise is returned, provide a cash refund and/or in-store credit. If no refunds are allowed, clearly mark "No Refunds" on the Sales Draft prior to handing the Cardholder his/her copy.

29.4. Cash back from purchase.

You have the option of offering cash back to your customers when they make a Debit Card purchase. You may set a minimum and maximum amount of cash back that you will allow. If you are not now offering this service, your terminal may require additional programming to begin offering cash back.

29.4.1. Equipment.

In order to process ATM/On-line debit transactions, you must have a suitably programmed POS terminal. The POS terminal

must allow for the entry and encryption of PINs either through the POS terminal directly or through an attached PIN pad. The entry and encryption of PINs must meet all applicable network standards. Since you must provide the customer with a receipt for all completed transactions, a printer must be available, either attached to or integrated into the POS terminal.

- The POS terminal must be available to Cardholders and Cards of all issuing participants on a nondiscriminatory basis.
- You must take all reasonable steps to ensure that the POS terminal and PIN pad are available for use and are functioning with a minimum of errors.

29.6. **Signage.** You must post appropriate signage or decals in a prominent place bearing the network mark of each network for which you are accepting Cards. The marks of all networks must be of equal size. The appropriate network decals will be provided by customer service. If you did not receive decals or you need replacement decals, please contact Customer Service. The phone number is located in the Important Phone Numbers section in the back of this booklet.

29.7. **Settlement.** Within one business day of the original transaction, you must balance each store to the system for each business day that each store is open.

29.8. **Adjustments.** An adjustment is a transaction that is initiated to correct a Debit Card transaction that has been processed in error. You will be responsible for all applicable adjustment fees that may be charged by a Debit Card network. Some networks may have established minimum amounts for adjustments. There are several reasons for adjustments being initiated:

- The Cardholder was charged an incorrect amount, either too little or too much.
- The Cardholder was charged more than once for the same transaction.
- A processing error may have occurred that caused the Cardholder to be charged even though the transaction did not complete normally at the point of sale.

All parties involved in processing adjustments are regulated by time frames that are specified in the operating rules of the applicable Debit Card network, The Electronic Funds Transfer Act, and Regulation E.

30. Special Provisions Regarding Electronic Benefit Transfer (EBT)

If you elect to engage in EBT transactions, the terms and conditions of this Section shall apply.

If you have agreed to issue cash benefits and will provide cash back or cash only transactions, you agree to maintain adequate cash on hand to issue confirmed cash benefits and will issue cash benefits to EBT customers in the same manner and to the same extent cash is provided to your other customers. You may not require that any EBT customers purchase goods or services as a condition to receiving cash benefits, unless such condition applies to other customers as well. You may not designate special checkout lanes restricted to use by EBT customers unless you also designate special checkout lanes for debit or credit cards and/or other payment methods.

30.1. Issuance of Benefits.

You agree to issue benefits to EBT customers in accordance with the procedures specified in all documentation provided to you by us, as amended from time to time and pursuant to applicable law. You must provide each EBT customer a receipt for each EBT transaction.

You will issue EBT benefits to EBT customers, in accordance with our then current procedures, in the amount authorized through a point-of-sale terminal, with personal identification number pad and printer. In the event of an equipment failure, you must comply with applicable procedures regarding authorization.

You must also comply with the procedures set forth in the Quest Operating Rules (the "Quest Rules"), as amended from time to time, issued by the National Automated Clearing House Association and approved by the Financial Management Service of the U.S. Treasury Department, any other network or entity rules or procedures applicable to the EBT transactions, and any additional procedures specified by any additional state or federal government or agency regarding lost EBT cards, forgotten PINs, discrepancies in benefits authorized and similar matters by providing EBT customers with information such as telephone numbers and addresses of the appropriate state agencies.

You may not accept any EBT card for any purpose other than the issuance of benefits, including without limitation acceptance of any EBT card as security for repayment of any

customer obligation. In the event of any violation of this pro-vision, you will be obligated to reimburse the applicable state or Us for any benefits unlawfully received.

30.2. **Issuance Records.** You must retain all EBT-related records (including but not limited to manual sales drafts) for three (3) years following benefit issuance, or for such additional period as may be required by law.

You must make all EBT-related records available for audit upon request to representatives of any applicable state or its EBT service provider, or other authorized state or federal government agency during normal business hours. To assure compliance with this Section 30.2, a state, its EBT service provider, or another authorized state or federal government agency, will at all times, upon advance notice, except in the case of suspected fraud or other similar activity, have the right to enter, during normal business hours, your premises to inspect or evaluate any work performed under this Agreement, or to obtain any other information required to be provided by you or otherwise related to your EBT transactions.

30.3. **Required Licenses.** If you issue benefits under this Agreement, you represent and warrant to Us that you are properly authorized to enter such transactions and are not currently disqualified or withdrawn from redeeming food stamp coupons or otherwise disqualified or withdrawn by any applicable agency. You agree to secure and maintain at your own expense all necessary licenses, permits, franchises, or other authorities required to lawfully effect the issuance and distribution of benefits under this Agreement, including without limitation, any applicable franchise tax certificate and nongovernmental contractor's certificate, and covenant that you will not issue benefits at any time during which you are not in compliance with the requirements of any applicable law.

30.4. **Term and Termination.** If you are disqualified or withdrawn from the food stamp program, your authority to issue benefits will be terminated contemporaneously therewith. Such disqualification or withdrawal will be deemed a breach of this Agreement with respect to your authority to issue cash benefits and, in the event of such disqualification, we shall have the right to immediately terminate the provision of service under this Section 30.4 or the Agreement in its entirety.

With respect to the issuance of cash benefits only, your authority to issue cash benefits may be suspended or terminated immediately at the sole discretion of us, the state or its EBT service provider, effective upon delivery of a notice of suspension or termination specifying the reasons for such suspension or termination if there shall be (i) any suspension, injunction, cessation, or termination of the EBT service provider's authority to provide EBT services to the state; (ii) failure by you, upon not less than thirty (30) days' prior written notice, to cure any breach by you of the provisions of these terms and conditions, including without limitation, your failure to support the issuance of benefits during your normal business hours consistent with your normal business practices, your failure to comply with issuance procedures, impermissible acceptance of an EBT card, or your disqualification or withdrawal from the food stamp program; or (iii) based on a state's or its EBT service provider's investigation of the relevant facts, evidence that you or any of your agents or employees are committing, participating in, or have knowledge of fraud or theft in connection with the dispensing of benefits. In the event you fail to cure any breach as set forth above, you may appeal such suspension of termination to the applicable state for determination in its sole discretion.

In the event that your authority to issue benefits is suspended or terminated by a state or its EBT service provider, and you successfully appeal such suspension or termination to the state or its EBT service provider, we shall be under no obligation to reinstate the services previously provided.

The provision of services under this Section 30.4 shall terminate automatically in the event that our Agreement or our service provider's agreement with any applicable state's EBT service provider terminates for any reason.

30.5. Confidentiality of EBT System Information.

All information related to the issuance of benefits and the recipients thereof shall be considered confidential information.

Individually identifiable information relating to a benefit recipient or applicant for benefits will be held confidential and will

not be disclosed by you or your directors, officers, employees or agents, without prior written approval of the applicable state.

The use of information obtained by you in the performance of your duties under this Section 30.5 will be limited to purposes directly connected with such duties.

30.6. **EBT Service Marks.** You will adequately display any applicable state's service marks or other licensed marks, including the Quest mark, and other materials supplied by us, collectively the "Protected Marks," in accordance with the standards set by the applicable state. You will use the service marks only to indicate that benefits are issued at your location(s) and will not indicate that we, any state or its EBT service provider endorses your goods or services. Your right to use such service marks pursuant to this Agreement will continue only so long as this Agreement remains in effect or until you are notified by us, any state or its EBT service provider to cease their use or display.

30.7. **Miscellaneous**

30.7.1. Amendents. If any of these terms and conditions are found to conflict with federal or state law, regulation or policy of the rules, these terms and conditions are subject to reasonable amendment by a state or its EBT service provider to address such conflict upon thirty (30) days' written notice to you provided that you may, upon written notice, terminate your obligation under this Section 30 upon receipt of notice of such amendment.

30.7.2. State Action. Nothing contained herein shall preclude a state from commencing appropriate administrative or legal action against you or for making any referral for such action to any appropriate federal, state, or local agency.

31. Special Provisions for TeleCheck® Services

31.1. If you elect to subscribe to the Telecheck® check services, the terms and conditions of his Section 31, the TeleCheck Services Agreement, shall apply, including payment and the Minimum Monthly Fee from that point forward, upon processing your first check through the TeleCheck® service. If you choose to subscribe to the TeleCheck® Electronic Check Acceptance℠ service (ECA®), you may be required to complete the Addendum for TeleCheck® Electronic Check Acceptance℠ services, in addition to the Merchant Application. Your acceptance of this Agreement also serves as an acceptance of the TeleCheck Services Agreement included in this Section 31 if you have checked the TeleCheck box on your Application. By checking the TeleCheck box and accepting this Agreement, you indicate your acceptance of, and agreement to, the terms of the TeleCheck Services Agreement. The TeleCheck Services Agreement is a stand-alone agreement between you and TeleCheck. Without limiting the foregoing, any cancellation or termination of this Agreement will not automatically effect a termination of the TeleCheck Services Agreement. 31.2.Term, Termination and Amendment. TeleCheck will provide the check acceptance services, and any specified equipment and maintenance, pursuant to this Section 31, (the "TeleCheck Services") for an initial term of twelve (12) or twenty four (24) months as specified on the face of this Agreement from the Effective Date; provided, however, that you may terminate this Agreement if you give and TeleCheck receives written notice of termination within thirty days of the Effective Date. Thereafter, this Agreement shall automatically renew for successive 12-month terms until terminated as provided for herein. You may terminate this Agreement at the end of the initial term or any renewal term upon at least thirty days' prior written notice to TeleCheck. In the event TeleCheck changes the rates, fees or warranty limits hereunder, you may terminate this Agreement upon written notice received by TeleCheck within thirty days of your receipt of notice of such change. TeleCheck may terminate this Agreement at any time upon notice to you. TeleCheck reserves the right to amend at its discretion the TERMS AND CONDITIONS, including, without limitation, any addenda, Operational Procedures, rates, and fees, by providing you notice and such amendments shall be effective thirty (30) days from the date notice is mailed.

31.3.Definitions.

As used in this Section 31, the following definitions apply: "check writer" means the drawer of a check; "Claim" means any claim, suit, proceeding, damage, expense (including, without limitation, attorneys' fees) assessment, fine or liability of any kind (including, without limitation, any based on intellectual property rights or law); "customer" means a check writer,

person, or entity that authorizes an Item; "Dishonored Item" means an Item having received a valid TeleCheck approval code pursuant to a Warranty Service Business Transaction but which is dishonored upon presentment for payment; "Item" means an outstanding financial obligation pursuant to a check, including a check processed as an ECA® Business Transaction; "ECA Business Transaction" means a transaction for the contemporaneous purchase of goods or services (including, without limitation, taxes) the payment for which is processed as an ECA transaction; provided, how-ever, it does not include any ECA transactions for cash or payment on an account or check already due You; "ECA batch" means a collection of saved ECA transactions; "Operational Procedures" means Tele-Check's published policies and procedures contained in various documents provided to you, concerning the services, equipment and maintenance provided pursuant to this Section 31, the terms of which are incorporated in this Section 31 as if fully set forth herein; "Returned Item" means any Item not paid by your financial institution or that fails to comply with the TERMS AND CONDITIONS of this Section 31, including, without limitation, the Warranty Requirements; "TeleCheck Parties" means TeleCheck and its officers, directors, employees, shareholders, agents and attorneys; "Warranty Maximum": (a) for an Item processed as a non-ECA transaction means the lower of (i) the face amount of the Item or (ii) the lesser amount set forth on the face of the Agreement; and (b) for an Item processed as an ECA transaction means the lower of (i) the face amount of the Item or (ii) $5,000.00; and "Warranty Service Business Transaction" means a transaction for the contemporaneous purchase of goods or services pursuant to TeleCheck's warranty service program and shall not include checks written for cash or for payment on an account or check already due You.

31.4. Fees, Rates and Warranty Changes.

You shall pay TeleCheck the fees and rates set forth in the applicable merchant application, attached Rate Schedule and addenda, respectively, if any, as changed from time to time by TeleCheck, plus all applicable taxes. The percentage rate set forth as the Inquiry Rate, or the rates stated in the Rate Schedule, if any, shall apply to the face amount of each Item, whether such Item is approved or declined, which is entered into the TeleCheck system by telephone, electronically or in writing. The Monthly Minimum fee is the minimum amount of inquiry fees that you shall pay on a monthly basis. If the total fees for your inquiries for any month are less than the Monthly Minimum Fee, then the Monthly Minimum Fee shall apply. Additional inquiry fees are those fees for inquiries exceeding the dollar volume of inquiries included in the Monthly Minimum fee. The Processing Fee is a monthly fee for handling your account. The Charge Per Transaction is the per transaction charge for all transactions determined by the method by which the transaction is delivered to TeleCheck. The ECA Charge Per Transaction is the addi-tional per transaction charge for all ECA transactions for The POS Support charge is a monthly fee for point-of-sale support services associated with maintenance of equipment related to the TeleCheck Services. The Transaction Surcharge is an additional charge for transactions going over third party networks. The ECA Chargeback Fee is a handling fee for each Chargeback of an ECA transaction. The ECA Funding Report Fee is an additional fee to receive daily or weekly ECA funding reports. The ECA Correction Fee is a fee payable on each Item in an ECA batch that must be corrected due to your error or at your request. The change per ASI transaction is an additional charge for processing a transaction against the account status information database. The Customer Requested Operator Call charge is an additional charge per operator-assisted call not requested by TeleCheck. A Warranty Research Fee of $7.50 will be charged each time you request substantiation of a warranty payment/non-payment. These fees are in addition to any fees charged by TeleCheck to you under any other agreements.

31.5. Payment.

All fees and charges are due upon receipt. you authorize TeleCheck to debit all payments and other amounts owed (including, without limitation, all Chargebacks and Returned Item fees) to TeleCheck or its affiliates under this Section 31 or any other Agreement between you and TeleCheck or its affiliates, and to credit all amounts owing to you under this Section 31, to Your financial institution account as provided to TeleCheck by you. If there are insufficient funds

in your financial institution account to pay amounts owed to TeleCheck or its affiliates, or if there are any amounts other-wise not paid by you when due, including, without limitation, delinquent fees, Chargebacks or rejected and reassigned warranty Items, you shall immediately reimburse TeleCheck or its affiliates upon demand, or at TeleCheck's option, TeleCheck may offset such amounts against any amounts due you from TeleCheck or its affiliates under this Agreement or any other agreement between you and TeleCheck or its affiliates. A delinquency charge of 1-1/2% per month or the highest amount permitted by law, whichever is lower, shall be added to the outstanding balance of any account over fifteen (15) days delinquent. TeleCheck shall have the right to suspend all services and obligations to you, including the payment of all warranties due and all transactions previously authorized, during any period in which your account is delinquent. You agree to pay to TeleCheck a $25.00 fee for any check or ACH debit not paid by your bank upon presentment.

31.6. Equipment.

Title to all rental equipment, if any, is retained by TeleCheck. Upon termination of the Telecheck Service, you at your expense shall return all TeleCheck equipment to TeleCheck in good repair, ordinary wear and tear excepted. Monthly rental fees will apply to all months or fractions of a month any equipment remains in use by or actual or constructive possession of you. TeleCheck will replace or repair equipment rented or maintained by TeleCheck upon your request; provided, however, that a swap fee of $29.95 shall be charged per equipment item replaced. If replacement equipment is mailed to you, it is your responsibility to return replaced equipment to TeleCheck's office within (5) business days or you shall be deemed to have purchased and be billed for such equipment. A fee of $40.00 per hour plus the cost of parts shall be charged for repair of any damage to the equipment rented or maintained by TeleCheck, ordinary wear and tear excepted. A reprogramming fee of $25.00 will be charged for each occasion that a piece of equipment is reprogrammed for additional features or different information. You shall not permit persons other than authorized representatives of TeleCheck to adjust, maintain, program or repair any TeleCheck equipment. You shall bear the entire risk of loss, theft or damage of or to equipment, whether or not owned by you. There is a ninety (90) day manufacturer's warranty on purchased equipment. You will be charged a fee for the shipping and handling of TeleCheck equipment and parts.

31.7. Warranty.

The sole purpose of the TeleCheck warranty service program is to provide in-formation and processing services to you. TeleCheck warrants the accuracy of its information provided that all requirements set forth in paragraph 31.12 are strictly met. A Dishonored Item shall be deemed to be a breach of the warranty and as your sole and exclusive remedy for such breach, you may receive payment of the face amount of the Dishonored Item up to the Warranty Maximum, subject to the terms, conditions, and limitations contained in this Section 31 and any addenda hereto. The warranty does not apply where payment has been stopped due to a dispute over goods or services between you and consumer, or where you have called TeleCheck for approval on more than one check per Warranty Service Business Transaction.

31.8. "Goodwilll" of a Returned Item.

TeleCheck, in its discretion, may voluntary reimburse you for a specific Returned Item. TeleCheck's election to reimburse a Returned Item shall not act as a waiver of TeleCheck's right to decline to pay any other Returned Item.

Terms Applicable Only to the TeleCheck® Electronic Check Acceptance℠ (ECA®) Service

The terms in paragraphs 31.10 and 31.11 apply only if you use the TeleCheck Electronic Check Acceptance℠ service.

31.10.ECA Processing.

The Warranty Maximum for an ECA transaction is $5,000.00. You shall not submit to TeleCheck for processing any ECA transaction exceeding $5,000.00. For each ECA transaction that TeleCheck approves, TeleCheck shall, via an electronic funds transfer, effect a credit to your financial institution account for the amount of such transaction as part of an ECA batch credit. Such credit shall occur: (i) within two (2) banking days following your regular close-out of the point-of-sale terminal and transmission to TeleCheck for processing the saved ECA transaction, provided that the ECA batch is closed and received by TeleCheck by 11:00 p.m.

Central Time; and (ii) regardless of whether or not consumer's ECA transaction is paid by consumer's financial institution. TeleCheck reserves the right to decline to process any transaction as an ECA Business Transaction.

31.11. Retention of ECA Receipts.

You shall cause the consumer to sign an ECA receipt in a form approved by TeleCheck prior to submission of each ECA Business Transaction to TeleCheck for processing. You shall maintain the signed ECA receipt for a minimum period of two (2) years from the date of the transaction or for the period specified by the rules of the National Automated Clearing House Association, whichever is longer. Within seven (7) days of TeleCheck's request, you shall physically deliver either the original or a legible copy of the signed ECA receipt to TeleCheck. You shall, upon reasonable notice and during normal business hours, permit TeleCheck to audit you for your compliance with this requirement.

GENERAL TERMS

31.12. Warranty Requirements and ECA Representations.

TeleCheck will reimburse you for one Item, up to the Warranty Maximum, per Warranty Service Business Transaction or ECA Business Transaction which meets all of the following applicable requirements, and you represent and warrant with respect to all Warranty Service Business Transactions and ECA Business Transactions submitted to TeleCheck for processing under this Agreement the following applicable representations:

(a) The check must be a first party check drawn on a United States, Canadian, Puerto Rican, or U.S. Virgin Islands financial institution and must be made payable to you. The name of the individual or company must be imprinted on the check by the check manufacturer. If P.O. Box is used or address is not imprinted by the check manufacturer, a physical address must be written on the check according to TeleCheck's Operational Procedures.

(b) You received a completely filled out paper check from the consumer;

(c) The consumer authorized the debiting of consumer's account and the ECA debit entry is in all respects properly authorized and in an amount agreed to by the consumer;

(d) You shall have made an inquiry to TeleCheck strictly according to TeleCheck's Operational Procedures;

(e) TeleCheck Subscriber Number, check writer's telephone number (including area code), identification type and number and approval code must all be printed or written on the check.

(f) The Warranty Service Business Trans-action or the ECA Business Transaction represents an obligation of the person who is presenting the respective Warranty Service Business Transaction or ECA Business Transaction and the respective transaction is for merchandise actually sold or rented or services actually rendered for the actual price of such merchandise or services (including tax and shipping) and does not involve any element of credit for any purpose;

(g) The signature and physical description of the check writer or consumer on the check and the ECA receipt, if applicable, must reasonably correspond to the signature and description contained in the piece of identification;

(h) The signature in the signature block must not be substantially different from the name imprinted on the check;

(i) The date of the check and the ECA Business Transaction, if applicable, must accurately coincide with the date of the inquiry call to TeleCheck and the date the transaction actually occurred. (No Pre- or Post-Dated checks.);

(j) The amount of the check entered into the TeleCheck system and the amount shown in words and figures on the check and the amount on the consumer's ECA receipt, if applicable, must all agree;

(k) The check must have been deposited in your bank and received by TeleCheck for purchase within thirty (30) days of the date of the check;

(1) You received a signed ECA receipt from consumer and either consumer or you voided the signed paper check to which the ECA Business Transaction relates;

(m) You have no reason to believe or have notice of any fact, circumstance or defense that

would impair the validity or collectibility of the consumer's obligation or relieve the consumer from liability;

(n) The paper check to which the ECA Business Transaction relates is a personal check and not a business check;

(o) The consumer shall have signed a separate ECA authorization receipt for each ECA Business Transaction submitted to TeleCheck for processing.

31.13. **All of the above requirements and representations are material terms of this Section 31.** By execution of this Section 31, you acknowledge your full knowledge and understanding of the above requirements and representations as they pertain to the services provided to you under this Agreement. You shall not be entitled to recover any amounts under this Section 31 if you fail to timely satisfy each of the terms or conditions of or breaches any representation contained in: (i) paragraph 31.12, or (ii) any other terms, conditions, and limitations in this Agreement.

31.14. **Collection and Returned Item Fees.**

TeleCheck shall be entitled to collect from the consumer and retain any fees or exemplary damages, in addition to the amount of the check or ECA Business Transaction, if applicable, which are allowed by law. You shall follow all TeleCheck policies and procedures and post at TeleCheck's direction any notices which in TeleCheck's opinion may be required for it to collect any such amounts arising from returned, dishonored or unpaid checks or ECA Business Transactions.

31.15. **Assignment of Checks and ECA Business Transactions.**

By the execution of this Agreement, you ASSIGN, TRANSFER AND CONVEY to TeleCheck all of your rights, title and interest in each: (a) check submitted to TeleCheck for the Warranty Service Pro-gram; or (b) Item processed by TeleCheck as an ECA Business Transaction processed by TeleCheck under this Agreement. You shall, at TeleCheck's request, endorse such check and take any action reasonably deemed necessary by TeleCheck to aid in the enforcement of TeleCheck's rights hereunder.

31.16. **Reassignment and Chargeback.**

TeleCheck, as applicable, may: (a) reassign to you any Item purchased by TeleCheck pursuant to the Warranty Service provisions of this Section 31, or (b) chargeback to you and debit your financial institution account any ECA Business Transaction submitted to TeleCheck for processing pursuant to this Agreement, in any of the following circumstances:

(a) The goods or services, in whole or in part, for which the check was issued or, for which an Item was submitted, have been returned to you, have not been delivered by you, or, are claimed by the purchaser to have been unsatisfactory or are subject to any dispute, set-off or counterclaim;

(b) You have received full or partial payment or security in any form whatsoever to secure payment of the: (i) Item; or, (ii) goods or services for which the Item was issued or authorized;

(c) The transaction for which the Item was tendered, or transfer of the consumer's Item is for any reason (i) not permitted by applicable law; or (ii) a court of law determines that the Item is, in whole or in part, not due and payable by the consumer, unless such determination results from consumer's bankruptcy proceeding;

(d) The Item was not issued in connection with a Warranty Service Business Transaction or ECA Business Trans-action:

(e) Any of the representations made by you as set forth in paragraph 13.12 are or become false or inaccurate; or, you failed to comply with any of the TERMS AND CONDITIONS of this Agreement;

(f) You, or any of your owners, agents or employees:

(i) materially altered either the check or the ECA Receipt; or (ii), accepted the check, or processed the ECA Business Transaction with reason to know that the check or the ECA Business Transaction was likely to be dishonored or that the identification used to authorize the Item was forged, altered or did not belong to the consumer;

(g) The ECA receipt was incomplete or unsigned;

(h) A duplicate ECA Business Transaction relating to the same Item was received and processed or the original paper check was

deposited, thereby creating a duplicate entry against the consumer's financial institution ac-count;

(i) A legible copy of the ECA receipt is not received by TeleCheck within seven (7) days of a request by TeleCheck; or

(j) The check writer disputes authorizing the ECA Business Transaction or the validity or accuracy of the transaction debit to his account.

31.17. You shall immediately notify TeleCheck upon the happening of any of the above circumstances.

If the Item is reassigned as provided herein, TeleCheck may debit your account in the amount paid by TeleCheck for the Item, or upon request, you shall remit the amount of the Item to TeleCheck. TeleCheck may also chargeback to you any amount over the Warranty Maximum on any ECA Business Transaction where TeleCheck has not received payment for such ECA Business Transaction within sixty (60) days of the date of the ECA Business Transaction. Upon reassignment or charging back of an Item, TeleCheck shall have no further liability to you on such Item. Following termination of this Agreement, you shall continue to bear total responsibility for any reassignments, Chargebacks and adjustments made under paragraph 31.16.

31.18. Updating Information.

With regard to any Items submitted or reported to TeleCheck, you shall promptly notify TeleCheck if: (a) a check writer makes any payment to you on a Dishonored Item; (b) there is a return of goods or services, in whole or in part, that were paid with a Dishonored Item; or, (c) there is a dispute of any amount or any other matter with regard to a Dishonored Item.

31.19. Credit Law Compliance.

You certify that: (a) you have a legitimate business need, in connection with a business transaction initiated by the consumer, for the information provided by TeleCheck under this Agreement regarding such consumer; and, (b) the information provided by TeleCheck will only be used for permissible purposes as defined in the Fair Credit Reporting Act, and applicable state and federal laws, with the exception that the information will not be used for employment purposes, and will not be used by you for any purpose other than one business transaction between you and consumer. Neither you, nor your agents or employees, shall disclose the results of any inquiry made to TeleCheck except to the customer about whom such inquiry is made and in no case to any other person outside your organization. If you decide to reject any transaction, in whole or in part, because of information obtained from TeleCheck, you agree to provide the consumer with all information required by law and TeleCheck.

31.20. Use of TeleCheck Materials and Service.

TeleCheck grants to you, and you accept, a nonexclusive, nonassignable and nontransferable temporary permission, uncoupled with any right or interest, to use TeleCheck's marks: TELECHECK®, TELECHEQUE®, TELECHECK® ELECTRONIC CHECK ACCEPTANCE℠, ECA® and the TELECHECK LOGO® (collectively, the "TeleCheck Marks") and to use and display decals, identification data and other materials provided by TeleCheck during the term of the TeleCheck Services solely in connection with the offering of the TeleCheck℠ services authorized under this Agreement. In addition, the following shall appear at least once on every piece of advertising or promotional material used by you: ("Applicable Mark") is a trademark owned by TeleCheck Inter-national, Inc., and is licensed for use by "Your Name"); provided, however, that no such advertising or promotion using any TeleCheck Mark or TeleCheck name shall be done without the prior written consent of TeleCheck. Upon termination of the TeleCheck Services, you shall either return or destroy all TeleCheck materials (including, with-out limitation, the prompt removal of decals or other materials that are affixed and displayed to the public). The monthly fees payable to TeleCheck by you will apply for all months or fractions of a month any materials or TeleCheck-owned equipment remain in use. You shall maintain the confidentiality of this Agreement and any information provided to you by TeleCheck, including, without limitation, TeleCheck Operational Procedures or other proprietary business information, whether or not such information is marked confidential. You shall not permit any persons other than

your own officers or employees at your locations to use the TeleCheck Subscriber Number assigned by TeleCheck.

31.21. You shall not use any TeleCheck Marks in conjunction with or on the Internet. You shall take all actions reasonably required by TeleCheck to ensure that the TeleCheck Marks and other TeleCheck materials do not become part of the public domain or are otherwise appropriated by any person or entity to the detriment of TeleCheck. You acknowledge TeleCheck's ownership of the TeleCheck Marks and agree that you will do nothing inconsistent with such ownership. You shall promptly notify TeleCheck of any unauthorized use of the TeleCheck Marks by third parties of which you become aware You shall use the designation "®" and "sm" in conjunction with those TeleCheck Marks, which are registered trademarks and service marks, respectively, of TeleCheck.

31.22. This Section 31 is solely between you and TeleCheck; you shall not provide or resell, directly or indirectly, the services provided by TeleCheck to any third party. You are not authorized to, and shall not in any manner, utilize the TeleCheck services in connection with any transaction conducted, in whole or in part, over the Internet or in any other non-face-to-face transaction.

31.23. Use of Information.

You agree that: (a) all data and other information relating to an Item or consumer obtained by TeleCheck in connection with any service provided hereunder shall be owned by TeleCheck with all right, title, and interest thereto; (b) TeleCheck may use any credit information provided to a TeleCheck affiliate or to your credit card Processor for TeleCheck's credit review; and (c) TeleCheck may provide or receive any experiential information regarding you to or from any TeleCheck affiliate or to your credit card Processor.

31.24. TeleCheck Procedures.

You shall strictly follow all Operational Procedures provided to you, as may be amended from time to time by TeleCheck, including, without limitation, the Opera-tional Procedures relating to the TeleCheck Marks. To the extent that there is any conflict between the Operational Procedures and the terms of this Section 31, the terms of this Section 31 shall govern.

31.25. Assignment of Agreement.

The obligations and rights under this Section 31 may be assigned by you only with the prior written consent of TeleCheck. TeleCheck may freely assign its rights, benefits or duties hereunder. Subject to the foregoing, this Section 31 shall inure to the benefit of and be binding upon the successors and assigns of TeleCheck and your heirs, executors, administrators, successors and assigns.

31.26. Legal Responsibility.

In the event that you violate any term(s) of this Section 31, you shall pay all costs, excluding attorneys' fees, for actions taken by TeleCheck whether by suit or otherwise, to defend, preserve or enforce its rights under this Agreement and TeleCheck shall have the right to immediately repossess all equipment owned by TeleCheck. In the event of any legal action with third parties or regulatory agencies, concerning any transaction or event arising under this Section 31, you shall: (a) promptly notify TeleCheck of the Claim(s) or legal action; (b) reasonably cooperate with TeleCheck in the making of any Claim(s) or defense(s); and (c) provide information, assist in the resolution of the Claim(s) and make available at least one employee or agent who can testify regarding said Claim(s) or defense(s). You shall indemnify, defend, and hold harm-less the TeleCheck Parties from any Claim(s) arising from any false or inaccurate representation made by you or from your failure to strictly comply, in whole or in part, with any: (a) TERMS AND CONDITIONS pursuant to this Agreement and any addenda hereto or Operational Procedures; or (b) applicable law. A Claim shall be considered to exist even though it may be conditional, contingent, indirect, secondary, unliquidated, or unmatured. Upon written notice from TeleCheck to you, you shall immediately undertake the defense of such Claim by representatives of its own choosing, subject to TeleCheck's reasonable approval; provided, however, that TeleCheck shall have the right to control and undertake such defense by representatives of its own choosing, but at your cost and expense, if the Claim arises out of patent, trade-mark, or other intellectual property rights or laws. Notwithstanding anything to the contrary in this Agreement, in no event shall

TeleCheck be liable to you or to any other person under this Agreement or otherwise for any: (a) punitive, exemplary, special, incidental or consequential dam-ages including, without limitation, any loss or injury to earnings, profits or good-will; or (b) liability in an amount greater than the total amount of fees paid to TeleCheck by you pursuant to this Agreement during the preceding twelve (12) month period.

31.27. **DISCLAIMER. EXCEPT AS EXPRESSLY SET FORTH IN PARAGRAPH 31.7, TELECHECK MAKES NO REPRESENT-ATION OR WARRANTY, EXPRESS OR IMPLIED, AND NO IMPLIED AT LAW WAR-RANTY SHALL ARISE FROM THIS AGREEMENT, THE SALE OF ANY EQUIPMENT BY TELECHECK TO YOU, OR FROM PERFORMANCE BY TELECHECK, INCLUDING, WITHOUT LIMITATION, WAR-RANTIES OF MERCHANT ABILITY OR FITNESS FOR A PARTICULAR USE, ALL OF WHICH ARE EXPRESSLY WAIVED BY YOU.**

All decisions to reject any Item (whether as a check or ECA transaction), driver's license or other form of identification or payment for your products or services are solely your responsibility. You assume all risks that any and all Items accepted by you may be dishonored, whether or not TeleCheck has authorized said Item(s).

31.28. **Notices.**

Any notice or other communication required or permitted to be given under this Section 31 shall be in writing and shall be hand delivered or delivered by facsimile transmission or overnight courier or certified or registered mail (and if sent by you by mail, postage prepaid return receipt requested) addressed or transmitted to the party to be notified at such party's address or number as provided on the front of the Application or at such party's last known address or number. Any notice delivered here under shall be deemed effective upon delivery, if hand delivered or sent by overnight courier, and upon receipt, as evidenced by the date of transmission indicated on the transmitted material if by facsimile transmission, or the date of delivery indicated on the return receipt, if mailed as aforesaid. The parties' addresses may be changed by written notice to the other party as provided herein.

31.29. **Force Majeure.**

TeleCheck shall not be held responsible for any delays in, or failure or suspension of service caused by mechanical or power failure, computer malfunctions (including, without limitation, software, hardware and firmware), strikes, labor difficulties, fire, inability to operate or obtain service for its equipment, unusual delay in transportation, act of God, or other causes reasonably beyond the control of TeleCheck.

31.30. **Governing Law and Integration.**

You shall comply with all applicable laws, rules and regulations relating to the services provided hereunder. This Section 31, plus any addenda attached hereto, constitute the entire Agreement between the parties concerning the subject matter hereof and supersedes all prior and contemporaneous understandings, representations and agreements in relation to its subject matter.

THIS SECTION 31 SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES.

31.31. **Severability and Interpretation.**

If any provision, in whole or in part, of this Section 31 is held invalid or unenforceable for any reason, the invalidity shall not affect the validity of the remaining provisions of this Agreement, and the parties shall substitute for the invalid provision a valid provision that most closely approximates the intent and economic effect of the invalid provision. Neither this Section 31, nor any addenda or Operational Procedures, shall be interpreted in favor or against any party because such party or its counsel drafted this Section 31, or such addenda or Operational Procedures. No course of dealing, usage, custom of trade or communication between the parties shall modify or alter any of the rights or obligations of the parties under this Section 31.

31.32. **Amendment and Waiver.**

No modification, amendment or waiver of any of the TERMS AND CONDI-TIONS of this Section 31 shall be binding upon TeleCheck, whether written, oral, or in any other medium, unless made in writing and approval and signed by TeleCheck. All rights and duties within this

Section 31 are material and time is of the essence; no waiver of any rights here-under shall be deemed effective unless in writing executed by the waiving party; no waiver by either party of a breach or any provision of this Section 31 shall constitute a waiver of any prior or subsequent breach of the same or any other provision of this Section 31; no failure to exercise, and no delay in exercising, any right(s) hereunder on the part of either party shall operate as a waiver of any such right; all of TeleCheck's rights are cumulative; and, no single or partial exercise of any right hereunder shall preclude further exercise of such right or any other right.

31.33. Damages.

Upon your breach or unauthorized termination of the TeleCheck Services, TeleCheck shall be entitled to recover from you liquidated damages in an amount equal to ninety percent (90%) of the total aggregate charges payable for the unexpired portion of the then current term of the TeleCheck Services. TeleCheck and you hereby acknowledge and agree that, after giving due consideration to the costs TeleCheck may incur by reason of your breach or unauthorized termination, to the possibility that TeleCheck will not be able to mitigate its damages, and to the expense savings that TeleCheck may obtain by not having to provide services, equipment or maintenance, the liquidated damages specified herein constitute a realistic pre-estimate of the loss to TeleCheck in the event of such breach or unauthorized termination of this Agreement and will not be construed as a penalty.

31.34. Survivability.

All representations, warranties, indemnities and covenants made herein shall survive the termination of this Agreement and shall remain enforceable after such termination.

31.35. Reserve Account.

You expressly authorize TeleCheck to establish a reserve account (the "Reserve Account"). The amount of the Reserve Account shall be set by TeleCheck, in its sole discretion, based upon your processing history and the anticipated risk of loss to TeleCheck.

31.36. The Reserve Account shall be fully funded upon three (3) days' notice to you, or in instances of fraud or breach of this Agreement, the Reserve Account may be funded immediately at TeleCheck's election. The Reserve Account may be funded by all or any combination of the following: (i) one or more debits to your financial institution (TeleCheck is hereby authorized to make such debits); (ii) one or more deductions or offset to any payments otherwise due to you from TeleCheck or any of its affiliates; or (iii) your delivery to TeleCheck of a letter of credit. Any such letter of credit shall be issued or established by a financial institution acceptable to TeleCheck and in a form satisfactory to TeleCheck, both in TeleCheck's sole discretion. In the event of termination of this Agreement by either you 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 180 days after termination of this Agreement. No interest will accrue or be paid on the Reserve Account and your funds held in the Reserve Account may be held in a commingled Reserve Account for the reserve funds of TeleCheck's subscribers, without any involvement by an independent escrow agent.

31.37.

If your funds in the Reserve Account are not sufficient to cover the delinquent fees, chargebacks or any other fees and charges due from you, or if the funds in the Reserve Account have been released, you shall immediately pay TeleCheck such sums upon request. In the event of a failure by you to fund the Reserve Account, TeleCheck may fund such Reserve Account in the manner set forth in paragraph 31.36 above.

31.38.

To secure your obligations to TeleCheck and its affiliates under this Agreement and any other agreement for the provision of other services, you grant to TeleCheck a lien and security interest in and to any of your funds pertaining to the transactions contemplated by this Agreement now or hereafter in the possession of TeleCheck, whether now or hereafter due to become due or to you from TeleCheck. Any such funds, money or amounts may be commingled with other funds of TeleCheck, or, in the case of any funds held pursuant to the foregoing paragraphs, with any other funds of other subscribers of TeleCheck. In addition to any rights now or hereafter granted under

applicable law and not by way of limitation of any such rights, TeleCheck is hereby authorized by you at any time and from time to time, without notice of demand to you or to any other person (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 TeleCheck and its affiliates under this Agreement and any other agreement with TeleCheck or any of its affiliates for any other services (including any check or credit card processing services), whether such obligations are liquidated, fixed, contingent, matured or unmatured. You agree to duly execute and deliver to TeleCheck such instruments and documents as TeleCheck may reasonably request to perfect and confirm the lien, security interest, right of set off, recoupment and subordination set forth in this Agreement.

32. Special Provisions for Equipment Lease

32.1. Your acceptance of this Agreement also serves as an acceptance of the Equipment Lease Agreement included as Exhibit A if you have checked the box on your Application indicating Processor as the designated lessor. By checking the Processor box and signing this Agreement, you indicate your acceptance of, and agreement to, the terms of the Equipment Lease Agreement.

32.2. The Equipment Lease Agreement is a stand-alone agreement between you and Processor and is freely assignable by Processor at its sole discretion. Processor intends to assign the Equipment Lease Agreement shortly after its execution to First Data Merchant Services Corporation. Without limiting the foregoing, any cancellation or termination of this Agreement will not automatically effect a termination of the Equipment Lease Agreement.

32.3. If you have checked the Processor box on the signature page of this Agreement, you acknowledge and agree that the Equipment Lease Agreement, together with your signature page, constitutes the full agreement between Processor and you concerning the lease of the equipment specified, and that Processor and its successors and assigns may freely assign the Equipment Lease Agreement as a stand-alone agreement apart from this Agreement.

33. Terms of Equipment Purchase or Rental

Equipment that is being purchased or rented by you under this Equipment Agreement is subject to the following terms. Equipment rented to or purchased by you under this Equipment Agreement is referred to in this section as the "Equipment." THE EQUIPMENT IS NOT BEING SOLD OR RENTED TO YOU FOR HOME OR PERSONAL USE. Sales and rentals of equipment are made by Processor, and for purposes of this section the words "we," "our," and "us" refer only to Processor and not to Bank. The agreement between Processor and you as set forth in this section is referred to as the "Equipment Agreement," and the full Agreement of which the Equipment Agreement is a part is referred to as the "Merchant Agreement."

33.1. Purchased Equipment; Supplies.

We will sell to you, and you will buy from Us the Equipment identified in the Merchant Application as being purchased by you (the "Purchased Equipment"), free and clear of all liens and encumbrances (subject to Section 33.7), except that any "Software" (as defined in Section 33.8) will not be sold to you outright but instead will be provided to you pursuant to and subject to the conditions of Section 33.8 hereof. You shall pay the purchase price specified for the Purchased Equipment and the related software license(s), including all applicable tax, prior to the effective date of the Equipment Agreement or at our option, such amounts will be collected by Us by debits or deductions pursuant to Section 33.5. We will provide you supplies as requested by you from time to time. You shall pay the purchase price for such supplies, plus shipping and handling charges, including all applicable tax, prior to delivery of the supplies or upon invoice, as specified by us, or at our option, such amounts will be collected by Us by debits or deductions pursuant to Section 33.5.

33.2. Rental Equipment.

We agree to rent to you and you agree to accept and rent from Us the Equipment identified in the Merchant Application as being rented to you (the "Rental Equipment"), according to the terms and conditions of this Equipment Agreement.

33.3. **Effective Date and Term of Equipment Agreement.** This Equipment Agreement shall become effective on the earlier of the date this Equipment Agreement is fully executed by you and Us or the first date you are deemed to have accepted any piece of Equipment covered by this Equipment Agreement. This Equipment Agreement will remain in effect until all of your obligations and all of our obligations under this Equipment Agreement have been satisfied. We will deliver the Equipment to the site designated by you. You shall be deemed to have accepted each piece of Equipment at the earlier of: (a) your actual acceptance after installation, (b) delivery to you if your site is not prepared and ready for installation, or (c) for Equipment that we have not agreed to install for you, seven (7) days after shipment of each such piece of Equipment. The rental period with respect to each piece of Rental Equipment shall commence on the date such Equipment is deemed accepted and shall terminate when equipment is returned or purchased (but not upon any early termination) of your Merchant Agreement and/or any other agreement then in effect with Us for card services. The provisions of this Equipment Agreement shall survive the termination or expiration of the Merchant Agreement, unless this Equipment Agreement terminates or expires before the Merchant Agreement.

33.4. **Site Preparation.** You will prepare the installation site(s) for the Equipment, including but not limited to the power supply circuits and phone lines, in conformance with the manufacturer's and our specifications and will make the site(s) available to Us by the confirmed shipping date.

33.5. **Payment of Amounts Due.** (a) The monthly rental charge specified in the Merchant application shall be due and payable on the first day of each month of the rental period for each piece of Rental Equipment, except that the first payment of the monthly rental charge for each piece of Rental Equipment shall be due and payable upon acceptance of such Equipment by you at the location designated in the Merchant application, or upon delivery if the site is not prepared for installation (as provided in Section 33.3). The monthly rental charge for fractions of a calendar month shall be prorated based on a thirty (30) day month. You hereby authorize Us to collect all amounts due from you under this Equipment Agreement by initiating debit entries for such amounts to your account designated pursuant to the Merchant Agreement to be debited and credited for amounts due from and to you under the Merchant Agreement (the Settlement Account) or by deducting such amounts from settlement amounts due to you under the Merchant Agreement. All authorizations and other provisions in your Merchant Agreement regarding the debiting and crediting of your Settlement Account apply with equal force with respect to amounts due to or from you under this Equipment Agreement. This authority will remain in full force and effect until we have given written notice to your bank where your Settlement Account is maintained that all monies due from you under this Equipment Agreement have been paid in full.

(b) In addition to the monthly rental charge due hereunder, you shall pay, or reimburse Us for, amounts equal to any taxes, levies, duties or assessments, however designated, levied or based on such charges, or on this Equipment Agreement or the Equipment and related supplies or any services, use or activities hereunder, including without limitation, state and local sales, use, property, privilege and excise taxes, exclusive, however, of taxes based on our net income.

(c) As indicated in the Merchant Agreement, separate charges will apply for supplies; they are not included in monthly rental charges.

33.6. **Use and Return of Equipment; Insurance.**

(a) You shall cause the Equipment to be operated by competent and qualified personnel in accordance with any operating instructions furnished by Us or the manufacturer and in connection with the services provided under your Merchant Agreement. You shall not use the Equipment, or permit the Equipment to be used, in any manner or for any purpose for which the Equipment is not designed or reasonably suited.

(b) You shall not permit any physical alteration or modification of the Equipment without our prior written consent.

(c) You shall not change the installation site of the Equipment without our prior written consent, which consent we will not unreasonably withhold.

(d) You shall not assign your rights or obligations under this Equipment Agreement, or pledge, lend, create a security interest in, directly or indirectly create, incur, assume or allow to exist any other consensually or judicially imposed liens or encumbrances on, or part with possession of, or sublease the Equipment to any other person, firm or organization without our prior written consent. Any such assignment, delegation, sublease, pledge, security interest or lien in the absence of such consent shall be void.

(e) You shall comply with all governmental laws, rules and regulations relating to the use of the Equipment. You are also responsible for obtaining all legally required permits for the Equipment.

(f) We or our representatives may, at any time, enter your premises for purposes of inspecting, examining or repairing the Equipment.

(g) Promptly upon termination of all applicable rental periods or promptly following any action by Us pursuant to Section 33.11(b), you shall deliver possession of the Rental Equipment (including all attachments and parts) to Us at your cost in the same operating order, repair, condition and appearance that the Rental Equipment had at the time of its delivery to you, reasonable wear and tear excepted.

(h) For each item of Rental Equipment that you fail to return to Us at your cost in the same operating order, repair, condition and appearance that it had at the time of delivery to you, reasonable wear and tear excepted, by the 10th business day after (i) termination of the applicable rental period, or (ii) any action by Us pursuant to Section 33.11(b), you agree to pay Us the greater of $250 or the fair market value of such item of Equipment if it were in the condition described above, as determined by us. We may collect such amounts in the manner provided in Section 33.5 and to the extent we are unable to do so, you agree to pay Us the amounts owed promptly.

(i) Except for Purchased Equipment that has been paid for in full, the Equipment shall remain our personal property and shall not under any circumstances be considered to be a fixture affixed to your real estate. You shall permit Us to affix suitable labels or stencils to the Equipment indicating our ownership thereof.

(j) You shall keep the Equipment adequately insured against loss by fire, theft and all other hazards (comprehensive coverage). The loss, destruction, theft of or damage to the Equipment shall not relieve you from your obligation to pay the full purchase price or rent payable hereunder.

(k) Except for Purchased Equipment that has been paid in full, the Equipment shall be kept at your address indicated in the Merchant Agreement and shall not be removed therefrom without our prior written consent (except where normal use of the Equipment requires temporary removal).

33.7. Security Interest; Financing Statements.

You hereby grant to Us a security interest in (a) all Purchased Equipment and the related Software to secure payment of the purchase price thereof, and (b) all Rental Equipment and the related Software to secure payment of the monthly payments therefor and authorize Us to file financing statements with respect to the Equipment and the Software in accordance with the Uniform Commercial Code, signed only by Us or signed by Us as your attorney-in-fact.

33.8.Software License.

Anything in this Equipment Agreement to the contrary notwithstanding, we retain all ownership and copyright interest in and to all software, computer programs, related documentation, technology, know-how and processes embodied in or provided in connection with the Equipment (collectively "Software"), and you shall have only a nonexclusive license to use the Software in your operation of the Equipment. You shall not reverse engineer, disassemble or decompile the Software.

You shall not give any third party access to the Software without our prior written consent. Your obligations under this Section 33.8 shall survive the termination of this Equipment Agreement.

33.9. **Limitation on Liability.** Our liability arising out of or in any way connected with this Equipment Agreement shall not exceed the purchase price or rent, as applicable, paid to Us for the particular Equipment involved. In no event shall we be liable for any indirect, incidental, special or consequential damages. The remedies available to you under this Equipment Agreement will be your sole and exclusive remedies.

33.10.**Indemnification.** You shall indemnify and hold Us harmless from and against any and all losses, liabilities, damages and expenses, (excluding attorneys' fees) resulting from (a) the purchase, delivery, installation, acceptance, rejection, ownership, leasing, possession, use, operation, condition, liens against, or return of the Equipment, or (b) any breach by you of any of your obligations here under, except to the extent any losses, liabilities, damages or expenses result from our gross negligence or willful misconduct.

33.11.**Default; Remedies.** (a) If any debit of your Settlement Account initiated by Us for rent and/or other charges due hereunder is rejected when due, or if you otherwise fail to pay Us any amounts due hereunder when due, or if you default in any material respect in the performance or observance of any obligation or provision in this Equipment Agreement, or if any other default occurs under the Merchant Agreement, any such event shall be a default hereunder. (b) Upon the occurrence of any default, we may at our option, effective immediately without notice, either: (i) terminate the period of rental and our future obligations under this Equipment Agreement, repossess the Equipment and proceed in any lawful manner against you for collection of all charges that have accrued and are due and payable, in which case this Equipment Agreement shall terminate as soon as your obligations to Us are satisfied, or (ii) accelerate and declare immediately due and payable all monthly rental charges for the remainder of the applicable rental period and proceed in any lawful manner to obtain satisfaction of the same. In either case, you shall also be responsible for court costs and reasonable attorneys' fees incurred by or on behalf of us, as well as applicable shipping, repair and refurbishing costs.

33.12.Assignment.

Subject to the following provisions, this Equipment Agreement shall be binding upon successors and assigns and shall inure to the benefit of the parties and their respective permitted successors and assigns. You may not assign or transfer this Equipment Agreement, by operation of law or otherwise, without our prior written consent. For purposes of this Equipment Agreement, any transfer of voting control of you or your parent shall be considered an assignment or transfer hereof. We may assign or transfer this Equipment Agreement and our rights and obligations hereunder, in whole or in part, to any third party without the necessity of obtaining your consent. No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, debtor in possession, sheriff or any other officer of a court, or other person charged with taking custody of a party's assets or business, shall have any right to continue or to assume or to assign this Equipment Agreement.

33.13 Governing Law; Miscellaneous.

This Equipment Agreement is being entered into in connection with the Merchant Agreement and shall be governed by and will be construed in accordance with the laws of the State of California (without applying its conflicts of laws principles), except that Section 33.14 shall be governed by the Federal Arbitration Act. If any part of this Equipment Agreement is not enforceable, the remaining provisions will remain valid and enforceable. In performing their obligations under this Equipment Agreement, each party agrees to comply with all laws and regulations applicable to it.

33.14.Dispute Resolution and Arbitration.

If the parties disagree as to any matter governed by this Equipment Agreement, the parties shall promptly consult with one another in an effort to resolve the disagreement. If such effort is unsuccessful, any controversy or claim arising out of or relating to this Equipment Agreement, or the breach

thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitrator(s) shall have the right to render equitable, as well as other, awards and relief. The parties agree that the underlying agreement between the parties involves interstate commerce, and that, notwithstanding any choice of law provision in Section 33.13 of this Equipment Agreement, any arbitration hereunder shall be governed by the Federal Arbitration Act.

33.15. **Notices.** All notices must be in writing, and shall be given (a) if sent by mail, when received, and (b) if sent by courier, when delivered: if to you at the address appearing in your Merchant Agreement, and if to Us at 3975 N.W. 120th Avenue, Coral Springs, FL 33065 to the attention of Marketing.

34. Specifications License

34.1. In the event that you receive specifications documents from Us (the "Specifications"), we grant to you a nontransferable, nonexclusive, limited license to use the Licensed Materials for the sole purpose of developing an interface to our systems in order to process transactions.

34.2. We reserve all rights in the Specifications not expressly granted in this Agreement. Except as otherwise provided herein: (i) you shall not copy, nor allow others to copy, any of the Specifications, (ii) you shall not sell, assign, pledge, lease, deliver, or otherwise transfer the Specifications or any part thereof to any third party, (iii) you shall not disclose to any third party or permit any third party to have access to or use the Specifications or any part thereof, (iv) you shall not modify, alter or change the Specifications or any part thereof, or develop any diagram, drawing or other documentation based on the Specifications or the information contained therein, (v) you shall not use the Specifications to develop, manufacture, modify or reproduce any other product or service that competes with any product or service manufactured and/or distributed by or for us, and (vi) you may not reverse engineer the Specifications. Notwithstanding the foregoing, you may disclose the Specifications to a third party subcontractor for the sole purpose of allowing such third party to write an interface into our systems. Said third party must agree in writing to be bound by the terms and conditions of this Section 34.

34.3.

You acknowledge and agree that all right, title and interest in and to the Specifications and all patents, copyrights, trademarks, trade names, trade secrets and other proprietary rights related to or residing in the Specifications, and all copies of all or any part thereof in any form whatsoever, shall remain with us. You under-stand and agree that the Specifications contain trade secrets that must be kept confidential. You shall promptly notify Us of any actual or threatened misappropriation or infringement of our proprietary rights that may come to your attention.

34.4.

You shall not remove from the Specifications, or alter, any trademarks, trade names, logos, patent or copyright notices, or other notices or markings, or add any other notices or markings, without our prior written consent. You must duplicate all such proprietary rights notices on each copy of the Specifications permitted to be made under the terms of this Section 34.

34.5.

The Specifications and all related documentation, drawings, designs, specifications, documentation and information, are and shall remain our confidential and proprietary information (collectively, the "Confidential Information"). You shall not disclose the Confidential Information, and shall treat the Confidential Information as strictly confidential. You shall use Confidential Information only for the purpose set forth in this Section. Except as expressly permitted by this Section, you shall not copy any Confidential Information without our prior written consent.

34.6

THE SPECIFICATIONS ARE BEING LICENSED AND PROVIDED TO YOU "AS IS," "WITH ALL FAULTS," WITH- OUT ANY WARRANTY OF ANY KIND, EXPRESS OR IMPLIED,

INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANT-ABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

34.7 All of your obligations relating to the Specifications shall survive termination of this Agreement. Upon termination you shall, at our option, (a) return the Specifications, including all copies; or (b) destroy all Specifications, including all copies. In either case, you shall erase from all computer, electronic, or other storage devices or otherwise destroy all images and copies of the Specifications, and all portions thereof, and deliver to Us a signed acknowledgement that your obligations under this Section 34 have been fully satisfied.

34.8. You may only use the Specifications in the United States.

35. Miscellaneous

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

35.2. We have substantial facilities in the State of New York and many of the services provided under this Agreement are provided from these facilities. Our Agreement shall be governed by and construed in accordance with the laws of the State of New York (without regard to its choice of law provisions). In performing its obligations under this Agreement, each party agrees to comply with all laws and regulations applicable to it. The exclusive venue for any actions or claims arising under or related to this Agreement shall be in the appropriate state or federal court located in New York. **ALL PARTIES IRREVOCABLY WAIVE ANY AND ALL RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING ANY CLAIM RELATING TO OR ARISING UNDER THIS AGREEMENT.**

35.3.

Except as otherwise specifically provided, all notices and other communications required or permitted hereunder (other than those involving normal operational matters relating to the processing of Card transactions) shall be in writing, shall be sent by mail, courier or facsimile (facsimile notices shall be confirmed in writing by courier), if to you at your address appearing in the Application and if to Us at our address appearing on the back of the Application, with a copy to Attention: Wells Fargo Law Department, 7000 Vista Drive, West Des Moines, IA 50266, and shall be deemed to have been given (i) if sent by mail or courier, when received, and (ii) if sent by facsimile machine, when the courier confirmation copy is actually received. Notice given in any other manner shall be effective when actually received.

35.4.

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

35.5.

The parties intend every provision of this Agreement to be severable. If any part of this Agreement is not enforceable, the remaining provisions shall remain valid and enforceable.

35.6.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter thereof, supersedes any previous agreements and understandings and, except as expressly provided in this Agreement, can be changed only by a written agreement signed by all parties. A party's waiver of a breach of any term or

condition of this Agreement shall not be deemed a waiver of any subsequent breach of the same or another term or condition.

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

36. Electronic Funding Authorization

All payments to Client shall be through the Automated Clearing House (ACH) and shall normally be electronically transmitted directly to the demand deposit account you have designated or any successor account (DDA) designated to receive provisional funding of Client's Card sales pursuant to the Agreement. Neither Wells Fargo Bank nor Wells Fargo Merchant Services, L.L.C., can guarantee the timeframe in which payment may be credited by Client's depository institution (DEPOSITORY).

Client hereby authorizes Wells Fargo Bank and its authorized representative, including Wells Fargo Merchant Services, L.L.C., to access information from the DDA and to initiate credit and/or debit entries by bankwire or ACH transfer and to authorize DEPOSITORY to block or to initiate, if necessary, reversing entries and adjustments for any original entries made to the DDA and to authorize DEPOSITORY to provide such access and to credit and/or debit or to block the same to such account. This authorization is without respect to the source of any funds in the DDA, is irrevocable and coupled with an interest. This authority extends to any equipment rental or purchase agreements that may exist with Client as well as to any fees and assessments and Chargeback amounts of whatever kind or nature due to Wells Fargo Merchant Services, L.L.C., or Wells Fargo Bank under terms of this Agreement whether arising during or after termination of the Agreement. This authority is to remain in full force and effect at all times unless and until Wells Fargo Merchant Services, L.L.C., and Wells Fargo Bank have consented to its termination at such time and in such a manner as to afford them a reasonable opportunity to act on it. In addition, Client shall be charged ten dollars ($10.00) for each ACH that cannot be processed, and all subsequent funding may be suspended until Client either (i) notifies Wells Fargo Merchant Services, L.L.C., that ACHs can be processed or (ii) a new electronic funding agreement is signed by Client. Client's Depository must be able to process or accept electronic transfers via ACH.

37. Funding Acknowledgment

Automated Clearing House (ACH). I acknowledge that the funds for MasterCard and VISA transactions will be processed and transferred to my Depository within two (2) business days from the time a batch is closed (by 12:00 a.m. PT) and within one (1) business day from the time the batch is closed (by 12:00 a.m. PT) if this is a Wells Fargo Direct Deposit Account.

38. Additional Fee Information

If Client's MasterCard & VISA transaction(s) fail to qualify for the interchange level contemplated in the rates set forth in the Application, Client will be billed for the difference between the established rate and the higher rate, [plus an additional fee of .75% for said nonqualified transactions]. Additionally, each foreign VISA/MasterCard transaction submitted will be subject to a .10% international transaction handling fee.

In addition to the debit card transaction fees set forth on the Application, Client shall be responsible for the amount of any fees imposed upon a transaction by the applicable debit network.

A Monthly Minimum Processing Fee will be calculated beginning thirty (30) days after the date Client's Application is approved.

An equipment rental fee will be charged each month for each piece of equipment rented, plus tax as applicable. Client will be charged for actual shipping fees for equipment and cost of supplies.

Your initial MasterCard and VISA rates are stated on your Application and may be adjusted from time to time including to reflect:

a. Any increases or decreases in the interchange and/or assessment portion of the fees,

b. The appropriate interchange level as is consistent with the qualifying criteria of each transaction submitted by Client, and

c. Increases in any applicable sales or telecommunications charges or taxes levied by any state, federal or local authority related to the delivery of the services provided by Wells Fargo Merchant Services, L.L.C., when such costs are included in the Service or other fixed fees.

In the event that Client terminates this Agreement within six (6) months, Client will be charged a three hundred dollar ($300.00) fee for such early termination. In the event that Client terminates this Agreement within six (6) months from the date of its first submission of transactions for processing by Wells Fargo Merchant Services, L.L.C., and Wells Fargo Bank, Client will be charged a two hundred fifty dollar ($250.00) fee for such early termination. Client's obligation with respect to the Monthly Minimum Processing Fee will end simultaneously with Wells Fargo Merchant Services' receipt of said two hundred fifty dollar ($250.00) Termination Fee. In the event that Client terminates this Agreement subsequent to the six (6) month period referenced above, but prior to the end of the three (3) year term of this Agreement, Client will be charged one hundred twenty-five dollars (125.00) or an amount equal to Client's Monthly Minimum Processing Fee multiplied by the remaining amounts left in the term of the Agreement, whichever is less.

39. Arbitration

39.1. Arbitration. Upon the demand of any party, any Dispute shall be resolved by binding arbitration in accordance with the terms of this Section 36 [except as set forth in subsection 36.5 below]. A "Dispute" shall mean any action, dispute, claim or controversy of any kind, whether in contract or tort, statutory or common law, legal or equitable, now existing or hereafter arising under or in connection with, or in any way pertaining to this Agreement. Any party may by summary proceedings, bring an action in court to compel arbitration of a Dispute. Any party who fails or refuses to submit to arbitration following a lawful demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any Dispute.

39.2. Governing Rules.

39.3.

Arbitration proceedings shall be administered by the American Arbitration Association ("AAA") or such other administrator as the parties shall mutually agree upon. Arbitration shall be conducted in accordance with the AAA Commercial Arbitration Rules. If there is any inconsistency between the terms hereof and any such rules, the terms and procedures set forth herein shall control. All Disputes submitted to arbitration shall be resolved in accordance with the Federal Arbitration Act (Title 9 of the United States Code). The arbitration shall be conducted at a location in California selected by the AAA or other administrator, provided however, that either party may present testimony by telephone or video conference. All statutes of limitation applicable to any Dispute shall apply to any arbitration proceeding. All discovery activities shall be expressly limited to matters directly relevant to the Dispute being arbitrated. Judgment upon any award rendered in an arbitration may be entered in any court having jurisdiction; provided, however, that nothing contained herein shall be deemed to be a waiver, by any party that is a bank, of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

39.4. No Waiver; Provisional Remedies.

No provision hereof shall limit the right of any party to obtain provisional or ancillary remedies, including without limitation injunctive relief, attachment or the appointment of a receiver, from a court of competent jurisdiction before, after or during the pendency of any arbitration or other proceeding. The exercise of any such remedy shall not waive the right of any party to compel arbitration or reference hereunder.

39.5. Arbitrator Qualifications and Powers; Awards.

Arbitrators must be active members of the California State Bar or retired judges of the state or federal judiciary of California, with expertise in the substantive laws applicable to the subject matter of the Dispute. Arbitrators are empowered to resolve Disputes by summary rulings in response to motions filed prior to the final arbitration hearing. Arbitrators (i) shall resolve all Disputes in accordance with the substantive law of the state of California, (ii) may grant any remedy or relief that a court of the state of California could order or grant

within the scope hereof and such ancillary relief as is necessary to make effective any award, and (iii) shall have the power to award recovery of all costs and fees, to impose sanctions and to take such other actions as they deem necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the California Rules of Civil Procedure or other applicable law. Any Dispute in which the amount in controversy is $5,000,000 or less shall be decided by a single arbitrator who shall not render an award of greater than $5,000,000 (including damages, costs, fees and expenses). By submission to a single arbitrator, each party expressly waives any right or claim to recover more than $5,000,000. Any Dispute in which the amount in controversy exceeds $5,000,000 shall be decided by majority vote of a panel of three arbitrators; pro-vided, however, that all three arbitrators must actively participate in all hearings and deliberations.

39.5. **Judicial Review.** Notwithstanding anything herein to the contrary, in any arbitration in which the amount in controversy exceeds $5,000,000, the arbitrators shall be required to make specific, written findings of fact and conclusions of law. In such arbitrations (i) the arbitrators shall not have the power to make any award that is not supported by substantial evidence or that is based on legal error, (ii) an award shall not be binding upon the parties unless the findings of fact are supported by substantial evidence and the conclusions of law are not erroneous under the substantive law of the state of California, and (iii) the parties shall have in addition to the grounds referred to in the Federal Arbitration Act for vacating, modifying or correcting an award, the right to judicial review of (A) whether the findings of fact rendered by the arbitrators are supported by substantial evidence, and (B) whether the conclusions of law are erroneous under the substantive law of the state of California. Judgment confirming an award in such a proceeding may be entered only if a court determines the award is supported by substantial evidence and not based on legal error under the substantive law of the state of California.

Damages. The arbitrator(s) will have no authority to award punitive or other damages not measured by the prevailing party's actual damages, except as may be required by statute. The arbitrator(s) shall not award consequential damages in any arbitration initiated under this Section. Any award in an arbitration under this Section shall be limited to monetary damages and shall include no injunction or direction to any party other than the direction to pay a monetary amount.

Miscellaneous. To the maximum extent practicable, the AAA, the arbitrators and the parties shall take all action required to conclude any arbitration proceeding within 180 days of the filing of the Dispute with the AAA. No arbitrator or other party to an arbitration proceeding may disclose the existence, content or results thereof, except for disclosures of information by a party required in the ordinary course of its business, by applicable law or regulation, or to the extent necessary to exercise any judicial review rights set forth herein. This arbitration provision shall survive termination, amendment or expiration of the Agreement or any relationship between the parties.

40. Denied Application

If this application for business credit is denied, you may obtain a written statement of the specific reasons for the denial. To obtain the statement, please contact Credit Initiation, 265 Broad Hollow Road, Melville, NY 11747, 1-800-767-2484 ext. 2900, within sixty (60) days from the date you are notified of our decision. We will send you a written statement of reasons for the denial within thirty (30) days of receiving your request.

Addresses for notices

Wells Fargo Merchant Services, L.L.C.:
265 Broad Hollow Road
Melville, NY 11747
Attn: Wells Fargo Alliance General Manager

Wells Fargo Bank:
1200 Montego Way
Walnut Creek, CA 94598
Attn: Merchant Services

For Legal Notices:
Wells Fargo Bank
Attn: Law Dept.
633 Folsom Street
San Francisco, CA 94107

Important Phone Numbers:
Customer Service
1-800-451-5817

GLOSSARY

Address Verification A service provided through which the merchant verifies the Cardholder's address. Primarily used by Mail/Telephone order merchants. Not a guarantee that a transaction is valid.

Agreement The agreements among Client, Processor and Bank contained in the Application, the Program Guide and the Schedules (including pricing schedules) thereto and documents incorporated therein, each as amended from time to time, which collectively constitute the Agreement among the parties.

Application The application executed by Client, Processor and Bank, which is one of the documents comprising the Agreement.

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

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

Authorization Approval by, or on behalf of, the Card Issuer to validate a transaction for a merchant or another affiliate bank. An authorization indicates only the availability of the Cardholder's credit limit at the time the authorization is requested.

Authorization Approval Code A number issued to a participating merchant by the Authorization Center that confirms the authorization for a sale or service.

Authorization Center A department that electronically communicates a merchant's request for authorization on credit Card transactions to the Cardholder's bank and transmits such authorization to the merchant via electronic equipment or by voice authorization.

Bank Wells Fargo Bank, N.A.

Bankruptcy Code Title 11 of the United States Code, as amended from time to time.

Batch Usually a day's worth of transactions, including sales and credits to be processed by the Card processor.

Batch Header Ticket The identifying form used by the electronic submission merchant to indicate a batch of sales/credit slips (usually one day's work).

Business Day A day (other than Saturday or Sunday) on which Bank is open for business.

Card A valid credit Card or valid off-line debit Card bearing the service mark of VISA or MasterCard and, to the extent the Schedules so provide, a valid card issued by any other Associations specified on such Schedules.

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

Card Issuer The bank that issues a Card to an individual.

Chargeback The procedure by which a Sales Draft or other indicia of a Card transaction (or disputed portion thereof) is returned to Bank or the Issuing Bank, for failing to comply with Association Rules, the liability of which is the Client's responsibility.

Cash Benefits An EBT account maintained by an Issuer that represents prefunded or day-of-draw benefits, or both, administered by one or more Government entities, and for which the Issuer has agreed to provide access under the EBT program. Multiple benefits may be combined in a single cash benefit account.

Check Guarantee Service A service provided through a merchant's POS equipment that guarantees payment up to a defined limit, provided the merchant follows proper steps in accepting the check.

Check Verification A service provided in which a merchant accesses a national negative file database through its terminal/register to verify or authorize that a person has no outstanding bad check complaints at any of the member merchants. This is not a guarantee of payment to the merchant.

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

Clients Chargeback Percentage The actual monthly percentage calculated by dividing Client's total monthly VISA and

MasterCard Chargeback items in any line of business by the number of Client's total monthly VISA and MasterCard trans-actions in such line of business.

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

Credit Draft A document evidencing the return of merchandise by a Cardholder to a merchant, or other refund made by the merchant to the Cardholder.

Credit Limit The credit line set by the Card Issuer for the Cardholder's account.

Debit Card An on-line debit card used at a merchant location by means of a cardholder-entered Personal Identification Number (PIN) in the merchant PIN Pad. On-line Debit Cards bear the marks of ATM net-works (such as MAC, NYCE, Star).

Dial-Up Terminal An authorization device that, like a telephone, dials an authorization center for validation of transactions.

Discount Rate An amount charged a merchant for processing its daily credit Card transactions.

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

Electronic Draft Capture (EDC) A process that allows a merchant's dial-up terminal to receive authorization and capture transactions, and electronically transmit them to a Card processor. This eliminates the need to submit paper for processing.

Food Stamps A government benefit program created by the Federal Food Stamp Act of 1964. It provides paper food coupons that can be exchanged like money at authorized stores for needy individuals. The federal government pays for the amount of the benefit received, and the states pay the costs of determining eligibility and distributing the stamps. In 1990, amendments to the Food Stamp Act mandate, that paper food stamps must be replaced by electronic distribution of benefits by October 1, 2002. Food Stamps is the most common benefit included in EBT programs.

Force/Post Authorization The entry of a purchase resulting from a referral ("call Authorization Center") message or a downtime interruption of service from a network, that enables the merchant to enter (as a force/post authorization) the transaction and the approval code into the EDC batch.

General Terms Section of the Program Guide, including any amendments or modifications.

Hard Copy/Tissue Copy The actual physical document of a transaction, such as sales drafts, credit slips, etc.

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

Issuing Bank Cardholder's bank, or the bank that has issued a MasterCard, VISA Card or debit Card to an individual.

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

Media The documentation of monetary transactions (i.e., Sales Drafts, credit slips, computer printouts, etc.).

Merchant Identification Card A plastic embossed Card supplied to each merchant to be used for imprinting the batch header ticket or Sales/Credit Summary. Embossed data includes merchant account number, name and sometimes merchant ID code and terminal number.

Merchant Account Number (Merchant Number) A number that numerically identifies each merchant to the merchant processor for accounting and billing purposes.

Merchant Services See Processor.

Merchant Station Plate A metal embossed plate to be attached to the imprinter machine and used for imprinting sales slips and batch headers/summaries. Embossed data includes merchant name, account number, city, state and may include service entitlement number or checking account number.

Operating Procedures The then-current manual prepared by Processor, containing operational procedures, instructions and other directives relating to Card transactions. The current Operating Procedures are set forth in the Program Guide.

Point of Sale (POS) Terminal A device placed in a merchant location that is connected to the Processor's system via telephone lines and is designed to authorize, record and settle data by electronic means for all sales transactions with Processor.

Processor Wells Fargo Merchant Services, L.L.C.

Program Guide The booklet that contains Operating Procedures, General Terms and an Application, all of which constitute the Agreement with Processor and Bank.

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

Regulation E The Electronic Funds Transfer Act and any amendments or interpretations that have been made since its original enactment. "Reg E," as it is commonly known, includes specific rules for all parties involved governing the processing and usage of on-line debit Cards.

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

Roll Printer A dot matrix printer connected to a POS terminal and used to print receipts and reports on carbonless roll paper. Not an imprinter.

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

Sales/Credit Summary The identifying form used by a paper submission merchant to indicate a batch of sales/credit slips (usually one day's work). Not a batch header, which is used by electronic merchants.

Schedules The attachments, addenda and other documents, including revisions thereto, that may be incorporated into and made part of this Agreement.

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

Settlement Account An account at a financial institution designated by Client as the account to be debited and credited by Processor or Bank for Card transactions, fees, Chargebacks and other amounts due under the Agreement or in connection with the Agreement (i.e., fines, penalties, attorneys' fees, etc.)

Split Dial A process that allows the authorization terminal to dial directly to different card processors (e.g., Amex) for authorization. In this instance, the merchant cannot be both EDC and Split Dial. Split Dial is also utilized for Check Guarantee companies.

Split Dial/Capture Process that allows the authorization terminal to dial directly to different Card processors (e.g., Amex) for authorization and Electronic Draft Capture.

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

Transaction Fees Service costs charged to a merchant on a per transaction basis.

Us Bank and Processor collectively.

We Bank and Processor collectively.

You, Your See Client. 1. Equipment.

EXHIBIT A

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("Lease Agreement") is being entered into by and between Wells Fargo Merchant Services, L.L.C., and the Lessee identified in the signature panel of this Merchant Processing Agreement ("MPA"). In this agreement, the words "we," "our" and "us" refer to Wells Fargo Merchant Services, L.L.C., and its successors and assigns, and the words "you" and "your" refer to Lessee and its permitted successors and assigns.

Lessee hereby authorizes us or our designees, successors or assigns (hereinafter "Lessor") to withdraw any amounts including any and all sales taxes now due or hereinafter imposed, owed by Lessee in conjunction with this Lease Agreement by initiating debit entries to Lessee's Settlement Account. In the event of default of Lessee's obligation hereunder, Lessee authorizes debit of its account for the full amount due under this Lease Agreement. Further, Lessee authorizes its financial institution to accept and to charge any debit entries initiated by Lessor to Lessee's account. In the event that Lessor withdraws funds erroneously from Lessee's account, Lessee

1. Equipment. We agree to lease to you and you agree to lease from us the equipment identified on the MPA (the "Equipment"), according to the terms and conditions of this Lease Agreement. We are providing the Equipment to you "as is" and make no representations or warranties of any kind as to the suitability of the Equipment for any particular purpose.

2. Effective Date and Term of Lease Agreement. This Lease Agreement becomes effective on the earlier of the date this MPA is signed by you and us or the first date you accept delivery of any piece of Equipment. This Lease Agreement remains in effect until all of your obligations and all of our obligations under it have been satisfied. We will deliver the Equipment to the site designated by you. The lease period with respect to each piece of Equipment commences on the date you accept delivery of that item of Equipment and terminates at the end of the lease term applicable to that piece of equipment. **This is a noncancelable lease for the term indicated herein.**

3. Site Preparation. You will prepare the installation site(s) for the Equipment, including but not limited to the power supply circuits and phone lines, in conformance with the manufacturer's and our specifications and will make the site(s) available to us by the confirmed shipping date.

4. Payment of Amounts Due.

(a) The monthly lease charge is due and payable on the same day of each successive month thereafter of the lease period for each piece of Equipment, except that the first payment of the monthly lease charge for each piece of Equipment is due and payable upon acceptance of the Equipment by you. You agree to pay all assessed costs for delivery and installation of Equipment.

(b) In addition to the monthly lease charge, you shall pay, or reimburse us for, amounts equal to any taxes or assessments on or arising out of this Lease Agreement or the Equipment, and related supplies or any services, use or activities hereunder, including without limitation, state and local sales, use, property, privilege and excise tax, exclusive, however, of taxes based on our net income. Reimbursement of property tax calculation is based on an average tax rate.

(c) Your lease payments will be due despite dissatisfaction with the Equipment for any reason.

(d) Whenever any payment is not made by you in full when due, you shall pay us as a late charge, an amount equal to ten percent of the amount due but no less than $5.00 for each month during which it remains unpaid (prorated for any partial month), but in no event more than the maximum amount permitted by law. You shall also pay to us an administrative charge of $10.00 for any

debit we attempt to make against your Settlement Account that is rejected.

(e) In the event your account is placed into collections for past due lease amounts, you agree that we can recover a collection expense charge of $50.00 for each aggregate payment requiring a collection effort.

5. Use and Return of Equipment; Insurance.

(a) You shall cause the Equipment to be operated by competent and qualified personnel in accordance with any operating instructions furnished by us or the manufacturer. You shall maintain the Equipment in good operating condition and protect it from deterioration, normal wear and tear excepted. (b) You shall not permit any physical alteration or modification of the Equipment, or change the installation site of the Equipment, without our prior written consent. (c) You shall not create, incur, assume or allow to exist any consensually or judicially imposed liens or encumbrances on, or part with possession of, or sublease the Equipment without our prior written consent. (d) You shall comply with all governmental laws, rules and regulations relating to the use of the Equipment. You are also responsible for obtaining all permits required to operate the Equipment at your facility. (e) We or our representatives may, at any time, enter your premises for purposes of inspecting, examining or repairing the Equipment. (f) The Equipment shall remain our personal property and shall not under any circumstances be considered to be a fixture affixed to your real estate. You shall permit us to affix suitable labels or stencils to the Equipment evidencing our ownership. (g) You shall keep the Equipment adequately insured against loss by fire, theft, and all other hazards. The loss, destruction, theft or damage of or to the Equipment shall not relieve you from your obligation to pay the full purchase price or total monthly lease charges hereunder.

6. Title to Equipment. We at all time retain title to the Equipment unless we agree otherwise in writing. You agree to execute and deliver to us any statement or instrument that we may request to confirm or evidence our ownership of the Equipment, and you irrevocably appoint us as your attorney-in-fact to execute and file the same in your name and on your behalf. If a court determines that the leasing transaction contemplated by this Lease Agreement does not constitute a financing and is not a lease of the Equipment, then we shall be deemed to have a first lien security interest on the Equipment as of the date of this Lease Agreement, and you will execute such documentation as we may request to evidence such security interest.

7. Return or Purchase of Equipment at End of Lease Period. Upon the completion of your lease term or any extension thereof, you will have the option to (a) return the Equipment to us, or (b) purchase the Equipment from us for the lesser of fair market value at the time (as determined in good faith by us) or an amount equal to 10% of the total lease payments under this Lease Agreement with respect to each item of Equipment. In the absence of an affirmative election by you to purchase or return the Equipment, this lease will continue on a month-to- month basis at the existing monthly lease payment. If we terminate the Lease Agreement pursuant to Section 11(b) due to a default by you, then you shall immediately return the Equipment to us no later than the tenth business day after termination, or remit to us the fair market value of the Equipment as determined in good faith by us. We may collect any amounts due to us under this Section 7 by debiting your Settlement Account, and to the extent we are unable to obtain full satisfaction in this manner, you agree to pay the amounts owed to us promptly upon our request.

8. Software License. We retain all ownership and copyright interest in and to all computer software, related documentation, technology, know-how and processes embodied in or provided in connection with the Equipment other than those owned or licensed by the manufacturer of the Equipment (collectively "Software"), and you shall have only a nonexclusive license to use the Software in your operation of the Equipment.

9. Limitation on Liability. We are not liable for any loss, damage or expense of any kind or

nature caused directly or indirectly by the Equipment, including any damage or injury to persons or property caused by the Equipment. We are not liable for the use or maintenance of the Equipment, its failure to operate, any repairs or service to it, or by any interruption of service or loss of use of the Equipment or resulting loss of business. Our liability arising out of or in any way connected with this Lease Agreement shall not exceed the aggregate lease amount paid to us for the particular Equipment involved. In no event shall we be liable for any indirect, incidental, special or consequential damages. The remedies available to you under this Lease Agreement are your sole and exclusive remedies.

10. Indemnification. You shall indemnify and hold us harmless from and against any and all losses, liabilities, damages and expenses, (including attorneys' fees) resulting from (a) the operation, use, condition, liens against, or return of the Equipment or (b) any breach by you of any of your obligations hereunder, except to the extent any losses, liabilities, damages or expenses result from our gross negligence or willful misconduct.

11. Default; Remedies.

(a) If any debit of your Settlement Account initiated by us is rejected when due, or if you otherwise fail to pay us any amounts due hereunder when due, or if you default in any material respect in the performance or observance of any obligation or provision of this Lease Agreement or any agreement with any of our affiliates or joint ventures, any such event shall be a default hereunder. Without limiting the foregoing, any default by you under a processing agreement with us or with an affiliate or joint venture to which we are a party will be treated as a default under this Lease Agreement. Such a default would include a default resulting from early termination of the MPA.

(b) Upon the occurrence of any default, we may at our option, effective immediately without notice, either (i) terminate this lease and our future obligations under this Lease Agreement, repossess the Equipment and proceed in any lawful manner against you for collection of all charges that have accrued and are due and payable, or (ii) accelerate and declare immediately due and payable all monthly lease charges for the remainder of the applicable lease period together with the fair market value of the Equipment (as determined by us), not as a penalty but as liquidated damages for our loss of the bargain. Upon any such termination for default, we may proceed in any lawful manner to obtain satisfaction of the amounts owed to us and, if applicable, our recovery of the Equipment, including entering onto your premises to recover the Equipment. In any case, you shall also be responsible for our costs of collection, court costs and reasonable attorneys' fees, as well as applicable shipping, repair and refurbishing costs of recovered Equipment. You agree that we shall be entitled to recover any amounts due to us under this Lease Agreement by charging your Settlement Account or any other funds of yours that come into our possession or control, or within the possession or control of our affiliates or joint ventures, or by setting off amounts that you owe to us against any amounts we may owe to you, in any case without notifying you prior to doing so. Without limiting the foregoing, you agree that we are entitled to recover amounts owed to us under this Lease Agreement by obtaining directly from an affiliate or joint venture to which we are a party and with which you have entered into an MPA any funds held or available as security for payment under the terms of the MPA, including funds available under the "Reserve Account; Security Interest" section of the MPA, if applicable.

12. Assignment. You may not assign or transfer this Lease Agreement, by operation of law or otherwise, without our prior written consent. For purposes of this agreement, any transfer of voting control of you or your parent shall be considered an assignment or transfer hereof. We may assign or transfer this Lease Agreement and our rights and obligations hereunder, in whole or in part, to any third party without the necessity

of obtaining your consent. We intend to assign this Lease Agreement shortly after its execution to First Data Merchant Services Corporation.

13. Lease Guaranty. No guarantor shall have any right of subrogation to any of our rights in the Equipment or this Lease Agreement or against you, and any such right of subrogation is hereby waived and released. All indebtedness that exists now or arises after the execution of this Lease Agreement between you and any guarantor is hereby subordinated to all of your present and future obligations, and those of your guarantor, to us, and no payment shall be made or accepted on such indebtedness due to you from a guarantor until the obligations due to us are paid and satisfied in full.

14. Governing Law; Miscellaneous. This agreement shall be governed by and will be construed in accordance with the laws of the State of New York (without applying its conflicts of laws principles). If any part of this agreement is not enforceable, the remaining provisions will remain valid and enforceable.

15. Notices. All notices must be in writing, and shall be given (a) if sent by mail, when received, and (b) if sent by courier, when delivered; if to you at the address appearing on the MPA, and if to us at 265 Broad Hollow Road, Melville, New York 11747 Attn: Lease Department.

16. Entire Agreement. This Lease Agreement constitutes the entire Agreement between the parties with respect to the Equipment, supersedes any previous agreements and understandings and can be changed only by a written agreement signed by all parties.

WELLS FARGO MERCHANT APPLICATION

WELLS FARGO

Company DBA Name: **(24 characters)** Location of

Business Legal Name: Date Business Opened:

Fed Tax ID Number: _ _ _ _ _ _ _ _ _ Web Site: E-Mail:

Type of Business: ❑ Sole Proprietor ❑ Partnership ❑ Limited Liability Company ❑ Not for Profit ❑ Publicly Traded Corporation ❑ Privately Held Corporation

Contact Person: Business Telephone: ( ) Business Fax: ( )

Business Street Address: City: State: Zip:

Business Mailing Address: City: State: Zip:

Mail Correspondence and Statements to: ❑ Street Address ❑ Mailing Address ❑ Electronic (See Moneta• page 2)

This Business Operates from: ❑ Office Suite ❑ Retail Storefront ❑ Warehouse ❑ Private Residence

Select one for Retrieval Requests: ❑ Dedicated 24 hr fax ❑ No fax; Mail

OWNERSHIP • Please list the four owners with the largest share of ownership.

Owner's Name	% of Ownership	Social Security Number	Residence Address	City	State	Zip Code	Owner Since (MM/YY)

PAYMENT PROCESSING PROFILE (all locations)

Monthly MC/Visa volume for this Location $ _____.00 Total Monthly MC/Visa $ _____.00 Average Sales Ticket $ _____.00

Business Checking Account Number **(include permanent voided check)** Transit Routing Number/ABA

How do you advertise product/service? ❑ TV/Radio ❑ Newspaper/Magazine ❑ Catalog ❑ Internet ❑ Direct Mail ❑ Other

Describe product/services to be sold by credit card:

Percentage Mag Swipe _____% (Card Present) + Percentage Key Entered _____% (Card not Present) = 100%

Transaction Source: Mail Order _____% + Phone Order _____% + Internet _____% + In Store _____% + Recurring Transactions _____% + Trade Shows _____% = 100%

What % of bankcard sales represent business to business (vs. business to consumer)? Business to Business _____% + Business to Consumer _____% = 100%

Have you accepted credit cards before? ❑ Yes ❑ No Merchant ID number If yes, name of current/former processor

Number of years with this processor ❑ Please attach 3 consecutive current months statements

MAIL/TELEPHONE ORDER/INTERNET SALES INFORMATION

What phone number can customers call with questions? ( )

How do you ship the **majority** of your product orders? ❑ Overnight ❑ 2-3 day air ❑ Ground

Do you use a fulfillment house to take your orders or ship your product? ❑ Yes ❑ No

Refund policy on credit card sales ❑ Credit ❑ Merchandise exchange only ❑ Store credit ❑ No refund ❑ Refund in 30 days or less ❑ Other

Time Frame from transaction/delivery: % of orders delivered in 0-7 days _____ % + 8-14 days _____ % + 15-30 days _____ % + over 30 days _____ % = 100%

MC/VISA cards are charged (check one) ❑ Date of order ❑ Date of delivery ❑ Other (specify)

If at date of order, how many days is it usually between the date of order and date of shipment? _____ days.

OTHER ENCLOSURES (Check all that apply)

Financial Statements (2 years most recent) for: ❑ Mail/Telephone Order (over $100,000) (30% card not present or greater) ❑ Business to Business (over $500,000) ❑ All other (over $1 million) ❑ Internet (over $1 million)

Brochures/Marketing Materials/Advertisements for: ❑ Mail/Telephone Order ❑ Business to Business ❑ Wireless ❑ Telecheck

Internet Materials: ❑ Web Page Attached or ❑ Web Site Address Listed ❑ Other

WELLS FARGO MERCHANT APPLICATION 2 of 2

WELLS FARGO

OTHER ENTITLEMENTS

Sign me up for initial term of: ❑ 1 Year ❑ 2 Years ❑ 3 Years If no box is checked, the initial term is 3 years.

American Express Current SE# ❑ _ _ _ _ _ _ _ _ _ _ ❑ ESA (Enroll)

❑ EDC (WFMS Auth/WFMS Capture) ❑ Split Dial (Amex Auth/WFMS Capture) ❑ Reverse PIP (Amex Auth/Amex Capture) ❑ Auth Only

ENROLLMENT FOR NEW AMERICAN EXPRESS ESA

American Express ESA discount rate _____% Estimated annual American Express volume $ _____ Average transaction amount $ _____

❑ Discover (EDC) 6 0 1 1 _ _ _ _ _ _ _ _ _ _ _ _ ❑ Discover EASI (Sign me up) 6 0 1 1 9 9 9 9 9 9 9 9 9 9 9

❑ Diners ❑ EDC ❑ Auth Only _ _ _ _ _ _ _ _ _ _ ❑ Non Licensed ❑ Licensed (Sign me up)

❑ JCB ❑ EDC ❑ Auth Only _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ ❑ Non Licensed ❑ Licensed (Sign me up)

Check Service: ❑ TELECHECK* ❑ Check Guarantee ❑ Drivers License –OR– ❑ MICR –OR– ❑ Both ❑ ECA ❑ ICA
❑ EQUIFAX* ❑ Check Guarantee –OR– ❑ Check Service ❑ License –OR– ❑ MICR –OR– ❑ Both ❑ Account # _____

❑ ATM/On-line Debit Card Cash back limit $ _____ ❑ EBT ❑ Cash Benefits and/or ❑ Food Stamps FNS # _ _ _ _ _ _ _

❑ Moneta* (online reconciliation tool)

EQUIPMENT INFORMATION

Network: ❑ CARDnet* ❑ Nashville ❑ Other

Rental / Purchase / Lease Customer-Owned (Circle One)	QTY	Application Type Retail • Retail/Tip • Restaurant • Mo/To Lodging • Supermarket • Car Rental • Internet	Model Name	Unit Price W/O Tax	Customer-Owned Equipment Track / Version / Serial Number
R P L C		R RT Rest M L S C I		$	
R P L C		R RT Rest M L S C I		$	
R P L C		R RT Rest M L S C I		$	
R P L C		R RT Rest M L S C I		$	
R P			IMPRINTER	$	Plates # _____

❑ PC/Register Software ❑ Internet ❑ Special Instructions Describe:

Optional functions ❑ Clerk prompting/reporting ❑ Multi-trans _____ seconds ❑ Auto settle time _____ :00 AM/PM EST

❑ Purchase/Commercial Card - Level _____ ❑ Batch mode ❑ Password protection, specific keys ❑ AVS

Does the telephone line connected to the terminal require special dialing access, e.g. dial 9? ❑ Yes ❑ No If yes, what is it?

Other programming needs:

Shipping Information (cannot ship to PO Box) ❑ Business street address ❑ Business mailing address

❑ Other (provide address)

Lease Company ❑ (04) First Data (Processor). Lease Terms ____ months Total monthly lease charge $ _____ w/o tax. This is a non-cancelable lease for the full term indicated.

AUTHORIZED SIGNATURES: • Sign below. Your signature indicates that you have read, understood and agree to be bound by the entire agreement that appears on the reverse side.

I agree that, upon approval of this application, the business named above ("Client") will be bound by the terms and conditions found on the reverse of this Application, all Merchant Services Pricing, and Other Fees as stated on additional Attachments, as well as the terms and conditions of Wells Fargo Merchant Agreement and Operating Procedures Guide.
If requested on the Application, by signing this application, the party set forth below authorizes American Express® and/or TeleCheck® Inc. to obtain credit reports and to verify any information or facts presented on this form regarding the merchant establishment, its owners, or principals. Merchants who currently accept American Express card need not reapply. By signing below, I represent that the information I have provided on the Application is complete and accurate. I understand that the Terms and Conditions for American Express Card Acceptance ("Terms and Conditions") will be sent to the business entity indicated above along with the welcome letter upon approval of such business entity to accept the American Express Card by American Express Travel Related Services Company, Inc. By accepting the American Express card for the purchase of goods and/or services, you agree to be bound by the Terms and Conditions. This signature page also serves as a signature page to the Equipment Lease Agreement appearing as Exhibit A, if the First Data box has been checked, the undersigned client being the "Lessee" for purposes of such Equipment Lease Agreement.

Authorized Signer:	Title:	Date:	Authorized Signer:	Title:	Date:
Print Name:			Print Name:		
Authorized Signer:	Title:	Date:	Authorized Signer:	Title:	Date:
Print Name:			Print Name:		

OWNER'S PERSONAL GUARANTY • The four owners with the largest share of ownership must sign.

To induce and in consideration of WFMS's acceptance of Merchant into the Merchant Program, by signing below, I, in my individual capacity (even though I use a title or other designation with my signature) agree to unconditionally guarantee the performance of the Merchant's obligations under the Wells Fargo Merchant Agreement and Operating Procedures Guide. My signature indicates I have read, understood, and agree to be bound by the Personal Guaranty Agreement that appears on the reverse.

1) Owner's Signature	Print Name	Date:	3) Owner's Signature	Print Name	Date:
2) Owner's Signature	Print Name	Date:	4) Owner's Signature	Print Name	Date:

CCC201

CERTIFICATION

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed below. This certification is made under the laws of the State of California.

Contractor/Bidder Firm Name (Printed)	*Federal ID Number*
Wells Fargo Merchant Services	41-1829808
By (Authorized Signature) Geary A Lyons Please see comments in body of response.	
Printed Name and Title of Person Signing Geary A. Lyons Vice President, Western Region Sales Manager	
Date Executed August 6, 2001	*Executed in the County of* Contra Costa

CONTRACTOR CERTIFICATION CLAUSES

1. STATEMENT OF COMPLIANCE: Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

2. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

b. Establish a Drug-Free Awareness Program to inform employees about:

1) the dangers of drug abuse in the workplace;

2) the person's or organization's policy of maintaining a drug-free workplace;
3) any available counseling, rehabilitation and employee assistance programs; and.
4) penalties that may be imposed upon employees for drug abuse violations.

c. Every employee who works on the proposed Agreement will:

1) receive a copy of the company's drug-free workplace policy statement; and.

2) agree to abide by the terms of the company's statement as a condition of employment on theAgreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or

termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court which orders Contractor to comply with an order of the National Labor Relations Board. (PCC 10296) (Not applicable to public entities.)

4. UNION ORGANIZING Contractor hereby certifies that no request for reimbursement, or payment under this agreement, will seek reimbursement for costs incurred to assist, promote or deter union organizing.

DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

1. CONFLICT OF INTEREST: Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

Current State Employees (PCC 10410):

1). No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.

2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

Former State Employees (PCC 10411):

1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.

2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (PCC 10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (PCC 10430 (e))

2. LABOR CODE/WORKERS' COMPENSATION: Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

3. AMERICANS WITH DISABILITIES ACT: Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

4. CONTRACTOR NAME CHANGE: An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:

a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.

b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.

c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.

6. RESOLUTION: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

7. AIR OR WATER POLLUTION VIOLATION: Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

8. PAYEE DATA RECORD FORM STD. 204: This form must be completed by all contractors that are not another state agency or other government entity.

ATTACHMENT 2

PAYEE DATA RECORD (STD. 204)

STATE OF CALIFORNIA

PAYEE DATA RECORD

(Required in lieu of IRS W-9 when doing business with the State of California)

STD. 204 (REV. 2-2000)

NOTE: Governmental entities, federal, state, and local (including school districts) are not required to submit this form.

SECTION 1 must be completed by the requesting state agency before forwarding to the payee

1 PLEASE RETURN TO:

DEPARTMENT/OFFICE: Department of General Svcs

STREET ADDRESS: 802 Q Street

CITY, STATE, ZIP CODE: Sacramento, CA 95814

TELEPHONE NUMBER: 916-322-9017

PURPOSE: Information contained in this form will be used by state agencies to prepare information Returns (Form 1099) and for withholding on payments to nonresident payees. Prompt return of this fully completed form will prevent delays when processing payments.

(See Privacy Statement on reverse)

2 PAYEE'S BUSINESS NAME

Wells Fargo Merchant Services, LLC

1200 Montego, Building C

MAILING ADDRESS *(Number and Street or P. O. Box Number)*

Walnut Creek, CA 94523

(City, State and Zip Code)

3 VENDOR ENTITY INFORMATION

CHECK ONE BOX ONLY

- ☐ LEGAL CORPORATION
- ☐ PARTNERSHIP
- ☐ MEDICAL CORPORATION
- ☐ ESTATE OR TRUST
- ☐ EXEMPT CORPORATION
- ☑ ALL OTHER CORPORATIONS

FEDERAL EMPLOYERS IDENTIFICATION NUMBER (FEIN): 41-1829808

- ☐ INDIVIDUALOR SOLE PROPRIETOR

SOCIAL SECURITY NUMBER OF OWNER: ___-___-____

OWNER'S FULL NAME *(Print)*: _____

NOTE: State and local governmental entities, including school districts are not required to submit this form.

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

4 PAYEE RESIDENCY STATUS

CHECK APPROPRIATE BOX(ES)

- ☑ California Resident - Qualified to do business in CA or a permanent place of business in CA
- ☐ Nonresident *(See Reverse)* Payments to nonresidents for services may be subject to state withholding
  - ☐ WAIVER OF STATE WITHHOLDING FROM FRANCHISE TAX BOARD ATTACHED
  - ☐ SERVICES PERFORMED OUTSIDE OF CALIFORNIA/ GOODS ONLY SOLD TO CALIFORNIA

NOTE:
a. An estate is a resident if decedent was a California resident at time of death.
b. A trust is a resident if at least one trustee is a California resident.
(See reverse)

5 CERTIFYING SIGNATURE

I hereby certify under penalty of perjury that the information provided on this document is true and correct. If my residency status should change, I will promptly inform you.

AUTHORIZED PAYEE REPRESENTATIVE'S NAME *(Type or Print)*: Geary A. Lyons

TITLE: Vice President, Western Region Sales Mgr

SIGNATURE: ✍ Geary A Lyons

DATE: 08/06/2001

TELEPHONE NUMBER: (925) 975-4730

ATTACHMENT 4

VISA AND MASTERCARD ASSOCIATION INTERCHANGE RATE SCHEDULES
DEBIT INTERCHANGE

VISA INTERCHANGE SCHEDULE AND CRITERIA

Effective April 6, 2001

Interchange Level Name	Rate	Per Item	Criteria
CPS/Retail Supermarket-Credit (PC 021)	1.20%	$--	Merchant must be categorized as Supermarket (MCC 5411); Magnetic stripe read and unaltered; 1 electronic authorization; Settled within 1 day; Authorization and Settled Amount must equal; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Registered with VISA; Non T&E* Merchants - Corporate or Business Cards require sales tax entry into equipment or software. Purchasing Cards require sales tax and Customer Code entry into equipment or software
CPS/Retail Supermarket-Check Card (PC 026) If authorization and settlement do not match and the transaction amount is less than or equal to $33.34, higher rate of Supermarket Check Card is applied. If authorization and settlement do not match on transactions greater than $33.34, Supermarket Credit rate is applied.	0.00%	$0.40	Check Card: Merchant must be categorized as Supermarket merchant (5411); Magnetic stripe read and unaltered; 1 electronic authorization; Settled within 1 day; Authorization and Settled amount must equal; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Registered with VISA; Non T&E* Merchants - Corporate or Business Cards require sales tax entry into equipment or software, Purchasing Cards require sales tax and Customer Code entry into equipment or software
CPS/Retail – Credit (PC 023,024)	1.38%	$0.05	Magnetic stripe read and unaltered; 1 electronic authorization per transaction; Settled within 1 day of transaction and authorization date; Purchase/Ship date within 1 date of Authorization Date (applies to software merchants only); Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Check Card transactions below $38.47 where authorization amount equals settled amount. Non-*T&E merchants-Corporate or Business Cards require sales tax entry into equipment or software, Purchasing Cards require sales tax and Customer Code entry into equipment or software; Hotel or Car Rental transactions require Folio or Agreement number, Check-in/Pick-up and Check-out/Return dates: Airline transactions require itinerary data
CPS/Retail - Check Card (PC 217,036) If Authorization Amount does not equal the Settled Amount and transaction amount is less than or equal to $38.47, higher rate of Check Card rate is applied. On transactions greater than $38.47 where authorization and settlement amount do not equal then the higher rate of Retail Credit is applied	1.25%	$0.10	Check Card; Magnetic stripe read and unaltered; Merchant Name and Location must be in the Authorization Request; Transaction amount greater than $38.47 where authorization and settled amount equal; 1 electronic authorization per transaction; Settled within 1 day of transaction and authorization date; Purchase/Ship date within 1 date of Authorization Date (applies to software merchants only); Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Non-T&E* merchants-Corporate or Business Cards require sales tax entry into equipment or software, Purchasing Cards require sales tax and Customer Code entry into equipment or software; Hotel or Car Rental transactions require Folio or Agreement number, Check-in/Pick-up and Check-out/Return dates: Airline transactions require itinerary data
CPS/Retail 2 – Emerging Markets (PC 038)	1.43%	$0.05	Restricted to Emerging Markets (Government, Schools, Colleges, Educational Services, Insurance, Utilities and Cable Services); 1 electronic authorization; Settled within 2 days of transaction; Purchase/Ship date within 1 day of Authorization Date (applies to software merchants only); Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria, merchants performing Address Verification Service must meet all CPS Card Not Present qualifications); Non T&E* Merchants - Corporate or Business Cards require sales tax entry into equipment or software, Purchasing Cards require sales tax and Customer Code entry into equipment or software
CPS/Automated Fuel Dispenser (PC 035)	1.50%	$0.05	Must be catorgorized as Automated Fuel Dispenser merchant (5542); Magnetic stripe read and unaltered; 1 electronic authorization; Purchase/Ship date within 1 date of Authorization Date; Settled within 1 day; Registered with VISA; $75 transaction maximum; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Non T&E* Merchants - Corporate or Business Cards require sales tax entry into equipment or software, Purchasing Cards require sales tax and Customer Code entry into equipment or software
CPS/Hotel Car Rental Card Present (PC 030)	1.58%	$0.10	Consumer Card; Magnetic stripe read and unaltered; Signature required; 1 or more electronic authorizations per transaction; 1 auth reversal per transaction allowed; 15% auth to clearing tolerance; Folio/Agreement number; Check-in/Pick-up and Check-out/Return dates; Duration: no show = 01, # anticipated = 01-99; No show indicator/Extra charge indicator; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Settled within 1 day of transaction (check-out/return) date
CPS/Hotel Car Rental Card Not Present (PC 029)	1.58%	$0.10	Consumer Card; Magnetic stripe NOT read; Signature on file; 1 or more electronic authorizations per transaction; 1 auth reversal per transaction allowed; 15% auth to clearing tolerance; Folio/Agreement number, Check-in/Pick-up and Check-out/Return dates; Duration: no show = 01, # anticipated = 01-99; No show indicator/Extra charge indicator; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Settled within 1 day of transaction (check-out/return) date; Preferred customer
CPS Passenger Transport	1.70%	$0.05	Must be categorized as Passenger Transport Merchant; Magnetic stripe read or not read; Signature, and Contract must be on file; 1 electronic authorization; Transaction must include in settlement: Purchase date equal authorization date; Ticket number, Ticket Sequence number and count, Itinerary information number, and Restricted ticket indicator number; Validation Code and Transaction ID present(returned from Visa when merchant sends required entry criteria); Settled within 8 days or purchase date

*T&E Includes Restaurants, Hotels, Car Rentals, Passenger Transports and Travel Agent merchants

VISA INTERCHANGE SCHEDULE AND CRITERIA - CONT.

Effective April 6, 2001

Interchange Level Name	Rate	Per Item	Criteria
CPS Retail Key Entry (PC 037)	1.80%	$0.10	Applies to merchants with retail programming in equipment or software only; Card must be present with key entry due to failure in reading the magnetic stripe; 1 electronic authorization; Settled within 1 day of transaction and authorization date; AVS response indicating Zip Code match; Unsupported AVS Results, International Address Verification Code Response, or Retry; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); AVS requirements do not apply to Commercial Cards; Non-*T&E merchants-Corporate or Business Cards require sales tax entry into equipment or software. Purchasing Cards require sales tax and Customer Code entry into
CPS Card Not Present (PC 034)	1.80%	$0.10	Magnetic stripe NOT read due to card not being present; 1 electronic authorization; Correct expiration date or left blank; Authorization amount must equal settled amount, 1 auth reversal allowed; AVS response code; Merchant assigned order number; Customer Service number in merchant city field (eCommerce merchants require URL address or phone number in merchant city field); MO/TO or eCommerce indicator present; Purchase/Ship Date within 7 days of Authorization Date; Settled within 1 day of Purchase/Ship Date; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Non-T&E* merchants-Corporate or Business Cards require sales tax entry into equipment or software. Purchasing Cards require sales tax and Customer Code entry into equipment or software
CPS Express Payment Services (PC 022)	2.00%	$0.02	Must be categorized as Fast Food, Movie Theater, or Parking Lot; 1 electronic authorization; Floor Limit on transactions less than or equal to $25.00 where merchant signature is not required for Fast Food and Movie Theater merchants, $75.00 Floor Limit for Parking Lot merchants; Magnetic stripe read and unaltered; Settled within 2 days; Transactions over $25 must meet CPS Retail requirements; Validation code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Must sign Visa Express Services Agreement
EIRF (PC 080)	2.00%	$0.10	Valid authorization; Settled within 2 days of transaction; Non-*T&E merchants-Corporate or Business Cards require sales tax entry into equipment or software. Purchasing Cards require sales tax and Customer Code entry into equipment or software
Standard (PC 017,012,014)	2.30%	$0.10	Settled within 30 days; Non-*T&E merchants-Corporate or Business Cards require sales tax entry into equipment or software. Purchasing Cards require sales tax and Customer Code entry into equipment or software
Electronic Commercial Card (PC 113)	2.10%	$0.10	Business, Corporate, or Purchasing Card; Must meet requirements of any CPS programs listed above except sales tax and Customer Code; Best Commercial Card rate for T&E merchants and Touch-tone merchants.
Standard Commercial Card (PC 109)	2.35%	$0.10	Business, Corporate, or Purchasing Card; Settled within 30 days
Signature Electronic (PC 114)	2.10%	$0.10	Signature Card; *T&E merchant; Must meet requirements of any CPS programs listed above
Signature Standard (PC 110)	2.35%	$0.10	Signature Card; *T&E merchant; Settled within 30 days
GSA Purchasing Card Large Transaction (PC 120)	0.95%	$35.00	US Federal Government Agency Purchasing Card; Non-*T&E merchant; Transaction amount greater than $5,000.00; 1 electronic authorization; requires sales tax, Customer Code and line item detail (level II and III data) entry into software; Validation Code and Transaction ID present (returned from Visa when merchant sends required entry criteria); Purchase/Ship date within 1 date of Authorization Date; Settled within 1 day

*T&E (Lodging, Restaurants, Hotels, Car Rentals, Passenger Transports and Travel Agent merchants

MASTERCARD INTERCHANGE SCHEDULE AND CRITERIA

Effective April 6, 2001

Interchange Level Name	Rate	Per Item	Criteria
Warehouse Club (PC 118)	1.10%	$--	Must be categorized as Wholesale Club merchant (5300); Consumer or Commercial Card; Magnetic stripe read and unaltered; 1 electronic authorization; 10% authorization to clearing transaction tolerance; Warehouse indicator must be present in transaction data; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 1 day; Registered with MasterCard
Supermarket (PC 017)	1.15%	$--	Must be categorized as Supermarket merchant (MCC 5411); Non-Commercial Card; Magnetic stripe read and unaltered; 1 electronic authorization; 10% authorization to clearing transaction tolerance; Supermarket indicator must be present with transaction data; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 1 day; Registered with MasterCard
Service Industries Incentive Program (PC 066)	1.15%	$0.05	Restricted to Registered Service Industries (Telecommunication Equipment or Services, Cable Services, Utilities, and Insurance); MasterCard marketing agreement; Non-Commercial Card; 1 electronic authorization; 10% authorization to clearing tolerance; Recurring payment indicator; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 1 day; Registration code in merchant description field
Travel Industries Premier Service (PC 050,051,052)	1.58%	$0.10	Lodging or Auto Rental merchants with custom category code; Non-Commercial Card; Magnetic stripe NOT read on subsequent stays; Signature on file; Electronic authorization; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 1 day or check out date; Registration with MasterCard; Requires preferred customer indicator in authorization request
Merit III (PC 009,010,012)	1.36%	$0.10	Non-Commercial Card; Magnetic stripe read and unaltered; 1 electronic authorization; Settled within 1 day; 10% auth to clearing tolerance (25% for restaurants, bars, barber shops, and beauty salons; N/A for hotels and auto rentals); Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria)
Passenger Transport (PC 013)	1.70%	$0.10	Non-Commercial Card; 1 electronic authorization; Settled within 8 days; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria
Key - Entered (PC 081)	1.80%	$0.10	Non-Commercial Card; 1 electronic authorization; Settled within 1 day; Magnetic stripe NOT read; Direct Marketing, Travel Agent, Auto Rental, Hotel, Transportation, Quasi-Cash, Tax Preparation or Specific Service Merchants are not eligible for this rate; Must be face to face; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria)
Convenience Purchases (PC 028) Convenience Rate will apply to transactions less than or equal to $22.72 if all criteria is met. If criteria is met and the transaction is $22.72 or greater, Merit III will apply	1.80%	$--	Non-Commercial Card; Restricted to: Miscellaneous Food Stores, Service Stations, Automated Fuel Dispenser (AFD), Movie Theater, Fast Food Restaurants; Magnetic stripe read and unaltered or initiated via a Transponder with CAT 7 for non-AFD only; AFD require CAT 2; 1 electronic authorization; Must pass Authorization tolerance amount test 10% for convenience stores and theaters on transactions greater than $10, (25% for restaurants on transactions greater than $25); Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within day of transaction and authorization date.
Merit I (PC 011,019,014)	1.85%	$0.10	Non-Commercial Card; 1 electronic authorization; Settled within 2 days; 10% auth to clearing tolerance (25% for Restaurants, bars, beauty salons and barber shops; N/A for hotels, auto rentals, automated fuel dispensers, airlines, or MO/TO merchants classified by the merchant category code); Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria)
Standard (PC 003,015)	2.65%	$0.10	Non-Commercial Card; Settled within 30 days.
Corporate Face to Face (PC 120,140)	1.36%	$0.10	Commercial Card; Non-*T&E merchant; Magnetic stripe read and unaltered; 1 electronic authorization; 10% auth to clearing tolerance; Purchasing Cards require sales tax and Customer Code entry into equipment or software; Corporate or Business Cards require sales tax entry into equipment or software; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 1 day
Corporate Data Rate III (PC 123)	1.50%	$--	Purchasing Card; 1 electronic authorization; Non-*T&E merchant; Requires sales tax, Customer Code, and line item detail entry into the software(level III data); Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2 days
Corporate Data Rate II (PC 122,132,142)	1.75%	$--	Commercial Card; 1 electronic authorization; 10% auth to clearing tolerance; Best commercial card rate for restaurants; Non-*T&E merchant; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2
Corporate Data Rate I (PC 121,131,141)	2.35%	$0.10	Commercial Card; 1 electronic authorization; 10% auth to clearing tolerance; Best commercial card rate for restaurants; Non-*T&E merchant; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2
Corporate T&E II (PC 130,137,150)	2.05%	$0.10	Commercial Card; 1 electronic authorization; *T&E merchant; 25% authorization to clearing tolerance on restaurant and bar merchant category codes only; Requires appropriate T&E addendum data; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2 days; Best commercial card rate for *T&E Merchants except for restaurants.
World MasterCard T&E* (PC 060,061,062,063)	2.20%	$0.10	World MasterCard Card; *T&E merchant; 1 electronic authorization; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2 days
Corporate T&E I (PC 125,135,145)	2.30%	$--	Commercial Card; 1 electronic authorization; *T&E merchant; Requires appropriate T&E addendum data; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 2 days

*T&E Includes Restaurants, Hotels, Car Rentals, Passenger Transports and Travel Agent merchants

MASTERCARD INTERCHANGE SCHEDULE AND CRITERIA - CONT.

Effective April 6, 2001

Interchange Level Name	Rate	Per Item	Criteria
Corporate Standard (PC 103,117)	2.65%	$0.10	Commercial Card; Settled within 30 days
Corporate Large Ticket (PC 124,128,129,134,144,148)	0.85%	$40.00	Commercial Card; Transaction amount greater than $3,000; 1 electronic authorization; 25% auth or clearing tolerance; Non-*T&E merchant; Purchasing Cards require sales tax, Customer Code, and line item detail entry into software (level III) or sales tax and customer code entry into software (level II); Corporate or Business Cards require sales tax entry into software; Settled within 1 day
IEI (Int'l Electronic Interchange) (PC 005)	1.37%	$--	Non-US issued Consumer Card; Magnetic stripe read and unaltered; 1 electronic authorization; 10% auth to clearing tolerance (25% for restaurants, bars, barber shops, and beauty salons; N/A for hotels and auto rentals); Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria) Settled within 4
ISI (Int'l Standard Interchange) (PC 006)	2.10%	$0.10	Non-US issued Consumer Card; Settled within 30 days
International Corp Purch Data Rate II (PC 152,162)	1.55%	$--	Non-US issued Purchasing Card; 1 electronic authorization; sales tax and Customer Code entry into equipment or software; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 4 days
International Corporate ; International Purchase (PC 156,176)	2.10%	$--	Non-US issued Commercial; 1 electronic authorization; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Settled within 30
International Corp Purch Large Ticket (PC 154,164)	0.75%	$30.00	Non-US issued Purchasing Card; Transaction amount must be greater than $3,000; 1 electronic authorization; 10% auth to clearing tolerance; Banknet Data must be present (Value returned from MasterCard when merchant sends required entry criteria); Non-*T&E merchant; Settled within 30 days

*T&E Includes Restaurants, Hotels, Car Rentals, Passenger Transports and Travel Agent merchants

Debit Networks Interchange Rates

Network	Network Fees per Transaction
Accel	$0.11
Alaska Option	$0.05
Cash Station	$0.09
Honor – Retail	.40% + $0.050, max $0.200
Honor - Grocery	$0.16
Interlink – Retail	.45% + $0.055, max $0.225
Interlink – Grocery	$0.18
MAC	$0.13
Maestro	$0.13
NYCE	$0.12
Pulse	$0.13
STAR – Retail	.40% + $0.045, max $0.195
STAR - Grocery	$0.15
TYME	$0.08

A. Combined Volume Pricing

WFMS understands and agrees to the fact that, under the Master Services Agreement it is anticipated that the transaction volumes and card activity of all agencies that engage the same contractor will be combined to qualify for any volume, discount, or tier based pricing and fees.

B. Term Pricing Schedule

Pricing schedules cover the three-year period from January 1, 2002 through December 31, 2004 and subsequent extensions, if any, until the expiration of the entire term of the MSA.

C. Service Level Pricing

Interchange rates are provided for each of the Levels of Service. See Attachment 4.

D. Bundled Pricing

MC/VISA Average Ticket Amount		MC/VISA Assessments and Processor Service Fees
$1,000.00 and Up		0.19%
$500.00 - $999.00		0.20%
$200.00 - $499.00		0.21%
$100.00 - $199.00		0.23%
$50.00 - $99.00		0.27%
$30.00 - $49.00		0.34%
$20.00 - $29.00		0.43%
$10.00 - $19.00		0.59%

Notes:

- MC/Visa rate applies to the gross MC/Visa volume of each agency that signs with Wells Fargo Merchant services.
- Grid is fixed based on the individual agency's signed average ticket.
- Pricing assumes that the individual agencies will be utilizing an FDMS processing platform as the front end.
- Each agency will receive the best interchange level for which their transactions qualify, as a straight pass through (see association interchange chart for interchange levels and descriptions, Attachment 4.

ATTACHMENT 5

TERMINAL MATRIX

Merchant Card Services

EFFECTIVE 12/31/00

ninal Product Matrix

WELLS FARGO

Authorization Network	Dial-Up Terminal	Terminal Application	CA/WA Truncation Compliant?	APPLICATIONS: Retail	Cards Not Present (AVS)2	Restaurant	Lodging	Auto Rental	Hair Salon/Service	ENTITLEMENTS & FEATURES: On-Line Debit	On-line Cash Back	EBT (Electronic Benefits Transfers)	Purchasing/Commercial Card	Amex EDC (WFMS Auth & Settle)	Amex Single Settle (Amex auth/ WFMS Settle	Amex Reverse PIP (Amex Auth & Settle)	Discover EDC	JCB EDC	Diner's/Carte Blanche EDC	Auto Settle/TIC	Password Protection	Bar Tab (Rest Only)	IRS TRAC (Rest Only)	Discounted Tips (Rest Only)	Clerk/Server Prompt Option	Equifax Check Services	TeleCheck Check Guarantee Services	TeleCheck (Electronic Check Acceptance)	Demo mode	No. Transactions	Tracks	PRINTERS: VF P900	Hypercom P8S (P7S)	Intergrated Printer	Citizen 560, 562, 3530, 3535	PrintPoint 3000	VEP150 - Slip	VF P250	VF PrintPak 300/350 - Thermal	PINPads: Hypercom S7C	Hypercom S8	Integrated PINPad	Verifone 1000	Verifone 2000[3]	OTHER: MAG-TEK Check Reader	VI Soricon Check Reader	Cheque Check Reader
CARDnet (CES - North) (System 88) (Term. Capture) (Term. Capture)	**Hypercom**																																											
	T7PT / T77T *(Thermal)*	T7CCPTG.032		x	x					x	x	x	L2	x	x	x	x	x	x	x	x				x	B	B		x	300	1&2			x						x	x		x	x	x
	T7P / T77 *(Friction)*	T7CCPTG.032		x	x					x	x	x	L2	x	x	x	x	x	x	x	x				x	B	B		x	300	1&2			x						x	x		x	x	x
	T7PT / T77T *(Thermal)*	T7CCPTG.032				x				x				x	x	x	x	x	x		x	x			x	B	B		x	300	1&2			x						x	x		x	x	x
	T7P / T77 *(Friction)*	T7CCPTG.032				x				x				x	x	x	x	x	x		x	x			x	B	B		x	300	1&2			x						x	x		x	x	x
	T7PT / T77T *(Thermal)*	T7CSLDA.019					x	x						x	x		x	x	x						x	DL	DL		x	300	1&2			x						x	x		x	x	x
	T7P / T77 *(Friction)*	T7CSLDA.019					x	x						x	x		x	x	x						x	DL	DL		x	300	1&2			x						x	x		x	x	x
	T77F/T77T	NWRTLTP							x	x	x					x	x	x	x						x	DL	DL		x	300	1&2			x											
	T7E	*T7CCPTG.032*		x	x					x	x	x	L2	x	x	x	x	x	x	x					x	B	B		x	300	1&2			x						x	x		x	x	x
	T7E	*T7CCPTG.032*				x				x				x	x	x	x	x	x	x		x	x			x	B	B		x	300	1&2	x	x							x	x		x	x	x
	T7E	*T7CSLDA.019*					x	x						x	x		x	x	x						x	DL	DL		x	300	1&2	x	x							x	x				
	VeriFone																																											
	Tranz 380	CSD3803		x						x	x			x			x	x	x	x[4]						B	B			400	1&2	x			x		x	x					x	x	
	Tranz 380	CRS3802				x								x			x	x	x							B	B			400	1&2	x			x		x	x						
	Omni 3200	VF0R035	✓	x						x	x	x	x	x	x	x	x	x	x	x	x				x	B	B		x	400	1&2	x			x		x	x						
	Omni 3200	VF0R035	✓			x				x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	DL	B		x	400	1&2			x									x	x	x
	OmniPak II (Omni 396 & PrintPak 350)	CRRPD04		x		x				x[1]	x[1]			x	x	x	x	x	x	x[4]	x	x			x	B	M			400	1&2												x	x	x
	Omni 396	CRRPD04		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	M			400	1&2												x	x	x
	Omni 470	CSD4701	✓	x						x	x			x	x	x	x	x	x	x[4]	x	x			x	B	DL			400	1&2	x					x	x					x	x	x
	OmniPak I (Omni 396 & PrintPak 300)	*CRRPD04*		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	M			400	1&2			x									x		
	Omni 395	*CRRPD04*		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	M			400	1&2												x		
	Tranz 330	*CSDBR13*		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	M			400	1&2												x		
	Tranz 330	*CR4BR07*		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	B			100	1or2												x	x	
	Zon Jr XT	*CXR2R03*		x		x				x	x			x	x	x	x	x	x	x[4]	x	x			x	B	B			170	1or2														
	TeleCheck																																											
	Eclipse	NGCN	✓	x	x					x	x			x	x		x	x	x	x	x				x		M			300	1&2			x											
	Accelera SE	*Cardnet ECA*		x						x	x			x	x		x	x	x	x	x				x		M			250	1&2			x											
	Accelera	*CES*		x						x	x			x	x		x	x	x	x	x				x		M			250	1&2														
	DataCap																																											
	Paymate 1000			x		x				x	x			x	x		x	x	x		x				x	DL			x	350	1&2			x											
	IC *VERIFY*																																											
	Single-User	WIN ver		x	x					x	x		L3	x	x		x	x	x	x	x				x		B			300	1or2	x													
	Multi-User	WIN ver		x	x					x	x		L3	x	x		x	x	x	x	x				x		B			300	1or2	x													
	Single/Multi User	*DOS Ver 6.03*		x	x					x	x		L2	x	x		x	x	x	x	x				x		B			300	1or2	x													
WellService (Host Capture)	**Hypercom**																																											
	T7P	T7SMHTxxP		x	x					x	x			x			x				x				x	DL	DL			350	1&2			x											
	VeriFone																																											
	Tranz 330	*WS3SM01*		x	x					x	x			x	x		x	x	x	AO	x				x	DL	DL			250	1or2														
	Tranz 330 Branch Bank/Cash Advance	*WCA330G3*		x	x					x	x			x	x		x	x	x	AO	x				x	DL	DL			250	1or2														
	Zon XL 300	*FXL0015*		x	x					x	x			x	x		x	x	x	AO	x				x	DL	DL			300	1or2														
	Zon Ir XO	*FXL0016*		x	x					x	x			x	x		x	x	x	AO	x				x	DL	DL			300	1or2														
	Zon Ir 10	*RPT01S*		x	x					x	x			x	x		x	x	x	AO	x				x	DL	DL			175	1or2														
	IC *VERIFY*																																											
	Single/Multi User	**WIN ver. 2.46**		x									x			x			x						x	DL				300	1or2	x													
	Single/Multi User	*DOS ver. 7.0*		x									x			x			x						x	DL				300	1or2	x													

Note 1: ✓ *= On-Line Debit Branch Default*

Note 2: Debit Not Applicable (Debit requires face to face)

Note 3: Tranz 330 Track 1 terminals require a VeriFone PINPad 2000 for Debit

Note 4: Autosettle and Purchasing Card prompts are not available for Restaurants

*Track 1 can only use PinPad 2000. Track 2 can use either PinPad 1000 or 2000

T7P=Impact Printer *AO = Auth Only*
T7PT/T77T=Thermal Printer
T77S=Sprocket Printer T77F=Friction Printer

Check Services:
DL = Driver's License
M = MICR
B = Both

Primary Solution
Secondary Solution
Customer Owned Support Only

Fall Release Edition 9/1/00

M[illegible]nant Card Services — Termin[illegible] roduct Matrix

EFFECTIVE 12/31/00

WELLS FARGO

GENERAL SOLUTIONS			APPLICATIONS							ENTITLEMENTS & FEATURES																							PRINTERS							PINPads					OTHER		
Authorization Network	Dial-Up Terminal	Terminal Application	CAWA Truncation Compliant	Retail	Cards Not Present (AVS)	Restaurant	Lodging	Auto Rental	Hair Salon/Service	On-Line Debit	On-Line Cash Back	EBT (Electronic Benefits Transfer)	Purchasing/Commercial Card	Amex EDC (WFMS Auth & Settle)	Amex Single Settle (Amex auth/ WFMS Settle)	Amex Reverse PIP (Amex Auth & Settle)	Discover EDC	JCB EDC	Diner's/Carte Blanche EDC	Auto Settle/TIC	Password Protection	Bar Tab (Rest Only)	IRS TRAC (Rest Only)	Discounted Tips (Rest Only)	Clerk/Server Prompt Option	Equifax Check Services	TeleCheck Check Guarantee Services	TeleCheck (Electronic Check Acceptance)	Demo mode	Store & Forward	No. Transactions	Tracks	VF P900	Integrated Printer	PrintPoint 3000	VF PrintPak 350 - Thermal	Hypercom P8S (P7S)	Citizen 560, 562, 3530, 3535	PrintPoint 3000	VF P150 / 180	VF250	Hypercom S7C	Hypercom S8	Integrated PINPad	VeriFone 1000	VeriFone 2000[3]	MAG-TEK Check Reader	VI Scricon Check Reader	Chexcue Check Reader
Nashville	Hypercom																																													
(Envoy)	T7PT *(Thermal)*	67	✓	x	x	x			x				L2[4]	x	x	x	x	x	x		x	x	x	x	x	DL	DL			300	1&2		x														
(FDNC)	T77T *(Thermal)*	67	✓	x	x	x			x				L2[4]	x	x	x	x	x	x		x	x	x	x	x	DL	DL			300	1&2		x														
	T7P *(Friction)*	67		x	x	x			x				L2[4]	x	x	x	x	x	x		x	x	x	x	x	DL	DL			300	1&2		x														
	T77F *(Friction)*	67		x	x	x								x	x	x	x	x	x		x	x	x	x	x	DL	DL			300	1&2		x														
(Interactive)	*T7E*	*67*		x	x	x							*L2[4]*	x	x	x	x	x	x	x[4]	x	x	x	x	x	DL	DL			*300*	*1&2*					x												
	VeriFone																																													
	Tranz 380 *(used with thermal Printer)*	65	✓	x	x	x							L2	x	x		x	x	x	x	x				x	DL	DL			500	1&2			x	x												
	Tranz 380 *(used with thermal Printer)*	127	✓				x							x			x	x	x						x	DL	DL			690	1&2			x	x												
	Tranz 380 *(used with thermal Printer)*	126	✓					x						x			x	x	x						x	DL	DL			690	1&2			x	x												
	OmniPak II (Omni 396 & PrintPak 350)	670	✓	x	x	x							L2[4]	x	x	x	x	x	x	x[4]	x	x	x	x	x	DL	B		x		500	1&2				x								x				
	Omni 396 *(used with thermal printer)*	670	✓	x	x	x							L2[4]	x	x	x	x	x	x	x[4]	x	x	x	x	x	DL	B		x		500	1&2			x	x								x				
	OmniPak I (Omni 396 & PrintPak 300)	*670*		*x*	*x*	*x*							*L2[4]*	*x*	*x*	*x*	*x*	*x*	*x*	*x[4]*	*x*	*x*	*x*	*x*	*x*	*DL*	*B*		*x*		*500*	*1&2*			*x*	*x*								*x*				
	Tranz 460	*85*		*x*	*x*	*x*							*L2[4]*	*x*	*x*		*x*	*x*	*x*	*x[4]*	*x*	*x*	*x*	*x*	*x*	*DL*	*DL*			*500*	*1&2*		*x*		*x*												
	Omni 395 - 512k	*670*		*x*	*x*	*x*							*L2[4]*	*x*	*x*	*x*	*x*	*x*	*x*	*x[4]*	*x*	*x*	*x*	*x*	*x*	*DL*	*B*				*500*	*1&2*	*x*			*x*												
	Zon Jr XL & XL 300 w/Printer	*36*		*x*	*x*	*x*								*x*			*x*	*x*	*x*						*x*	*DL*	*DL*				*24*	*2*	*x*			*x*												
	Zon Jr XL w/Printer	*141*		*x*	*x*	*x*								*x*			*x*	*x*	*x*						*x*	*DL*	*DL*				*24*	*2*	*x*			*x*												
	XL 300 No Printer	*5*		*x*	*x*	*x*								*x*			*x*	*x*	*x*						*x*	*DL*	*DL*				*41*	*2*	*x*			*x*												
	Tranz 330	*101*		*x*	*x*	*x*							*L2*	*x*	*x*		*x*	*x*	*x*						*x*	*DL*	*DL*				*45*	*1or2*	*x*			*x*												
	Tranz 330	*65*		*x*	*x*	*x*								*x*	*x*		*x*	*x*	*x*						*x*	*DL*	*DL*				*75*	*1or2*	*x*			*x*												
	LinkPoint																																													
	LinkPak (LinkPak 3000 & PrintPt 3000)	690	✓	x	x	x							L2[4]	x	x		x	x	x	x[4]	x	x	x		x		x				500	1&2			x			x										
	TeleCheck																																													
	Eclipse	640	✓	x	x	x								x	x		x	x	x	x[4]		x	x	x	x		M	B			300	1&2		x														
	Accelera SE	*650 - ECA*		*x*	*x*	*x*								*x*			*x*	*x*	*x*	*x[4]*	*x*	*x*	*x*	*x*	*x*		*M*				*180*	*1&2*															
	Lipman Wireless																																													
	CellTrek Explorer (3010)	host capture	✓	x	x								L2	x			x	x	x	x	x				x				x	x	800	1&2		x														
	Nurit 2090	805	✓	x	x								L2	x			x	x	x	x	x				x				x	x	800	1&2		x														
	IC *VERIFY*																																													
	Single/Multi User	WIN ver 2.46		x	x								L2	x	x		x	x	x	x	x				x		B		x		300	1or2	x															
FDR Omaha	*Tranz 380*	*FHOT384*		*x*	*x*	*x*		*x*									*x*	*x*	*x*	*x*	*x*										*300*	*1&2*	*x*															
ETC type 2	*Tranz 420*	*FTE4201*		*x*	*x*	*x*											*x*	*x*	*x*	*x*	*x*										*275*	*2*															
	Tranz 330	*COSTCUT*		*x*	*x*	*x*											*x*	*x*	*x*	*x*	*x*										*175*	*2*															
Dual Application	VeriFone	Any Two Tranz 330/380 Applications																																												
	Tranz 380 x 2																																													
	Tranz 380 x 2																																													
	Tranz 380 x 2	Chipsize must be 1.27 or higher																																												

Note 1: [4] = On-Line Debit Branch Default

Note 3: Tranz 330 Track 1 terminals require a VeriFone PINPad 2000 for Debit

Note 4: Autosettle and Purchasing Card prompts are not available for Restaurants

T7P=Impact Printer — *AO = Auth Only*
T7PT/T77T=Thermal Printer
T77S=Sprocket Printer — T77F=Friction Printer

Check Services:
DL = Driver's License
M = MICR
B = Both

Primary Solution
Secondary Solution
Customer Owned Support Only

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