



MERCHANT APPLICATION AND AGREEMENT

PARTIES AND SERVICES

INTERNAL USE ONLY			
MERCHANT #	MCC	REFERRAL SOURCE/ASSOCIATION NAME	
AGENT #	CORP #	CHAIN #	
SALES REPRESENTATIVE	PHONE	SALES ID	REFERRAL NUMBER

ESTIMATED DATE OF FIRST CREDIT CARD ACCEPTANCE: _____ **CARD ACCEPTANCE REQUESTED:** CREDIT ONLY DEBIT ONLY CREDIT and DEBIT

MERCHANT INFORMATION*			
BUSINESS LEGAL NAME		IS YOUR BUSINESS SEASONAL? <input type="checkbox"/> YES <input type="checkbox"/> NO	
MAILING/BILLING ADDRESS		CITY	STATE ZIP
TELEPHONE NUMBER	DBA FAX #** LEGAL FAX #**	TAX ID #	TOTAL # OF LOCATIONS
MERCHANT "DOING BUSINESS AS" NAME		BUSINESS START DATE (MONTH/YEAR)	HOW LONG AT THIS LOCATION?
LOCATION ADDRESS (No P.O. Box)		CITY	STATE ZIP
TELEPHONE NUMBER	PRIMARY MERCHANT CONTACT	E-MAIL ADDRESS**	
TYPE OF OWNERSHIP: <input type="checkbox"/> SOLE OWNERSHIP <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> LLC <input type="checkbox"/> PUBLIC CORP <input type="checkbox"/> PRIVATE CORP <input type="checkbox"/> GOVT. CORP <input type="checkbox"/> NON-PROFIT <input type="checkbox"/> OTHER			
TYPE OF BUSINESS: <input type="checkbox"/> RETAIL <input type="checkbox"/> WHOLESALE <input type="checkbox"/> RESTAURANT <input type="checkbox"/> LODGING <input type="checkbox"/> MAIL ORDER <input type="checkbox"/> TELEPHONE ORDER <input type="checkbox"/> CONVENIENCE STORE <input type="checkbox"/> CONVENIENCE STORE WITH GAS <input type="checkbox"/> INTERNET <input type="checkbox"/> BUSINESS TO BUSINESS <input type="checkbox"/> HOME-BASED <input type="checkbox"/> OTHER			
LIST ALL WEBSITE ADDRESSES:			
DESCRIBE THE MERCHANDISE SOLD OR SERVICE PROVIDED			
CHECK METHOD OF ADVERTISING AND INCLUDE ANY MATERIALS: <input type="checkbox"/> YELLOW PAGES AD <input type="checkbox"/> CATALOG <input type="checkbox"/> DIRECT MAIL — LETTER/BROCHURE <input type="checkbox"/> TV/RADIO <input type="checkbox"/> TELEPHONE/TELEMARKETING <input type="checkbox"/> NEWSPAPER/MAGAZINE ADVERTISEMENT <input type="checkbox"/> REFERRAL <input type="checkbox"/> INTERNET/E-MAIL			
MAIL/FAX CHARGEBACK/RETRIEVALS TO: <input type="checkbox"/> OUTLET <input type="checkbox"/> CORPORATE		<input type="checkbox"/> RECON SOLUTIONS	
DELIVER STATEMENTS TO: <input type="checkbox"/> OUTLET <input type="checkbox"/> CORPORATE		DELIVER BY: <input type="checkbox"/> MAIL <input type="checkbox"/> E-MAIL** _____ <input type="checkbox"/> OUTLET <input type="checkbox"/> CHAIN	
AMERICAN EXPRESS MERCHANT #		DISCOVER MERCHANT #	
EQUIPMENT TYPE: <input type="checkbox"/> RENT <input type="checkbox"/> PURCHASE <input type="checkbox"/> LEASE <input type="checkbox"/> REPROGRAM <input type="checkbox"/> SOFTWARE CODING ONLY: _____			
SALES DEPOSIT & REFUND POLICY			
% ANNUAL CREDIT CARD SALES GENERATED BY: [MAIL/ PHONE %] [INTERNET %] [CARD SWIPE %] [HAND-KEYED ITEMS FACE-TO-FACE %] TOTAL = 100%			
PERCENTAGE OF CUSTOMER ORDERS DELIVERED IN: [0 DAYS %] [1-7 DAYS %] [8-14 DAYS %] [15-30 DAYS %] [MORE THAN 30 DAYS %] TOTAL = 100%			
NUMBER OF DAYS TO PREPARE SHIPMENTS FOR DELIVERY TO CUSTOMER FROM DATE OF ORDER: _____			
ARE CUSTOMERS REQUIRED TO PROVIDE A DEPOSIT? <input type="checkbox"/> YES <input type="checkbox"/> NO IF A DEPOSIT IS REQUIRED, WHAT PERCENT OF THE TOTAL SALE IS REQUIRED? %			
MC/VISA SALES ARE DEPOSITED (CHECK ONE): <input type="checkbox"/> AT DATE OF ORDER <input type="checkbox"/> AT DATE OF DELIVERY <input type="checkbox"/> OTHER			
DO YOU HAVE A REFUND POLICY FOR YOUR MASTERCARD/VISA SALES? <input type="checkbox"/> YES <input type="checkbox"/> NO			
CHECK THE APPLICABLE REFUND POLICY: <input type="checkbox"/> EXCHANGE <input type="checkbox"/> STORE CREDIT <input type="checkbox"/> MC/VISA CREDIT <input type="checkbox"/> OTHER			
IF MC/VISA CREDIT, WITHIN HOW MANY DAYS DO YOU DEPOSIT CREDIT TRANSACTIONS? <input type="checkbox"/> 0-3 DAYS <input type="checkbox"/> 4-7 DAYS <input type="checkbox"/> 8-14 DAYS			
WHAT % OF PRODUCT/SERVICE DOES CUSTOMER RECEIVE AT TIME OF PURCHASE: %			
OWNERS/OFFICERS*			
(List the two owners with the largest share of ownership. Information on the individual(s) signing the application is needed below.)			
1. NAME		TITLE	PERCENT OF OWNERSHIP %
RESIDENCE ADDRESS		CITY	STATE ZIP
HOME TELEPHONE	SOCIAL SECURITY #	DATE OF BIRTH	DRIVER'S LICENSE # STATE
2. NAME		TITLE	PERCENT OF OWNERSHIP %
RESIDENCE ADDRESS		CITY	STATE ZIP
HOME TELEPHONE	SOCIAL SECURITY #	DATE OF BIRTH	DRIVER'S LICENSE # STATE
COMPANY PRESIDENT		COMPANY CFO	
CREDIT INFORMATION			
ANNUAL VISA/MASTERCARD VOLUME	AVERAGE CREDIT CARD TICKET	TOTAL SALES	

* Federal regulations require that we collect information to verify customer identity and that we retain this information in our records.

**By providing us your fax number and e-mail address, you agree that we may fax and/or email information to you from time to time regarding our products and services, and third party products and services which may be of interest to you.

MAIL OR TELEPHONE ORDER SALES

(Complete if your sales are generated by mail, telephone or Internet orders, or if your product is not delivered at the point of sale.)

NAME OF FULFILLMENT HOUSE (IF ANY)		DELIVERY TIME FRAME	IF USING A FULFILLMENT HOUSE, WHO OWNS THE MAJORITY OF THE INVENTORY? <input type="checkbox"/> MERCHANT <input type="checkbox"/> FULFILLMENT HOUSE		
FULFILLMENT HOUSE — STREET ADDRESS		CITY	STATE	ZIP	
BANK REFERENCES (attach separate sheet with trade references if applicable)					
BANK NAME (Please attach preprinted voided check.)		TRANSIT ROUTING # (ABA #)	ACCOUNT NUMBER		
ADDRESS		CITY	STATE	ZIP	
IF THE MERCHANT HAS PREVIOUSLY ACCEPTED CREDIT CARDS, THE LAST 3 MONTHS' MERCHANT STATEMENTS MUST BE PROVIDED					
CURRENT CREDIT CARD PROCESSING BANK, IF APPLICABLE			REASON FOR LEAVING CURRENT PROCESSOR (IF APPLICABLE)		
BANK OR PROCESSOR NAME:					
CITY	STATE	ZIP	CONTACT	PHONE	
HAVE ANY OF THE PRINCIPALS EVER FILED FOR BANKRUPTCY? <input type="checkbox"/> YES <input type="checkbox"/> NO					
IF YES, NAME:		CHAPTER FILED:	DATE:		
HAVE ANY OF THE PRINCIPALS EVER MANAGED OR OWNED ANOTHER BUSINESS THAT ACCEPTED CREDIT CARDS? <input type="checkbox"/> YES <input type="checkbox"/> NO					
IF YES, PROVIDE BUSINESS NAME:				CITY/STATE:	

THIS MERCHANT APPLICATION AND AGREEMENT (this "Agreement") is entered into by and between Pinnacle Bank ("Bank") and the Merchant identified in this Agreement. Under the terms of this Agreement, Bank will be the sole provider to Merchant of the services necessary to authorize, process and settle all of Merchant's credit and debit card transactions set forth in Schedule A to this Agreement. If a third party referred you to us for the services provided under this Agreement, such third party may be party to the Agreement, but has no rights with respect to Merchant except as provided in such third party's agreement with us.

FOR MERCHANT AND INDIVIDUAL GUARANTORS – As the person signing below on behalf of the business designated on the above Application ("Merchant"), I certify that I am an owner, partner or officer of the Merchant and have been duly authorized to sign this Merchant Application and Agreement on behalf of the Merchant. Merchant and each guarantor signing below ("Guarantor") hereby acknowledge that they have each received and read (1) Terms and Conditions for Merchant Agreement, (2) Schedule A (Pricing) and (3) the Operating Guides - Retail and Mail Order/Telephone Order/Internet Transactions. Merchant agrees to be bound by the terms and conditions contained in those documents, and each Guarantor hereby agrees to be bound as a Guarantor of the Merchant's obligations under this agreement, according to the Personal Guaranty contained in the Terms and Conditions for Merchant Agreement. Merchant hereby authorizes Bank to credit and debit Merchant's designated bank account(s) in accordance with this Agreement. Merchant represents and warrants that all information on this Application, and the related information submitted in conjunction with the Application, is true, complete and not misleading. The Application now belongs to Bank. Merchant understands that the application fee is non-refundable. Merchant, each Owner/Officer and each Guarantor hereby authorizes and agrees that Bank, or its designee, may investigate and verify the credit and financial information of Merchant, each Owner/Officer and any individual Guarantor and may obtain consumer and commercial credit reports on the Guarantors, Owners/Officers and Merchant from time to time. If the Application is approved, subsequent consumer and business credit reports may be required or used in connection with the maintenance, updating, renewal or extension of the Agreement. The Merchant, Owners/Officers and each Guarantor agrees that all business references, including banks, may release any and all credit and financial information to Bank. ANY UNILATERAL ALTERATION, STRIKEOVER OR MODIFICATION TO THE PREPRINTED TEXT OR LINE ENTRIES OF THIS MERCHANT APPLICATION AND LEGAL AGREEMENT SHALL BE OF NO EFFECT WHATSOEVER, AND AT BANK'S SOLE DISCRETION, MAY RENDER THIS MERCHANT APPLICATION INVALID.

MERCHANT:

BUSINESS LEGAL NAME _____

By: _____
Individual Signature (#1 from application)

By: _____
Individual Signature (#2 from application)

Title: _____ Date: _____

Title: _____ Date: _____

Print Individual Name: _____

Print Individual Name: _____

GUARANTORS:

Individual Signature

Individual Signature

Print Guarantor Name: _____ Date: _____

Print Guarantor Name: _____ Date: _____

For Bank to request an American Express Number on behalf of the merchant through the AMEX ESA Program: By signing below, I represent that the information I have provided on the Application is complete and accurate and I authorize American Express Travel Related Services Company, Inc. ("American Express") to verify the information on this Application and to receive and exchange information about me, including, requesting reports from consumer reporting agencies. If I ask American Express whether or not a consumer report was requested, American Express will tell me, and if American Express received a report, American Express will give me the name and address of the agency that furnished it. I understand that upon American Express' approval of the business entity indicated above to accept the American Express Card, the Terms and Conditions for American Express Card Acceptance ("Terms and Conditions") will be sent to such business entity along with a Welcome Letter. By accepting the American Express Card for the purchase of goods and/or services, you agree to be bound by the Terms and Conditions.

Signature: _____ Date: _____ AMEX Volume: _____ Rate/Monthly Fee: _____

Accepted by Pinnacle Bank (For Internal Use Only)

Signature _____

Title: _____

Date: _____

TERMS AND CONDITIONS FOR MERCHANT AGREEMENT

1. Merchant's Acceptance of Payment Instruments.

1.1 Exclusivity. You will tender to us Transaction Data generated from all your Transactions via electronic data transmission according to our formats and procedures. You will not use the services of any bank, corporation, entity, or person other than Bank for authorization or processing of Transaction Data throughout the term of this Agreement.

1.2 Certain Payment Acceptance Policies. Each Payment Transaction and Conveyed Transaction must be evidenced by a single Transaction Data record completed with (i) the transaction date; (ii) a brief description of the goods or services sold, returned, or canceled; (iii) the price of the goods or services, including applicable taxes, or amount of any credit or adjustment; (iv) the Customer name; (v) your name in a manner recognizable to Customers; (vi) your address; (vii) a customer service telephone number; (viii) any applicable terms and conditions; (ix) the exact date any free trials end; and (x) any other information that the applicable Payment Brand may require. You shall not impose any surcharge or finance charge on a Payment Transaction or Conveyed Transaction or otherwise require the Customer to pay any fees payable by you under this Agreement if prohibited by the applicable Payment Brand. You shall not engage in any practice that unfavorably discriminates against or provides unequal treatment of the use of any Payment Brand over any other Payment Brand. You shall not set a dollar amount above or below which you refuse to honor otherwise valid Payment Instruments in violation of Payment Brand Rules. With respect to any Payment Transaction or Conveyed Transaction for which the Payment Instrument being used is not physically presented, such as in any on-line, mail, telephone, or pre-authorized transaction, you must (i) have notified us on your application or otherwise in writing of your intention to conduct such transactions and secured our agreement to accept them; and (ii) have reasonable procedures in place to ensure that each Transaction is made to a purchaser who actually is the Customer. Notwithstanding the foregoing, you acknowledge that under certain Payment Brand Rules, you cannot rebut a Chargeback where the Customer disputes making the purchase without an electronic record (for example, "swiping" or "tapping" a Payment Instrument) or physical imprint of the Payment Instrument.

1.3 Operating Guide; Payment Brand Rules. You agree to comply with the operating guide attached to this Agreement, as amended from time to time ("Operating Guide"), all Payment Brand Rules, and such other procedures as we may from time to time prescribe for the creation or transmission of Transaction Data. We may modify and supplement the Operating Guide in order to comply with requirements imposed by the Payment Brand Rules. You acknowledge that you have received a copy of the Operating Guide at or prior to your execution of this Agreement. To the extent that the Operating Guide is inconsistent with the Payment Brand Rules, the Payment Brand Rules shall prevail.

1.4 Requirements for Certain Transactions. As to all Payment Transactions and Conveyed Transactions you tender to us for processing, you represent and warrant that:

- 1) The Payment Transaction represents payment or refund of payment for the bona fide sale or lease of the goods, services, or both, that you have provided in the ordinary course of your business, and the Payment Transaction is not submitted on behalf of a third party.
- 2) The Payment Transaction represents an obligation of the Customer for the amount of the Payment Transaction.
- 3) The Payment Transaction does not involve any element of credit for payment of a previously dishonored Payment Instrument or for any other purpose except payment for a current transaction, and, except in the case of approved installment or pre-payment plans, the goods have been shipped or services actually rendered to the Customer.
- 4) The Payment Transaction is free from any alteration not authorized by the Customer.
- 5) The amount charged to the Customer that is represented in the Payment Transaction is not subject to any dispute, setoff, or counterclaim.
- 6) Neither you nor your employee has advanced any cash to the Customer (except as authorized by the Payment Brand Rules) or to yourself or to any of your representatives, agents, or employees in connection with the Payment Transaction, nor have you accepted payment for effecting credits to a Customer.
- 7) The goods or services related to each Payment Transaction are your sole property and you are free to sell them.
- 8) You have made no representations or agreements for the issuance of refunds except as it states in your return/cancellation policy, which has been previously submitted to us in writing as provided in Section 3.
- 9) Any credit transaction submitted to us represents a refund or adjustment to a Payment Transaction previously submitted to Bank.
- 10) You have no knowledge or notice of information that would lead you to believe that the enforceability or collectability of the subject Payment Transaction is in any manner impaired. The Payment Transaction is in compliance with all applicable laws, ordinances, and regulations. You have originated the Payment Transaction in compliance with this Agreement and the applicable Payment Brand Rules.

11) For a Payment Transaction where the Customer pays in installments or on a deferred payment plan, a Transaction Data record has been prepared separately for each installment transaction or deferred payment on the date(s) the Customer agreed to be charged. All installments and deferred payments, whether or not they have been submitted to us for processing, shall be deemed to be a part of the original Payment Transaction.

12) You have not submitted any Payment Transaction that you know or should have known to be either fraudulent or not authorized by the Customer or otherwise in violation of any provision of this Agreement or Payment Brand Rules.

2. Authorizations.

2.1 Obtaining Authorizations. You are required to obtain authorization/approval codes for all Payment Transactions by contacting the center designated by Bank. You acknowledge that the authorization/approval code of a Payment Transaction indicates only (i) that the Payment Instrument contains a valid account number; and (ii) that sufficient balance is available for the Payment Transaction at the time the authorization is given, but it does not constitute a representation from us, a Payment Brand or a card issuing bank that a particular Payment Transaction is in fact a valid or undisputed transaction entered into by the actual Customer.

2.2 Lack of Authorization. We reserve the right to refuse to process any Transaction Data presented by you (i) if you do not record a proper authorization/approval code, (ii) if we determine that the Transaction Data is or will become uncollectible from the Customer to which the transaction would otherwise be charged, or (iii) if we determine that the Transaction Data was prepared in violation of any provision of this Agreement or the Payment Brand Rules.

3. Refunds and Adjustments.

3.1 Disclosure of Refund Policy. You are required to maintain a fair policy with regard to the return/cancellation of merchandise or services and adjustment of Transactions. You are required to disclose your return/cancellation policy to us on your application. Your return/cancellation policy must be disclosed to your customers.

3.2 Changes to Policy. Any change in your return/cancellation policy must be submitted in writing to us not less than 14 days prior to the effective date of such change. We reserve the right to refuse to process any Transaction Data made subject to a revised return/cancellation policy of which we have not been notified in advance.

3.3 Procedure for Refunds/Adjustments. If you allow a price adjustment, return of merchandise, or cancellation of services in connection with a Payment Transaction, you will prepare and deliver to us Transaction Data reflecting such refund or adjustment within 3 days of receiving the Customer's request for such refund/adjustment. The amount of the refund/adjustment cannot exceed the amount shown as the total on the original Transaction Data except by the exact amount required to reimburse the Customer for postage that the Customer paid to return merchandise. You are not allowed to accept cash or any other payment or consideration from a Customer in return for preparing a refund to be deposited to the Customer's account; nor may you give cash refunds to a Customer in connection with a Payment Transaction, unless required by law.

4. Settlement.

4.1 Submission of Transaction Data. You must transmit your Transaction Data to us no later than the business day immediately following the day that such Transaction Data is originated. Failure to do so can result in higher interchange fees and other costs and increased Chargebacks. For debit card transactions that are credits to a Customer's account, you agree to transmit such Transactions to us within 24 hours of receiving the authorization for such credit. Unless otherwise indicated on Schedule A, you will be solely responsible for all communication expenses required to facilitate the transmission of all Transaction Data to us.

4.2 Merchant's Settlement Account. In order to receive funds from Bank, you must maintain an account at a bank that is a member of the Automated Clearing House ("ACH") system or the Federal Reserve wire system ("Settlement Account"). During the term of the Agreement, and thereafter until we notify you that all monies due from you under this Agreement have been paid in full, you agree not to close your Settlement Account without giving us at least 5 days' prior written notice and substituting another Settlement Account. You are solely liable for all fees, costs, and expenses associated with your Settlement Account and for all overdrafts. You authorize Bank to initiate electronic credit and debit entries and adjustments to your Settlement Account at any time without regard to the source of any monies in the Settlement Account. This authority will remain in full force and effect until we notify you that all monies due from you under this Agreement have been paid in full. We will not be liable for any of your losses or expenses whatsoever resulting from delays in receipt of funds or errors in Settlement Account entries caused by third parties, including, without limitation, delays or errors by either the Payment Brands or your bank.

4.3 Conveyed Transactions. To the extent that you submit any Conveyed Transaction for processing by Bank and you do not have a valid agreement in effect with the applicable Payment Brand, you hereby authorize us, at our option, to submit such transaction to the applicable Payment Brand, and to share

with the Payment Brand such information from your Merchant Application as may be required by the Payment Brand in order to approve your acceptance of its Payment Instrument as a method(s) of payment. Subject to such approval you agree to the applicable Payment Brand's standard terms and conditions with respect to your acceptance of its method(s) of payment. Upon your transmission of such Conveyed Transaction to us, we will forward the Conveyed Transaction to the appropriate Payment Brand. Payment of the proceeds due you will be governed by whatever agreement you have with that Payment Brand, and we do not bear any responsibility for their performance. If your agreement with a Payment Brand requires such Payment Brand's consent for us to perform the services contemplated by our Agreement, you are responsible for obtaining that consent.

4.4 Transfer of Settlement Funds. For all Payment Transactions, we will process your Transaction Data to facilitate the funds transfer between the various Payment Brands and you for Payment Transactions. Promptly after we receive credit for such Transaction Data, we will provide provisional credit to your Settlement Account for the proceeds. The proceeds payable to you shall be equal to the amounts received by us in connection with your Transaction Data minus the sum of the following: (i) all fees imposed by us or any third parties passed through to you, charges, and discounts set forth in Schedule A; (ii) all adjustments and Chargebacks; (iii) all equipment charges (if any); (iv) all Customer refunds, returns, and adjustments; (v) all Reserve Account amounts; and (vi) any fees, charges, fines, assessments, penalties, or other liabilities that may be imposed on us or the Member, from time to time, by the Payment Brands and all related costs and expenses incurred by us. You agree that all amounts set forth above, and any other amounts are due and payable by you at the time the related services are rendered to you; that all Reserve Account amounts are due and payable by you upon establishment; and that the related Chargebacks, Customer refunds, and adjustments, fees, charges, fines, assessments, penalties, and all other liabilities are due and payable by you when we receive notice thereof from the Payment Brands or otherwise pursuant to Section 4. In the event we do not deduct such amounts from the proceeds payable to you, you agree to pay all such amounts to us. Alternatively, at our option, we may debit the Settlement Account for such amounts. Without limiting the foregoing or our rights under Section 7.2 or Section 10, if a Payment Brand notifies us or the Member that it intends to impose any fine or penalty as a result of excessive Chargebacks or your acts or omissions (including, without limitation, your failure to fully comply with any Payment Brand Rules), we may suspend the processing of your Payment Transactions.

4.5 Negative Amounts. To the extent the proceeds from Payment Transactions do not represent sufficient credits or the Settlement Account does not have a sufficient balance to pay amounts due or reasonably anticipated to become due under this Agreement, we may pursue one or more of the following options: (i) demand and receive immediate payment for such amounts; (ii) debit your Settlement Account for the amount of the negative balance; (iii) withhold your settlement payments until all amounts are paid; (iv) delay presentation of your refunds until you make a payment to us of a sufficient amount to cover the negative balance; (v) collect any amount due or which may become due to us from any of your bank accounts without notice to you; and (vi) pursue any other remedies we may have at law or in equity. Furthermore, if the amount represented by your Transaction Data in any day is negative due to refunds/credits being submitted by you in excess of your proceeds from Transaction Data, you shall provide us with sufficient funds prior to the submission of the Transaction Data so as to prevent the occurrence of a negative balance.

4.6 Delinquency/Merchant Fraud. At any time and from time to time we may temporarily suspend or delay payments to you and/or designate an amount of funds that we must maintain in order to protect us against the risk of, among other things, existing, potential, or anticipated Chargebacks and to satisfy your other obligations under this Agreement (such funds being hereinafter referred to as the "Reserve Account"), which may be funded in the same manner as provided for negative balances in Section 4.5. The Reserve Account will contain sufficient funds to cover any unbilled processing costs plus our estimated exposure based on reasonable criteria for Chargebacks, returns, unshipped merchandise, and/or unfulfilled services and all additional liabilities anticipated under this Agreement. We may (but are not required to) apply funds in the Reserve Account toward, and set off any funds that would otherwise be payable to you, the satisfaction of any amounts which are or become due from you pursuant to this Agreement. The Reserve Account will be held and controlled by Bank, will not bear interest, and you will have no legal right or interest in the funds in the Reserve Account; provided, however, that upon satisfaction of all of your obligations under this Agreement, we will pay to you any funds then remaining in the Reserve Account. Any funds in the Reserve Account may be commingled with other funds, and need not be maintained in a separate account. Effective upon our establishment of a Reserve Account, you irrevocably grant to us a security interest in any interest you may now have or later acquire in any and all funds, together with the proceeds thereof, that may at any time be in our possession and would otherwise be payable to you pursuant to the terms of this Agreement. You agree to execute and deliver to us such instruments and documents (including, without limitation, security agreements and releases) that we may reasonably request (i) to perfect and confirm the security interest and

right of setoff set forth in this Agreement; and (ii) in connection with any return of Reserve Account funds.

5. Accounting. We will supply a detailed statement reflecting the activity for your merchant account(s) by on-line access (or otherwise if we agree). We will not be responsible for any error that you do not bring to our attention within 90 days from the date of such statement.

6. Retrieval Requests.

6.1 Records. You agree to store original documentation or legible copies of each Transaction for at least 18 months from the date of such Transaction. You may not charge a fee to your Customers for the creation or storage of such copies. We may, at our discretion, require you to deliver copies of Transaction Data to us rather than storing it.

6.2 Response to Retrieval Requests. We will send you any Retrieval Request that we cannot satisfy with the information we have on file concerning any Payment Transaction. In response, you must provide us in writing by certified or overnight mail or by confirmed fax (or by other means as agreed to by Bank) the resolution of your investigation of such Retrieval Request and include legible copies of any documentation required by the Retrieval Request within 7 business days after we send it to you (or such shorter time as the Payment Brand Rules may require). You acknowledge that your failure to fulfill a Retrieval Request in accordance with Payment Brand Rules may result in an irreversible Chargeback.

7. Chargebacks.

7.1 Chargeback Reasons. You may receive a Chargeback from a Customer or a Payment Brand for a number of reasons under the Payment Brand Rules. The following are some of the most common reasons for Chargebacks, and in no way is this intended to be an exhaustive list of possible Chargeback reasons:

- 1) Your failure to issue a refund to a Customer upon the return or non-delivery of goods or services.
- 2) A required authorization/approval code was not obtained.
- 3) The Transaction Data was prepared incorrectly or fraudulently.
- 4) We did not receive your response to a Retrieval Request within 7 business days or any shorter time period required by the Payment Brand Rules.
- 5) The Customer disputes the Transaction or the signature on the Transaction Data, or claims that the Transaction is subject to a set-off, defense, or counterclaim.
- 6) The Customer refuses to make payment for a Transaction because, in the Customer's good faith opinion, a claim or complaint has not been resolved, or has been resolved by you in an unsatisfactory manner.
- 7) The credit or debit card comprising the Payment Instrument was not actually presented at the time of the Payment Transaction or you failed to obtain an electronic record or physical imprint of such Payment Instrument, and the Customer denies making the purchase. The Merchant acknowledges that, under these circumstances, the fact that an authorization/approval code was obtained does not mean that a particular Transaction is a valid or undisputed transaction entered into by the actual Customer.

7.2 Excessive Chargebacks. If you are receiving an excessive amount of Chargebacks, as determined by the Payment Brands from time to time, in addition to our other remedies under this Agreement we may take the following actions: (i) review your internal procedures relating to acceptance of Payment Instruments and notify you of new procedures you could adopt in order to avoid future Chargebacks; (ii) notify you of a new rate we will charge you to process your Chargebacks; (iii) collect from you (pursuant to Section 4.6) an amount reasonably determined by us to be sufficient to cover anticipated Chargebacks and all related fees, expenses, and fines; or (iv) terminate the Agreement with written notice of termination. You also agree to pay any and all Payment Brand fees and fines assessed against you or against Bank or Member relating to your violation of this Agreement, the Operating Guide, or the Payment Brand Rules with respect to your acceptance of Payment Instruments, your Transaction Data or with respect to excessive Charge-backs under this Section.

7.3 Claims of Customers. You have full liability if any Transaction Data for which we have given the Settlement Account provisional credit is the subject of a Chargeback. Subsequently, you may resubmit applicable Transaction Data for a second presentation, but only in accordance with Payment Brand Rules. To the extent that we have paid or may be called upon to pay a Chargeback, refund or adjustment for or on the account of a Customer and you do not reimburse us as provided in this Agreement, then for the purpose of our obtaining reimbursement of such sums paid or anticipated to be paid, we have all of the rights and remedies of such Customer under applicable federal, state, or local laws and you authorize us to assert any and all such claims in our own name for and on behalf of any such Customer individually or all such Customers as a class.

8. Display of Payment Brand Marks. Merchant is prohibited from using the Payment Brand Marks, as defined below, other than as expressly authorized by us in writing or by the Payment Brands. Payment Brand Marks mean the brands, emblems, trademarks and/or logos that identify a Payment Brand. Additionally, Merchant shall not use the Payment Brand Marks other than to display decals, signage, advertising and other forms depicting the Payment Brand Marks that are provided to Merchant (i) by the Payment Brands; (ii) by us pursuant to this Agreement; or (iii) as otherwise approved in writing by us. Merchant may use the Payment Brand Marks only to promote the services covered by the Marks by

using them on decals, indoor and outdoor signs, advertising materials and marketing materials; provided that all such uses by Merchant must be in writing and approved by us and consistent with Payment Brand Rules. Merchant shall not use the Payment Brand Marks in such a way that customers could believe that the products or services offered by Merchant are sponsored or guaranteed by the owners of the Marks. Merchant recognizes that it has no ownership rights in the Payment Brand Marks. Merchant shall not assign to any third party the rights to use the Payment Brand Marks. Merchant's sublicense to use the Payment Brand Marks hereunder terminates simultaneously with the termination of the Agreement.

9. Fees.

9.1 Schedule A. You agree to pay us for the services as set forth in Schedule A in accordance with this Agreement. Unless otherwise expressly stated in Schedule A, such pricing is based on all Transactions qualifying under the Payment Brand Rules for the lowest Payment Brand interchange rates. For Transactions that do not qualify for the best rate, Payment Brands may provide for a "downgrade," and we will apply a higher rate than the qualifying rate shown on Schedule A. Fees payable under this Agreement that contain a fraction of a cent will be rounded up to the next full cent.

9.2 Price Changes. We may modify the pricing on Schedule A with 30 days' prior written notice. In addition, we may change our fees, charges, and discounts resulting from (i) changes in Payment Brand fees (such as interchange, assessments, and other charges); (ii) changes in pricing by any third party provider of a product or service used by you; or (iii) fees which are added by a Payment Brand. Such new prices will be applicable to you as of the effective date established by the Payment Brand or third party provider.

10. Termination.

10.1 Term. The initial term of this Agreement shall commence upon our acceptance hereof (as evidenced by our acceptance of your first Transaction for processing hereunder, and shall continue until either (i) terminated by you by giving at least 30 days' prior written notice to us or (ii) terminated by us by giving notice to you (such termination by us to be effective as of a date set forth in such notice, or, if no such date is set forth, to be effective as of the date such notice is received by you). We reserve the right to place you or any person owning or controlling your business in the MATCH file (Member Alert to Control High-Risk Merchants) maintained by Visa and MasterCard in the event this Agreement is terminated for cause.

10.2 Account Activity After Termination. Termination does not affect either party's respective rights and obligations under this Agreement as to Transaction Data submitted before termination. If you submit Transaction Data to us after the date of termination, we may, at our sole discretion and without waiving any of our rights or remedies under this Agreement, process such Transaction Data in accordance with all of the terms of this Agreement. Upon notice of any termination of this Agreement, we may estimate the aggregate dollar amount of Chargebacks and other obligations, liabilities, and expenses that we reasonably anticipate subsequent to termination, and you agree to immediately deposit such amount in your Settlement Account or as otherwise directed by us, or we may withhold such amount from your settlement funds, in order to establish a Reserve Account pursuant to and governed by the terms and conditions of this Agreement.

11. Indemnity. You agree to indemnify Bank, Member, the Payment Brands, and their respective affiliates, officers, directors, employees, agents, and sponsoring banks from any losses, liabilities, and damages of any and every kind (including, without limitation, our costs, expenses and reasonable attorneys' fees) arising out of any claim, complaint, or Chargeback (i) made or claimed by a Customer with respect to any Transaction or Transaction Data submitted by you, (ii) caused by your noncompliance with this Agreement, the Operating Guide, or the Payment Brand Rules, including any breach of a representation or warranty made by you, (iii) resulting from any voluntary or involuntary bankruptcy or insolvency proceeding by or against you, or (iv) related to your placement or the placement of any person owning or controlling your business in the MATCH file maintained by Visa and MasterCard. The indemnification provided for in this Section does not apply to any claim or complaint to the extent it is caused by Bank's own negligence or willful misconduct. The indemnity provided under this Section 11 shall survive the termination of this Agreement.

12. No Disclosure of Customer Information. You will exercise reasonable care to prevent disclosure or use of Payment Instrument Information, other than (i) to your agents and contractors for the purpose of assisting you in completing a Payment Transaction, (ii) to the applicable Payment Brand, or (iii) as specifically required by law. You are allowed by the Payment Brand Rules to store only certain Payment Instrument Information (the "Permitted Information") currently limited to the customer's name, Payment Instrument account number and expiration date) and are prohibited from storing additional Payment Instrument Information, including, without limitation, any security code data such as CVV2, CVC2, and PIN data, and any magnetic stripe track data. You will store all media containing Permitted Information in an unreadable format wherever it is stored and in an area limited to selected personnel on a "need to know" basis only and prior to either party discarding any material containing Payment Instrument Information, the party will destroy it in a manner rendering the account numbers unreadable. If at any time you determine that Payment Instrument Information has been compromised you will notify Bank immediately

and assist in providing notification to such parties as may be required by law, by Payment Brand Rules, or as we otherwise reasonably deem necessary. Merchant information may be shared by us with our affiliates and with the Payment Brands subject to the provisions of this Agreement and Payment Brand Rules. You agree to comply with all data security standards, guidelines and requirements that may be published from time to time by any Payment Brand, including, without limitation, the Payment Card Industry Data Security Standards (collectively, the "Security Guidelines"). You further agree provide us upon our request with such tests, scans and assessments of your compliance with Security Guidelines as required by the Payment Brands. You must notify us of your use of any Service Provider and, to the extent required by each Payment Brand all Service Providers must be (i) compliant with all Security Guidelines applicable to Service Providers, and (ii) registered with and/or recognized by such Payment Brand(s) as being so compliant. You agree to exercise reasonable due diligence to ensure that all of your Service Providers, and any other agents, business partners, contractors, or subcontractors with access to Payment Instrument Information, maintain compliance with the Security Guidelines. To the extent required by each Payment Brand, all payment applications, or software involved in the processing, storing, receiving or transmittal of Payment Instrument Information, shall be (i) compliant with all Security Guidelines applicable to such payment applications or software, and (ii) registered with and/or recognized by such Payment Brand(s) as being so compliant. You understand that your failure to comply with the Payment Brand Rules, including the Security Guidelines, or the compromise of any Payment Instrument Information, may result in assessments, fines, and/or penalties by the Payment Brands, and you agree to indemnify and reimburse us immediately for any such assessment, fine, or penalty imposed on us or the Member and any related loss, cost or expense incurred by us or the Member. If any Payment Brand requires a forensic examination of you or any of your Service Providers, agents, business partners, contractors, or subcontractors due to a data security compromise event or suspected event, you agree to cooperate with such forensic examination (including, without limitation, the engagement of an examiner acceptable to the relevant Payment Brand) and agree to pay for all costs and expenses related to such forensic examination, including all of our attorneys' fees and other costs relating to such forensic examination.

13. Information About Merchant's Business.

13.1 Additional Financial Information. Each of Merchant and the undersigned Guarantors (if any) agrees to furnish to us upon 5 days' notice such financial statements and information concerning such Guarantors and Merchant and each of Guarantor's and Merchant's parents, subsidiaries, and affiliated entities as we may request.

13.2 Other Information. With prior notice and during your normal business hours, our duly authorized representatives may visit your business premises and may examine your books and records that pertain to your Transaction Data or your compliance with this Agreement. You agree to provide us at least 30 days' prior written notice of your intent to change your product line or services, or your trade name, or the manner in which you accept Payment Instruments. If we determine such a change is material to our relationship with you, we may refuse to process Transaction Data made subsequent to the change. You agree to provide us with prompt written notice if you are the subject of any voluntary or involuntary bankruptcy or insolvency petition or proceeding. You will also provide us with prompt written notice of (i) any adverse change in your financial condition, (ii) any planned or anticipated liquidation or substantial change the basic nature of your business, (iii) any transfer or sale of any substantial part (25% or more in value) of your total assets, or (iv) if you or your parent is not a corporation whose shares are listed on a national securities exchange or on the over-the-counter market, any change in the control or ownership of you or your parent. You will also notify us of any judgment, writ, warrant of attachment, execution or levy against any substantial part (25% or more in value) of your total assets not later than three days after you obtain knowledge of any such judgment, writ, warrant of attachment, execution or levy.

14. Disclaimer; Limitation of Damages. Subject to Section 5, we will, at our own expense, correct any Transaction Data to the extent that such errors have been caused by us or by malfunctions of our processing systems. Under no circumstances will Bank's financial responsibility for our failure of performance under this Agreement exceed the total fees paid to us under this Agreement (net of Payment Brand fees, third party fees, interchange, assessments, and fines) for the six months prior to the time the liability arose. EXCEPT AS OTHERWISE PROVIDED FOR IN THIS AGREEMENT, IN NO EVENT WILL ANY PARTY, ITS RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AFFILIATES, BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR ANY LOSS, THEFT, DISAPPEARANCE, OR DAMAGE TO DATA TRANSMITTED ELECTRONICALLY IN CONNECTION WITH THIS AGREEMENT. THIS AGREEMENT IS A SERVICE AGREEMENT, AND EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, Bank ANDMEMBER DISCLAIM ALL OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO MERCHANT OR ANY OTHER PERSON, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE (REGARDLESS OF ANY COURSE OF DEALING, CUSTOM, OR USAGE OF TRADE) OF ANY SERVICES PROVIDED UNDER THIS AGREEMENT OR ANY GOODS PROVIDED INCIDENTAL TO SUCH SERVICES.

15. Miscellaneous.

15.1. Taxes. Unless you are otherwise exempt, you agree to pay any taxes imposed on the services, equipment, intellectual property, supplies, and other goods purchased or tangible property provided under this Agreement, and you authorize us to increase the amount we collect from you to reflect any and all assessments or increases in the sale, use, occupational, property, lease, or other taxes imposed on such sale or lease of services, tangible property, or intellectual property, equipment, supplies, and other goods purchased.

15.2 Application and Credit Check. You represent and warrant that statements made on your Application for this Agreement are true as of the date of your execution of this Agreement. Your signature on this Agreement authorizes us to perform any credit check deemed necessary with respect to Merchant and its directors, officers, affiliates, principals, and guarantors (if applicable).

15.3 Section Headings. The section headings of this Agreement are for convenience only and do not define, limit, or describe the scope or intent of this Agreement.

15.4 Assignment. We may assign this Agreement to an entity qualified under Payment Brand Rules to perform our obligations under this Agreement. You cannot assign or transfer your rights or delegate your responsibilities under this Agreement without our prior written consent. Failure to obtain our consent may result in a termination of this Agreement.

15.5 Parties. This Agreement binds you and us and our respective heirs, representatives, successors (including those by merger and acquisition), and permitted assigns. You represent and warrant that your execution of and performance under this Agreement (i) in no way breaches, contravenes, violates, or in any manner conflicts with any of your other legal obligations, including, without limitation, your corporate charter or similar document or any agreement between you and any third party or affiliated entity; (ii) has been duly authorized by all necessary action and does not require any consent or other action by or in respect of any third party; and (iii) that the person signing this Agreement on your behalf is duly authorized to do so. In providing services to you, we will not be acting in the capacity of your agent, partner, or joint venturer, and we are acting as an independent contractor. Each party agrees that any other party may publicly disclose, through press releases or otherwise, the existence of the business relationship that is the subject of this Agreement. Any such disclosure may identify the parties by name but shall not, without the prior written consent of the non-disclosing party, include any of the terms of this Agreement.

15.6 Severability. Should any provision of this Agreement be determined to be invalid or unenforceable under any law, rule, or regulation, including any Payment Brand Rule, such determination will not affect the validity or enforceability of any other provision of this Agreement.

15.7 Waivers. No term or condition of this Agreement may be waived except pursuant to a written waiver executed by the party against whom such waiver is sought to be enforced.

15.8 Entire Agreement. The Payment Brand Rules, Operating Guide, Application, and all schedules, and attachments to this Agreement are made a part of this Agreement for all purposes. This Agreement represents the entire understanding between Merchant and Bank with respect to the matters contained herein and supersedes any prior agreements between the parties. This Agreement shall prevail over the terms of any agreement governing the Settlement Account.

15.9 Notices. Except as otherwise provided in this Agreement, all notices must be given in writing and either hand delivered, faxed, or mailed first class, postage prepaid or sent via overnight courier (and will be deemed to be given when so delivered or mailed), to the addresses set forth below or to such other address as either party may from time to time specify to the other party in writing.

15.10 Governing Law; Waiver of Jury Trial; Arbitration. This Agreement will be governed by and construed in accordance with the laws of the State of Tennessee without reference to conflict of law provisions. Any action, proceeding, arbitration or mediation relating to or arising from this Agreement must be brought, held, or otherwise occur in Nashville, Tennessee. PLEASE READ THIS PROVISION CAREFULLY. IT PROVIDES THAT ANYDISPUTE MAY BE RESOLVED BY BINDING ARBITRATION. ARBITRATION REPLACES THE RIGHT TO GO TO COURT, INCLUDING THE RIGHT TO A JURY AND THE RIGHT TO PARTICIPATE IN A CLASS ACTION OR SIMILAR PROCEEDING. Any claim, dispute, or controversy ("Claim") by either you or Bank against the other, or against the officers, directors, employees, agents, parents, subsidiaries, affiliates, beneficiaries, agents, successors, or assigns of the other, arising from or relating in any way to this Agreement or to our relationship, including Claims regarding the applicability of this arbitration clause or the validity of the entire Agreement, shall be resolved exclusively and finally by binding arbitration administered by the National Arbitration Forum, under its Code of Procedure in effect at the time the Claim is filed, except as otherwise provided below. All Claims are subject to arbitration, no matter what theory they are based on. This includes Claims based on contract, tort (including intentional tort), fraud, agency, your or our negligence, statutory or regulatory provisions, or any other source of law. Claims and remedies sought as part of a class action, private attorney general, or other representative action are subject to arbitration on an individual (non-class, non-representative) basis only, and the arbitrator may award relief only on an individual (non-class, non-representative) basis. You and Bank will agree on

another arbitration forum if the National Arbitration Forum ceases operations. The arbitration will be conducted before a single arbitrator and will be limited solely to the Claim between you and us. The arbitration, or any portion of it, will not be consolidated with any other arbitration and will not be conducted on a class-wide or class action basis. The prohibition against class action contained in this Section shall be non-severable from the remainder of this Section. If either party prevails in the arbitration of any Claim against the other, the non-prevailing party will reimburse the prevailing party for any fees it paid to the National Arbitration Forum in connection with the arbitration, as well as for any reasonable attorneys' fees incurred by the prevailing party in connection with such arbitration. Any decision rendered in such arbitration proceedings will be final and binding on the parties, and judgment may be entered in a court of competent jurisdiction. Rules and forms of the National Arbitration Forum may be obtained and Claims may be filed at any National Arbitration Forum office, www.arb-forum.com, or P.O. Box 50191, Minneapolis, Minnesota 55405, telephone 1-800-474-2371. Any arbitration hearing at which you appear will take place at a location within Nashville, Tennessee. This arbitration agreement is made pursuant to a transaction involving interstate commerce, and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. This arbitration agreement applies to all Claims now in existence or that may arise in the future. Nothing in this Agreement shall be construed to prevent any party's use of (or advancement of any Claims, defenses, or offsets in) bankruptcy or repossession, replevin, judicial foreclosure or any other prejudgment or provisional remedy relating to any collateral, security, or other property interests for contractual debts now or hereafter owned by either party to the other. IN THE ABSENCE OF THIS ARBITRATION AGREEMENT, YOU AND WE MAY OTHERWISE HAVE HAD A RIGHT OR OPPORTUNITY TO LITIGATE CLAIMS THROUGH A COURT BEFORE A JUDGE OR A JURY AND/OR TO PARTICIPATE OR BE REPRESENTED IN LITIGATION FILED IN COURT BY OTHERS (INCLUDING CLASS ACTIONS), BUT EXCEPT AS OTHERWISE PROVIDED ABOVE, THOSE RIGHTS, INCLUDING ANY RIGHT TO A JURY TRIAL, ARE WAIVED AND ALL CLAIMS MUST NOW BE RESOLVED THROUGH ARBITRATION.

15.11 Force Majeure. Neither party will be liable for delays in processing or other nonperformance caused by such events as fires, telecommunications or utility or power failures, equipment failures, labor strife, riots, war, terrorist attack, nonperformance of our vendors or suppliers, acts of God, or other causes over which the respective party has no reasonable control, except that nothing in this Section 15.11 will affect or excuse your liabilities and obligations for Chargebacks, refunds, or unfulfilled products and services.

15.12 Amendment. This Agreement may be amended at any time by Bank upon notice to you. Your continued submission of Transactions to us following such notice will be deemed to be your acceptance of such amendment.

16. Survival. The provisions of Sections 4.2, 4.4, 4.5, 4.6, 6.1, 7, 10.2, 11, 12, 14, 15, and 17 shall survive the termination of this Agreement.

17. Definitions.

"Application" is your statement of your financial condition, the characteristics of your business or organization that you have submitted to us on the cover pages of this Agreement, and related information you have submitted to us, including credit and financial information, to induce us to enter into this Agreement with you and that has induced us to process your Transactions under the terms and conditions of this Agreement.

"Chargeback" is a reversal of a Transaction you previously presented to Bank pursuant to Payment Brand Rules.

"Conveyed Transaction" is any Payment Transaction conveyed to a Payment Brand for settlement by such Payment Brand directly to Merchant.

"Customer" is the person or entity to whom a Payment Instrument is issued or who is otherwise entitled to use a Payment Instrument.

"Customer Information" is personal information related to a Customer or a Customer's Payment Instrument that is obtained by a Merchant as part of a Transaction. Such information may include, but not be limited to, Customer's name, address, phone number, date of birth, Payment Instrument account number and expiration date, PIN data, and CVV2 or CVC2 data, and any data read, scanned, or otherwise obtained from the Payment Instrument, whether printed thereon, or magnetically, electronically or otherwise stored thereon.

"Effective Date" means the date this Agreement takes effect pursuant to Section 10.1.

"Bank," "we," "our," and "us" is Pinnacle Bank, having its principal office at 211 Commerce Street #300, Nashville, Tennessee 37201.

"Merchant," "you," and "your" is the Merchant identified in the Application on the cover page of the Agreement.

"Member" is the entity providing sponsorship to Bank as required by all applicable Payment Brand.

"Payment Brand" is any payment method provider whose payment method is accepted by Bank for processing, including, but not limited to, Visa, U.S.A., Inc., MasterCard International, Inc., Discover Financial Services, LLC and other credit and debit card providers, debit network providers, gift cards, and other stored value and loyalty program providers.

"Payment Brand Rules" are the bylaws, rules, and regulations, as they exist from time to time, of the Payment Brands.

"Payment Application" is a third party application used by Merchant that is involved in the authorization or settlement of Transaction Data.

"Payment Instrument" is an account, or evidence of an account, authorized and established between a Customer and a Payment Brand, or representatives or members of a Payment Brand that you accept from Customers. Payment Instruments include, but are not limited to, credit and debit cards, stored value cards, loyalty cards, electronic gift cards, authorized account or access numbers, paper certificates, credit accounts and the like.

"Payment Instrument Information" is personal information related to a Customer or the Customer's Payment Instrument, that is obtained by Merchant from the Customer's Payment Instrument, or from the Customer in connection with his or her use of a Payment Instrument (for example a security code, a PIN number, or the customer's Zip code when provided as part of an address verification system). Without limiting the foregoing, such information may include a Customer's name, Payment Instrument account number and expiration date, date of birth, PIN data, security code data such as CVV2, CVC2, and any data read, scanned, or otherwise obtained from the Payment Instrument, whether printed thereon, or magnetically, electronically or otherwise stored thereon.

"Payment Transaction" is a transaction conducted between a Customer and Merchant utilizing a Payment Instrument in which consideration is exchanged between the Customer and Merchant.

"Permitted Customer Information" is Customer Information which is permitted to be stored in an unreadable format pursuant to the Payment Brand Rules. Currently, permitted information, as of the date of this Agreement, is limited to the Customer's name, the Payment Instrument's account number, and the Payment Instrument's expiration date, if any. "

"Retrieval Request" is a request for information by a Customer or Payment Brand relating to a claim or complaint concerning a Transaction.

"Security Standards" means any rule, regulation, standard or guideline published, provided, or amended from time to time, by the Payment Brands or the Payment Card Industry Security Standards Council, including but not limited to the Payment Card Industry Data Security Standards, Visa's Cardholder Information Security Program, Discover's Information Security & Compliance Program, American Express's Data Security Operating Policy, MasterCard's Site Data Protection Program, Visa's Payment Application Best Practices, , the Payment Card Industry's Payment Application Data Security Standard, MasterCard's POS Terminal Security program, the Payment Application Data Security Standard, and the Payment Card Industry PIN Entry Device Standard.

"Service Provider" is any party that processes, stores or transmits Customer Information on your behalf, including, but not limited to your agents, business partners, contractors and subcontractors.

"Stored Value Transaction" is a Payment Transaction utilizing a Payment Instrument issued by or on the behalf of a Merchant in which a Customer receives value from the Merchant in exchange for consideration from the Customer.

"Transaction" is a Stored Value Transaction and/or a Payment Transaction.

"Transaction Data" is the written or electronic record of a Transaction.

PERSONAL GUARANTY

To induce Bank to enter into the foregoing Agreement (as the same may hereafter be renewed, modified, extended, or amended, the "Agreement"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the guarantors named on the cover page of the Agreement (each a "Guarantor" and collectively, the "Guarantors") jointly and severally, irrevocably, and unconditionally guarantee to Pinnacle Bank ("Bank") and its successors and assigns the due and punctual payment of the "Indebtedness" (hereinafter defined). As used herein, the term "Indebtedness" means all indebtedness, obligations, and liabilities of the merchant identified on the cover page of the Agreement ("Merchant") to Bank at any time created or arising, including, without limitation, to all indebtedness, obligations, and liabilities of Merchant arising under the Agreement.

This Personal Guaranty is a guaranty of payment and not a guaranty of collection. Each Guarantor agrees that he or she is liable for the Indebtedness as primary obligor. Bank may proceed against one or more Guarantors whether or not Bank proceeds against Merchant, any other obligors, or any collateral securing the Indebtedness. This Personal Guaranty may not be revoked by any Guarantor and shall continue to be effective with respect to any Indebtedness arising or created after any attempted revocation.

Each Guarantor acknowledges that he or she will benefit from the services and financial accommodation provided by Bank to Merchant's business. Each Guarantor is familiar with, and has independently reviewed books and records regarding, the financial condition of Merchant and is familiar with the value of any and all collateral intended to be created as security for the payment of the Indebtedness. However, no Guarantor is relying on such financial condition or collateral, including, without limitation, the Merchant's Reserve Account (as defined in Section 4.6 of the Agreement) if any, as an inducement to enter into this Personal Guaranty.

The obligations of each Guarantor hereunder shall be enforceable irrespective of the validity, legality, or enforceability of Merchant's obligations (including without limitation, the expiration of any applicable limitations period) and shall not in any way be affected by or conditional upon (i) any action taken under the Agreement or the exercise of any right or power thereby conferred; (ii) the bankruptcy or similar proceedings involving or affecting Merchant; (iii) any assignment,

modification, alteration, or amendment of, or addition to, the Agreement whether with or without such Guarantor's knowledge or consent; (iv) any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the Indebtedness; (v) any adjustment, indulgence, forbearance, or compromise that might be granted by Bank to Merchant or any Guarantor; or (vi) any other action, inaction, or circumstance whatsoever (with or without notice to or knowledge of or consent by such Guarantor) that may in any manner vary the risks of such Guarantor or might otherwise constitute a legal or equitable defense or discharge of any surety or guarantor. The Guarantor hereby waives all defenses based on occurrences of the types described in clauses (i) through (vi) above.

Guarantors authorize Bank, from time to time, without notice or demand and without affecting their liability hereunder, to (i) renew, compromise, extend, accelerate, or otherwise change the time for payment of, or otherwise change the terms of, the Indebtedness or the Agreement; (ii) take and hold security for the payment of the Indebtedness or this Personal Guaranty, and exchange, enforce, waive, and release any such security, or take additional security; (iii) apply such security or the proceeds thereof in such order or manner as Bank, in its discretion, may determine; (iv) release, in whole or in part, Merchant or any Guarantor from liability for the payment of the Guaranteed Debt; (v) substitute any one or more of the Guarantors or acquire additional guarantors; and (vi) to obtain and review such information (including without limitation, the reports of any consumer credit bureau) as Bank may deem necessary to confirm Guarantors' creditworthiness.

Guarantors hereby waive notice of (i) the incurrence by Merchant of any Indebtedness; (ii) acceptance of this Personal Guaranty Agreement; (iii) any renewal, modification, extension, or amendment of the Agreement or of any other instrument or document pertaining to all or any part of the Indebtedness; (iv) the occurrence of any breach or default under the Agreement; (v) Bank' transfer or disposition of the Indebtedness, or any part thereof; (vi) sale or foreclosure (or posting or advertising for sale or foreclosure) of any collateral for the Indebtedness; (vii) protest, proof of non-payment, or default by Merchant; and (viii) any other action at any time taken or omitted by Bank. Guarantors hereby waive all presentment demands for performance or payment, protests, notices of protest, nonperformance, dishonor, default and non-payment, and all other notices or formalities.

This Personal Guaranty shall be binding on, and inure to the benefit of, the parties hereto and their respective heirs, administrators, legal representatives, successors, and assigns. Guarantors may not, without the prior written consent of Bank, assign any of their rights, powers, duties, or obligations hereunder. Guarantors jointly and severally agree to pay reasonable attorneys' fees and all other costs and expenses which may be incurred by Bank in the enforcement of this Personal Guaranty. Bank' rights hereunder shall be cumulative of any and all other rights that Bank may have against Guarantors.

MERCHANT OPERATING GUIDE GENERAL RULES APPLICABLE TO ALL TRANSACTIONS

1. ACCEPTANCE OF CERTAIN PAYMENT INSTRUMENTS

In offering Visa and MasterCard payment options to your Customers, you may elect any one of the following options: (i) accept all types of Visa and MasterCard Payment Instruments – including consumer credit and debit/check cards, and commercial credit and debit/check cards; (ii) accept only Visa and MasterCard credit cards and commercial cards (if you choose this option you must accept all consumer credit cards (but not consumer debit/check cards) and all commercial card products, including business debit/check cards; or (iii) accept only Visa and MasterCard consumer debit/check cards (if you choose this option you must accept all consumer debit/check card products (but not business debit/check cards) and will not accept any kind of credit cards). The acceptance options above apply only to U.S. domestic Visa and MasterCard Payment Transactions and, as such, they do not apply to Visa or MasterCard Payment Instruments issued by non-U.S. banks. In other words, if your Customer presents a Visa or MasterCard Payment Instrument issued from a European or Asian bank, for example, you must accept that card just as you would any other card (provided you receive a valid authorization and confirm the identity of the Customer, etc.), regardless of the acceptance option choice you have made and even if you have elected not to accept that type of Payment Instrument from U.S. issuers. If you choose to limit the types of Visa and MasterCard Payment Instruments you accept, the following rules apply to you: (i) you must display appropriate signage to indicate acceptance of the limited acceptance category you have selected (that is, accept only debit/check card products or only credit and commercial products; (ii) if you elect limited acceptance, any Transaction Data submitted into interchange outside of the selected product category will be assessed the standard interchange fee applicable to that card product and may also have additional fees/surcharges assessed; and (iii) additional Visa and MasterCard Rules that may be applicable to you may be viewed on their respective websites.

2. AUTHORIZATION/APPROVAL CODES

All Payment Transactions and Conveyed Transactions require authorization/approval codes. You must request and receive an authorization/approval code for the total amount of the Transaction. An authorization/approval code indicates (i) the availability of credit on the Payment

Instrument at the time of inquiry, and (ii) that the Payment Instrument account number is valid. It is not a promise or a guarantee that you will receive payment for that transaction. It does not warrant that the person presenting the Payment Instrument has the authority to do so.

3. REFUNDS/CREDITS

You must disclose your return/refund policy to your Customers. You must complete a credit for the total amount of the refund and identify the merchandise being returned and any shipping and handling charges being returned. You must imprint or record the credit voucher with the same Payment Instrument used to make the original purchase. For retail Payment Transactions and Conveyed Transactions, the credit voucher must be dated and signed by the Customer and the appropriate copy provided to the Customer. Cash refunds should never be issued for Payment Transactions or Conveyed Transactions, unless required by law. If you fail to follow these procedures, you may be unable to rebut a Chargeback from the Customer for failure to issue a refund (even if you actually gave the refund by cash or check). Paperwork is not necessary for an even exchange. For an uneven exchange, complete a credit for the total amount of the merchandise being returned and complete a new Transaction receipt for any new merchandise purchased. You cannot process a credit or refund without having completed a previous purchase Transaction with the same Customer.

4. PROCESSING OF TRANSACTION DATA

You must submit Transaction Data (including credit vouchers) to us on or before the next business day after the date of the Transaction. Late submission of Transaction Data may result in higher Payment Brand fees and interchange rates, Chargebacks and other negative consequences. You must not submit Payment Transactions or Conveyed Transactions for payment until the goods are delivered, shipped, or the services are performed (except as otherwise provided in the Merchant Agreement, and only if you have notified us that you are doing so on your application or otherwise in writing). If the Customer disputes being charged for merchandise or services before receiving them, the result will be a Chargeback to you. We may from time to time contact Customers to verify that they have received goods or services for which Transactions have been submitted. You cannot present for processing any Transaction Data that was not originated as a result of an act directly between the Customer and you. You cannot present for processing any Transaction Data you know or should have known to be (i) fraudulent or (ii) not authorized by the Customer. You will be responsible for the actions of your employees while acting in your employ. The collection and payment of all federal, state and local taxes is your responsibility. Taxes collected must be included in the total transaction amount and not collected separately by another form of payment. You must submit one Transaction Data record for all goods and services sold in the same transaction. All available information about the sale, including any handling and shipping charges, must be accurately recorded. You must provide to the Customer a true and completed record of the Transaction.

5. CHARGEBACKS

Chargebacks of Payment Transactions and Conveyed Transactions may occur under a variety of circumstances, as dictated by the Payment Brand Rules, which are subject to modification from time to time. Consequently, the following is only a partial list of circumstances that might give rise to Chargebacks: (i) a Customer account number is incorrect or otherwise invalid; (ii) an authorization/approval code was not received or other required authorization was not obtained; (iii) an authorization/approval code was obtained for the wrong amount or wrong date; (iv) the Customer never received the merchandise/service requested; (v) a Customer's refund/credit was processed as a sale; (vi) the Transaction Data is for the wrong amount; (vii) a Customer was never credited for returned merchandise or a canceled order; (viii) the Payment Instrument was expired, counterfeit, altered, or invalid at time of sale; (ix) a Payment Transaction or Conveyed Transaction was deposited more than once; (x) the Customer did not authorize or consent to the Transaction; (xi) the signature on the Transaction receipt does not match the signature on the Payment Instrument (if required); (xii) the Payment Instrument was not imprinted or its magnetic strip was not electronically recorded (for example, "swiping" or "tapping" a Payment Instrument) through a terminal; (xiii) the Customer asserts any disputes, claim, counterclaim, defense or offset against you; (xiv) the Transaction Data or any material information thereon is illegible, incomplete, inaccurate or unsigned, or is not delivered to us within the required time limits; (xv) the Transaction Data is fraudulent or does not represent a bona fide transaction in the ordinary course of your business, or is subject to any claim of illegality, negligence, dishonesty or offset; and (xvi) you have failed to provide copies of Transaction Data requested by us (retrieval request) within the prescribed time period.

6. DISPUTING CHARGEBACKS

If you have reason to dispute or respond to a Chargeback, then you must do so by the date provided by us on our report to you. We are not required to investigate, reverse or make any adjustment to any Chargeback when thirty (30) calendar days have elapsed from the date of the Chargeback. All responses to Chargebacks must be in writing, and must contain the following information: (i) date of debit/credit advice; (ii) company case number; (iii) total amount of Chargeback; (iv) date and dollar amount for which the Transaction Data was originally submitted (v) if known, the date and authorization approval code; and (vi) any supporting documentation to substantiate your claim. You should include

a dated cover letter detailing reasons for requesting a review of the Chargeback. You should retain a copy of the correspondence and all documentation for your files. You should also retain proof that we received your response.

7. DATA SECURITY AND PRIVACY

You agree to post and maintain on all your Web sites both your consumer data privacy policy (which must comply with all Payment Brand Rules, regulations and guidelines) and your method of transaction security. You may not retain or store CVV2/CVC2 data or PIN data subsequent to the authorization. You must comply with all Security Standards published by the Payment Brands and the PCISSC including, but not limited to, Visa's Customer Information Security Program ("CISP"), MasterCard's Security Data Program (MSDP) and the Payment Card Industry Data Security Standard (PCIDSS). Pursuant to the Security Standards, you must, among other things: (i) install and maintain a working network firewall to protect data accessible via the Internet; (ii) keep security patches up-to-date; (iii) encrypt stored data and data sent over open networks; (iv) use and update anti-virus software; (v) restrict access to data by employees who are on a "need-to-know" basis; (vi) assign a unique ID to each person with computer access to data; (vii) not use vendor-supplied defaults for system passwords and other security parameters; (viii) track access to data by unique ID; (ix) regularly test security systems and processes; (x) maintain a policy that addresses information security for employees and contractors; (xi) restrict physical access to Customer information; (xii) when outsourcing administration of information assets, networks, or data you must retain legal control of proprietary information and use limited "need-to-know" access to such assets, networks or data; and (xiii) reference the protection of Customer information and compliance with the Security Standards in contracts with other service providers. You must notify Bank of any third party vendor with access to Customer information, and you are responsible for ensuring that all third party vendors are compliant with the Security Standards, to the extent applicable. The Security Standards may require that you engage an approved third party vendor to conduct quarterly perimeter scans and/or an on-site security review of your systems in order to be compliant. Visa and MasterCard's individual requirements for such scans or security reviews can be accessed through the Visa and MasterCard websites at www.Visa.com and www.MasterCard.com. The Payment Brand rules provide that Customer information and Transaction Data is owned by the Payment Brand and the Customer. Bank also asserts some ownership rights in the Transaction Data to the extent it belongs to the Payment Brand system. You are responsible for securing Customer information. You will not use any Payment Instrument or Customer information other than for the sole purpose of completing the transaction authorized by the Customer for which the information was provided to you, or as specifically allowed by the Payment Brand Rules, or required by law. Bank or any Payment Brand may inspect Merchant's premises and computers, and the premises and computers of any company the Merchant has contracted with, for the purposes of verifying that Customer information is securely stored and processed, and is not used for any purpose other than processing the transactions to which it relates.

8. CERTAIN MERCHANT PROHIBITIONS

You may not (i) accept Customer payments for previous Visa or Visa Electron charges; (ii) require a Customer to complete a postcard or similar device that includes the Customer's account number, Payment Instrument expiration date, signature, or any other account data in plain view when mailed; (iii) add any tax to a Transaction unless applicable law expressly requires that you be permitted to impose a tax; (iv) request or use a Payment Instrument account number for any purpose other than as payment for its goods or services, except to support Visa's Health Care Eligibility Service or Prepaid Load Network; (v) disburse funds in the form of travelers cheques, if the sole purpose is to allow the Customer to make a cash purchase of goods or services from you; (vi) accept Visa or Visa Electron for the purchase of scrip; or (vii) accept Visa Electron for a manual cash disbursement. You understand and acknowledge that all Visa BIN information provided by us to you is proprietary and confidential information belonging to Visa. You must not disclose Visa BIN Information to any third party without prior written permission from Visa. You understand and acknowledge that Visa may impose conditions on, or permanently prohibit you from participating in the Visa program for any reasons it deems appropriate, including, but not limited to (i) fraudulent activity; (ii) submitting Transaction Data that does not result from an act between you and the Customer (laundering); (iii) entering into this Agreement under a new name with the intent to circumvent provisions of the Rules; (iv) activity that causes us to repeatedly violate the Rules; any other activity that may result in undue economic hardship or damage to the goodwill of the Visa system.

SPECIALIZED RULES FOR RETAIL TRANSACTIONS

1. PRESENTATION OF PAYMENT INSTRUMENTS

You or your employee must examine each Payment Instrument presented to determine that the Payment Instrument presented is valid and has not expired. You must exercise reasonable diligence to determine that the authorized signature on any Payment Instrument presented corresponds to the Customer's signature on the Transaction Data. You must not honor expired, invalid, altered, counterfeit, or revoked Payment Instruments nor any Payment Instrument presented by any person other than the proper Customer as evidenced by the

authorized signature on the Payment Instrument. A Customer may authorize another person to use his or her Payment Instrument for purchases, provided the user's signature appears on the back of the Payment Instrument. The signature on the back must match the one on the Transaction Data. If the Payment Instrument is not signed, in addition to requesting an authorization, you may review positive identification as allowed by local and state law, such as a passport or driver's license, to confirm that the user is the Customer, record the information and require the Customer to sign the signature panel of the Payment Instrument prior to completing the Transaction. You should not complete a Transaction if the Customer does not present his or her Payment Instrument or if you cannot obtain an electronic swipe record or physical imprint of the Payment Instrument (this includes mail, telephone and internet orders). By the submission of any Transaction Data to us, you will be deemed to warrant the identity of the purchaser as the authorized holder of the Payment Instrument, and if the Customer later denies making the purchase, you will not be able to rebut the Chargeback.

2. COMPLETION OF TRANSACTIONS

You must use a suitable imprinter to legibly imprint Payment Instruments on Transaction Data or, capture the information from the Payment Instrument by electronic data capture. A photocopy of the Payment Instrument is not an acceptable substitute for an imprint. If the account number is manually keyed into the terminal, you must imprint the Payment Instrument. Your name, location, city and state must match the Merchant plate on the imprinter. You must notify us of any changes to the information on the Merchant plate. In addition to having the Customer sign the Transaction receipt, the Transaction date and dollar amounts and other information must be clearly written or printed on the Transaction receipt or captured by an electronic device. A brief description of the goods sold or service rendered must be provided on the Transaction receipt. Authorization/approval code numbers must be clearly recorded in the appropriate place on the Transaction receipt. Never circle or underline any information on the Transaction receipt. Every Transaction Receipt and credit voucher must be imprinted (or printed from electronic draft capture equipment) with the Customer's truncated account number and Merchant name. You will give the Customer a true and completed copy of the Transaction Receipt or appropriate facsimile. If the Customer's copy of the Transaction receipt or credit voucher is printed from electronic draft capture equipment/terminal, it must comply with all applicable Payment Brand Rules and laws. You cannot require Customers to provide any personal information as a condition for honoring Payment Instruments unless otherwise required by the Payment Brand Rules or law. Personal information includes, but is not limited to, a home or business telephone number, a home or business address, a social security number, or a photocopy of a driver's license. You cannot retain or store full magnetic-stripe data, CVV2, CVC2 codes or PIN data after the authorization of a Payment Transaction or Conveyed Transaction, except as required to complete the transmission of such Transaction Data to us.

3. FORGERIES/COUNTERFEIT PAYMENT INSTRUMENTS

You should examine all notices received from us or from a Payment Brand to help you determine whether a Payment Instrument presented is counterfeit. You should attempt to retain the Payment Instrument while making an authorization request and then match any signature on the Payment Instrument with the one on the Transaction receipt. You should compare the account number on the Payment Instrument to the account number printed on the receipt or displayed on the terminal. You should examine each Payment Instrument to see if it looks genuine. You should use reasonable, peaceful efforts to recover any Payment Instrument if you have reasonable grounds to believe such Payment Instrument is counterfeit, fraudulent or stolen. You will be solely responsible for your actions in recovering/retaining Payment Instruments.

4. TRAVEL AND ENTERTAINMENT SERVICES

At your option and as specified in the applicable sections of the Payment Brand Rules, Merchants may participate in one or more specialized travel & entertainment services offered by any of the Payment Brands. Merchants offering travel and entertainment services must institute and comply with the procedures set forth in the Payment Brand Rules.

SPECIALIZED RULES FOR MAIL ORDER, TELEPHONE ORDER, AND INTERNET TRANSACTIONS

1. COMPLETION OF SALE

You are responsible for determining that the purchaser is the person whose name appears as the Customer. If an account number is transposed into an invalid or inaccurate account number, the sale will result in a Chargeback. You must be authorized by us to accept Payment Instruments for mail, telephone, internet and pre-authorized orders, and you must have noted such on your application to us. All information that would normally be imprinted from a Payment Instrument must be clearly written in the appropriate areas on the order or Transaction receipt. "Mail Order" or "Phone Order" should be written on the signature line of the Transaction receipt.

2. RECURRING TRANSACTIONS

For recurring transactions, you must obtain a written request from the Customer for the goods and services to be charged to the Customer's account, specifying the frequency of the recurring charge and the duration of time during which such

charges may be made. You will not complete any recurring transaction after receiving: (i) a cancellation notice from the Customer (ii) notice from Bank or any Payment Brand that the Payment Instrument is not to be honored; or (iii) an authorization/approval code that the Payment Instrument is not to be honored. You must include in your Transaction Data the electronic indicator that the transaction is a recurring transaction.

SPECIALIZED RULES FOR STORED VALUE TRANSACTIONS

1. PAYMENT INSTRUMENTS & PACKAGING

You may be obligated to purchase Stored Value Payment Transaction Payment Instruments ("Gift Cards) from us or pay us a data transfer fee in lieu thereof. Please check the pricing schedule of your Merchant Agreement to see if these requirements apply to you. If you are obligated to purchase Gift Cards from us or if you elect to do so, we will arrange for the Gift Card production and may, at our option, invoice you therefore, in lieu of electronically debiting your account. Any such invoice will be payable upon receipt. Gift Cards, Packaging and Point-of-purchase marketing materials are available and priced on a per bundle basis, based on current rates. All production and delivery timeframes and costs provided by us are estimates only and we do not guarantee any specific date of delivery or price for Gift Cards produced by third parties. You are responsible for all production costs and delivery charges for Gift Cards. The form and content of all Gift Cards will be subject to our approval.

2. COMPLIANCE AND WARRANTIES

You are solely responsible for complying with all applicable laws relating to your Gift Card program and you agree to indemnify and hold us harmless from any loss, damage or claim relating to or arising out of any failure to comply with applicable laws in connection therewith. You are solely responsible for monitoring the legal developments applicable to the operation of your Gift Card program and ensuring that your Gift Card program complies fully with such requirements as in effect from time to time. Merchant acknowledges that Bank cannot reasonably be expected to monitor and interpret the laws applicable to its merchants, and has no responsibility to monitor or interpret laws applicable to Merchant's business.

3. FRAUD

You hereby agree (i) that you are responsible for ensuring that all Gift Cards require activation at the point of sale; (ii) to provide notification in writing to Bank of any fraud losses by type by fifteen days following the end of each calendar quarter; (iii) that you will be solely responsible for any and all value adding and fraud losses and expenses relating to or arising from your Gift Card; (iv) to discourage transportation of groups of sequentially numbered Gift Cards; and (v) to deactivate or otherwise remove all value from Gift Cards that have been compromised. You will be responsible for any fraudulent trans -actions involving your Gift Cards, including, without limitation, the unauthorized activation of Gift Cards, reloading of existing Gift Cards (whether pursuant to a manual telephone order or otherwise) with additional value, or the unauthorized replication of Gift Cards or Gift Card data for fraudulent transactions. Bank provides a number of tools and options to help Merchant reduce Merchant's risk of exposure for fraudulent transactions. We urge you to make use of any and all of such tools as we may offer in order to help reduce the risk of such transactions. In particular, we recommend that you utilize only those vendors that have been certified by Bank as having appropriate security measures in place to reduce the risk of counterfeit Gift Cards and the loss of sensitive Gift Card information that might result in unauthorized transactions, and, we recommend that you promptly and frequently reconcile the transaction reports we provide to you against your own internal transaction records, and to report any unauthorized transactions to your account representative at Bank. Because manual Gift Card transactions (i.e. those involving the activation or reloading of Payment Instruments over the telephone in cases where your terminals may be unavailable) pose a higher risk of potential fraud, we urge you to pay special attention to these transactions and reconcile them on an even more frequent basis. In the event that you do not reconcile your transaction reports and promptly report any suspicious activity to us, Bank may not be able to assist you in canceling fraudulently activated or reloaded Gift Cards, or in otherwise identifying the source of any fraud.

SPECIALIZED RULES FOR DISCOVER FULL SERVICE PROCESSING

PREFACE

Bank (sometimes referred to as "we" or "us") and Discover Financial Services LLC ("Discover® Network") have initiated a program (the "Program") to allow Bank to provide merchant processing services for Discover® Network Card transactions. These Terms and Conditions (including the Supplemental Discover® Network Merchant Processing Operating Procedures contained herein (sometimes referred to as the "Operating Regulations") (collectively, the "Discover® Network Program Guide")), together with the Discover® Network Merchant Processing Application and Agreement delivered herewith (the "Program Application"; and together with the Discover® Network Program Guide, the "Discover® Network Program Agreement" or the "Agreement"), comprise an agreement between Bank and you governing your acceptance of Discover® Network Cards, and Bank's provision of merchant services to you in

connection with Discover® Network transactions. By accepting Discover® Network Cards, you agree to be bound by this Discover® Network Program Agreement. Capitalized terms used but not otherwise defined in this Discover® Network Program Agreement have the meanings given them in the agreement among Bank, you and the Bank identified therein contained in the Merchant Application And Agreement, the Operating Procedures and the Schedules thereto, and the documents incorporated therein, each as amended from time to time, which collectively constitute the agreement among such parties concerning Credit Card transaction processing and related matters (the "MAA"). Bank will provide Services to you in connection with your acceptance of Discover® Network Cards as provided in this Discover® Network Program Agreement.

TERMS AND CONDITIONS FOR CARD ACCEPTANCE

1. Incorporation of MAA. The terms and conditions of the MAA, as amended from time to time, are incorporated into this Discover® Network Program Agreement by reference and are hereby made a part of this Discover® Network Program Agreement. Except and to the extent provided below in this Discover® Network Program Agreement, the terms and conditions of the MAA (which we may amend from time to time as provided in the MAA) shall govern your acceptance of Discover® Network Cards, and Bank's provision of Services to you in connection with Discover® Network Card transactions. This Discover® Network Program Agreement applies solely to your acceptance of Discover® Network Cards, and shall not amend the terms of the MAA in any respect except as specifically set forth herein with respect to Discover® Network Cards, and not with respect to any other Credit Cards.

2. Acceptance of Discover® Network Cards. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing your acceptance of Discover® Network Cards are as specified in the MAA. You agree to accept Discover® Network Cards at all of your establishments in payment for purchases of goods and services from all Discover® Network Cardholders who want to use Discover® Network Cards at your establishment. You agree to follow the procedures in this Agreement and in the Operating Regulations concerning your acceptance of Discover® Network Cards and the preparation and submission of Sales Drafts.

3. Submission of Sales Drafts. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing your submission of Sales Drafts and Credit Drafts using the Discover® Network Card are as specified in the MAA. You agree to transmit Sales Drafts to us each business day in the format directed by us and by the transmission deadline. Additional requirements for Discover® Network Card Sales by mail, telephone and Internet are described in the Operating Regulations and MAA.

4. Telephone, Mail Order and Internet Discover® Network Card Sales. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing your processing of telephone, mail order and Internet Discover® Network Card sales using the Discover® Network Card are as specified in the MAA. You agree to obtain our prior approval before accepting any Discover® Network Cards Sales over the Internet. You agree to comply with our data security and encryption requirements in the Operating Regulations and MAA, including our procedures for Discover® Network Card transactions over the Internet and Discover® Network Card transactions on your web site.

5. Settlement of Transactions. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing Settlement for your transactions using Discover® Network Card are as specified in the MAA. As used in this Agreement, the term "Settlement" means the procedure by which we will reimburse you for the amount of each valid Discover® Network Card sale for which you submit Sales Drafts to us that represent a purchase from your establishment with a Discover® Network Card, minus an amount equal to the sum of any Chargebacks, any credits to Discover® Network Cardholders that you submit to us, and the fees due to us and plus or minus adjustments that we make to reconcile or correct errors in your Sales Drafts. The timing for your Settlement payments is described in the Operating Regulations and MAA, unless otherwise indicated by us in writing. We may, at our discretion, change the timing of your Settlement payment upon five (5) calendar days' advance written notice if required by Discover® Network. Your terminals or point-of-sale devices must be programmed with the Merchant Account Number that we assigned to you if you are to receive Settlement for Discover® Network Card sales. You are responsible for the programming of your terminals to accept Discover® Network Card sales. If a third party programs your terminals, you are responsible for such third party's acts and omissions in connection therewith, including, without limitation, any payment of your Settlement amounts to the incorrect party. Promptly following the completion of programming services, you agree to confirm receipt in your Settlement Account Settlement amounts for Discover® Network Card sales accepted by you. If you do not receive Settlement amounts for Discover® Network Card sales in accordance with the Agreement and Operating Regulations, you must contact us immediately or risk non-payment for such Discover® Network Card sales. You must comply with each of the terms and conditions in this Agreement.

6. Transaction Fee and Other Fees.

A. Your service fees are indicated in the Service Fee Schedule of your Program Application (the "Service Fee Schedule") or otherwise provided to you in

writing by us. Those fees are based upon, among other things, assumptions associated with your designated Combined Card Sales Estimated Monthly Volume, Highest Ticket, and Typical Ticket/Sales Amount as set forth in this Discover® Network Program Agreement and your method of doing business. In addition, if you exceed these amounts, we may hold your funds and/or interrupt or terminate Services. Any request for an increase to these amounts is contingent upon our prior written approval. If the Estimated Monthly Volume, Highest Ticket/Sales Amount or Typical Ticket/Sales Amount are not as expected or if you significantly alter your method of doing business, we may without prior notice adjust your fees, or change any other amount we charge you for accepting Discover® Network Cards. In addition, we may from time to time increase our fees or charge you additional fees for any other reason by delivering to you written notice of such increased or additional fees thirty (30) days prior to the effective date of any such increase or addition of fees. Your continued use of our Services after the effective date of any increase shall be deemed acceptance of the increased fees for Services, throughout the term of this Agreement. Charges for which you have not obtained Authorization or that are not submitted electronically are subject to supplemental fees.

B. You must notify us in writing of any error or omission in respect of your Service fees or other fees or payments for Charges or Credits within forty-five days of the date of the statement containing such error or omission. If you do not do so, the statement will be conclusively settled as complete and correct in respect of such amounts, provided that, if we determine at any time that we have paid you in error, we may effect a Chargeback to recover such erroneous payment.

7. Downgrades. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing the fees payable by you to us for the provision of Services related to your acceptance of Discover® Network Card are as specified in the MAA. The following terms and conditions govern the fees payable by you to us for the provision of Services related to your acceptance of Discover® Network Card:

A. You shall be charged fees for the Services, which shall be calculated and payable pursuant to this Discover® Network Program Agreement and any additional pricing supplements. You agree to pay any fines imposed on us by Discover® Network resulting from Chargebacks and any other fees or fines imposed by Discover® Network with respect to your acts or omissions.

B. You acknowledge that we will process your Discover® Network Card transactions at the Qualified Discount Rate only when your transactions meet certain criteria set by Discover® Network and us. When your Card transactions fail to meet those qualification criteria, we will process your transactions at the higher Non-Qualified Discount Rate (or, in certain circumstances, at an intermediate Mid-Qualified Discount Rate) indicated in the Program Application.

C. The fees for Services may be adjusted to reflect increases or decreases by Discover® Network in fee levels, assessments and other Discover® Network fees or to pass through increases charged by third parties for online communications and similar items. All such adjustments shall be your responsibility to pay and shall become effective upon the date any such change is implemented by Discover® Network or third party.

8. Retention of Records. You agree to keep an original copy of all Sales Drafts, mail/telephone order forms, documentation required in the Operating Regulations and other related document(s), e.g. shipping invoices, for no less than three hundred and sixty five (365) days from the Discover® Network Card transaction date, or one hundred and eighty (180) days from the date of submission of Sales Drafts, whichever is later. You also agree to keep microfilm or other copies of Sales Drafts for no less than three (3) years from the date of the Discover® Network Card transaction. You agree to provide us with a copy of any Sales Drafts, mail/telephone order forms and the documentation required in the Operating Regulations within ten (10) calendar days of our request.

9. Term and Termination.

A. Termination. We may terminate this Agreement at any time and for any reason by giving you thirty (30) days prior written notice. We may terminate immediately and without such notice if you have materially breached this Agreement or due to an Event of Default as outlined in the MAA, or if the Discover® Network Card sales conducted by you, the goods or services sold by you or your business practices violate any U.S., federal, state or local laws, statute or regulation. Furthermore, you acknowledge that the Discover® Network Operating Rules give Discover® Network certain rights to require termination or modification of this Agreement with respect to transactions involving Discover® Network Cards and the Discover® Network Card system and to investigate you.

B. Effect of Termination; Survival. You agree to accept Discover® Network Cards and follow the terms of this Agreement until termination is effective. The terms in this Agreement governing the acceptance of Discover® Network Cards, transmissions and processing of Sales Drafts and mail/telephone order forms and Settlement will continue to apply even after termination of this Agreement, until all Discover® Network Card transactions made prior to such termination are settled or resolved. Upon termination of this Agreement, you agree to immediately send us all Sales Drafts, mail/telephone order forms and documentation required, but not previously submitted to us for any Discover® Network Card sales made up to the date to termination. We are not liable to you for any direct or consequential damages that you may suffer as a result of our

termination in accordance with this Agreement. Termination of your acceptance of Discover® Network Cards or termination of this Agreement will not prejudice any claim either party may have under this Agreement that arises prior to the effective date of such termination, and notwithstanding any such termination, this Section 9 will survive as an independent obligation.

C. Indemnification and Limitation of Liability.

(i) You agree to indemnify and hold us harmless from and against all losses, liabilities, damages and expenses resulting from any breach of any warranty, covenant or agreement or any misrepresentation by you under this Agreement, or arising out of any gross negligence or willful misconduct of you or your employees, in connection with your performance under this Agreement or otherwise arising from your provision of goods and services to Discover® Network Cardholders.

(ii) **THIS DISCOVER® NETWORK AGREEMENT IS A SERVICE AGREEMENT AND WE DISCLAIM ALL REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, MADE TO YOU OR ANY OTHER PERSON, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES REGARDING QUALITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE OF ANY SERVICES OR ANY GOODS PROVIDED INCIDENTAL TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.**

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

(iv) **NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THE CUMULATIVE LIABILITY OF PROCESSOR FOR ALL LOSSES, CLAIMS, SUITS, CONTROVERSIES, BREACHES, OR DAMAGES FOR ANY CAUSE WHATSOEVER (INCLUDING, BUT NOT LIMITED TO, THOSE ARISING OUT OF OR RELATED TO THIS AGREEMENT) AND REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY SHALL NOT EXCEED, (I) \$50,000; OR (II) THE AMOUNT OF FEES RECEIVED BY PROCESSOR PURSUANT TO THIS AGREEMENT FOR SERVICES PERFORMED IN THE IMMEDIATELY PRECEDING 12 MONTHS, WHICHEVER IS LESS.**

10. Factoring. You agree that you will not factor any Discover® Network Card sales. See Operating Regulations for complete details regarding what constitutes factoring and the liability you incur if you factor any Discover® Network Card sales.

11. Other Obligations.

A. Confidentiality. You must keep confidential and not disclose to any third party the terms of this Agreement and any information that you receive from us that is not publicly available. Without limiting the foregoing, you must not use, store or disclose any such information or any Discover® Network Cardholder or Discover® Network Card transaction information other than as necessary to complete a Discover® Network Card transaction, including any retention or storage of lists of Discover® Network Card numbers or Discover® Network Card transaction information and any use of or access to Discover® Network Cardholders' personal information for marketing and/or other purposes.

B. Non-Discrimination. You must not adopt any practice that discriminates against or provides for unequal treatment of any person who elects to pay using a Discover® Network Card versus any other credit, charge, debit, stored value or other payment Discover® Network Card accepted by you, except with respect to your proprietary Discover® Network Cards (e.g., private label and loyalty cards) and gift cards.

C. Contact with Discover® Network Cardholders. You may not contact any Discover® Network Cardholder with respect to any matter arising under this Agreement, including any disputes, except as required under the Operating Regulations for acceptance of Discover® Network Card transactions.

D. Minimum/Maximum Dollar Limits and Other Limits. You must not require that any Discover® Network Cardholder make a minimum purchase in order to use a Discover® Network Card, nor may you limit the maximum amount that a Discover® Network Cardholder may spend when using a Discover® Network Card, except when the Issuer has not provided a positive Authorization response for a Discover® Network Card transaction.

E. Entire Agreement. This Discover® Network Program Agreement is the entire agreement between you and us and supersedes any previous agreements, understandings, or courses of dealing regarding the subject matter hereof. The terms and conditions of the MAA remain in effect except as provided in this Discover® Network Program Agreement solely with respect to our processing of Discover® Network Card transactions.

F. Contacts. Any provision contained in the MAA which directs you to contact Discover® Network for customer service or for any other inquiry or

purpose is modified hereby to provide that you are to contact Bank for customer service or in relation to such inquiry or purpose.

G. References to Discover® Network Procedures. Any provision contained in the MAA which refers to Cards other than Visa or MasterCard shall be construed so as not to apply to Discover® Network Cards, and any provision which refers you specifically to procedures or terms and conditions of Discover® Network (but not references to Association Rules) will be disregarded.

H. Settlement Obligations. We will settle Discover® Network Card transactions in substantially the same manner that we settle Card transactions for other Card types. All settlements for Discover® Network Card transactions will be net of Credits/refunds, adjustments, applicable discount fees when due, Chargebacks and any other amounts then due from you.

SUPPLEMENTAL DISCOVER MERCHANT PROCESSING OPERATING PROCEDURES

In addition to the provisions of Section 1-11 of this Discover® Network Program Guide, the following Supplemental Discover® Network Merchant Processing Operating Procedures ("Operating Regulations") describe certain procedures and methods for submitting Discover® Network Card transactions for payment, obtaining authorizations, responding to Disputes, and other aspects of our services relating to Discover® Network Cards. Unless prohibited by law, you are required to comply with these Operating Regulations and the Program Guide (as described above) as part of your Discover® Network Program Agreement, and you are also responsible for following any additional or conflicting requirements imposed by your state or local jurisdiction.

Capitalized terms used in these Operating Regulations but not defined herein have the meanings given to them in the Discover® Network Program Agreement (including definitions incorporated by reference from the Program Guide).

****NOTE: You must refer to both the Operating Procedures contained in the Program Guide and this document whenever you are determining relevant Discover® Network policies or procedures.****

- The methods, procedures and requirements described in these Operating Regulations will apply to all aspects of your acceptance of, and our services relating to, Discover® Network Cards.

- If, and to the extent, these Operating Regulations do not directly conflict with the language contained in the Program Guide, both the Program Guide and the Operating Regulations will apply to your acceptance of, and our services relating to, Discover® Network Cards.

12. Sublicense to Use Program Marks.

12.1 Sublicense. You are granted a limited sublicense to use the Program Marks, solely in connection with your acceptance of Discover® Network Cards, and subject to this Agreement. "Program Marks" means the brands, emblems, trademarks and/or logos that identify Discover® Network Cards. Additionally, you shall not use the Program Marks other than to display decals, signage, advertising and other forms depicting the Program Marks that are provided to you by us or otherwise approved in advance in writing by us.

12.2 Display of Program Marks. You must prominently display, at each of your locations, in catalogs and websites, signage or logos showing the Program Marks in such manner and with such frequency as accorded any other third-party credit, charge, debit, stored value or other payment Discover® Network Card accepted by you.

12.2 Restriction on Use of Program Marks. You are prohibited from using the Program Marks other than as expressly authorized in writing by us. You may use the Program Marks only to promote the services covered by the Program Marks by using them on decals, indoor and outdoor signs, advertising materials and marketing materials; provided that all such uses by you must be approved in advance by us in writing. You shall not use the Program Marks in such a way that customers could believe that the products or services offered by you are sponsored or guaranteed by the owners of the Program Marks. You recognize that you have no ownership rights in the Program Marks. You shall not assign to any third party any of the rights to use the Program Marks.

12.3 Termination of Sublicense. Your sublicense to use the Program Marks shall terminate upon the earlier of (i) the termination of this Agreement, (ii) delivery of notice by us or by Discover® Network to you of the termination of the sublicense, or (iii) termination of the license of the Program Marks by Discover® Network to us. You must immediately discontinue use or display of the Program Marks, upon termination of the License.

13. Requirements Applicable to All Authorization Requests.

Each Authorization request you submit to us must fully comply with the applicable provisions of this Agreement. Submission of an Authorization Request that does not fully comply with the applicable provisions of this Agreement may result in assessment of additional fees to you, a declined Authorization response or a Chargeback to you of the Discover® Network Card Sale.

13.1 Discover® Network Cardholder Verification and Discover® Network Card Retrieval. Occasionally in response to an Authorization request, we may direct you to obtain certain information from the Discover® Network Card presenter to verify the Discover® Network Card presenter's identity. Also, in response to an Authorization request, we may direct you to take and retain a Discover® Network Card from the Discover® Network Card presenter. If we

direct you to retain a Discover® Network Card, you must call our Authorization Center and follow the instructions we provide. Do not use any force or effort if the Discover® Network Card presenter refuses to give up the Discover® Network Card, and do not take any action that will alarm or embarrass the Discover® Network Card presenter. You will bear all responsibility for claims, liabilities, costs and expenses as a result of any failure by you, your employees, vendors or agents, that attempt to retain a Discover® Network Card without the Issuer's direct request or that fail to use reasonable, lawful means in retaining or attempting to retain a Discover® Network Card.

13.2 Request for Cancellation of Authorization. If a Discover® Network Card Sale is cancelled or the amount of the Discover® Network Card Sale changes following your receipt of Authorization for the Discover® Network Card Sale, you must call us and request a cancellation of the Authorization. An Authorization may be cancelled at any time within eight (8) days of your receipt of the Authorization but must be cancelled before Sales Drafts relating to the Discover® Network Card Sale has been submitted to us. Once Sales Drafts relating to the Discover® Network Card Sale have been submitted to Discover® Network, the Authorization cannot be changed. You must provide the following information to us, in this order:

1. The Discover® Network Card Account Number (16 digits);
2. The expiration date on the Discover® Network Card being presented (4 digits, mmyy);
3. A brief reason the Authorization is being cancelled;
4. The Card Number;
5. The original amount of the Authorization;
6. The new amount of the total transaction;
7. The original Authorization Code for the Authorization being cancelled.

14. Discover® Network Card Identification Data (CID). You must obtain the three-digit CID in all Discover® Network Card Not Present Card Sales. The CID must be included in all Authorization requests you send to us for an Authorization response with respect to Discover® Network Card Not Present Card Sales. Failure to include the CID in an Authorization request for a Discover® Network Card Not Present Card Sale may result in a Chargeback to you. You are strictly prohibited from retaining, archiving or otherwise storing the CID in any form or format for any reason, including the recording of the CID on Transaction Receipts or Sales Drafts.

15. Merchant Creation of Sales Drafts, Transaction Receipts and Sales Drafts. You must prepare a Sales Draft for each Discover® Network Card transaction and provide a Transaction Receipt or a copy of the Sales Draft to the Discover® Network Cardholder at the time of completion of the Discover® Network Card transaction, in each case in accordance with these Operating Regulations. Prior to completing the Sales Draft, you must verify the Discover® Network Card has not expired and has been signed by the Discover® Network Cardholder as described in this Agreement and Operating Regulations.

You shall ensure that the Sales Draft for each Discover® Network Card transaction, whether electronically generated or manually printed on paper, is legible and contains all of the following information prior to transmission to us:

1. Date of Discover® Network Card transaction
2. Total amount of Discover® Network Card transaction, including tax
3. Discover® Network Card account number (imprinted for Sales Drafts if Discover® Network Card is not read electronically)
4. Expiration date of the Discover® Network Card
5. Authorization Code, when applicable
6. Merchant's "doing-business-as" name and physical address (city / town and country)
7. Valid Discover® Network Cardholder signature (for Discover® Network Card Sales)
8. If manually imprinted, ensure the Discover Network scripted "D" is clearly legible on the imprint.

15.1 Signature on Discover® Network Card. You must verify that there is a signature on the signature panel on the back of the Discover® Network Card and verify that the name on the back of the Discover® Network Card is reasonably similar to the name embossed on the front of the Discover® Network Card.

15.2 Unsigned Discover® Network Cards. If a Discover® Network Card presented to you is not signed, you must request two pieces of identification, one of which is a government-issued picture identification. When you have confirmed that the person presenting the Discover® Network Card is the Discover® Network Cardholder, you must require the Discover® Network Cardholder to sign the back of the Discover® Network Card. If you are unable to positively identify the Discover® Network Card presenter as the Discover® Network Cardholder, or if you have reason to suspect fraud, you should contact us.

15.3 Verification of Discover® Network Card Expiration Date. For each Discover® Network Card Sale, you must check or obtain the expiration date on the Discover® Network Card and confirm that the Discover® Network Card is not expired prior to completing the Discover® Network Card Sale. The Discover® Network Card is valid through the last day of the month embossed on the Discover® Network Card. If the Discover® Network Card has expired, you must not accept it for a Discover® Network Card Sale. If you are suspicious that the Discover® Network Card presenter is not an authorized user of the

Discover® Network Card, you should call us at the telephone number we provide to you.

16. Your Submission of Sales Drafts to Us. You shall collect all Sales Drafts and transmit the Sales Drafts to us. We are NOT required to reimburse you for Discover® Network Card Sales if we do not receive Sales Drafts within fifty (50) days of the transaction date. For Discover® Network Card Sales and Credits, the transaction date is the date that you conduct the Discover® Network Card Sale or issue the Credit to the Discover® Network Cardholder. Except for Discover® Network Cardholder deposits for purchases, you may not send us Sales Drafts for goods or services ordered by a Discover® Network Cardholder until the goods or services have been delivered or furnished to the Discover® Network Cardholder. Sales Drafts submitted to us for Settlement more than sixty (60) days after the transaction date may be rejected or, if accepted and processed, are subject to Chargeback to you.

16.1 Preparation and Transmission of Sales Drafts. You must ensure you include all merchandise and/or services purchased at one time and at one cash register on one Sales Draft, or in a single transmission of Sales Drafts, and you must transmit the Sales Drafts relating to merchandise and/or services purchased at one time and at a single cash register in a single electronic transmission of Sales Drafts unless otherwise approved by us in writing. Notwithstanding the foregoing, you may use separate Sales Drafts or use multiple transmissions to submit Sales Drafts to us.

16.2 Sales Draft Requirements. If your Merchant Agreement allows you to submit paper Sales Drafts to us, you must fully complete each Sales Draft as described above. After imprinting the Discover® Network Card, you should ensure your business name, address and corresponding Discover® Network Merchant Number are legibly printed on the Sales Draft. In addition, you should fill in the information described below as applicable, and ensure that all printed and written information is clearly readable on all copies.

16.3 Credits for Returns. In disputes involving returns, we will honor your return policy as long as it complies with all federal, state and local laws and is clearly posted or otherwise made known to the Discover® Network Cardholder at the time of the Discover® Network Card Sale. We may request a copy of your return policy from you at any time. If a Discover® Network Cardholder returns goods or services purchased with a Discover® Network Card in accordance with your return policy, you must give a Credit to the Discover® Network Card Account by completing a Credit Draft. If a Discover® Network Cardholder receives merchandise or services that are defective or not as agreed upon at the time of the Discover® Network Card Sale, you must give the Discover® Network Cardholder a Credit, if requested by the Discover® Network Cardholder. If you do not give a Discover® Network Cardholder a requested Credit in the above circumstances, the Discover® Network Card Sale may be subject to Chargeback to you. For each refund, you shall electronically submit the Sales Drafts for the Credit to us within ten (10) calendar days after you have issued the Credit to the Discover® Network Cardholder or we may process a Chargeback to you for the original Discover® Network Card Sale. You must give written evidence of the Credit to the Discover® Network Cardholder.

16.4 Credit Transaction Receipt and Credit Drafts Requirements. You must ensure that all Transaction Receipts and Sales Drafts created as a result of a Credit, whether generated by electronic means or completed manually on paper, include the following information:

1. Discover® Network Card Account Number (imprinted, if possible)
2. Discover® Network Cardholder's name
3. Discover® Network Card expiration date
4. Merchant's name, location (city/town and country) and Discover® Network Merchant Number
5. Quantity and brief description of merchandise or service returned/refunded
6. Date of the Credit issuance
7. Total amount of the Credit, including taxes, and the name of the currency used
8. Signature of an authorized representative of the Merchant

17. Discover® Network Card Not Present Sales.

17.1 Mail and Telephone Order Discover® Network Card Sales. You may accept Discover® Network Cards for telephone or mail order sales if you comply with the following procedures and the requirements in the Agreement. You must obtain an Authorization decision for each mail or telephone order Discover® Network Card Sale as described in Section 13 and this Section 17.1. You must document the Discover® Network Card Sale and send Sales Drafts to us as described below.

(i) Obtaining Authorization. For each mail or telephone order Discover® Network Card sale, you must transmit the CID with the authorization request. If you accept a Discover® Network Card Sale without receiving a prior authorization approval and without transmitting the CID in the authorization request, the Discover® Network Card sale may be subject to Chargeback to you as described in the MAA

(ii) Address Verification Services (AVS). For each Discover® Network Card Not Present Discover® Network Card Sale, you must verify the name and billing address of the Discover® Network Cardholder conducting the Discover® Network Card Sale using the electronic Address Verification procedures described herein, which are available through the Address Verification Service we provide to you.

(iii) Electronic Address Verification Service. Address Verification must be obtained from us by 11:59 p.m. Eastern Time on the same day that you send the Authorization Request regarding the Discover® Network Card Sale to us, regardless of whether the Authorization Request is approved or declined. To obtain Address Verification for a Discover® Network Card Sale, you must comply with the following procedures:

- a. Use an electronic terminal to request Address Verification; or
- b. If you do not have an electronic terminal or are unable to obtain Address Verification using your electronic terminal, you should call us, and you must provide the following information:
 1. Card Number;
 2. Numeric portion of the Discover® Network Cardholder's billing address (5 digits); and
 3. ZIP code of the Discover® Network Cardholder's billing address (5 or 9 digits).

We make our Address Verification Service available to you in order to reduce the risk of Disputes alleging fraud associated with Discover® Network Card Not Present Card Sales. Completing an Address Verification is not a guarantee against possible Disputes, only a tool by which to reduce the risk or occurrence of fraudulent activity in Discover® Network Card Not Present Card Sales. We will not provide you with any information about a Discover® Network Cardholder or Discover® Network Card Account in response to a request for Address Verification, but will only verify the Discover® Network Cardholder information provided to us.

(iv) Documentation of Discover® Network Card Sales. In addition to complying with the requirements for preparation of Sales Draft in Section 16, you must obtain the following information from the Discover® Network Cardholder for each mail or telephone order Discover® Network Card sale: Discover® Network Cardholder name, Discover® Network Card Account Number, Discover® Network Card expiration date, billing address and shipping address, if different than the billing address. You must retain such information along with the shipping date for the document retention period in the Agreement. You shall provide the shipping date to the Discover® Network Cardholder at the time of each telephone order Discover® Network Card sale and upon request for each mail order Discover® Network Card Sale.

(v) Transmission of Sales Drafts. For each mail or telephone order Discover® Network Card Sale, you must transmit Sales Drafts to us each business day in our form and format. All Sales Drafts shall be transmitted to us using an electronic means of transmission. You must not transmit Sales Drafts to us for merchandise or services ordered by a Discover® Network Cardholder until the merchandise or services have been shipped, delivered or furnished to the Discover® Network Cardholder; except that you may accept a Discover® Network Card for a deposit on a purchase of merchandise or services and you may transmit the Sales Drafts relating to such deposit prior to the time of shipment or delivery of the merchandise or services purchased in such Discover® Network Card sale.

(vi) Delivery Requirements. At the time of delivery of merchandise or services ordered in a mail or telephone order Discover® Network Card Sale, you must provide the Discover® Network Cardholder with an invoice or other similar documentation that includes the information obtained from the Discover® Network Cardholder in Section 16. You also must obtain the Discover® Network Cardholder's signature as proof of delivery if delivery is made to the Discover® Network Cardholder. If the Discover® Network Cardholder requests delivery to a third party, you must obtain the signature of a party designated by the Discover® Network Cardholder as proof of delivery. You must retain this proof of delivery for the document retention period as set forth in the Agreement. If a Discover® Network Cardholder takes delivery of merchandise ordered by mail or telephone at your retail location, you must obtain an imprint of the Discover® Network Card and the Discover® Network Cardholder's signature on the Sales Drafts.

17.2 Card Sales over the Internet. You must obtain our prior approval before accepting any Discover® Network Card transactions over the Internet and you must comply with the requirements in the Agreement and these Operating Regulations for each Discover® Network Card Sale accepted over the Internet. Any Discover® Network Card Sale that does not comply with the Agreement and these Operating Regulations is subject to Chargeback. For each Discover® Network Card sale over the Internet, you must comply with the requirements of this section.

(i) Protocol for Internet Discover® Network Card Transactions. Each Internet Discover® Network Card transaction accepted by you and submitted to us shall comply with our standards, including, without limitation, our standards governing the formatting, transmission and encryption of data, referred to as our "designated protocol". You shall accept only those Internet Discover® Network Card transactions that are encrypted in accordance with our designated protocol. As of the date of these Operating Regulations, our designated protocol for the encryption of data is Secure Socket Layer (SSL). We may, at our discretion, withhold Settlement until security standards can be verified. However, our designated protocol, including any specifications with respect to data encryption, may change at any time upon 30 days advance written notice. **You may not accept Discover® Network Card Account Numbers through Electronic Mail over the Internet.**

(ii) Browser Support for Protocol. You shall not accept any Internet Discover® Network Card transactions unless the transaction is sent by means of a browser which supports our designated protocol. However, if you desire to accept a Discover® Network Card transaction from a Discover® Network Cardholder whose browser does not support our designated protocol, you may accept such a Discover® Network Card transaction by means other than the Internet, such as mail, telephone or facsimile.

(iii) Authorization and Submission Requirements. You shall not accept any Internet Discover® Network Card transactions except in compliance with the Agreement and these Operating Regulations. Additionally, you shall comply with the following requirements for each Internet Discover® Network Card transaction:

1. You must obtain an authorization decision for the Discover® Network Card Sale as described in Section 16 using an electronic means of transmission that is approved by us.
2. You must submit the CID to us. If you do not submit the CID to us, the Discover® Network Card Sale may be subject to Chargeback as described in Section 17.1 and this Section.
3. You must obtain address verification for the Discover® Network Card Sale from us using the procedures described in Section 17.1 and this Section.
4. You must submit Sales Drafts using an electronic means of transmission and you must comply with other requirements in Section 16. You may not submit Sales Drafts to us using non-electronic means.
5. You must not submit Sales Drafts to us until the merchandise or services ordered are delivered to the Discover® Network Cardholder.

(iv) Chargeback for Noncompliance. Any Discover® Network Card transaction over the Internet that fails to comply with the Agreement or these Operating Regulations is subject to immediate Chargeback. We may collect any amounts owed by you with respect to Chargebacks on the Internet Discover® Network Card transactions from the proceeds of Settlement amounts otherwise payable for any Card transactions. We may, at our discretion, terminate the Agreement immediately if you fail to comply with these terms.

18. Special Circumstances. Except as provided in this Discover® Network Program Agreement, the terms and conditions governing your processing of special industry sales using the Discover® Network Card are as specified in the MAA. If you accept Discover® Network Card sales for recurring billing or installment sales transactions with Discover® Network Cardholders please refer to the Operating Regulations and MAA for detailed requirements for these transactions, including the format for authorization requests. If you are a merchant in the lodging industry, please refer to us for procedures for guaranteed reservations, advance deposits and priority checkouts.

18.1 Card Acceptance during Store Closings or Liquidation. You must comply with the following requirements during the liquidation and/or closure of any of your outlets, locations and/or entire business:

1. Post signs visible to customers stating "All Sales Are Final";
2. Stamp receipts or print Sales Drafts with notice that "All Sales Are Final"; and
3. Contact us to advise of the closure of locations and/or liquidation of your establishment.

18.2 Policies for Merchants in the Lodging Industry.

(i) Overview. Provided below are our requirements for Merchants in the lodging industry, who take reservations and require Discover® Network Cardholders to pay advance deposits. If you do not comply with the procedures in Section 18.2(ii) for guaranteed reservations and Section 18.2(iii) for advance deposits, any Discover® Network Card sales accepted by you for guaranteed reservations and advanced deposits are subject to Chargeback. Please note that for all Discover® Network Card transactions that are not swiped through your terminal or POS device you must follow the procedures described in Section 17.

(ii) Requirements for Guaranteed Reservations. You may accept Discover® Network Cardholders' reservations for accommodations and guarantee rooms for late arrival after the normal 6:00 p.m. (local time) check-in deadline if you follow the procedures in this Section. If the check-in deadline passes without a cancellation of the reservation by the Discover® Network Cardholder, you may bill the Discover® Network Cardholder for one night's lodging (plus applicable taxes); if you have complied with all of your obligations in this Section.

(a) Notice to Discover® Network Cardholder of Rights and Obligations. At the time of reservation, you must verify that the Discover®

Network Cardholder plans to guarantee their reservation. If a guarantee is requested, you must advise the Discover® Network Cardholder of the rights and obligations set forth below and you must comply with these requirements. You must inform the Discover® Network Cardholder of the room rate and reservation confirmation number and you should advise the Discover® Network Cardholder to retain this information.

1. Accommodations of the type requested by the Discover® Network Cardholder will be held by you until checkout time on the day following the scheduled arrival date.

2. If the Discover® Network Cardholder seeks to cancel the reservation, the Discover® Network Cardholder must do so before 6:00 p.m. (local time) on the scheduled arrival date. Resorts may move the 6:00 p.m. (local time) deadline back no more than three hours to 3:00 p.m. (local time), if the Discover® Network Cardholder has been informed of the date and time the cancellation privileges expire.

3. At the time of the reservation, you shall provide the Discover® Network Cardholder with a telephone number to call for cancellations and instructions to retain a record of it.

4. If the reservation is not cancelled within the allowed time frame and the Discover® Network Cardholder does not use the accommodation and you do not rent the room to another guest, you may bill the Discover® Network Cardholder for a no-show charge equal to one night's lodging (plus applicable taxes).

(b) Record of Guaranteed Reservations. You must preserve a record of the following information for each guaranteed reservation:

1. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
2. Card account number and Discover® Network Card expiration date;
3. Anticipated arrival date and length of stay;
4. The cancellation policy in its entirety, inclusive of the date and time the cancellation privileges expire; and
5. Any other pertinent details related to the reserved accommodations.

(c) Written Confirmation of Guaranteed Reservations. You must provide Discover® Network Cardholders with written confirmation of each guaranteed reservation. The confirmation must contain:

1. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
2. Card Account number and Discover® Network Card expiration date;
3. Reservation confirmation number;
4. Anticipated arrival date and length of stay;
5. The cancellation policy in its entirety, inclusive of the date and time the cancellation privileges with expire; and
6. Any other pertinent details related to the reserved accommodations.

(d) Cancellation of Guaranteed Reservations. If a Discover® Network Cardholder seeks to cancel a reservation in accordance with your cancellation policy and specified time frames, you must provide the Discover® Network Cardholder with a cancellation number and instructions to retain a record of it. You shall forward written confirmation of the cancellation of each guaranteed reservation within three Business Days of Discover® Network Cardholder's request for written confirmation. This cancellation confirmation must contain:

1. Discover® Network Cardholder's reference that charges were placed on the Discover® Network Card, if applicable;
2. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
3. Card Account number and Discover® Network Card expiration date;
4. Reservation cancellation number; and
5. Any other pertinent information related to the reserved accommodations.

(e) Sales Drafts for "No-Show" Charges. If the Discover® Network Cardholder does not cancel a reservation in accordance with your cancellation policy and specified time frames and the Discover® Network Cardholder does not use the accommodations and you do not rent the room to another guest, you may charge the Discover® Network Cardholder for a "No-show" charge by preparing and transmitting Sales Drafts with the following information:

1. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
2. Card Account number and Discover® Network Card expiration date;
3. Hotel name and location (imprinted);
4. Room rate (quoted when reservation was made including applicable taxes);
5. Transaction date;
6. Authorization approval code;
7. Employees initials; and
8. The words "No-Show" printed on the Discover® Network Cardholder's signature line

(iii) Advance Deposit. You may require Discover® Network Cardholders to pay a deposit at the time of a reservation, if you comply with the requirements in this Section. The amount of the deposit cannot exceed the cost of seven nights lodging (plus applicable tax) and the deposit must be applied to the entire bill. When you require an advance deposit, you must provide Discover® Network Cardholders with the information required below. **Note:** Discover® Network Cardholders may NOT be charged a "No-show" penalty in addition to a forfeited advance deposit.

(a) Obligations with Advance Deposits. If you make advance deposits for reservations, you must comply with the following requirements:

1. Hold reserved accommodations until checkout time following the last day covered by an advance deposit.
2. A specified reservation cancellation time frame including the date and time when cancellation privileges expire.
3. Full reimbursement of advance deposits when the Discover® Network Cardholder cancels a reservation within the specified time frame.
4. A disclosure informing Discover® Network Cardholders of their rights and obligations that failure to cancel a reservation within the specified time frame may result in forfeiture of all or part of an advance deposit. **Note:** Discover® Network Cardholders may NOT be charged a no-show penalty in addition to a forfeited advance deposit under this policy.

(b) Sales Drafts Requirements for Advance Deposits/Folio. For each advance deposit taken by you, you shall prepare Sales Drafts in the amount of the advance deposit and transmit it to us immediately after taking the reservation for the advance deposit. Sales Drafts must contain the following information:

1. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
2. Card Account Number and expiration date;
3. Discover® Network Cardholder's complete mailing address and phone number;
4. Transaction date;
5. Anticipated arrival date and length of stay;
6. Reservation confirmation number;
7. Authorization approval code;
8. Advance deposit amount (including applicable taxes); and
9. Words "Advance Deposit" on the Discover® Network Cardholder signature line

(c) Written Confirmation. You must provide the Discover® Network Cardholder with written confirmation of an advance deposit that contains the following information:

1. A copy of the Sales Drafts that you prepared and transmitted for the advance deposit;
2. Reference that charges were placed on the Discover® Network Card;
3. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
4. Card Account Number and expiration date;
5. Reservation confirmation number;
6. Anticipated arrival date;
7. The cancellation policy in its entirety, inclusive of the date and time the cancellation privileges expire; and
8. Any other pertinent details related to the reserved accommodations

(d) Cancellation of Reservations with Advance Deposits. If the Discover® Network Cardholder requests a cancellation of a reservation in accordance with your cancellation policy and time frames, you must issue a Credit to the Discover® Network Cardholder's Discover® Network Card Account for the full amount of the advance deposit charged to the account within ten (10) days of the Discover® Network Cardholder's request. In addition, you must:

1. Provide a cancellation number to the Discover® Network Cardholder and instructions to retain a record of the number.
2. Prepare Sales Drafts for the Credit as described in this Section 18 and transmit the Sales Drafts to us within the time frames prescribed by the Operating Regulations.

(e) Sales Drafts Required for Cancellation of Reservations with Advanced Deposits. You must prepare and transmit Sales Drafts to us for each cancellation that includes the following information and you must send a copy of the Sales Drafts documenting the Credit to the Discover® Network Cardholder within the time frames prescribed by the Operating Regulations:

1. Discover® Network Cardholder's name as it is embossed on the Discover® Network Card;
2. Card Account Number and expiration date;
3. Discover® Network Cardholder's complete mailing address and phone number;
4. Transaction date;
5. Reservation Cancellation Number;
6. Advance deposit amount; and
7. Words "Advance Deposit" on the Merchant's signature line

(iv) Overbookings. If the accommodations reserved by a Discover® Network Cardholder pursuant to a guaranteed reservation or with an advance deposit are unavailable upon arrival you must at your own expense, provide the Discover® Network Cardholder with the following:

1. Comparable accommodations for one night at a similar Merchant location (including applicable taxes);
2. Transportation to the alternate Merchant location; and
3. Forwarding of all calls and messages to the alternate Merchant location

(v) Priority Check-out Service. If you offer priority checkout services, you must comply with the following requirements:

1. Require the Discover® Network Cardholder to sign the registration card at the time of check-in acknowledging responsibility for all charges. Obtain an authorization decision for the estimated amount of the accommodations at check-in by swiping the Discover® Network Card through your terminal or POS device.
2. Complete Sales Drafts at checkout by entering the total amount of charges incurred during the stay including: restaurant, telephone and miscellaneous expenses.
3. Write the words "Priority Check-out" on the signature line of the Sales Drafts.
4. Obtain a final Authorization approval code for any additional amounts from the check-in estimate to equal the total amount to be billed to the Discover® Network Cardholder.
5. Mail the Discover® Network Cardholder (at the address shown on the registration Discover® Network Card) a copy of the Sales Drafts and itemized lodging bill.
6. Transmit completed Sales Drafts to us within the applicable time frame.

(vi) Estimated Authorization. If you seek to obtain an authorization decision for the estimated amount of charges to be billed to a Discover® Network Cardholder, you shall comply with the following procedures. At the beginning of the Discover® Network Cardholder's stay and on a periodic basis thereafter, you may obtain an authorization decision as set forth in herein for an amount equal to the estimated total of a Discover® Network Cardholder's charges based on his/her length of stay and other criteria. You must follow the procedures in Section 13 and this Section 18 to obtain an Authorization decision for the amount of the estimated charges expected during the length of a Discover® Network Cardholder's stay and to obtain additional Authorization decisions for the actual charges that exceed the amount originally estimated by you for which you obtained Authorization decision.

(a) Check-in Estimate. At check-in, you may estimate the Discover® Network Cardholder's total charges based on the below requirements and obtain an authorization decision for the amount of that estimate:

1. Intended length of stay;
2. Room rate;
3. Applicable taxes;
4. Applicable service charges; and
5. Any miscellaneous charges, as dictated by experience

(vii) Changes to Estimated Charges. You must monitor the charges made during the course of a Discover® Network Cardholder's stay to ensure that the actual charges do not exceed the amount indicated in the estimated authorization. The following conditions apply:

1. If the actual charge activity exceeds the amount of the estimated Authorization, then you must secure a positive Authorization decision or approval for the amount in excess of the estimated Authorization. **Note:** Such amounts should not be cumulative and each additional Authorization decision should cover a separate portion of the total amount. If an Authorization request is declined, no charges occurring after that date will be accepted by us for that Discover® Network Cardholder.
2. A final (or additional) Authorization decision is not required if the final amount (total sum) of the Discover® Network Cardholder's charges does not exceed the sum of the previously authorized charges, plus a twenty percent (20%) tolerance.
3. The dates, authorized amounts, and their respective Authorization approval codes must be individually recorded on the Sales Drafts.

18.3 Customer Activated Terminals ("CAT Terminals"). If you sell petroleum-related products and use Customer Activated Terminals ("CAT Terminals") to accept Discover® Network Cards, you must comply with the following requirements:

(i) You must contact the sales representative assigned to your account to obtain a unique Merchant Account Number for use exclusively with Discover® Network Card transactions on CAT Terminals ("CAT Merchant number"). If you are unable to contact our sales representative assigned to your account, please contact Bank.

(ii) You agree to use the Unique CAT Merchant number (not any other Merchant number) for all Discover® Network Card transactions on CAT Terminals. You shall use the CAT Merchant number for the sole and exclusive purpose of Discover® Network Card transactions on CAT Terminals.

(iii) If you comply with the procedures in this Section and the procedures for obtaining Authorization decisions in Section 13, the Discover® Network Card transactions that you accept on CAT Terminals will not be subject to Chargeback up to the maximum amount of your Floor Limit for the reasons: (a) Missing Signature (IS) and (b) No Imprint on Sales Draft (SI). You may be subject to Chargeback for other reasons, including, without limitation, the failure to comply with the procedures in this Section and Section 13.

18.4 Overview of Requirements for Automatic Payment Plans. You must comply with the Authorization requirements herein, as supplemented by this Section, with respect to each amount billed to a Discover® Network Card account pursuant to an Automatic Payment Plan. If you fail to comply with any of the requirements in this Agreement or Operating Regulations with respect to an Automatic Payment Plan, or if a Discover® Network Cardholder initiates a Dispute at any time with respect to (i) a Discover® Network Card sale involving

an Automatic Payment Plan or (ii) the goods or services that you agreed to provide pursuant to an Automatic Payment Plan, a Dispute may be initiated against you of any Automatic Payment Discover® Network Card Sale, in addition to any payments that were previously submitted to and settled by us.

18.5 Authorization Requirements for Automatic Payment Plans. If you engage in Automatic Payment Discover® Network Card Sales, you must obtain a separate, current Authorization Response for each Automatic Payment Discover® Network Card Sale at the time each Automatic Payment Discover® Network Card Sale becomes due. If we or you have terminated your Merchant Agreement, you may not submit Authorization Requests for Automatic Payment Discover® Network Card Sales that are due after the termination date of your Merchant Agreement. If the Discover® Network Card Account of the Discover® Network Cardholder who agreed to the Automatic Payment Plan is terminated, the Issuer will respond with a negative Authorization Response to any subsequent Authorization Requests, including Authorization Requests related to Automatic Payment Plan initiated prior to the termination of the Discover® Network Card Account. An Issuer's positive Authorization Response for one Automatic Payments Discover® Network Card Sale is not a guarantee that any future Automatic Payment Authorization Request will be approved or paid. If Discover® Network Card Acceptance by you is suspended or terminated for any reason, you may not submit any Authorization Requests for your Automatic Payment Plans during the suspension or after the Discover® Network Card Acceptance Termination Date. If you submit Sales Drafts to us for an Automatic Payment Discover® Network Card Sale that has not received a positive Authorization Response, the Automatic Payment Discover® Network Card Sale may be subject to Dispute and/or you may pay higher Interchange and Fees. If a Discover® Network Cardholder disputes any Automatic Payment Discover® Network Card Sale or your performance of your obligations in connection with the Automatic Payment Plan, a Dispute may be initiated with respect to the disputed Automatic Payment Discover® Network Card Sales and any prior Automatic Payment Discover® Network Card Sales for which you have received Settlement.

18.6 Discover® Network Cardholder's Approval. You must obtain the Discover® Network Cardholder's written approval to charge amounts to the Discover® Network Cardholder's Discover® Network Card Account in accordance with an Automatic Payment Plan. If you use the Internet or another electronic process to receive a Discover® Network Cardholder application for an Automatic Payment Plan, you must retain all electronic evidence of the Discover® Network Cardholder's approval of the Automatic Payment Plan. The Discover® Network Cardholder's approval, whether written or electronic, must include all of the following information:

- (i)** Discover® Network Cardholder's name, address and Discover® Network Card Number;
- (ii)** Amount of each Automatic Payment Discover® Network Card Sale;
- (iii)** Timing or frequency of payments;
- (iv)** Length of time over which the Discover® Network Cardholder permits the Merchant to bill Automatic Payments to the Discover® Network Card Account;
- (v)** Merchant's Discover® Network Merchant Number;
- (vi)** Card expiration date; and
- (vii)** Total amount of Automatic Payments to be billed to Discover® Network Card Account, including taxes and tip(s).

18.7 Delayed Delivery Sales. For delayed delivery sales in which you charge a deposit, you may prepare two separate Transaction Receipts or Sales Drafts - one Transaction Receipt/Sales Draft labeled "Deposit" and one labeled "Balance." You may not submit Sales Drafts (either manually or electronically) to us, relating to the Transaction Receipt/Sales Draft labeled "Balance" until the merchandise or service is completely delivered to the Discover® Network Cardholder. For delayed delivery sales, you must obtain the "Deposit" Authorization before you submit Sales Drafts to us for the "Deposit" or "Balance" Discover® Network Card Sale. Any Authorization for delayed delivery of merchandise or services will be valid for ninety (90) calendar days. If delivery of the merchandise or service purchased will occur more than ninety (90) calendar days after the "Deposit" Authorization, you must obtain a subsequent Authorization for the "Balance." In addition, you must complete Address Verification at the time of the "Balance" Authorization and must obtain proof of delivery upon delivery of the service or merchandise. Any delayed delivery Discover® Network Card Sale that is not conducted in accordance with the foregoing requirements may result in assessment of Fees or fines by the association, to you and/or may be subject to Dispute.

19. Cash Over. You may issue Cash Over in connection with Discover® Network Card Sales, provided that you comply with the Operating Regulations for each Discover® Network Card Sale and with the following additional requirements applicable to each Discover® Network Card Sale involving Cash Over:

- (i)** You must deliver to us a single Authorization request for the aggregate total of the goods/services purchase amount and the Cash Over amount of the Discover® Network Card Sale. You may not submit separate Authorization requests to us for the goods/services purchase amount and the Cash Over amount.
- (ii)** The Sales Drafts you submit to us in connection with a Discover® Network Card Sale involving Cash Over must include both the purchase amount and the

Cash Over amount of the Discover® Network Card Sale. You may not submit separate Sales Drafts to us for the purchase amount and the Cash Over amount.

(iii) No minimum purchase is required for you to issue Cash Over to a Discover® Network Cardholder, provided that some portion of the total Discover® Network Card Sale amount must be attributable to the purchase of goods or services by the Discover® Network Cardholder. You must not issue Cash Over as a stand-alone transaction.

(iv) The maximum amount of cash that you may issue to a Discover® Network Cardholder as Cash Over in connection with a Discover® Network Card Sale is \$100.00.

(v) Any Authorization Requests and Sales Drafts you submit to us in connection with a Discover® Network Card Sale involving Cash Over must comply with all requirements of these Operating Regulations.

20. No Signature Required Discover® Network Card Sales. Card Sales conducted by Merchants operating in certain MCCs, will not be subject to Chargeback to you for your failure to obtain the Discover® Network Cardholder's signature on the Transaction Receipt if (i) the full Track Data is transmitted to us with the Authorization Request, and (ii) the Discover® Network Card Sale amount is USD \$25.00 or less. No Signature Required Discover® Network Card Sales conducted in accordance with the foregoing requirement may be subject to Dispute for other reasons specified in these Operating Regulations and the Dispute Rules.

21. Cash Reimbursement. The Cash Reimbursement you earn for each Cash Advance transacted in accordance with these Operating Regulations are set forth in the Acquirer Interchange and Assessment Manual.

21.1 Cash Advances and Cash Equivalents. You may not accept a Discover® Network Card in exchange for advancing cash or cash equivalents (i.e., value on the Internet for e-commerce transactions) to a Discover® Network Cardholder, unless you and we have agreed in writing. If you dispense cash or cash equivalents in connection with the presentation of a Discover® Network Card without our permission in the form of a written agreement, such a Discover® Network Card transaction is subject to Chargeback to you, regardless of whether your agreement with the Discover® Network Cardholder describes a cash advance or cash equivalent as a sale of goods or services.

21.2 Fees to Discover® Network Cardholders. Notwithstanding anything herein to the contrary, you are prohibited from assessing or otherwise imposing a fee or surcharge on a Cash Advance transaction. The amount of the Cash Advance transaction reflected in Cash Advance Sales Drafts submitted by you to us for Settlement must be the amount of cash disbursed to the Discover® Network Cardholder. If any fees were assessed to the Discover® Network Cardholder by you in connection with a Cash Advance, including, a fee paid in cash after the transaction was completed, the entire amount of the Cash Advance transaction is subject to Dispute.

22. Discover® Network Card Security Features. All Discover® Network Cards contain common characteristics and distinctive features. Security features common to all Discover® Network Cards include:

(i) Distinctive Discover® Network/NOVUS or Discover® Network Acceptance Mark, depending on the date of issuance of the Discover® Network Card,

(ii) The Discover® Network Card Number on Discover® Network Cards is made up of at least 16 digits,

(iii) The embossed digits of the Discover® Network Card Number are clear and uniform in size and spacing.

(iv) The embossed expiration date, if present, appears in a MMY format below the title "Valid Thru" and indicates the last month in which the Discover® Network Card is valid,

(v) The Discover® Network Card contains a magnetic stripe, which may be a holographic magnetic stripe bearing a security hologram, depending on the issue date of the Discover® Network Card.

(vi) An underprint of the word "VOID" on the signature panel becomes visible if erasure of the signature is attempted,

(vii) Depending on the issue date of the Discover® Network Card, the words DISCOVER or DISCOVER NETWORK appear in ultraviolet ink on the front of the Discover® Network Card and become visible when the Discover® Network Card is held under an ultraviolet light.

22.1 Distinctive Security Features - Standard Credit, Debit and Stored Value Discover® Network Cards. In addition to the common security features for all Discover® Network Cards listed above, most standard, rectangular plastic Discover® Network Cards accepted on the Discover® Network include the following distinctive features:

(i) Distinctive Discover® Network Acceptance Mark positioned in the lower right corner on both sides of the Discover® Network Card. Until October 2007, the Discover® Network/NOVUS Acceptance Mark may appear only on the back of older Discover® Network Cards.

(ii) Discover® Network Cardholder name is embossed on the front of the Discover® Network Card, evenly spaced and aligned.

(iii) The scripted D is embossed beneath the Discover® Network Card Number on the front of the Discover® Network Card and appears on the same line as the embossed year beneath the "Member Since" title and the embossed date beneath the "Valid Thru" title.

(iv) Card Numbers on all Discover® Network Cards are embossed, clear and uniform in size and spacing and should extend into the hologram on the front of

the Discover® Network Card, if a hologram is present on the front of the Discover® Network Card, where the last four digits are within the hologram.

(v) For Discover® Network Cards issued before April 15, 2006 the distinct circulation (New Generation) or rectangular (Old Generation) three-dimensional hologram bearing a distinct pattern of a globe with an arrow through it.

(vi) The Discover® Network Card Number or the last four digits of the Discover® Network Card Number on the signature panel are followed by a three-digit CID that must be included in certain Authorization requests

(vii) The Discover® Network Card Number or the last four digits of the Discover® Network Card Number appear in reverse indent printing on the signature panel and must match the last four digits of the Discover® Network Card Number embossed on the front of the Discover® Network Card.

22.2 Exceptions to Standard Security Features. Standard, rectangular plastic, stored value Discover® Network Cards are not required to bear the Discover® Network Cardholder Name. In addition, standard, rectangular plastic stored value gift Discover® Network Cards accepted at a limited, specific list of merchants are not required to include the three-dimensional hologram patterned as a globe with an arrow through it and are not required to bear the Discover® Network Acceptance Mark on the front of the Discover® Network Card.

Valid Discover® Network Cards may not always be rectangular in shape (e.g., Discover® Network 2GOTM Discover® Network Card), may not bear all or may bear different security features than those described in this Section and may not be printed in English.

23. Reminders for Preventing Fraudulent Discover® Network Card Usage. In addition to complying with Authorization requirements as stated in your Agreement, you shall pay careful attention to both the Discover® Network Card presenter and the Discover® Network Card presented. In particular, you should:

A. Verify that the signature on the Transaction Documentation is reasonably similar to the signature on the back of the Discover® Network Card.

B. Check the signature panel for signs of erasure or alteration. You should not accept the Discover® Network Card if the word "VOID" appears in the signature panel.

C. Check the Discover® Network Card expiration date and do not accept any expired Discover® Network Card.

D. Examine the Discover® Network Card for signs of alteration.

E. If you have any doubts about the validity of the Discover® Network Card or the Discover® Network Card presenter, you may request additional identification from the Discover® Network Card presenter and/or utilize procedures outlined in your Agreement.

F. When using a POS Device and printer to process Discover® Network Card transactions, the Merchant must verify that the Discover® Network Card Number printed on the Transaction Receipt matches the Discover® Network Card Number embossed on the front of the Discover® Network Card.

G. Follow procedures for Address Verification if the Discover® Network Card Sale is a Discover® Network Card Not Present transaction.

H. Enter the CID for all Authorization Requests in all Discover® Network Card Not Present transactions.

24. Data Security.

A. Security Requirements. At all times during the term of this Agreement you must comply with PCI Data Security Standard and the other obligations with respect to data security in this Agreement ("Security Requirements") as may be amended from time to time. We may impose restrictions, fines, or prohibit you from accepting Cards if we determine that you are not in compliance with the Security Requirements. You must be in compliance with the Security Requirements as well as comply with general security procedures. You understand and acknowledge that it is solely your responsibility to maintain compliance with the Security Requirements and to pay any and all fines levied by the applicable association or network for your non-compliance. You also understand and acknowledge that you are solely responsible for the compliance of any and all third parties that are given access by you, to Discover® Network Cardholder data, and for any third party POS VAR ("Value Added Reseller") software that you may use.

B. Termination; Indemnification. We may in our sole discretion, suspend or terminate Discover® Network Card processing services under the Agreement for any actual or suspected data security compromise. Notwithstanding anything in this Agreement to the contrary, you agree to indemnify and hold us harmless from and against all losses, liabilities, damages and expenses resulting from your failure to comply with the Security Requirements.

C. Notice of Data Security Breach. You must notify us as soon as reasonably practicable and in no event more than 24 hours after becoming aware of (i) any suspected or actual data security breach in any of your systems or databases used to conduct or in any way process Discover® Network Card transactions or to store Discover® Network Cardholder information, including websites or electronic links used to conduct Discover® Network Card transactions, and (ii) any noncompliance by you with the Security Requirements. Such breaches shall include third party incursions that could in any way result in access to Discover® Network Card transaction information, Discover® Network Card account information or Discover® Network Cardholder information.

D. Investigation. You must, at your expense (i) perform or cause to be performed an independent investigation (including a forensics analysis) of any

data security breach, (ii) perform or cause to be performed any remedial actions recommended by any such independent investigation, and (iii) cooperate with us in the investigation and resolution of any data security breach.

E. Information Provided. You must provide us or Discover® Network as requested, with the following information concerning any suspected or actual data security breach: (i) the date of such breach, (ii) details concerning the data compromised (e.g., Discover® Network Card numbers and expiration dates, Discover® Network Cardholder names and addresses), (iii) the method of such breach, (iv) your security personnel contacts, (v) the name of any Person (including any law enforcement agency) assisting you with your investigation of such breach, and (vi) any other information which we reasonably request from you concerning such breach, including any forensics report(s). You will provide the information listed in (i)-(vi) as soon as is reasonably practicable and the information listed in (i)-(v) shall in any event be provided to us within 48 hours of your initial notification to us of such breach. You must provide us or Discover® Network as requested, with copies of any reports concerning such breach as soon as practicable. You must not issue any press release or other public announcement concerning such breach until after you have provided us and Discover® Network with the information requested in (i)-(v) above.

25. Changes in Business. You must notify us immediately of any change to the information included in your Merchant Profile, including if you engage in, or in the future elects to engage in, any new lines or types of business activities not disclosed to us during your initial application process or if you change your business activities in any of the following ways:

1. Change of ownership;
2. Change in type or kind of business;
3. Change in Merchant Identity, including corporate/legal name or Address; or telephone numbers;
4. Closing or liquidating business entirely or any locations;
5. Change in processing method (i.e. Transaction Drafts to POS Device);
6. Voluntary or involuntary party in a bankruptcy case;
7. Entry into a loan or other agreement with a third party that seeks to affect the Merchant Agreement;
8. Change to the entity that is a party to the Merchant Agreement or entities listed in your records, including by merger or acquisition; and
9. Change to or from a business that conducts exclusively retail sales to one that accepts Discover® Network Card Sales by mail, telephone order or Internet transactions.

26. Factoring. Factoring is the submission of Authorization Requests and/or Sales Drafts by a Merchant for Discover® Network Card sales or Cash Advances transacted by another business. Factoring is considered fraud unless you are registered with us as a Payment Service Provider.

Factoring is expressly prohibited under your Merchant Agreement. This means a Merchant that submitted the Sales Drafts on behalf of another Person will suffer any losses associated with the Disputes of Discover® Network Card Sales. Also if any fraud is involved, the Factoring Merchant could face criminal prosecution.

27. No Merchant Acquisition by Merchants. You may not enter into formal or informal agreements with other merchants for Discover® Network Card Acceptance.

28. Audit Rights. You will allow us to conduct, or to engage a third party designated by us to conduct, annual examinations and audits of your compliance with the applicable provisions of these Operating Regulations and with applicable law.

29. Employee Purchases. You must not conduct Cash Advances, Discover® Network Card Sales or returns for goods or services with your owners, officers or employees using such individuals' personal Discover® Network Cards, except for bona fide Discover® Network Card transactions in the ordinary course of business.

Glossary

Except as provided in this Discover® Network Program Agreement, the terms which are defined in the MAA's Glossary shall have the same meanings in this Discover® Network Program Agreement. The terms below shall have the following meanings for all purposes under the Discover® Network Program Agreement:

Affiliate means any entity that controls, is controlled by, or is under common control with a party, including its subsidiaries.

Association means the Discover® Network or any entity formed to administer and promote Cards, including without limitation MasterCard International, Incorporated, Visa U.S.A., Inc. and Visa International, and any applicable Debit Networks.

Automatic Payment Plan means an obligation, either of a fixed or variable amount that is paid by a Discover® Network Cardholder with a series of charges to an Account over a period time pursuant to an agreement between the Discover® Network Cardholder and the Merchant.

Authorization Center means a department that electronically communicates a merchant's request for Authorization on Credit Discover® Network Card transactions to Discover® Network or the Discover® Network Cardholder's bank, respectively, and transmits such Authorization to the merchant via electronic equipment or by voice Authorization.

Bank means the entity identified on the Application which provides certain services under this Discover® Network Program Agreement.

Card Account means the records maintained by the Issuer of the respective Discover® Network Card transactions, payments and available balance or credit line for a given Discover® Network Card.

Card Number means the unique identifying number that is assigned by the Issuer at the time of Discover® Network Card issuance.

Card Issuer means Discover® Network or the bank that issues a Card to a person.

Card Sale means a sale of goods or services to a Discover® Network Cardholder by a Merchant, either in a Discover® Network Card Present environment or as a Discover® Network Card Not Present transactions, either or which is conducted pursuant to a Merchant Agreement where the amount or such sale is applied to a Discover® Network Card Account and considered an obligation of the Discover® Network Cardholder.

Card Not Present refers to a Discover® Network Card transaction that occurs where the Discover® Network Card is not present at the point-of-sale, including Internet, mail order and telephone-order Discover® Network Card Sales.

Cash Advance means the disbursement of currency, including foreign currency, to a Cardholder by a Cash Advance merchant in connection with the presentation of a Card at branch location, excluding an ATM. Cash Advance does not include convenience checks, balance transfers, cash back points, quasi-cash or Cash Over.

Cash Advance Merchant means a Merchant that is a financial institution that is permitted under these Operating Regulations and has been authorized by Acquirer to dispense Cash Advances.

Cash Over means dispensing of cash by a Merchant in connection with a Discover® Network Card Sale for the purchase of goods or services.

Chargeback means the procedure by which a Sales Draft or other indicia of a Discover® Network Card transaction (or disputed portion) is returned to Bank or the issuing bank. Merchant is responsible for reimbursing us for all Chargebacks.

CID or Discover® Network Card Identification Data refers to the three digit number that follows the complete or truncated Discover® Network Card Number in the signature panel on the back of each Discover® Network Card.

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

Credit Card means a valid Discover® Network Card or a valid Discover® Network Card bearing the service mark of Visa or MasterCard and, to the extent the Schedules so provide, a valid Card issued by any other Association specified in such Schedules.

Credit Limit means the credit line set by the Discover® Network Card Issuer for the Discover® Network Cardholder's account.

Dispute means a ticket Retrieval Requests, Chargeback, request for representation of a Discover® Network Card transaction, or Representation of a Discover® Network Card transaction, as the context may require, by an Issuer, Acquirer or Discover® Network, including supporting information and documentation provided by the Issuer or Acquirer in connection with any of the foregoing, and Discover® Network's process of resolving or effecting any of the foregoing.

MAA means the agreements among Merchant and Bank contained in the Merchant Processing Application and Agreement, the Program Guide and the Schedules thereto and the documents incorporated therein, each as amended from time to time, which collectively constitute the agreement among such parties. References in the MAA to the "Agreement" are references to the MAA.

Non-Qualified Program Fee means the difference between the Discover® Network fee associated with the Anticipated Fee Level and the Discover® Network fee associated with the more costly fee level at which the transaction actually was processed.

Non-Qualified Surcharge means a surcharge applied to any Discover® Network Card transaction that fails to qualify for the Anticipated Fee Level and is therefore downgraded to a more costly fee level. The Non-Qualified Surcharge (the amount of which is set forth in the Service Fee Schedule) is in addition to the Non-Qualified Program Fee, which is also your responsibility.

Transaction Receipt means a paper or electronic copy of transaction data generated at the point of sale when the Discover® Network Card transaction is conducted using a POS Device, a copy of which is provided to the Discover® Network Cardholder.

We, our, and us mean Bank.

You and your mean the entity accepting the Discover® Network Card under this Discover® Network Program Agreement and its Affiliates conducting business in the same industry.