

## MERCHANT AGREEMENT: TERMS AND CONDITIONS

This Agreement is between Pivotal Payments Inc., RBS Engineers & Financial Group (collectively "ISO"), Merchant and West America Bank ("Bank") for the limited purposes described expressly set forth hereinbelow, and Bank is not otherwise a part of (nor liable for) any of ISO's obligations hereunder. The parties may allocate their respective duties and obligations between themselves as they deem appropriate at their sole discretion although solely for convenience purposes, under this Agreement, West America Bank and ISO may collectively be referred to hereinafter as "Service Providers." This Merchant Agreement contains the terms and conditions under which Bank, ISO and/or other third parties will provide services to you and includes the Merchant Application signed by Merchant. To the extent ISO or any third party fails to perform any of its or their duties hereunder, Bank has the right, but not the obligation, to perform the services for Merchant.

### PART ONE: CARD SERVICES

#### ARTICLE I - DEFINITIONS

- 1.1 **"Account"** means a commercial checking or demand deposit account maintained by Merchant referred to in Section 5.16 for the crediting of collected funds and the debiting of fees and charges under this Agreement.
- 1.2 **"ACH"** means the Automated Clearing House paperless entry system controlled by the Federal Reserve Board.
- 1.3 **"Agreement"** means these terms and conditions, any supplementary documents referenced herein, and valid schedules and amendments to the foregoing.
- 1.4 **"American Express"** means the Cards bearing the Marks of, and Card Brand operated by, American Express Travel Related Services Company, Inc. or its affiliates.
- 1.5 **"Authorization"** means a computerized function or a direct phone call to a designated number to examine individual Transactions to obtain approval from the Card Issuer to charge the Card for the amount of the sale.
- 1.6 **"Card"** means (i) a valid credit card in the form issued under license from Visa U.S.A., Inc. Visa International, Inc., Discover®, MasterCard International, Inc. or American Express; or (ii) any other valid credit card accepted by Merchant by agreement with Service Provider.
- 1.7 **"Card Brand"** means Visa U.S.A., Inc., Visa International, Inc., Discover, MasterCard International, Inc., American Express Travel Related Services Company, Inc., or any other Card Issuers that provide Cards accepted by Merchant by agreement with Service Provider.
- 1.8 **"Card Issuer"** means the financial institution or company which has provided a Card to a Cardholder.
- 1.9 **"Card Not Present (CNP)"** means that an Imprint of the Card is not obtained at the point-of-sale.
- 1.10 **"Cardholder"** (sometimes referred to as "Card Member" in certain Card Brand materials) shall mean any person authorized to use the Cards or the accounts established in connection with the Cards.
- 1.11 **"Cardholder Information"** means any non-public, sensitive information about a Cardholder, including any combination of Cardholder name plus the Cardholder's social security number, driver's license or other identification number or credit or debit card number, or other bank account number.
- 1.12 **"Chargeback"** means the procedure by which a Sales Draft (or disputed portion thereof) is returned to Service Provider by a Card Issuer because such item does not comply with the applicable Card plan's operating regulations.
- 1.13 **"Credit Voucher"** means a document executed by a Merchant evidencing any refund or price adjustment relating to Cards to be credited to a Cardholder account.
- 1.14 **"Imprint"** means (i) an impression on a Sales Draft manually obtained from a Card through the use of an imprinter, or (ii) the electronic equivalent obtained by swiping a Card through a terminal and electronically capturing Card Data and printing a Sales Draft.
- 1.15 **"Mid or Non-Qualifying Transaction"** means any sale Transaction that fails to qualify for lowest interchange rate assigned by the applicable Card Brand for Merchant's standard card industry code and which may be charged fees as set forth in Schedule A.
- 1.16 **"Sales Draft"** means the paper form, whether electronically or manually imprinted, evidencing a sale Transaction.
- 1.17 **"Transaction"** means any sale of products or services, or credit for such, from a Merchant for which the Cardholder makes payment through the use of any Card and which is presented to Service Provider for collection.
- 1.18 **"Voice Authorization"** means a direct phone call to a designated number to obtain credit approval on a Transaction from the Card Issuer, whether by voice or voice-activated systems.

#### ARTICLE II - CARD ACCEPTANCE

##### 2.1 Honoring Cards.

Merchant will accept all valid Cards when properly presented by Cardholders in payment for goods or services, subject to applicable Card Brand rules requiring Merchant to elect whether it will accept credit only, debit only or both debit and credit Cards. Merchant's election is set forth in the Application. Merchant may not establish minimum or maximum amounts for Card sales as a condition for accepting any Card. Merchant may not require any Cardholder to pay as a surcharge any part of any discount or charge imposed upon Merchant by this Agreement, whether through any increase in price or otherwise require a Cardholder to pay any charge or price as a condition of sale that is not also required from a customer paying cash. However, Merchant may not, by this term, be prevented from offering discounts to Cardholders for cash purchases. Merchant may not engage in a Transaction (other than a mail, internet, telephone order, or preauthorized sale to the extent permitted under this Agreement) if the person seeking to charge the purchase to his or her Card account does not present the Card to permit Merchant to compare the signature on the Card to the signature on the Sales Draft and obtain an Imprint or otherwise use the physical Card to complete the Transaction.

##### 2.2 Advertising.

Merchant will prominently display the promotional materials provided by Service Provider in its place(s) of

business. Merchant's use of promotional materials and use of any trade name, trademark, service mark or logo type ("Marks") associated with a Card is limited to informing the public that the Card will be accepted at Merchant's place(s) of business. Merchant's use of promotional materials and Marks is subject to the Service Provider's direction. Merchant may use promotional materials and Marks only during the term of this Agreement and will immediately ease use and return any inventory to Service Provider upon termination thereof. Merchant may not use any promotional materials or Marks associated with Visa, American Express, Discover and MasterCard in any way which suggests or implies that either endorses any goods or services other than Payment Card services.

##### 2.3 Card Acceptance.

When accepting a Card, Merchant will follow the steps provided by Service Provider for accepting Cards and will: (a) Determine in good faith and to the best of its ability that the Card is valid on its face; (b) obtain Authorization from the Card Issuer to charge the Cardholder's account; (c) unless the Sales Draft is electronically generated or is the result of a mail, internet, phone or preauthorized order, (i) obtain an Imprint of the Card including embossed data from the merchant imprinter plate; and (ii) obtain the Cardholder's signature on the Sales Draft and compare that signature to the signature on the Card; (d) enter a description of the goods or services sold and the price thereof (including any applicable taxes); (e) deliver a true and completed copy of the Sales Draft to the Cardholder at the time the goods are delivered or services performed, or, if the Sales Draft is prepared by a point-of-sale terminal, at the time of the sale; (f) offer the Sales Draft to Service Provider for purchase according to Service Provider's procedures and the terms of this Agreement; and (g) make a Card Imprint, if the Transaction is not based upon a mail, internet, phone or pre-authorized order.

##### 2.4 Authorization.

Merchant will obtain an Authorization for all Card sales. If Merchant cannot, for any reason, obtain an electronic Authorization through the use of a terminal, Merchant will request a Voice Authorization from Service Provider's designated authorization center and will legibly print the authorization number on the Sales Draft. Merchant will not obtain or attempt to obtain authorization from Service Provider's authorization center unless Merchant intends to submit to Service Provider a Transaction for the authorized amount if Authorization for the Transaction is given. Merchant may not divide a single Transaction between two or more Sales Drafts on a single Card to avoid Authorization limits that may be set by the Card Issuer. Merchant acknowledges that an Authorization provides only that the Cardholder account has sufficient credit available to cover the amount of the current sale and that an Authorization is not a guarantee that the Transaction will not be subject to dispute or Chargeback and does not warranty the Cardholder's identity. Merchant may not attempt to obtain an authorization by successively decreasing the sale amount. Service Provider may refuse to purchase or process any Sales Draft presented by Merchant: (a) unless a proper authorization or approval code has been recorded on the Sales Draft; (b) if Service Provider determines that the Sales Draft is or is likely to become uncollectible from the Cardholder to which the transaction would otherwise be charged; and (c) if Service Provider has reason to believe that the Sales Draft was prepared in violation of any provision of this Agreement. Merchant will use, and may not circumvent, fraud identification tools requested by Service Provider, including Address Verification System processing and CVV2/CID processing, and acknowledges that the use of these tools may prevent Merchant from accepting certain Cards as payment. Merchant acknowledges that its use of fraud identification tools may not prevent fraudulent Card usage, and agrees that any fraudulent Transaction may ultimately result in a Chargeback, for which Merchant retains full liability under this Agreement.

##### 2.5 Retention and Retrieval of Cards.

Merchant will use its best efforts, by reasonable and peaceful means, to retain or recover a Card when receiving such instructions when making a request for Authorization or if Merchant has reasonable grounds to believe the Card is counterfeit, fraudulent or stolen. Merchant's obligations under this section does not authorize a breach of the peace or any injury to persons or property, and Merchant will hold Service Provider harmless from any claim arising from any injury to person or property or other breach of the peace in connection with the retention or recovery of a Card.

##### 2.6 Multiple Transaction Records; Partial Consideration.

Merchant may not prepare more than one Sales Draft for a single sale or for a single item but will include all items of goods and services purchased in a single Transaction in the total amount on a single Sales Draft except under the following circumstances: (a) for purchases in separate departments of a multiple department store; (b) For partial payment, instalment payment, delayed delivery or an advance deposit; or (c) for delayed or amended charges governed by rules for travel and entertainment merchants and Transactions.

##### 2.7 Telephone Orders, Mail Orders, Internet, Preauthorized Orders and Instalment Orders.

Unless Merchant has been approved by Service Provider to accept mail, internet or telephone orders, Merchant warrants that it is a walk-in trade business, located in a retail business place where the public moves in and out freely in order to purchase merchandise or obtain services. If Service Provider determines Merchant has accepted unapproved Card Transactions which are placed by telephone, generated through telephone solicitation, mail order or other means that does not create a Sales Draft that bears the Card imprint and Cardholder's signature, this Agreement will be immediately terminated and the value of all Sales Drafts collected from the first day of processing may be charged back to Merchant and all funds therefrom held as provided in Article IV. Unless approved by Service Provider, this Agreement does not contemplate regular acceptance of Cards for sales accepted by mail, internet or telephone nor through preauthorized orders. If an occasional Card Transaction is made by mail, phone or preauthorized order, the Sales Draft may be completed without the Cardholder's signature or an Imprint, but in such case Merchant will create a sales slip containing Cardholder data, an Authorization number, the sale amount and the letters "MO", "TO" or "PO", as appropriate. Receiving an Authorization will not relieve the Merchant of liability for Chargeback on any Transaction for which the Merchant did not obtain an Imprint or the Cardholder's signature.

##### 2.8 Lodging and Vehicle Rental Transactions.

Merchant must estimate and obtain Authorization for the amount of the Transaction based upon the Cardholder's intended length of stay or rental. Additional Authorization must be obtained and recorded for charges actually incurred in excess of the estimated amount. Regardless of the terms and conditions of any written preauthorization form, the Sales Draft amount for any lodging or vehicle rental Transaction must include only that portion of the sale, including any applicable taxes, evidencing a bona fide rental of real or personal property by Merchant to the Cardholder and may not include any consequential charges. Nothing contained herein is intended to restrict Merchant from enforcing the terms and conditions of its preauthorization form through means other than a Card Transaction.

## 2.9 Returns and Adjustments; Credit Vouchers.

Merchant's policy for the exchange or return of goods sold and the adjustment for services rendered will be established and posted in accordance with operating regulations of the applicable Card Brand's regulations. Merchant will disclose, if applicable, to a Cardholder before a Card sale is made, that if merchandise is returned: (a) no refund, or less than a full refund, will be given; (b) returned merchandise will only be exchanged for similar merchandise of comparable value; (c) only a credit toward purchases will be given; or (d) special conditions or circumstances apply to the sale (e.g., late delivery, delivery charges, or other non-credit terms). If Merchant does not make these disclosures, a full refund in the form of a credit to the Cardholder's Card account must be given. Disclosures must be made on all copies of Sales Drafts or invoices in letters approximately 1/4" high in close proximity to the space provided for the Cardholder's signature or on an invoice issued at the time of the sale or on an invoice being presented for the Cardholder's signature. Any change in Merchant's return or cancellation policy must be submitted in writing to Service Provider not less than 14 days prior to the change. Service Provider may refuse to process any Sales Draft made subject to a revised return or cancellation policy of which Service Provider has not been notified as required herein.

## 2.10 Cash Payments.

Merchant may not receive any payments from a Cardholder for charges included in any Transaction resulting from the use of any Card nor receive any payment from a Cardholder to prepare and present a Transaction for the purpose of affecting a deposit to the Cardholder's Card account.

## 2.11 Cash Advances; Scrip Purchases.

Merchant may not deposit any Transaction for the purpose of obtaining or providing a cash advance either on Merchant's Card or the Card of any other party and may not accept any Card at a scrip terminal, and either action will be grounds for Service Provider's immediate termination of this Agreement.

## 2.12 Duplicate Transactions.

Merchant may not deposit duplicate Transactions. Service Provider may debit Merchant for any adjustments for duplicate Transactions and Merchant is liable for any Chargebacks resulting therefrom.

## 2.13 Deposit of Fraudulent Transactions.

Merchant may not accept or deposit any fraudulent Transaction and may not under any circumstances present for processing or credit, directly or indirectly, a Transaction which originated with any other merchant or any other source other than Transactions arising from bona fide purchases from Merchant for the goods and services for which Merchant has been approved under this Agreement. If Merchant deposits any prohibited Transaction, Service Provider may: (a) immediately terminate this Agreement; (b) withhold funds and demand an escrow as provided in this Agreement; (c) report Merchant to Visa, American Express, Discover and MasterCard under Section 4.04. Merchant's employees' actions are chargeable to Merchant under this Agreement.

## 2.14 Collection of Pre-existing Debt.

Merchant may not prepare and present to Service Provider for purchase any Transaction representing the refinancing of an existing Cardholder obligation including, but not limited to, obligations: (a) previously owed to Merchant; (b) arising from the dishonor of a Cardholder's personal check or relating to a Chargeback; or (c) representing the collection of any other pre-existing indebtedness, including collection of delinquent accounts on behalf of third parties.

## 2.15 Data Security/Personal Cardholder Information.

Merchant may not, as a condition of sale, impose a requirement on Cardholders to provide any personal information as a condition for honoring Cards unless such information is required to provide delivery of goods or services or Merchant has reason to believe the identity of the person presenting the Card may be different than that of the Cardholder. Merchant will not, under any circumstances, release, sell or otherwise disclose any Cardholder Information to any person other than Service Provider or the applicable Card Brand, except as expressly authorized in writing by the Cardholder, or as required by law.

(a) Safeguards. Merchant will maintain appropriate administrative, technical and physical safeguards for all Cardholder Information. These safeguards will (a) insure the confidentiality of Cardholder Information; (b) protect against any anticipated threats or hazards to the security or integrity of Cardholder Information; (c) protect against unauthorized access to or use of Cardholder Information that could result in substantial harm or inconvenience to any Cardholder; and (d) properly dispose of all Cardholder Information to ensure no unauthorized access to Cardholder Information. Merchant will maintain all such safeguards applicable to Merchant or Service Provider in accordance with applicable federal and state laws, rules, regulations and guidance. Merchants transacting in electronic commerce must: offer Cardholders secure transaction methods such as SSL or 3-D Secure; install and maintain network firewalls; regularly update security patches; restrict and track employee access to all data relating to Cardholders and Card transaction ("Data"); encrypt all stored Data sent over open networks; use only approved or validated payment software applications; establish policies for properly managing use and allocation of passwords; and consistently assess and revise security systems and processes.

(b) Compliance with Card Brand Rules. Merchant represents, warrants and covenants that it is and will remain throughout the term of this Agreement in compliance with Card Brand bylaws, operating regulations and rules related to data security, data integrity and the safeguarding of Cardholder Information including the Payment Card Industry Data Security Standard ("PCI") ([https://www.pcisecuritystandards.org/security\\_standards/](https://www.pcisecuritystandards.org/security_standards/)), Visa's Customer Information Security Program ("CISP") ([http://usa.visa.com/merchants/risk\\_management/cisp.html](http://usa.visa.com/merchants/risk_management/cisp.html)), Discover's Information Security and Compliance (DISC) program (<http://www.discovernetwork.com/merchants/data-security/disc.html>), MasterCard's Site Data Protection Program ("SDP") ([http://www.mastercard.com/us/company/en/whatwedo/site\\_data\\_protection.html](http://www.mastercard.com/us/company/en/whatwedo/site_data_protection.html)) and the American Express Data Security Requirements ("DSR") (<http://www.americanexpress.com/dsr/>) in effect, and Merchant will cause all of its service providers, subcontractors and agents to comply with PCI, SDP, CISP, DSR and DISC requirements at all times. Merchant will report any non-compliance immediately to Service Provider. To accomplish the foregoing, Merchant will encrypt all debit, credit or stored value card numbers whether in storage, transport or backup and will not store data security codes on its systems, network or software.

(c) Annual Certification. Merchant will provide an annual certification to Service Provider if requested by Service Provider (in a form acceptable to Service Provider) certifying compliance with the data security provisions of this Agreement, including compliance with applicable Card Brand requirements such as PCI, SDP, CISP, DSR and DISC. Merchant will provide annual certifications for Merchant's service

providers, subcontractors and agents.

(d) Information Use Limitations. Merchant may not sell, disclose, or otherwise make Cardholder Information available, in whole or in part, in a manner not provided for in this Agreement, without Service Provider's prior written consent. Merchant may, however, disclose Cardholder Information to its service providers, subcontractors and agents who have a need to know such information to provide the Services described in this Agreement, provided that those individuals or entities have assumed confidentiality obligations in accordance with this Agreement, or as may be required by legal process or applicable federal and state laws, rules, regulations and guidance and have entered into a written agreement with Merchant containing Merchant's and such individuals' or entities' agreement to the foregoing data security provisions including compliance with Card Brand rules, regulations or bylaws.

(e) Response to Unauthorized Access. Merchant will notify Service Provider within 24 hours after it knows of any breach in security resulting in an unauthorized access to Cardholder Information. Merchant will provide any assistance that Service Provider, the issuing bank of any Cardholder, and their regulators and the Card Brands deem necessary to contain and control the incident to prevent further unauthorized access to or use of Cardholder Information. Such assistance may include, but not be limited to, preserving records and other evidence and compiling information to enable Service Provider and the issuing bank(s) or the Card Brands to investigate the incident and provide assistance and cooperation to: (a) file suspicious activity reports (as applicable); (b) notify their regulators (as applicable); and (c) notify the affected Cardholder (as required). Unless the unauthorized access was due to Service Provider's acts or omissions, Merchant will bear the cost of notifying affected Cardholder.

(f) Miscellaneous. Merchant may not make a claim against Service Provider or hold Service Provider liable for the acts or omissions of other merchants, service providers, Card Brands, financial institutions or others that do not have a written contractual relationship with Service Provider or over which Service Provider has no control. These provisions supplement, augment and are in addition to obligations of indemnification, audit, confidentiality and other similar provisions contained in this Agreement. This Section 2.15 and each of its subsections will survive this Agreement's termination. Merchant may not store in any system or in any manner discretionary Card read data including without limitation CVV2/CID data, PIN data, address verification data or any other information prohibited by Card Brand rules. Merchant agrees that Provider may disclose to any Card Brand information regarding Merchant and Merchant's Transactions to any Card Brand, and that such Card Brand may use such information to perform its responsibilities in connection with its duties as a Card Brand, promote the Card Brand, perform analytics and create reports, and for any other lawful business purposes, including commercial marketing communications purposes within the parameters of Card Brand Card acceptance, and transactional or relationship communications from a Card Brand. A Card Brand may use the information about Merchant obtained in this Agreement at the time of setup to screen and/or monitor Merchant in connection with the Card Brand marketing and administrative purposes. Merchant agrees it may receive messages from a Card Brand, including important information about Card Brand products, services, and resources available to its business. These messages may be sent to the mailing address, phone numbers, email addresses or fax numbers of Merchant. Merchant may be contacted at its wireless telephone number and the communications sent may include autodialed short message service (SMS or "text") messages or automated or prerecorded calls. Merchant agrees that it may be sent fax communications.

## 2.16 Compliance with Card Brand Rules.

Merchant will comply with and conduct its Card activities in accordance with all applicable Card Brand rules and regulations. Failure to comply with such rules and regulations may result in Merchant being terminated for cause and listed on various Card Brand and industry databases, including the Consortium Merchant Negative File (CMNF), the CTMF (Combined Terminated Merchant File) and the Merchant Alert to Control High Risk Merchants file ("MATCH"). Merchant may not: (a) accept Cardholder payments for previous Card charges incurred at the Merchant location; (b) establish a minimum or maximum transaction amount as a condition for honoring a Card; (c) require a Cardholder to complete a postcard or similar device that includes the Cardholder's account number, card expiration date, signature, or any other card account data in plain view when mailed; (d) add any surcharge to transactions; (e) add any tax to transactions, unless applicable law expressly requires that Merchant be permitted to impose a tax (any tax amount, if allowed, must be included in the transaction amount and not collected separately); (f) enter into interchange any transaction receipt for a transaction that was previously charged back to Service Provider and subsequently returned to Merchant, irrespective of Cardholder approval (Merchant may pursue payment from the Cardholder outside the Card Brand system); (g) accept a card for an unlawful purpose, including Internet gambling transaction; (h) request or use an account number of any purpose other than as payment for its goods or services; (i) disburse funds in the form of travelers cheques, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from Merchant; (j) disburse funds in the form of cash, unless: (i) Merchant is a lodging or cruise line merchant disbursing cash to a Cardholder, (ii) Merchant is dispensing funds in the form of travelers cheques, Cards, or foreign currency, or (iii) Merchant is participating in the Card Brand cash back service; (k) accept a Card for the purchase or scrip; (l) accept a Card for manual cash disbursement; (m) accept a Card to collect or refinance existing debt that has been deemed uncollectible by the Merchant providing the associated goods or services; or (n) enter into a Transaction that represents collection of a dishonored check. Merchant will pay all Card Brand fines, fees, penalties and all other assessments or indebtedness levied by Card Brands to Service Provider which are attributable, at the Service Provider's discretion, to Merchant's Transaction processing or business.

## 2.17 Merchant's Business.

Merchant will notify Service Provider immediately if it intends to (a) transfer or sell any substantial part of its total assets, or liquidate; (b) change the basic nature of its business, including selling any products or services not related to its current business; (c) change ownership or transfer control of its business; (d) enter into any joint venture, partnership or similar business arrangement whereby any person or entity not a party to this Agreement assumes any interest in Merchant's business; (e) alter in any way Merchant's approved monthly volume, average, or maximum ticket; (f) changes its return policies or to another fulfillment house different from those identified in Merchant Application; or (g) changes to its Account. Merchant will notify Service Provider promptly in writing if it becomes subject to any voluntary or involuntary bankruptcy or insolvency petition or proceeding. Merchant's failure to provide notice as required above may be deemed a material breach and will be sufficient grounds for termination of Merchant and for Service Provider's exercise of all its rights and remedies provided by this Agreement. If any change listed above occurs, Service Provider may immediately terminate this Agreement.

## 2.18 Merchant's Warranties.

Merchant represents and covenants that: (a) all information contained in the Merchant Application or any other documents delivered to Service Provider in connection therewith is true and complete and properly reflects Merchant's business, financial condition and principal partners, owners or officers; (b) Merchant has power to execute, deliver and perform this Agreement, and this Agreement is duly authorized, and will not violate any provisions of law, or conflict with any other agreement to which Merchant is subject; (c) Merchant holds all licenses, if any, required to conduct its business and is qualified to do business in every



jurisdiction where it is required to do so; (d) there is no action, suit or proceeding at law or in equity now pending or to Merchant's knowledge, threatened by or against or affecting Merchant which would substantially impair its right to carry on its business as now conducted or adversely affect its financial condition or operations; (e) each Sales Draft presented to Service Provider for collection is genuine and is not the result of any fraudulent or prohibited Transaction or is not being deposited on behalf of any business other than Merchant as authorized by this Agreement; (f) each Sales Draft is the result of a bona fide Card Transaction for the purchase of goods or services from Merchant by the Cardholder in the total amount stated on the Sales Draft; (g) Merchant has performed or will perform all of its obligations to the Cardholder in connection with the Card Transaction evidenced thereby; (h) Merchant has complied with Service Provider's procedures for accepting Cards, and the Card Transaction itself does not involve any element of credit for any other purposes other than as set forth in this Agreement, and is not subject to any defense, dispute, offset or counterclaim which may be raised by any Cardholder under the Card Brands' rules, the Consumer Credit Protection Act (15 USC §1601) or other relevant state or federal statutes or regulations; and (i) any Credit Voucher which it issues represents a bona fide refund or adjustment on a Card sale by Merchant with respect to which a Sales Draft has been accepted by Service Provider.

## ARTICLE III - PRESENTMENT, PAYMENT, CHARGEBACK

### 3.1 Acceptance.

Service Provider will accept from Merchant all Sales Drafts deposited by Merchant under the terms of this Agreement and will present the same to the appropriate Card Issuers for collection against Cardholder accounts. Merchant must transmit Sales Drafts and Credit Vouchers to Service Provider or its processing vendor on the same or next business day immediately following the day that such Sales Drafts and Credit Vouchers have been originated. All presentment and assignment of Sales Drafts, collection therefor and reassignment or rejection of such Sales Drafts are subject to the terms of this Agreement and regulations of the Card Brand. Service Provider will only provisionally credit the value of collected Sales Drafts to Merchant's Account and reserves the right to adjust amounts collected to reflect the value of Chargebacks (actual and anticipated), fees, penalties, late submission charges, reserve deposits, negative Sales Draft batch deposits and items for which Service Provider did not receive final payment.

### 3.2 Endorsement.

By presenting Sales Drafts to Service Provider for collection and payment, Merchant agrees to sell and assign all its right, title and interest in each Sales Draft completed in conformity with Service Provider's acceptance procedures and constitutes an endorsement by Merchant to Service Provider of such Sales Drafts. Service Provider may supply such endorsement on Merchant's behalf.

### 3.3 Prohibited Payments.

Service Provider may receive payment of any Sales Draft presented by Merchant and paid by Service Provider unless and until there is a Chargeback. Unless specifically unauthorized in writing by Service Provider, Merchant may not collect or attempt to collect any Sales Draft, including Chargebacks, and will hold in trust for Service Provider and promptly deliver in kind to Service Provider any payment Merchant receives, in whole or in part, of the amount of any accepted Transaction, together with the Cardholder's name and account number and any correspondence accompanying payment.

### 3.4 Chargebacks.

Merchant will accept for chargeback any sale for which the Cardholder disputes the validity of the sale according to prevailing Card Brand regulations, or a Card issuer or Service Provider determines that Merchant has in any way failed to comply with Card Brand regulations or Service Provider's procedures in accepting a Card and presenting the resulting Sales Draft to Service Provider for purchase. Section 2.03 notwithstanding, Service Provider may charge back the amount of a Card sale for which the Cardholder disputes that authorizing the charge if Merchant failed to obtain the Card Imprint or the Cardholder's signature. Merchant may not initiate a sale Transaction in an attempt to collect a Chargeback. Merchant will pay the current published fees for each Chargeback as listed on Schedule A of the Merchant Application.

### 3.5 Reserve Account.

Notwithstanding anything to the contrary in this Agreement, Service Provider may establish (without notice to Merchant) and Merchant agrees to fund a non-interest bearing reserve account (the "Reserve Account"), or demand other security or raise any discount, transaction or other fees. This account may be established at any time or for any reason. Specific examples might include: (a) Merchant engages in any charge processing that creates an overcharge to a Cardholder by duplicating charges; (b) any activity designed by Merchant to circumvent a "call center" message when attempting to process a transaction; (c) Merchant breaches this Agreement, violates any representation, covenant or warranty herein, violates any applicable Card Brand rule or applicable law; (d) Merchant's application is in any way inaccurate or becomes inaccurate subsequent to Service Provider's approval of the application; (e) Merchant changes its type of business without Service Provider's prior written approval; (f) fraud, Merchant processes an unauthorized charge, or other action that violates Service Provider's applicable risk management standards or is likely to cause a loss; (g) Merchant has chargebacks exceeding 1% of the total number of transactions completed by Merchant in any 30 calendar day period; (h) excessive numbers of requests from consumers or issuing banks to retrieve documentation; (i) Merchant's financial stability is in question or Merchant ceases doing business; or (j) Merchant terminates this Agreement. Once the Reserve Account is established, collected funds will be placed in the Reserve Account. Before releasing funds after this Agreement is terminated, Merchant will pay any equipment cancellation fees and any outstanding charges, losses or amounts, and Chargebacks for which Merchant has provided indemnification under this Agreement. Further, Service Provider may require Merchant to deposit additional amounts based upon Merchant's processing history and/or anticipated risk of loss to Service Provider into the Reserve Account. Once established, unless Service Provider determines otherwise at its sole discretion, the Reserve Account will remain in place for 180 days and a reasonable period thereafter during which Cardholder disputes may remain valid under applicable Card Brand rules. The provisions of this Agreement relating to account debits and credits apply to the Reserve Account and survive this Agreement's termination until Service Provider terminates the Reserve Account. Any balance remaining after chargeback rights have expired and all of Service Provider's other expenses, losses and damages have been paid will be disbursed to Merchant.

## ARTICLE IV - TERMINATION AND EFFECT OF TERMINATION

### 4.1 Term.

This Agreement will be effective once Service Provider accepts it, and unless otherwise terminated in accordance with Section 4.2 below, will continue for three years and will automatically renew for

successive one-year terms, unless Merchant provides written notice of non-renewal at least 60 days before the end of the then-current term.

### 4.2 Termination.

(a) Without Cause. Service Provider may terminate this Agreement, without cause, upon 30 days advance written notice to Merchant.

(b) For Cause. Service Provider may terminate this Agreement in its sole discretion, effective immediately, upon written or verbal notice, or by closing Merchant's point-of-sale terminal, if Service Provider reasonably determines that any of the following conditions exists: (i) Merchant has violated any provision of this Agreement; (ii) there is a material adverse change in Merchant's financial condition; (iii) if any case or proceeding is commenced by or against Merchant under any federal or state law dealing with insolvency, bankruptcy, receivership or other debt relief; (iv) any information which Merchant provided to Service Provider, including Application information, was false, incomplete or misleading when received; (v) at any time during the term of this Agreement, Merchant has had a monthly ratio of Chargebacks to total transactions exceeding Card Brand requirements or 1%, or Chargebacks exceed 3% of any monthly dollar amount of total transactions; (vi) an overdraft in the settlement account exists for more than three days; (vii) Merchant or any of Merchant's officers or employees has been involved in processing transactions arising from fraudulent or otherwise unauthorized transactions; (viii) Merchant is or will be unable or unwilling to perform its obligations under this Agreement or applicable law; (ix) Merchant has failed to timely pay Service Provider any amount due; (x) Merchant has failed to promptly perform or discharge any obligation under its settlement account or the Reserve Account; (xi) any of Merchant's representations or warranties made in connection with this Agreement was not true or accurate when given; (xii) Merchant has defaulted on any agreement it has with the Service Provider; (xiii) Service Provider is served with legal process seeking to attach or garnish any of Merchant's funds or property in Service Provider's possession, and Merchant does not satisfy or appeal the legal process within 15 days of such service; (xiv) any Card Brand rules are amended in any way so that the continued existence of this Agreement would cause Service Provider to be in breach of those rules; (xv) any guaranty supporting Merchant's obligations is revoked, withdrawn, terminated or altered in any way; (xvi) if any circumstances arise regarding Merchant or its business that create harm or loss of goodwill to any Card Brand; (xvii) termination is necessary to prevent loss to Service Provider or Card Issuers; (xviii) Merchant's type of business indicated on the Application or as conducted by Merchant could endanger the Service Provider's safety or soundness; (xix) Merchant's owner, officer, guarantor, or corporate entity has a separate relationship with the Service Provider and that relationship is terminated, (xx) Merchant appears on any Card Brand's security reporting; or (xxi) Service Provider's security for repayment becomes impaired.

### 4.3 Effect of Bankruptcy.

Any account or security held by Service Provider will not be subject to any preference, claim or stay by reason of bankruptcy or similar law. The parties expressly agree that the acquisition of Card Transactions hereunder is a financial accommodation and if Merchant becomes a debtor in any bankruptcy or similar proceeding, this Agreement may not be assumed or enforced by any other person and Service Provider will be excused from performance hereunder.

### 4.4 Effect of Termination.

When termination becomes effective, the parties' rights and obligations existing under this Agreement survive. If this Agreement is terminated, regardless of cause, Service Provider may withhold and discontinue the disbursement for all Cards and other Merchant Transactions in the process of being collected and deposited. If Merchant is terminated for cause, Merchant acknowledges that Service Provider may be required to report Merchant's business name and the names and other identification of its principals to the MATCH file maintained by Visa, MasterCard, American Express and/or the CMNF file maintained by Discover. Merchant expressly agrees and consents to such reporting if Merchant is terminated for any reason requiring listing on the MATCH file or CMNF. Merchant waives and will hold harmless Service Provider from any claims that Merchant may raise as a result of Service Provider's MATCH file reporting or Discover's CMNF reporting. Merchant will also immediately cease requesting Authorizations. If Merchant obtains any Authorization after termination, the fact that any Authorization was requested or obtained will not reinstate this Agreement. Further, Merchant will return all Service Provider property, forms, or equipment. All obligations for Transactions prior to termination (including payment for Chargebacks and Service Provider's expenses relating to Chargebacks) survive termination. Service Provider is not liable to Merchant for damages (including prospective sales or profits) due to termination. Following termination, Merchant will upon request provide Service Provider with all original and electronic copies of Sales Drafts and Credit Vouchers that have been retained by Merchant as of the date of termination. Upon termination, any amounts due to Service Provider will accelerate and be immediately due and payable, without any notice, declaration or other act whatsoever by Service Provider. The parties agree that if for any reason other than a material uncured breach by ISO, this Agreement is terminated before completion of the then-current term, Merchant shall be liable for de-conversion fees in accordance with the following terms: (a) if the Average Processing Volume ("APV") is equal to or exceeds \$25,000 per month, Merchant will pay a flat fee of \$495; (b) if, during the total number of months processed, up to a maximum of the last 12 months, the APV is less than \$25,000 per month, Merchant shall pay ISO a flat fee of \$395. APV means the average processing volume of the Merchant calculated over the total number of months processed, up to a maximum of 12 months and based on all credit and debit card transactions and based on a minimum of \$1 transaction during the calendar month.

## ARTICLE V - MISCELLANEOUS

### 5.1 Account Monitoring.

Merchant acknowledges that Service Provider will monitor Merchant's daily deposit activity. Service Provider may upon reasonable grounds suspend disbursement of Merchant's funds for any reasonable period of time required to investigate suspicious or unusual deposit activity. Service Provider will make good faith efforts to notify Merchant promptly following suspension. Service Provider is not liable to Merchant for any loss, either direct or indirect, which Merchant may attribute to any suspension of funds disbursement.

### 5.2 Forms.

Merchant will use only the forms or modes of transmission of Sales Drafts and Credit Vouchers that are provided or approved in advance by Service Provider, and Merchant may not use such forms other than in connection with card transactions.

### 5.3 Indemnification.

Merchant will defend, indemnify and hold Service Provider and its officers, directors, members,

shareholders, partners, employees, agents, subcontractors and representatives harmless from and against any and all fines, penalties, claims, damages, expenses, liabilities or fees of any nature whatsoever, including attorneys' fees and costs ("Damages"), asserted against or incurred by Service Provider arising out of, relating to or resulting from, either directly or indirectly: (a) a breach of the security of the system safeguarding Cardholder Information resulting in unauthorized access to Cardholder Information; (b) a breach of any representation, warranty or term of this Agreement, including, but not limited to, the data security provisions by Merchant, or any service provider, subcontractor or agent of Merchant; (c) the negligence, or willful misconduct of Merchant in the performance of its obligations under this Agreement, including, but not limited to, the data security provisions; (d) any violation of applicable federal and state laws, rules, regulations and guidance and Card Brand rules by Merchant; and (e) all third party claims arising from the foregoing. Notwithstanding the preceding, Merchant is not liable to Service Provider if Damages are caused by, related to or arise out of Service Provider's negligence, or willful misconduct, or Service Provider's breach of this Agreement. Merchant will promptly reimburse Service Provider for any assessments, fines, fees or penalties imposed by the Card Brand in connection with this Agreement, including the data security provisions, and authorizes Service Provider to deduct any such sums from amounts to be cleared and settled with Merchant.

#### 5.4 Records.

In addition to any records Merchant routinely furnishes to Service Provider under this Agreement, Merchant will preserve a copy of actual paper Sales Drafts and Credit Vouchers and any written authorization of the Cardholder for at least two years after the date Merchant presents the Transaction to Service Provider.

#### 5.5 Requests for Copies.

Immediately after Merchant receives the request by Service Provider, Merchant will provide to Service Provider either the original or a legible copy (in a size comparable to the actual Sales Draft) of the paper Sales Draft and any other documentary evidence available to Merchant that Service Provider reasonably requests to meet Service Provider's obligations under law (including its obligations under the Fair Credit Billing Act) or otherwise to respond to questions concerning Cardholder accounts.

#### 5.6 Compliance with Law.

Merchant will comply with all laws applicable to Merchant, Merchant's business and any Card Transaction, including without limitation all state and federal consumer credit and consumer protection statutes and regulations.

#### 5.7 Fees and Charges.

Merchant will pay to Service Provider the fees and charges set forth in Schedule A including any additional charges applied to transactions that fail to meet Card Brand requirements for the lowest interchange levels. "Cost Plus", as appears in Schedule A, is determined by adding: (i) the aggregate total of current interchange rates, as defined by the Card Brands, plus a surcharge up to a maximum of 100 basis points; and (ii) Access fees, dues and assessments imposed by the Card Brands.

Where applicable, Merchant shall also pay the following fees: *Voice/ARU Authorization*: \$0.95 per authorization request; *ACH Modifications*: \$25.00 per event; *ACH Return*: \$25 per return; *Operator Assisted Voice Auth*: \$2.95 per call; *Dispute Resolution Fee*: \$25; *Third Party Helpdesk Calls*: \$5.00 per call; *Unsupported Terminals*: \$20 per call. *Security/Compliance Fee*: \$139.80 annually, if applicable; *Handling Fee*: \$69 for accounts approved yet inactivated. A monthly minimum of \$25 shall apply. Pass-through Brand fees include Visa Acquirer Processing fee, Visa Misuse of Auth. fee, Visa International Service Assessment (ISA), Visa Zero Floor Limit fee, Visa International Acquirer fee, MC Acquirer Program Support fee, MC Cross Border fee, and the MC Network Access and Brand Usage (NABU) fee. Account will be debited through ACH or withheld from daily payments to Merchant for such amounts and for any other fees, charges or adjustments incurred or owed by Merchant hereunder. Upon 30 days written notice to Merchant, Service Provider may change fees, including adding fees for additional services utilized by Merchant and/or increasing fees for any adverse change to Merchant's risk profile, as reasonably determined by Service Provider.

With respect to American Express, in addition to those fees set forth in Schedule A, Merchant shall pay the following fees where applicable: *Technical Specifications of Non-Compliance Fee*: 0.75% of the face amount of the Charge; *Data Quality Fee*: 0.75% of the face amount of the Charge. *Data Incident Non-Compliance Fee*: refer to DSOP for applicable amounts; *Data Security Non-Validation Fee*: refer to DSOP for applicable amounts; *Existing AXP Merchant Access Fee*: 0.3% of the face amount of the Charge; *Amex Inbound Fee*: 0.40% of the face amount of the Charge; *Non-swiped Application-initiated Transaction Fee*: 0.30% of the face amount of each non-swiped Charge.

American Express may assess a *Data Pass Violation Fee* from Merchant as follows: (i) where charge volume is less than \$1,000,000, a fee of \$2,500 and warning specifying date of correction shall apply to the first violation and a fee of \$5,000 and final notice shall apply to the second violation; (ii) where charge volume is between \$1,000,000 and \$10,000,000, a fee of \$5,000 and warning specifying date of correction shall apply to the first violation and a fee of \$10,000 and final notice shall apply to the second violation and; (iii) where charge volume is above \$10,000,000, a fee of \$25,000 and warning specifying date of correction shall apply to the first violation and a fee of \$50,000 and final notice shall apply to the second violation.

American Express may also assess an *Excessive Dispute Fee* as follows: \$5 per dispute charge if the merchant is enrolled in the Immediate Chargeback Program or \$15 per disputed Charge if the Merchant is not enrolled in the Immediate Chargeback Program.

#### 5.8 Security Interest.

To secure payment of Merchant's obligations under this Agreement, Merchant grants to Service Provider a security interest in all now existing or hereafter acquired: (a) Transactions, Sales Drafts, Credit Vouchers and other items submitted to Service Provider for processing by or for Merchant; (b) accounts receivable and payment rights relating to or arising from this Agreement, including all amounts due Merchant (including any rights to receive credits or payments hereunder); (c) accounts including without limitation all deposit accounts maintained with the Service Provider or any institution other than Service Provider, including the Reserve Account, in the name of or for the benefit of, Merchant or any guarantor of Merchant's obligations under this Agreement; (d) deposits, regardless of source, to Merchant's or any guarantor's accounts with Service Provider or any institution other than Service Provider, including the Reserve Account; (e) all deposits and all other property and funds deposited by Merchant or withheld by Service Provider, including funds and property withheld as the result of security monitoring; and (f) proceeds of the foregoing. If Service Provider reasonably determines that Merchant has breached any obligation under this Agreement, or that proceeds of Merchant's future card sales are unlikely to cover anticipated Chargebacks, credits, fees and adjustments, as reasonably

determined by Service Provider (whether because this Agreement has been terminated or for any other reason), Service Provider may setoff or otherwise exercise its security interest without notice or demand by immediately withdrawing from or freezing any account or otherwise exercising its rights under this Agreement or those rights available under applicable laws, including the Texas Uniform Commercial Code, or in equity. In addition to the collateral pledged above, Service Provider may require Merchant to furnish such other and different security as Service Provider deems appropriate in its sole discretion to secure Merchant's obligations under this Agreement. Service Provider may fully or partially prohibit withdrawal by Merchant of funds from Merchant's deposit accounts maintained with Service Provider or financial institutions other than Service Provider, pending Service Provider's determination from time to time to exercise its rights as a secured party against such accounts in partial or full payment of Merchant's obligations to Service Provider. Merchant will execute any documents and take any actions required to comply with and perfect any security interest under this paragraph, at Merchant's cost. Merchant represents and warrants that no other party has a security interest or lien in any of the collateral pledged above, and Merchant will obtain Service Provider's written consent before it grants a lien or security interest in that pledged collateral to any other person. Merchant shall not assign to any third party any payments due to it under this Agreement, and all indebtedness arising from Transactions will be for bona fide sales of goods and services (or both) at its business locations and free of liens, claims, and encumbrances other than ordinary sales taxes; provided, however, that Merchant may sell and assign future Transaction receivables to Provider, its affiliated entities and/or any other cash advance funding source that partners with Provider or its affiliated entities, without consent from any Card Brand. Notwithstanding the foregoing, Provider prohibits Merchant from selling or assigning future Transaction receivables to any third party without Provider's prior written consent.

#### 5.9 Modifications to Agreement.

This Agreement is subject to amendment to conform with Card Brand regulations, as amended from time to time. From time to time Service Provider may amend any provision or provisions of this Agreement, including, without limitation, those relating to the discount rate or to other fees and charges payable by Merchant by mailing written notice to Merchant of the amendment at least 20 days prior to the effective date of the amendment, and the amendment will become effective unless Service Provider receives Merchant's notice of written termination of this Agreement before such effective date. Amendments required due to changes in either Card Brand's rules and regulations or any law or judicial decision may become effective on such shorter period of time as Service Provider may specify if necessary to comply with the applicable rule, regulation, law or decision. The term of this Agreement shall be automatically extended an additional three years in the event of a price decrease or the introduction of a new product or service used by Merchant (including any equipment upgrade), effective as of the date such price change is implemented or new product-service accepted by Merchant.

#### 5.10 Warranty Disclaimer.

SERVICE PROVIDER MAKES NO WARRANTIES REGARDING THE USE, OPERATION OR PERFORMANCE OR NON-PERFORMANCE OF SOFTWARE AND SYSTEMS UTILIZED FOR THIS AGREEMENT, WHETHER EXPRESS OR IMPLIED, AND SERVICE PROVIDER EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE

#### 5.11 Limitation of Liability.

Service Provider's liability with respect to any Card Transaction may not exceed the amount of the Sales Draft in connection with the Transaction, less any applicable fees and charges. Service Provider is not liable at all for any incidental or consequential damages whatsoever. Merchant waives all claims against Service Provider for any loss, claim, demand, penalty, action, delay, cost or expense (including reasonable attorneys' fees) of any kind unless Merchant provides written notice to Service Provider of the occurrence that gave rise to the alleged liability within 30 days after Merchant knew or should have known of the occurrence. In addition to what is provided herein, Service Provider's cumulative liability towards Merchant for any reason whatsoever shall not exceed the amount of fees received by Service Provider, pursuant to this agreement, for services performed in the immediately preceding twelve (12) months.

Merchant will indemnify and hold Service Provider harmless from any claim relating to any Sales Draft paid for by Service Provider as may be made by anyone by way of defense, dispute, offset, counterclaim or affirmative action, or for any damages of or losses that Service Provider may incur as a result of Merchant's breach of this Agreement. Further, Merchant will reimburse Service Provider for all expenses and costs, including attorneys' fees, with regard thereto.

#### 5.12 Waiver.

Service Provider's failure by Service Provider to enforce one or more of the provisions of this Agreement will not constitute a waiver of the right to enforce the same or other provision in the future.

#### 5.13 Written Notices.

All written notices and other written communications required or permitted under this Agreement will be deemed delivered immediately when hand-delivered or sent via facsimile and the sender obtains a fax confirmation receipt, and upon mailing when sent first class mail, postage prepaid, addressed as follows:

- (a) If to ISO: Pivotal Payments Inc., 5000, Legacy Drive, Suite 320, Plano, Texas, 75024, Facsimile: 877-669-5703, Attn: Loyalty Department;
- (b) If to Merchant: At the facsimile number, email address or address provided as the billing address and to the contact listed on the Merchant Application.
- (c) If to Bank: Redwood Merchant Services, a division of Westamerica Bank, 3750 Westwind Blvd, Suite 210, Santa Rosa, CA, 95403.

A written notice shall also be deemed sent and received if notification is given to the Merchant: (i) through any technological platform offered by Service Provider and used by Merchant to access its account; or (ii) by way of Merchant billing statement, whether such billing statement is sent via a technological platform or mail.

#### 5.14 Choice of Law; Jurisdiction.

This Agreement shall be governed exclusively by Texas law, without regard to its choice of law provisions. Merchant agrees that any legal action or proceeding arising out of or relating to the relationship between Service Provider and Merchant shall be instituted solely in the state or federal courts of the State of Texas and hereby submits to the jurisdiction of such courts in any such action or proceeding. Merchant hereby waives, releases and agrees not to assert any rights it may have under any foreign law or regulation that would be inconsistent with the terms of this Agreement as governed by Texas law. Merchant also waives its right to a trial by jury of any disputes arising from its relationship with Service Provider.



**5.15 Entire Agreement; Assignability.**

This Agreement expresses the entire understanding of the parties with respect to the subject matter hereof and except as provided herein, may be modified only in writing executed by Service Provider and Merchant. This Agreement may not be assigned by Merchant, directly or by operation of law, without Service Provider's prior written consent. Service Provider may assign this Agreement, without notice to Merchant. This Agreement will be binding upon and inure to the benefit of the parties' respective heirs, personal representatives, successors and assigns.

**5.16 Deposit Account.**

Merchant will at all times maintain an Account at a bank that is a member of the Federal Reserve ACH system and will provide Service Provider with proper authorization to debit the Account. All credits for collected funds and debits for fees, payments and Chargebacks and other amounts for which Merchant is liable under the terms of this Agreement will be made to the Account. Merchant may not close or change the Account without written notice to Service Provider. Merchant will be solely liable for all fees and costs associated with the Account and for all overdrafts. Merchant hereby grants to Service Provider a security interest in the Account to the extent of any and all fees, payments and Chargebacks and other amounts due which may arise under this Agreement, and Merchant will execute any document and obtain any consents or waivers from the bank at which the Account is maintained as requested by Service Provider to protect its security interests therein.

**5.17 Credit and Financial Inquiries; Additional Locations; Inspections.**

Service Provider may make, at any time, any credit inquires which it may consider necessary to accept or review acceptance of this Agreement or investigate Merchant's deposit or Card acceptance activities subsequent to acceptance of this Agreement. Such inquiries may include, but are not limited to, a credit and/or criminal check of the business including its proprietor, partners, principal owners or shareholders or officers. Upon Service Provider's request, Merchant will provide the written consent of any person for which an inquiry has been or is to be made if such person has not executed this Agreement and will provide any financial statements, income tax and business tax returns and other financial information as Service Provider may consider necessary to perform initial or periodic reviews of Merchant's financial stability and business practices. Merchant may accept Cards only at locations approved by Service Provider. Additional locations may be added, subject to Service Provider's approval. Any party to this Agreement may delete any location by providing notice as provided herein. Merchant will permit Service Provider, at any time and from time to time, to inspect locations to confirm that Merchant has or is adhering to the terms of this Agreement and is maintaining the proper facilities, equipment inventory, records and license or permit (where necessary) to conduct its business. However, nothing in this paragraph may be deemed to waive Merchant's obligation to comply in all respects with the terms of this Agreement. Service Provider, its internal and external auditors, and its regulators may audit compliance with this Agreement, compliance with federal and state laws, rules, regulations and guidance applicable to the services, Card acceptance and Transaction processing, and data security provisions, including Card Brand compliance. Merchant will make available its records maintained and produced under this Agreement, and Merchant's facilities will be made accessible, upon notice during normal business hours for examination and audit. Nothing in this section may be construed to require Merchant to give access to its facilities, personnel or records in a manner that unreasonably interferes with its business operations. Each party will bear its expenses of any audit.

**5.18 Marketing of Payment Card Services.**

From time to time, Service Provider may offer to Merchant certain additional products and services which may or may not be related to the processing of credit card Transactions. If such offers are made, Merchant may decline the offers or be deemed to have accepted the offers and be liable for payment therefor.

**5.19 Force Majeure.**

The parties will be released from liability hereunder if they fail to perform any obligation where the failure occurs by reason of any act of God, fire, flood, storm, earthquake, tidal wave, communications failure, sabotage, war, military operation, terrorism, national emergency, mechanical or electronic breakdown, civil commotion or the order, requisition, request or recommendation of any governmental authority, or either party's compliance therewith, or governmental regulation or priority, or any other similar cause beyond either party's reasonable control.

**5.20 No Third Party Beneficiary.**

No other person or entity may be deemed to be a third party beneficiary of this Agreement.

**5.21 Exclusivity.**

Merchant agrees that Service Provider will be Merchant's exclusive acquirer for Visa, American Express, MasterCard and Discover transactions. Accordingly, Merchant shall not use the services of any bank, corporation, entity or person other than Service Provider for authorization and/or processing of payment transactions during the term of this Agreement.

**5.22 Inconsistency.**

In the event of any inconsistency between the terms of this Agreement and the Merchant Application, the provisions of the Merchant Application shall prevail.

**TERMS BELOW ARE ADDITIONALLY APPLICABLE TO ONLY THOSE MERCHANTS WITH  
AMERICAN EXPRESS CARD ACCEPTANCE**

**A5.23. Merchant shall be bound by the American Express Merchant Operating Guide:**  
[www.americanexpress.com/merchantopguide](http://www.americanexpress.com/merchantopguide).

**A5.23.1** With respect to participation in an American Express acceptance program, in the event of a conflict between the terms below and other terms of this Agreement, the terms below shall control.

**A5.24 General Terms.** Merchant authorizes ISO and/or its affiliates to submit American Express Transactions to, and receive settlement on such Transactions from, American Express or Service Provider on behalf of Merchant.

**A5.25 Marketing Message Opt-Out.** Merchant may opt-out of receiving future commercial marketing communications from American Express by contacting ISO. Note that Merchant may continue to receive marketing communications while American Express updates its records to reflect this choice. Opting out of commercial marketing communications will not preclude Merchant from receiving important transactional or relationship messages from American Express.

**A5.26 Conversion to American Express Direct Merchant.** Merchant acknowledges that it may be converted from American Express Card OptBlue program to a direct relationship with American Express if and when its Transaction volumes exceed the eligibility thresholds for the OptBlue program. If this occurs, upon such conversion, (i) Merchant will be bound by American Express' then-current Card Acceptance Agreement; and (ii) American Express will set pricing and other fees payable by Merchant.

**A5.27 American Express as Third Party Beneficiary.** Notwithstanding anything in the Agreement to the contrary, American Express shall have third-party beneficiary rights, but not obligations, to the terms of this Agreement applicable to American Express Card acceptance to enforce such terms against Merchant.

**A5.28 American Express Opt-Out.** Merchant may opt out of accepting American Express at any time without directly or indirectly affecting its rights to accept Cards bearing Marks of other Card Brands.

**A5.29 Refund Policies.** Merchant's refund policies for American Express purchases must be at least as favorable as its refund policy for purchase on any other Card Brand, and the refund policy must be disclosed to Cardholders at the time of purchase and in compliance with Law. Merchant may not bill or attempt to collect from any Cardholder for any American Express Transaction unless a Chargeback has been exercised, Merchant has fully paid for such Chargeback, and it otherwise has the right to do so.

**A5.30 Establishment Closing.** If Merchant closes any of its Establishments, Merchant must follow these guidelines: (i) notify ISO immediately; (ii) policies must be conveyed to the Cardholder prior to completion of the Transaction and printed on the copy of a receipt or Transaction record the Cardholder signs; (iii) if not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Transaction record and on websites and catalogs); (iv) return and cancellation policies must be clearly disclosed at the time of sale; and (v) for Advance Payment Terms or Delayed Delivery Charges, Merchant must either deliver the goods or services for which Merchant has already charged the Cardholder or issue Credit for any portion of the Transaction for which Merchant has not delivered the goods or services.

**PART TWO: TERMINAL BAILMENT**

*If Merchant has accepted to receive a terminal from ISO that is neither leased nor purchased, the following additional terms and conditions of Part Two shall apply.*

**1.1 Bailment.** ISO hereby agrees to bail to Merchant, at no charge and for the benefit of Merchant, the terminal(s) described in the Application ("Terminal") for 3 years, subject to the terms and conditions hereof.

**1.2 Activation.** Merchant understands and agrees that bailment of the Terminal is conditional upon: (i) Merchant actively processing, pursuant to this Agreement within thirty (30) days of the date of Delivery of the Terminal; and (ii) continued processing under this Agreement.

**1.3 Maintenance.** Merchant shall at all times during the term of this Agreement maintain the Terminal in good operating order, repair, and condition; and protect same from damage or deterioration. Merchant shall not use Terminal for any purpose other than that for which it was intended under this Agreement.

**1.4 Return.** In the event of a termination of this Agreement, this bailment shall be deemed automatically terminated and Merchant shall, at Merchant's sole expense, immediately return Terminal to ISO in its original condition, save for normal wear and tear, failing which Merchant agrees to immediately pay ISO an amount equal \$600.

**1.5 Delivery.** Delivery shall be as of the time that Terminal is received by Merchant.

**1.6 Representations and Warranties.** AS REGARDS THE TERMINAL AND ANY DATA STORED THEREIN, ISO MAKES ABSOLUTELY NO REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONDITION, QUALITY, DURABILITY OR SUITABILITY OF THE EQUIPMENT, TITLE OR NON-INFRINGEMENT AND EXPRESSLY DISCLAIMS SAME.

**1.7 Risk of Loss.** Merchant assumes all risk of loss or damage to the Terminal as at the time of Delivery. Merchant agrees to indemnify and hold ISO harmless from and against all claims, liability, damage, loss or expenses which may occur to or arise from the Terminal during or after such time.

**1.8 Entire Agreement.** This Part Two, together with any documents to be delivered pursuant hereto, constitutes the entire agreement between Merchant and ISO pertaining to the bailed terminals and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of such parties.

**1.9 Limitation of Liability: Amount.** IN NO EVENT SHALL ISO BE LIABLE TO MERCHANT FOR ANY LIABILITY, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, IN AN AMOUNT GREATER THAN THE WHOLESALE VALUE OF THE TERMINAL.

**1.10 Limitation of Liability: Damages.** IN NO EVENT SHALL ISO BE LIABLE TO THE MERCHANT FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, PUNITIVE, TREBLE OR OTHER INDIRECT DAMAGES, OR FOR LOSS OF PROFITS AND REVENUE, LOSS OF DATA OR LOSS OF USE DAMAGES, ARISING OUT OF THE MANUFACTURE, SALE, SUPPLYING OR FAILURE OR DELAY IN SUPPLYING OF THE TERMINAL, WHETHER BASED UPON WARRANTY, CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE, EVEN IF AWARE OF THE POSSIBILITY OF SUCH DAMAGES OR LOSSES. UNDER NO CIRCUMSTANCES SHALL ISO'S AGGREGATE LIABILITY TO MERCHANT EXCEED THE TERMINAL VALUE INDICATED IN THE APPLICATION HERETO

**THE FOLLOWING SERVICES ARE PROVIDED BY ISO ONLY AND BANK IS NOT RESPONSIBLE FOR ANY OF THE FOLLOWING SERVICES IN ANY MANNER.**

**PART THREE: R B S 3 6 0 - WEB REPORTS & ALERTS**

Merchant shall automatically have access to RBS360 - WEB REPORTS & ALERTS, an advanced online reporting tool.

**1.1 Free Trial Period.** During the first 60 days following enrolment, Merchant will have free access to RBS360 - WEB REPORTS & ALERTS. Merchant shall have the right to use a free trial period one time, upon its initial enrolment into RBS360 - WEB REPORTS & ALERTS. After expiration of the initial trial period, Merchant will be charged a monthly membership fee of \$9.75 per merchant identification number. The monthly membership fee will be automatically debited via ACH and is non-refundable.

**1.2 Cancellation.** To cancel access to RBS360 - WEB REPORTS & ALERTS, Merchant must opt out at least three business days before the first day of the first month following the end of trial period. Merchant may opt out by contacting Client Care 855-264-1832 or by email at [support@rbsengineersgroup.com](mailto:support@rbsengineersgroup.com). If the amount of the fee changes after enrolment for any reason, ISO will provide at least thirty (30) days advance written notice to Merchant regarding any such change.

## PART FOUR: ADDITIONAL SERVICES AGREEMENT

### E-COMMERCE / GATEWAY

**1.1 License.** Following the successful enrolment of Merchant through ISO's registration page, ISO shall grant to Merchant a personal, non-transferable, non-exclusive, revocable and limited license to use its payment gateway services, which services include but are not limited to an e-commerce gateway application software that authorizes payments, MCP Transactions and an online transactional reporting tool ("Gateway Services").

**1.2 Merchant Obligations.** (1) Merchant shall provide a valid, working administrative email address on enrolment. Any changes to Merchant's account must be made via the administrative email address provided upon enrolment. The security of Merchant's account is dependent in part upon Merchant maintaining the security of such administrative email address. Merchant shall be fully and solely responsible for any unauthorized changes to Merchant's account via this email address. (2) Merchant will be given an ID code and password to allow Merchant to have access to Gateway Services. Merchant shall be fully and solely responsible for the establishment and maintenance of procedures to insure the control and confidentiality of identification codes and passwords and other access procedures ("Codes"). FAILURE TO PROTECT THE CODES MAY ALLOW UNAUTHORIZED PARTIES TO ACCESS THE GATEWAY SERVICES. Merchant is required to put in place internal procedures to limit such risk, including, but not limited to (a) changing the password at least once every 120 calendar days; (b) keeping every identification code under secure conditions; and (c) not keeping, in any form or in any place, any list of passwords. Merchant agrees to comply with any access or identification procedures and security protocols established from time to time by ISO, and if Merchant believes that any Code or security procedures has or may have become known by an unauthorized person (whether employed by Merchant or not), Merchant shall immediately notify ISO by telephone and confirm to ISO in writing such oral notification within 24 hours.

**1.3 Merchants Responsibilities.** Merchant understands and acknowledges that Gateway Services are merely a processing conduit. ISO has no control of or responsibility for accepting, processing or filling any orders for purchases by Merchant's customers, or for handling any related inquiries. Merchant shall be fully and solely responsible for verifying the accuracy and completeness of all card transactions submitted and processed via Gateway Services, including determining the appropriate action to be taken for each such

**1.4 transaction (approve, void, reject or decline).** ISO shall not be liable for any improperly processed transaction or illegal or fraudulent access to Merchant's gateway account. Merchant agrees and acknowledges that it shall be fully and solely responsible for all activities conducted through Gateway Services. Merchant shall be fully and solely responsible for the content and promotion of its Web site. Merchant represents and warrants that it is the owner and/or that it has full right and authority to disseminate all information, data, graphics, text, video, music or other intellectual property which forms part of its Web site, which is provided by Merchant to persons purchasing goods or services from Merchant, or which is used by Merchant in its advertising and promotion.

**1.5 Protecting Data.** Merchant acknowledges and agrees that in the course of providing Gateway Services to Merchant, ISO will capture certain personal and identifiable information, including Cardholder account numbers and transactional information ("Data"). ISO shall not disclose Data to other third parties or use the Data except to the extent the use or disclosure of Data is necessary in (i) providing Gateway Services (including the dissemination of Data required by the acquiring bank, payment processor, any reseller, or financing agency (each a "Member Service Provider" or "MSP")); (ii) maintaining records for internal tracking, reporting and support purposes; or (iii) complying with industry requirements, a court or governmental agency request or subpoena, or to defend ISO's rights in a legal dispute.

**1.6** Merchant shall be fully and solely responsible for the security of Data residing on servers operated, controlled or owned by Merchant or a third party designated by Merchant. Merchant agrees to use commercially reasonable efforts, at its sole cost and expense, to maintain the security of its systems, including creating firewalls to protect against unauthorized access and any other Data Privacy Requirements. Merchant shall immediately notify ISO of any actual or suspected security breach involving Data and allow, at Merchant's expense, ISO or any ISO agent to investigate and implement any measures reasonably required to prevent future occurrences of any such breaches. Merchant shall at all times comply with Data Privacy Requirements, as amended from time to time.

**1.7 Singular Use.** Gateway Services are provided for single Merchant. Merchant is prohibited from processing payments for or on behalf of any other individual or business.

**1.8 Records.** Merchant shall be solely responsible for compiling and retaining records of all transactional information for Merchant's records. Except as otherwise provided herein, ISO shall not have the obligation to store, retain, report or otherwise provide any copies of or access to any Data collected or processed by ISO or any of its suppliers. Merchant shall be solely responsible for all equipment, hardware and software required to access or use Gateway Services.

**1.9 Fees.** Merchant shall pay to ISO the Gateway fees listed in Schedule A, including all applicable taxes.

**1.10 Limitation of Liability.** MERCHANT AGREES AND ACKNOWLEDGES THAT USE OF GATEWAY SERVICES ARE AT MERCHANT'S SOLE RISK. ANY GATEWAY SERVICES, GOODS OR SOFTWARE PROVIDED HEREUNDER ARE PROVIDED ON AN "AS IS", "AS AVAILABLE" BASIS, AND ISO GIVES NO OTHER EXPRESS OR IMPLIED WARRANTIES, REPRESENTATIONS, OR CONDITIONS OF ANY KIND, WHETHER STATUTORY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO: WARRANTIES THAT THE GATEWAY SERVICES WILL BE COMPLETE, ACCURATE, SECURE, TIMELY, AVAILABLE, ACCESSIBLE, UNINTERRUPTED OR ERROR-FREE; IMPLIED WARRANTIES OF TITLE, NON-INFRINGEMENT,

MERCHANTIBILITY, QUALITY OR FITNESS FOR A PARTICULAR PURPOSE; OR THOSE ARISING BY OPERATION OF LAW, COURSE OF DEALING OR USAGE OF TRADE. MERCHANT UNDERSTANDS AND ACKNOWLEDGES THAT ISO SHALL NOT BE LIABLE FOR ANY IMPROPERLY PROCESSED OR AUTHORIZED TRANSACTION, OR ILLEGAL OR FRAUDULENT ACCESS TO MERCHANT'S GATEWAY ACCOUNT OR DATA. THIS DISCLAIMER OF WARRANTIES CONSTITUTES AN ESSENTIAL PART OF THIS MERCHANT AGREEMENT. THIS SECTION SHALL SURVIVE THE TERMINATION OF THIS MERCHANT AGREEMENT.

**1.11 EXCEPT AS OTHERWISE PROVIDED IN THIS MERCHANT AGREEMENT, MERCHANT EXPRESSLY AGREES THAT ISO SHALL NOT BE LIABLE FOR ANY LOSS (HOWEVER ARISING, INCLUDING NEGLIGENCE), ARISING FROM OR RELATED TO: (A) MERCHANT'S FAILURE TO PROPERLY ACTIVATE, INTEGRATE OR SECURE ITS GATEWAY ACCOUNT; (B) IMPROPER, ILLEGAL, UNAUTHORIZED OR FRAUDULENT TRANSACTIONS PROCESSED THROUGH MERCHANT'S GATEWAY ACCOUNT; (C) DISRUPTION OF MERCHANT SERVICES, SYSTEMS, SERVER OR WEB SITE BY ANY MEANS, INCLUDING WITHOUT LIMITATION, DDOS ATTACKS, SOFTWARE VIRUSES, TROJAN HORSES, WORMS, TIME BOMBS, OR ANY OTHER TECHNOLOGY; (D) ACTIONS OR INACTIONS BY ANY THIRD PARTY, INCLUDING WITHOUT LIMITATION, A MSP OR BANK; OR (E) UNAUTHORIZED ACCESS TO (i) DATA, CARDHOLDER INFORMATION (INCLUDING CREDIT CARD NUMBERS AND OTHER DATA), TRANSACTION DATA OR PERSONAL INFORMATION BELONGING TO ISO, MERCHANT OR ANY THIRD PARTY OR (ii) THE GATEWAY SERVICES, OR ANY SYSTEM OR PROGRAM ASSOCIATED THEREWITH; OR (F) THE LIMITATION OF THE FUNCTIONING OF ANY GATEWAY SERVICES OR SOFTWARE, HARDWARE, OR EQUIPMENT ASSOCIATED THEREWITH. ISO MAKES NO REPRESENTATION, WARRANTY OR GUARANTEE WHATSOEVER IN RELATION TO THIRD PARTY PRODUCTS OR SERVICES (INCLUDING THOSE OF A MSP). MERCHANT'S USE OF ANY SUCH THIRD PARTY PRODUCTS OR SERVICES IS AT ITS OWN RISK. ISO ASSUMES NO RESPONSIBILITY AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR CLAIMS OF LOSS AND/OR FRAUD INCURRED RESULTING FROM THE USE OF OR CONCLUSIONS DRAWN FROM ANY THIRD PARTY PRODUCT OR SERVICE, REGARDLESS OF WHETHER OR NOT ISO IS A RESELLER OF OR REFERRAL AGENT FOR SUCH PRODUCT OR SERVICE.**

**1.12 Indemnification.** Merchant shall defend, indemnify, and hold harmless ISO and any of its officers, directors, agents and employees, from and against any and all claims, actions, proceedings and suits, and all related liabilities, damages, settlements, penalties, fines, costs or expenses (including reasonable attorneys' fees and other litigation expenses) incurred by ISO, arising out of or relating to ("Claim"): (a) any breach or alleged breach by Merchant of any representation, warranty, or obligation of Merchant set forth in this Merchant Agreement; (b) any damage or loss caused by negligence, fraud, dishonesty or willful misconduct by Merchant or any of its employees, agents or customers; (c) the reliability, accuracy, or legitimacy of payment data or purchase orders submitted by Merchant to ISO; (d) Card transactions submitted by Merchant to ISO and rejected by ISO or ISO; (e) claims by Merchant's Cardholders, including, without limitation, claims relating to the disclosure of Data; (f) any alleged or actual violation by Merchant of any Applicable Laws; or (g) any fines and/or penalties charged or to be charged to ISO by the Card Brands or any other entity. Upon written notice from ISO to Merchant, Merchant shall immediately undertake the defense of any such Claim, by representatives of Merchant's own choosing, subject to ISO's reasonable approval; and/or reimburse ISO for any expense or loss arising from or relating to a Claim.

**1.13 Gateway Software/Limited License.** Other than the express license granted herein, ISO grants no right or license to Merchant by implication, estoppel or otherwise to the Gateway Services. ISO and its licensors shall retain all ownership rights, title, and interest in and to its own products and services and all intellectual property rights therein, subject only to the rights and licenses specifically granted herein. Merchant shall not: (i) attempt to reverse engineer, decompile, disassemble or otherwise translate or modify the Gateway Services software or related technology in any manner; (ii) sell, assign, license, sublicense or otherwise transfer, transmit or convey the Gateway Services software, or any copies or modifications thereof, or any interest therein, to any third party.

**1.14 Inconsistency.** In the event of any inconsistency between the terms of this Part Six and any other terms and conditions of this Merchant Agreement, the provisions of this Part Five shall prevail.

**1.15 Termination.** The license to Gateway Services shall immediately terminate upon the earlier of: (i) termination of expiration of this Merchant Agreement; (ii) termination of the Gateway Services; or (iii) failure of Merchant to comply with any provisions of this Part Five section. ISO may terminate Gateway Services for any reason with or without notice.

### FOREIGN CURRENCY PROCESSING

**1.1 Multi-Currency Processing Services (MCP).** Multi-currency processing ("MCP") enables a Merchant to price its goods and services in various selected currencies (each an "Acceptance Currency") and the Cardholder then decides to purchase the goods and services in the currency of his/her choice (e.g. Euro) ("MCP Transaction"). The Cardholder provides the card details at the point of sale and completes the Transaction in the chosen Acceptance Currency (e.g. Euro). The Transaction is authorized and submitted to the Card Brands for clearing and settlement in the chosen Acceptance Currency. However, the Merchant receives settlement of the MCP Transaction in US Dollars in the same way as it receives settlement of other Transactions under the Merchant Agreement.

**1.2 Acceptance Currencies.** It is the Merchant's responsibility to set its prices in the various Acceptance Currencies. ISO can make available to the Merchant for download a daily currency exchange rate table. However, the Merchant can choose to set prices for its goods and services as it wishes, either by reference to such exchange rate table, or any other exchange rate source, or as localized pricing in a fixed amount in the Acceptance Currency (e.g. £29.99). MCP Transactions will be cleared through the applicable Card Brands in the selected Acceptance Currency. The MCP shall apply only to those Cards issued under the brands of Visa, MasterCard or such other Card Brands included within the MCP that are billed to the Cardholder in an Acceptance Currency.

**1.3 Conversion of MCP transaction.** The conversion of the MCP Transaction from the Acceptance Currency to US Dollars will be effected based upon a daily exchange rate table produced for the conversion of transactions from the involved Acceptance Currency to US Dollars, which is obtainable from ISO. Upon authorization of a MCP Transaction, the authorization message returned to the Merchant will contain the US Dollar amount into which that MCP Transaction will be converted to assist Merchants in reconciling their accounting. Merchant acknowledges that because of the fluctuation in currency exchange rates, localized pricing of goods and services in foreign Acceptance Currencies is likely to result in the Merchant receiving different amounts in US Dollars from day to day, which may be more or less than the typical US Dollar price of the Merchant's goods or services. This risk is reduced if Merchant uses the daily exchange rate table made available by ISO.

**1.4 Termination or suspension** ISO reserves the right to add, delete or suspend any Acceptance Currency to or from the MCP, as the case may be, at any time without notice to Merchant. Further, ISO may terminate or suspend MCP services for any reason upon notice to the Merchant.



**1.5 MCP Service Requirements.** Merchant will comply with all reasonable instructions provided by ISO pertaining to Merchant's participation in MCP. Without limiting the foregoing, Merchant agrees to comply with the following specific MCP requirements:

**(i) Disclosure of Foreign Currency Amount at Point of Sale:** In order to comply with Card Brand regulations, the Merchant must display the amount of the MCP Transaction at the point of sale, including an Internet website buy page, in the various Acceptance Currencies that the Merchant wishes to offer, to enable the Cardholder to select the Acceptance Currency for the Transaction BEFORE providing his Card information for payment. Merchant agrees that it will at its sole cost use a point of sale device, or system which is certified or supported by ISO for use with the MCP.

**(ii) Disclosure of Foreign Currency Amount on Receipt:** In accordance with Card Brand rules, all MCP Transaction receipts must show the amount of the Transaction in the correct Acceptance Currency chosen by the Cardholder and such amount must be preceded by the appropriate international currency symbol, or currency code for that Acceptance Currency.

**(iii) Timely Presentment of MCP Transactions:** The Merchant must present all MCP Transactions for settlement to ISO within one day after authorization, in order to minimize the risk of loss attributable to movement in the currency exchange rates for the various Acceptance Currencies between the time that a Foreign Transaction is completed and the submission of the batch clearing and settlement files to ISO. For the avoidance of doubt, neither ISO nor any of its vendors bears responsibility for any foreign exchange loss attributable to an MCP Transaction processed using MCP.

**(iv) Credits>Returns:** In the event that Merchant issues a credit, reflecting either the partial or complete return or reimbursement of a MCP Transaction, Merchant must process said credit in the Acceptance Currency. In determining the US Dollar amount of the credit to be deducted from the Merchant's account, ISO shall use the MCP exchange rate applicable on the date of presentment of the credit or return transaction by Merchant. Due to the differences in the currency exchange rates applied to the underlying MCP Transaction and the related credit respectively, Merchant acknowledges that the final amount of the US Dollars and could well be more. Merchant acknowledges that it will be responsible for the full amount of the credit, as set forth in the Merchant Agreement.

**(v) Chargebacks:** A Chargeback incurred in connection with a Foreign Transaction will be transmitted to ISO by the applicable Card Brand in the Acceptance Currency and converted by such Card Brand into US Dollars at the Card Brand's designated foreign exchange rate. Due to the variances in currency exchange rates applied to the underlying MCP Transaction and the related Chargeback respectively, Merchant acknowledges that the final amount of the Chargeback will differ from the original settlement amount received by the Merchant for the MCP Transaction in US Dollars and could well be more. Merchant acknowledges that it will be responsible for the full amount of the Chargeback, as set forth in the Merchant Agreement.

**(vi) Merchant Options:** Merchant shall indicate which currencies it wishes to use as Acceptance Currencies by checking the applicable box in Schedule A. Merchant can change options by written request to ISO not less than 30 days' notice.

#### 1.6 Dynamic Currency Conversion (DCC)

**(i)** The Dynamic Currency Conversion enables certain of Merchant's customers, whose Cards are denominated in certain currencies ("Program Currency") other than US Dollars ("Foreign Cardholders"), to present a Card at Merchant's point-of-sale and to pay for a purchase in the currency of the Foreign Cardholder, based upon a rate of exchange determined by ISO, while Merchant receives settlement of the foreign transaction in US Dollars (collectively, a "Foreign Transaction").

**(ii)** Merchant acknowledges and agrees that a Foreign Transaction will be converted to the Program Currency in which the Card is denominated based upon an exchange rate in effect at the time of authorization for retail transactions and that the Foreign Transaction, as converted, will be cleared through the "Card Brands") in the currency in which the Card is denominated. The Program shall apply only to those Cards issued by Visa, MasterCard or under the brands of such other Card Brands included within the DCC program that are billed to the Foreign Cardholder in a Program Currency. Additionally, DCC may not apply to credit-return transactions, or certain Foreign Transactions that are referred to ISO for authorization or otherwise authorized by Merchant via telephone. ISO reserves the right to add, delete or suspend any currency to or from the Program, as the case may be, at any time without notice to Merchant. Further, ISO may terminate or suspend DCC services for any reason upon notice to the Merchant.

**1.7 DCC Service Requirements.** Merchant will comply with all reasonable instructions provided by ISO pertaining to Merchant's participation in the DCC program. Without limiting the foregoing, Merchant agrees to comply with the following specific DCC requirements:

**(i) Program Disclosure:** Merchant agrees to comply with all instructions and specifications applicable to DCC as provided by ISO from time to time. Without limiting the generality of the foregoing, Merchant shall follow DCC program procedures, as may be amended by ISO from time to time.

**(ii) Foreign Cardholder Opt-In:** Merchant shall, based upon the instructions provided by ISO and/or the Card Brands, from time to time, provide Foreign Cardholders with the ability to "opt-in," or consent to participate in DCC. In the event that a particular Foreign Cardholder elects not to opt-in, it is understood that ISO will process that Foreign Cardholder's transaction in US Dollars. Merchant agrees to make such reasonable modifications as ISO may request to increase the likelihood of Foreign Cardholders opting into the DCC program. It is understood that any Foreign Transaction for which Merchant fails to provide a Foreign Cardholder with the opt-in procedure as described herein may be subject to a Chargeback as defined in the Agreement.

**(iii) Timely Presentment of Foreign Transactions:** Merchant acknowledges that the timely presentment of Foreign Transactions is necessary for participation in the DCC program. For the avoidance of doubt, Foreign Transactions must be presented within twenty-four (24) hours of the completion of the Foreign Transaction. Notwithstanding the foregoing, Foreign Transactions submitted by Merchants involved in the hotel, lodging and cruise industries must be submitted within twenty-four (24) hours of a Foreign Cardholder's checkout from the Merchant's establishment, failing which Merchant may be subject to additional charges.

**(iv) Credits>Returns:** Unless Merchant uses point-of-sale technology that is not capable of processing credit-returns in the Program Currency in the manner required by ISO, a credit-return to a

Foreign Cardholder's account, reflecting either the partial or complete return or reimbursement of a Foreign Transaction, will be converted to the Program Currency using the exchange rate applicable on the date of presentment of the credit by Merchant, and that credit, as converted, will be cleared through the applicable Card Brand in the Program Currency in which the Card is denominated, and if such support is not in place, then such credit or return transaction will be processed in US Dollars, subject always to applicable Card Brand rules.

**(v) Chargebacks:** A Chargeback incurred in connection with a Foreign Transaction will be transmitted to ISO by the applicable Card Brand in the Program Currency and converted by such Card Brand into US Dollars at the Card Brand's designated foreign exchange rate. Given the potential variances in exchange rates applied to the underlying Foreign Transaction and Chargeback, Merchant acknowledges that the original amount of the Chargeback will likely differ from the original settlement amount received by the Merchant for the Foreign Transaction in US Dollars. Notwithstanding anything herein to the contrary, Merchant acknowledges that it will be responsible for the full amount of the Chargeback under the terms of this Merchant Agreement.

**(vi) Interchange cost** Merchant agrees that any increased Interchange cost attributable to the increase in the price of the goods or services in US Dollars prior to its conversion by the applicable service fee shall be borne by Merchant.

**1.8 Indemnification.** Merchant agrees to indemnify ISO, the Card Brands, and other card sponsors against any and all claims, demands, losses, damages, liability, actions, costs, judgments, arbitral awards and expenses (including reasonable attorneys' fees), to which ISO, the Card Brands and other card sponsors may be subjected arising in whole or in part from the MCP and DCC services, any Card transaction involving Merchant, any act or omission of Merchant in connection with any such Card transaction, use of any third-party vendor, any breach of the Merchant Agreement by Merchant, or the Merchant's or any third-party vendor's violation of Applicable Laws or Card Brand operating regulations, or any return of goods, price adjustment or other dispute with or claim by a Cardholder against Merchant (whether or not such Foreign Cardholder's claim is valid), including, but not limited to, claims or losses of any Cardholder or of any third party. Without limiting the generality of the foregoing or any other provision in this Merchant Agreement, Merchant agrees to be solely responsible for its actions in honoring or refusing to honor Cards and in retaining Cards in accordance with Card Brand merchant operating procedures; and Merchant will indemnify, defend and hold the Card Brands, ISO, and other members of the Card Brands harmless from any claim, loss or liability arising from any injury to persons, property or reputation which occurs as a result thereof.

**THE FOLLOWING SERVICES ARE NOT PROVIDED BY ISO OR BANK AND BANK AND ISO ARE NOT LIABLE IN ANY MANNER FOR THE PROVISION OF SUCH SERVICES.**

#### PART FIVE: THIRD PARTY AGREEMENTS

*The below Equipment Lease Agreement is a third party agreement between Merchant and First Data Merchant Services Corporation and will apply if Merchant has checked the appropriate box or otherwise indicated its desire in the Merchant Application forming part of this Agreement to enter into such lease arrangement. The signature page found on such application or any Schedule thereto shall also serve as a signature page to this Equipment Lease Agreement.*

*Merchant acknowledges that First Data Merchant Services Corporation is relying upon the information contained in the Merchant Application and the Schedules thereto, all of which are incorporated by reference into the Equipment Lease Agreement.*

#### EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("Lease Agreement") is being entered into by and between First Data Merchant Services Corporation (through its business unit First Data Global Leasing) ("we," "our," "us," "Lessor") and the Merchant ("Lessee" or "you") identified on the Merchant Application forming part of this Merchant Agreement ("MA"). In this Lease Agreement, the words "we," "our" and "us" refer to First Data Merchant Services Corporation and its 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 the bank account designated by the Lessee on the MA (the "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 charge any debit entries initiated by Lessor to Lessee's account. In the event that Lessor withdraws funds erroneously from Lessee's account, Lessee authorizes Lessor to credit Lessee's account for an amount not to exceed the original amount of the debit. This authorization is to remain in full force and effect until Lessor has received written notice from Lessee of its termination in such time and in such manner as to afford Lessor a reasonable opportunity to act. Lessee also authorizes Lessor from time to time to obtain investigative credit reports from a credit bureau or a credit agency concerning Lessee.

**1. Equipment.** We agree to lease to you and you agree to lease from us the equipment identified on the MA or such other comparable equipment we provide you (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. The term Equipment includes the Equipment initially deployed under the Lease Agreement and/or any additions, replacements, substitutions, or additions thereto.

#### 1.2. Effective Date, Term and Interim Rent.

a) This Lease Agreement becomes effective on the earlier of the date we deliver any piece of Equipment to you (the "Delivery Date") or acceptance by us. 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.

b) The term of this Lease Agreement begins on a date designated by us after the receipt of all required documentation and acceptance by us (the "Commencement Date"), and continues for the number of months indicated on the MA. THIS IS A NON-CANCELABLE LEASE FOR THE TERM INDICATED.

c) You agree to pay an Interim Lease Payment in the amount of one-thirtieth (1/30<sup>th</sup>) of the monthly lease charge for each day from and including the Delivery Date until the date preceding the Commencement Date.

d) YOU ACKNOWLEDGE THAT THE EQUIPMENT AND/OR SOFTWARE YOU LEASE UNDER THIS LEASE AGREEMENT MAY NOT BE COMPATIBLE WITH ANOTHER PROCESSOR'S

SYSTEMS AND THAT WE DO NOT HAVE ANY OBLIGATION TO MAKE SUCH SOFTWARE AND/OR EQUIPMENT COMPATIBLE IN THE EVENT THAT YOU ELECT TO USE ANOTHER SERVICE PROVIDER. UPON TERMINATION OF YOUR MERCHANT PROCESSING AGREEMENT, YOU ACKNOWLEDGE THAT YOU MAY NOT BE ABLE TO USE THE EQUIPMENT AND/OR SOFTWARE LEASED UNDER THIS AGREEMENT WITH SAID SERVICE PROVIDER.

1.3. **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.

1.4. **Payment of Amounts Due.**

- a) The monthly lease charge is due and payable monthly, in advance. You agree to pay all assessed costs for delivery and installation equipment.
- b) In addition to the monthly lease charge, you shall pay, or reimburse us for, amounts equal to any taxes, 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, tax preparation, compliance expenses, but exclusive of taxes based on our net income. Property taxes are calculated and charged based on the average of the estimated annual property taxes over the course of the term of the lease. You will also be charged an annual Tax Handling Fee, as set forth in the MA and/or applicable Fee Schedule.
- 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 collection effort.

1.5 **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 notice.
- 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 during normal business hours, 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 and you shall provide proof of insurance. The loss, destruction, theft or damage of or to the Equipment shall not relieve you from your obligation to pay full purchase price or total monthly lease charges hereunder.
- h) You may choose not to insure the Equipment and participate in the Equipment Service Program. The Equipment Service Program provides a replacement of the Equipment for as long as you participate in the Program during the Lease Term. The Equipment Service Program includes (i) free comparable replacement terminal (new or refurbished) in the event of a defect or malfunction (terminal defects or malfunctions caused by acts of God are not covered by this Program), (ii) free shipping and handling on both the replacement terminal and return of defective terminal, (iii) free overnight shipping and handling on replacement terminal if requested by 3:00 pm ET (Monday-Thursday). If you don't return your damaged equipment, you will be charged the full purchase price of the replacement equipment sent to you. The monthly fee of \$4.95 for the optional Equipment Service Program is a per terminal fee. You can choose to insure the Equipment and terminate your participation in the program at any time by calling our Customer Service department.

1.6 **Title to Equipment.** The Equipment is, and shall at all times be and remain, our sole and exclusive property, and you shall have no right, title or interest in or to the Equipment except as expressly set forth in this Lease Agreement or otherwise agreed in writing. Except as expressly provided in Section 1.8, no transference of intellectual property rights is intended by or conferred in this Lease Agreement. 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. If this Lease Agreement is deemed a loan despite the intention of the parties, then in no contingency or event whatsoever shall interest deemed charged hereunder, however such interest may be characterized or computed, exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto.

1.7. **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 its then fair market value, calculated as a percentage of the aggregate lease payments in accordance with the following: if the term of this Lease is forty-eight (48) months or more, the buyout option as a percentage of the aggregate lease payments shall be ten percent (10%). If the term of this lease is thirty-six (36) to forty-seven (47) months, the buyout option as a percentage of the aggregate lease payments shall be fifteen percent (15%). If the term of this lease is twenty-four (24) to thirty-five (35) months, the buyout option as a percentage of the aggregate

lease payments shall be twenty percent (20%). If the term of this lease is twelve (12) to twenty-three (23) months, the buyout option as a percentage of the aggregate lease payments shall be twenty-five percent (25). 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 pursuant to Section 1.12 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 1.7 by debiting your bank 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.

1.8. **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.

1.9. **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.

1.10. **Warranties.** All warranties, express or implied, made to you or any other person are hereby disclaimed, including without limitation, any warranties regarding quality, suitability, merchantability, fitness for a particular purpose, quiet enjoyment or non-infringement. You warrant that you will only use the Equipment for commercial purposes and will not use the Equipment for any household or personal purposes.

1.11. **Indemnification.** You shall indemnify and hold us harmless from and against any and all losses, liabilities, damages and expenses 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.

1.12. **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 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 MA.

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. 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, 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 MA any funds held or available as security for payment under the terms of the MA, including funds available under the "Reserve Account; Security Interest" section of the MA, if applicable.

1.13. **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 Lease Agreement, any transfer of voting control of you or your parent shall be considered an assignment or transfer of this Lease Agreement. 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.

1.14. **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.

1.15. **Governing Law; Venue; Miscellaneous.** This Lease 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). The exclusive venue for any actions or claims arising under or related to this Lease Agreement shall be in the state of federal court located in Suffolk County, New York. If any part of this Lease Agreement is not enforceable, the remaining provisions will remain valid and enforceable.

1.16. **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 MA, and if to us at 4000 Coral Ridge Drive, Coral Springs, Florida 33065. Attn: Lease Department. Customer Service toll free number 1-877-257-2094.

1.17. **Entire Agreement.** This Lease Agreement constitutes the entire Agreement between parties with the respect to the Equipment, supersedes any previous agreements and understandings and can be changed only by a written agreement signed by all parties. This Lease Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Lease Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Lease Agreement.