

NEW MERCHANT REQUIRED FORMS

1. Financial Statement for Business (Personal if Sole Proprietor)
**Bank will also pull a Credit Report
2. 2 Years Tax Returns for Business (Personal if using Sole Proprietor SSN)
3. Application for Merchant Credit/Debit Card Acceptance
**If you currently have a merchant account, please bring us a current statement for analysis of fees

The following forms should be filled out with your Bank Representative:

4. Merchant Agreement
5. New Merchant Information Form

Midwest Community Bank -- Credit Card Processing

Card Processor—SHAZAM

The Iowa Transfer System developed SHAZAM as the processor for their credit card division and is located in Des Moines, Iowa.

- ✓ Competitive Pricing
- ✓ Reliable
- ✓ Responsive

Services Available:

- ✓ Credit and Debit card transaction processing
- ✓ Tip option available for restaurants
- ✓ Electronic Ticket Capture
- ✓ Merchant gateway processing with Novus/Discover, American Express, and Diner's Club
- ✓ Terminal Equipment, loaner equipment and repair service
- ✓ Daily settlement with improved availability
- ✓ Contact at Midwest Community Bank for your questions

Merchant Processing Types and Pricing

Electronic Processing:

Electronic Processing uses a Point-of-Sale terminal and printer for processing transactions. We have various types of equipment for purchase. Prices for the equipment start at \$225.00, plus tax and shipping.

The monthly fee is based on the transactions processed for the month. The electronic processing charge is **4.75%** of the total month's volume; we do not charge you additional interchange or processing fees on top of this fee. If there is no activity for the month there is an inactivity fee of \$5.00 for that month. Transactions are credited directly to your account with Midwest Community Bank.

Touchtone ETC-ARU

Paper Processing uses a flatbed sales draft imprinter for manual processing of transactions. Flatbed sales draft imprinters are \$30.00.

The monthly fee is again based on the transactions processed for the month. The paper processing charge is **4.75%** of the total month's volume; we do not charge you additional interchange or processing fees on top of this fee. The inactivity fee mentioned earlier also applies to paper processing (\$5.00 each month of inactivity). Each transaction must be telephoned in to an automated system for processing. Your Midwest Community Bank account will be credited the following business day if your call was made before 6:00 pm.

APPLICATION FOR MERCHANT CREDIT/DEBIT CARD ACCEPTANCE

Applicant Information

Business Name _____ DBA Name _____
 Business Address _____ Business Phone # _____ - _____ - _____
 Business City _____ St _____ Zip _____ Business Fax # _____ - _____ - _____
 County Name _____ E-mail address _____

Principal Names	Address/City/St/Zip	Social Security Number
(1) _____	_____	_____ - _____ - _____
(2) _____	_____	_____ - _____ - _____
(3) _____	_____	_____ - _____ - _____

Describe Product, Service, Nature of Business: _____

Taxpayer ID #: _____ Taxpayer ID # Type: SSN Employer Identification # Other federal taxpayer #

Type of Ownership: Individual/sole proprietorship Medical or legal corporation Associations/estates and trusts Tax exempt organizations
 Government (Federal/State/Local) International organizations Limited liability companies Partnership Corporation

Business History

Date business was opened: ____ / ____ / ____ Number of years under current manager: _____

Have principals accepted credit/debit cards before? Yes No

Have principals owned or managed other business that accepted credit/debit cards before? Yes No

If Yes, what types of cards did principals accept? MasterCard Visa Discover American Express
 Diner's Club JCB Debit EBT (foodstamps)

Annual Bankcard Volume: \$ _____ Average Ticket Size: \$ _____ Percent of Business Where Cardholder is **NOT** Present _____ %

What type of processing method was used? Paper Electronic Touchtone ETC Internet

What was number of chargebacks and dollar volume per month for the last year?

(1) # _____ \$ _____	(4) # _____ \$ _____	(7) # _____ \$ _____	(10) # _____ \$ _____
(2) # _____ \$ _____	(5) # _____ \$ _____	(8) # _____ \$ _____	(11) # _____ \$ _____
(3) # _____ \$ _____	(6) # _____ \$ _____	(9) # _____ \$ _____	(12) # _____ \$ _____

Has the Company or any principal or owner ever filed for Bankruptcy? Yes No If Yes, Name Filed Under: _____

Reason: _____ Type of Bankruptcy: _____ When Filed: _____ Date Discharged: _____

List Hardware/Software used:

Terminal/Cash Register/PC model	Cash Register/PC Software & version	PIN Pad model	Printer model
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List previous acquirer(s) and reason(s) for terminating relationship:

_____	_____	_____
Acquirer Name	How Long	Reason For Leaving
_____	_____	_____
Acquirer Name	How Long	Reason For Leaving

Merchant Credit/Debit Card Acceptance

Do you wish to setup a Merchant Chain consisting of a headquarter account with outlets? Yes No

If Yes, how many outlets within the chain? # _____

Will merchant account(s) be seasonal? Yes No

Will majority (75%) of transactions be face-to-face? Yes No

Type of processing preferred (more than one may apply): Electronic Touchtone ETC Internet

If Internet, supply web page address: _____

Card Types to be accepted: MasterCard Visa Debit Discover # _____
 American Express # _____ Diner's Club # _____
 JCB # _____ EBT (foodstamps) # _____

Estimate of weekly, monthly, and annual sales, both numbers and dollars:

	MasterCard	Visa	Discover	American Express	Diner's Club	JCB
Weekly	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
Monthly	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____
Annual	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____	# _____ \$ _____

Hardware/software to be used: Same as on front page Other, explain _____

Credit Worthiness

- Attach financial statements or tax returns for last two years.
- Attach three previous merchant statements.
- Attach three previous DDA/Savings account bank statements.

Current Banking Information:

Financial Institution (FI) Name _____
FI Address _____
City _____ St _____ Zip _____
FI Routing Number # _____ Account # _____

Disclosure

By signing below, I attest that all the information contained in, and attached to, this document is true and complete.

Applicant Signature Phone # _____ Date _____

Office use only:

Site Survey Credit Bureau Report Web Site Review
 Product/ Service known Financial Review

Notes:

CARD NOT PRESENT ADDENDUM

Some Merchants offer their customers the convenience of paying for merchandise or services by mail, telephone, fax, internet, or other electronic methods, with a Visa or MasterCard card. If you process more than 10% of your bankcard transactions, or volume, without physically handling and examining the credit card, please complete this addendum and provide the information requested.

1. Provide a description of your product/service and submit your Product catalog; brochures; promotional materials; a current price list; and a copy of your service agreement with cardholder. If on the Internet, please include screen-prints of your web site address.
2. If Internet, please check your type of business: Web Hosting Domain Registration Web Page Design Auction
 Internet Service Gateway Selling Digital Service Advertisement Selling Hard Goods Other: _____
3. How will the product be advertised or promoted? (check all that apply)
 Paper Television Magazine Direct Mail Fliers Word of Mouth Telephone-Book Other: _____

Are advertisements available? Yes No (please include with application)
 Internet (address): _____ Server site location address: _____
4. How does customer order product and/or service? Telephone Fax Mail In-Person Internet Other: _____
5. Indicate how account information is presented from cardholders and billing methods:
 Phone Mail Fax Internet; Billing Methods: Monthly - _____% Quarterly - _____%
 Yearly - _____% One Time - _____% Hourly - _____%
If using the Internet, list encryption method, vendor, and controls used to secure transaction information.
6. Describe your business' selling process! (Be specific – procedure from time order is received until shipment – indicating when card is to be changed)
7. From the time the order is received or requested, how many days will typically expire before merchandise is received by consumer?
 Within 48-hours Within 2-5 days Within 2-3 weeks Other: _____
8. Who owns product, or supplies the services?
9. List the name(s) and address(es) of the vendors from which supplies are purchased.
10. If you are operating out of your residence or an office suite, provide the address where merchandise is stored and the origin of shipment of such merchandise:
Place of storage: _____ Origin of shipment: _____
11. List the name(s) and address(es) of those third party or fulfillment organizations, or parties aside from your staff, who will assist or participate with the sales, marketing, processing of orders, or shipping of merchandise.
12. Do you currently have, or intend to have in the future, a contract or agreement with another merchant or organization to market or sell their products or services? Yes No If yes, please provide the name of the principal(s), and the doing business name and address of the organization. Also, provide a copy of your agreement or contract.
13. In what geographic areas will the product or service be marketed and sold?
14. Describe any prizes or incentive that will be used to promote or encourage sales:
15. What is your return policy? (Please keep in mind that in non-retail sales Visa/MasterCard do not permit a restocking fee on returns and customers are entitled to a COMPLETE refund if requested)

MERCHANT AGREEMENT

THIS AGREEMENT (the "Agreement") is entered into on the date last written herein by and between the Financial Institution identified on the signature line below ("FI"), and the merchant identified on the signature line below ("Merchant"), for the purpose of processing VISA and/or MasterCard debit and/or credit card transactions, certain other credit card sales transactions (if applicable), and ATM debit card sales transactions (if applicable) (collectively "Sales Transactions") generated by Merchant's business. Capitalized terms, not otherwise defined in this Agreement, are used in accordance with the definitions contained in the Merchant Processing Guidelines ("MPG") and those definitions and all other obligations and duties of the Merchant established in the ("MPG") are incorporated by this reference. The parties hereto agree as follows:

SECTION I MERCHANT'S OBLIGATIONS

- 1.1. **Sales Draft Processing.** Merchant agrees to honor promptly all valid debit and/or credit cards of which Merchant has elected to accept issued by VISA U.S.A. Inc. or its successor ("VISA"), and/or MasterCard International Incorporated or its successor ("MasterCard"), all ATM debit cards (if applicable) and certain other credit cards (if applicable), (collectively "Cards"), complete Sales Drafts generated by Merchant's sales of merchandise or services via Cards, and to deliver exclusively to FI all such Sales Drafts, all in accordance with applicable laws and the procedures set forth in the Merchant Processing Guidelines ("MPG"). A copy of the MPG is attached as Exhibit 1 and incorporated by this reference. Merchant agrees to follow the terms and conditions set forth in the MPG as if fully set forth herein and also agrees to follow all applicable procedures.
- 1.2. **Merchant Depository Account.** Merchant agrees to maintain either (i) a checking account with FI, subject to FI's usual service charges, or (ii) an account that utilizes the Automated Clearing House System ("ACH") if merchant uses electronic ticket capture processing, into which collected Sales and Credit Transactions will be posted. Monthly, FI will charge to the Merchant Depository Account the fees set forth on Exhibit 2. Merchant agrees that the average dollar value, volume processed, and percentage of chargebacks and returns disclosed in the Merchant's application are important variables to determine the fees indicated. If these variables are found to be materially different from those disclosed, FI has the right to change the fees. FI is not a guarantor of final payment of Sales Transactions to Merchant. The submission of Sales Transactions shall constitute an endorsement by Merchant. FI is authorized to place Merchant's endorsement on any Sales Draft if necessary. Merchant waives notice of default or nonpayment, protest or notice of protest, demand for payment and any other demand or notice in connection with any Sales Transaction submitted under this agreement. Merchant consents to any extension of time or compromise made with any Cardholder relative to any Sales Transaction without limiting Merchant's liability.
- 1.3. **Exclusivity.** Merchant agrees to tender all of its Sales Transactions and Credit Transactions only to FI. Merchant agrees that it will not display "take-one" applications for Cards other than those offered by FI.
- 1.4. **Warranties Regarding Card Transactions.** Merchant warrants to FI that:
 - 1.4.1. All Sales Transactions tendered by Merchant will represent only obligations of a Cardholder resulting from goods sold or services rendered by Merchant to that Cardholder.
 - 1.4.2. Merchant has no knowledge of any fact that would impair the collectability of any Sales Draft it submits for processing.
 - 1.4.3. Merchant will not impose a surcharge on or otherwise make the Cardholder responsible for any part of the discount charges to Merchant by FI.
 - 1.4.4. Merchant will not (i) submit Sales Transactions or Credit Transactions arising from any material change in the type of goods or services it offers or (ii) substantially alter its method of doing business, without the prior approval of FI.
 - 1.4.5. Merchant will not submit for processing any transaction that has been previously charged back to FI and subsequently returned to Merchant.
 - 1.4.6. Merchant will pay any fees assessed by VISA or MasterCard or FI resulting from Merchant's activity.
- 1.5. **Equipment.** Merchant agrees to use equipment specified by FI for the processing of Sales and Credit Transactions.
- 1.6. **Advertising.** Merchant will display upon its premises decals, signs, or other advertising materials supplied by FI that notify the public that Merchant accepts Cards as have been elected by Merchant to accept as consideration for the sale or lease of goods or services.
- 1.7. **Indemnification.** Merchant agrees to indemnify and hold FI harmless against any claim arising from any transaction involving Merchant's activities under this Agreement, including claims interposed by way of defense or counterclaim. Merchant acknowledges that FI is not responsible and is hereby relieved of any liability for (i) omissions from or errors in any data provided by Merchant under this Agreement; (ii) the loss of any data or documents prior to the time the data or documents are received by FI or its processor; (iii) or delays caused by acts of God, communications failure, civil commotion, or other occurrences that are beyond the reasonable control of FI; or (iv) an unauthorized release or disclosure of transaction data to a third party where such access to confidential, nonpublic transaction data was the result of Merchant's negligent or intentional acts, including but not limited to failure of the Merchant to physically secure or locate terminal routers and related POS equipment to prevent unauthorized access.
- 1.8. **Purchases via the Internet.** To accept Visa card orders via the internet, a firewall mechanism is to be put into place such that all electronic cardholder data is protected from unauthorized access during all phases of its life, from generation to destruction, such that is cannot be compromised, released to any unauthorized entity or otherwise have its confidentiality or integrity placed at risk. The firewall mechanism must be built and maintained using the model of least privilege. All access is to be on a need-to-know basis, and more importantly, all access to cardholder data will be restricted to personnel who need to access said data to perform their stated job function only. Any service or access not specifically required and documented will be denied.
- 1.9. **Merchant Disclosure.** Merchant must not, in the event of its failure, including bankruptcy, insolvency, or other suspension of business operations, sell, transfer, or disclose any materials that contain Cardholder Account Numbers, personal information, or Transaction information to third parties. The Merchant must:
 - 1.9.1. Return this information to FI or
 - 1.9.2. Provide acceptable proof of destruction of this information to FI

SECTION II FINANCIAL INSTITUTION'S OBLIGATIONS

- 2.1. **Transaction Authorization and Processing.** FI agrees to provide authorization and transaction processing and related services as are applicable to Merchant's Card program through SHAZAM, Inc., which is the processing facility for Merchant's Sales Transactions. FI shall supply forms to be used by Merchant, including Sales Drafts, batch headers, and deposit envelopes.
- 2.2. **Payments to Merchant.** FI will credit Merchant's Depository Account for each Sales Transaction, less any returns or corrections, on the same day that FI receives credit from VISA or MasterCard. This settlement is provisional and is subject to chargebacks, pursuant to VISA and MasterCard Procedures and FI's inability to obtain settlement for such Sales Transactions from VISA or MasterCard.

**SECTION III
MISCELLANEOUS**

- 3.1. **Chargebacks and Settlement.** FI, at its option and without prior notice, may charge Merchant's Depository Account for chargebacks, discount, settlement, or any fees or fines assessed by VISA or MasterCard. If the funds in the Merchant Depository Account are insufficient to cover debits by the FI, Merchant agrees to reimburse FI within two (2) business days after notification of the obligation. Merchant agrees that Chargebacks will not exceed two percent (2%) of the Sales Transactions processed in any given month.
- 3.2. **Reserve Account.** Notwithstanding any other provision to the contrary contained in this Agreement, FI reserves the right to require Merchant to establish and maintain a reserve account in the event:
- 3.2.1. This Agreement terminates for any reason.
- 3.2.2. The total of Credit Transactions and chargebacks exceeds two percent (2%) of Sales Transactions during any one month period.
- 3.2.3. Merchant breaches any of the warranties or other obligations set forth in this Agreement or the MPG.
- 3.2.4. Merchant engages in any processing of charges, which creates an overcharge to the Cardholder by duplication of charges.
- 3.3. **Term and Termination.** This Agreement shall be in effect for one (1) year from the date written below, and shall continue for successive annual terms. This Agreement may be terminated:
- 3.3.1. Immediately, by the non-breaching party sending written notice to the other party in the event of a material breach of this Agreement.
- 3.3.2. Immediately, by written notice from FI based on Merchant's insolvency or the commencement of a bankruptcy proceeding by or against Merchant.
- 3.3.3. Immediately, by written notice, if based on Merchant's activity, FI is required by VISA or MasterCard to terminate Merchant.
- 3.3.4. Immediately, if Merchant is found to be listed on the Combined Terminated Merchant File ("CTMF").
- 3.3.5. By either party, upon three (3) days' written notice to the other party.
- 3.3.6. In accordance with Section 3.4. of this Agreement.
- 3.4. **Amendments.** This Agreement, including exhibits, may be amended from time to time by FI upon 30 days' written notice of such amendment to Merchant. Notwithstanding any other provision to the contrary in this Agreement, FI shall have the right to amend this Agreement, including the discount rate(s) and other fees charged to Merchant, in order to offset any increases in rates or fees charged to FI by communications common carriers, VISA, MasterCard, or other service suppliers (hereafter collectively referred to as "Entities") or in the event that such amendment is necessitated by a change in the rules or operating procedures of any such Entities or by any federal, state, or local governmental agency; any such amendment shall become effective as of the date on which FI notifies Merchant of such amendment. At Merchant's request, FI will provide Merchant with substantiation or documentation for any such amendment within reasonable time of Merchant's request.
- 3.5. **Notice.** All notices and communications with regard to this Agreement shall be in writing and shall be effective (i) when delivered personally, (ii) when transmitted by facsimile, or (iii) upon deposit in the United States mail, addressed to the other party at its address set forth below. If Merchant terminates this Agreement, Merchant will provide written notice to FI as well as to SHAZAM, Inc. at the following address:
- SHAZAM, Inc.
6700 Pioneer Parkway
Johnston, IA 50131
- 3.6. **Administration of Agreement.** Merchant acknowledges that FI will be assisted in the administration of this Agreement and agrees that FI may provide SHAZAM, Inc. information relating to merchant.
- 3.7. **Investigation.** Merchant agrees that FI and SHAZAM, Inc. may conduct a background investigation of the Merchant including credit reports of both the business and the principals or officers of the business. FI reserves the right to conduct a site inspection of Merchant's premises at any reasonable time.
- 3.8. **Notification of Bankruptcy.** Upon filing bankruptcy, Merchant must notify FI within five (5) business days.
- 3.9. **Effective Date.** This Agreement is subject to approval by FI and shall not become effective until it is executed by FI and confirmed by SHAZAM, Inc. by entry of the account in the merchant database.
- 3.10. **Construction.** Merchant's obligations incurred as of the date of termination will survive the termination of the Agreement. This Agreement may be assigned by FI but not by Merchant. The failure of FI to enforce any provision of this Agreement will not be construed as a waiver thereof or as excusing Merchant from future performance thereof or barring future enforcement by FI. If any part of this Agreement shall be held to be void, unenforceable, or contrary to law, said part will be treated as severed, leaving valid the remainder of this Agreement, not including the part or parts found to be void or unenforceable. This Agreement and the obligations of the parties shall be governed according to the laws of the State wherein the principal office of FI is located. Any disputes arising from this Agreement will be brought in the courts of the State wherein the principal office of the FI is located. The prevailing party in any such action shall be entitled to recover costs and attorneys' fees from the other party.

IN SIGNING THIS AGREEMENT, MERCHANT ACKNOWLEDGES RECEIPT OF THE "MERCHANT PROCESSING GUIDELINES."

IN WITNESS WHEREOF, the parties have entered into this Agreement and have caused their duly authorized representatives to execute this Agreement as of the _____ day of _____, _____.

Financial Institution

Merchant

Printed Name

Printed Name

Signature

Signature

Title

Title

Exhibit 2 of Merchant Agreement Discount Rate and Schedule of Fees

Discount Rate (*only one Card Acceptance type may apply*):

Card Acceptance	Discount Rate	Description
<input type="checkbox"/> All Cards	Visa: _____% MasterCard: _____%	Merchant chooses to accept <u>all</u> Visa and MasterCard branded cards.
<input type="checkbox"/> Credit & Corporate Cards Only	Visa: _____% MasterCard: _____%	Merchant chooses <u>only</u> to accept Visa and MasterCard Credit and Corporate Cards for signature-based transactions. Corporate Cards include Corporate Debit Card products.
<input type="checkbox"/> Debit Cards Only	Visa: _____% MasterCard: _____%	Merchant chooses <u>only</u> to accept Visa and MasterCard Debit Cards for signature-based transactions.

Fees:

\$ _____ Sale - Ticket Fee	\$ _____ New Account Data Entry Fee
\$ _____ Return - Ticket Fee	\$ _____ Discover Setup Fee
\$ _____ Discover - Ticket Fee	\$ _____ Internet Setup Fee
\$ _____ Batch Header Fee	\$ _____ Internet Minimum Monthly Fee
\$ _____ Chargeback Fee	_____ Pass Interchange Fees at Cost
\$ _____ Monthly Account Fee (statement fee)	_____ Pass Dues/Assessment Fees at Cost
\$ _____ GPS Account on File Fee	_____ Pass SHAZAM Volume Percent (.187%) at Cost
\$ _____ Address Verification Fee	_____ Pass SHAZAM Volume Percent on Discover volume at Cost
\$ _____ Daily/Weekly Confirmation Letter Fee	\$ _____ Terminal Fee
\$ _____ One-time Fee	\$ _____ Printer Fee

Authorizations:

\$ _____ Voice
\$ _____ Touchtone Watts
\$ _____ POS Watts
\$ _____ CPU Watts
\$ _____ AVS Voice

Additional fees may be charged, based upon services required or expenses incurred by the FI in processing this application. These additional fees will be disclosed in advance.

Debit/Credit Authorization:

I (We) hereby authorize FI and/or its authorized agents in accordance with the accompanying Merchant Agreement to initiate debit/credit entries to our Direct Deposit Account (DDA) indicated below.

FI Name	Transit Routing Number	DDA Number
FI Street Address	City/State/ZIP	Phone

Fees outlined in "Exhibit 2" are subject to change. FI may increase or decrease such fees in accordance with the applicable provisions of the Merchant Agreement.

I (We) understand and agree with the charges outlined above, and certify that all information contained, or contained within the accompanying Merchant Agreement is accurate and correct.

X

Principal Signature

EXHIBIT 1
MERCHANT PROCESSING GUIDELINES

The Merchant Processing Guidelines are provided so that you (the "Merchant") will understand your responsibilities regarding the transactions that you process through your Merchant Processing account. Please read through them carefully. These guidelines are incorporated by this reference into your Merchant Agreement as Exhibit (1).

The following list contains definitions of some of the terms that are used both in your agreement and the Merchant Processing Guidelines.

1. **Authorization Fees:** These are charges that apply each time you communicate directly with the processor. This includes approved authorizations, declined authorizations, batch inquiries, and batch closings.
2. **Authorization Floor Limit:** The dollar limit set by the FI for Sales Transaction amounts at or above which you must obtain an authorization code before completing the sale. For electronic processing, this amount is zero dollars (\$0.00) and for paper processing, this amount is fifty dollars (\$50.00).
3. **Cardholder:** A person to whom a Card has been issued or one who has been authorized to use such a Card.
4. **Cards:** Financial service cards bearing the trademark or service mark of VISA or MasterCard, which Merchant has elected to accept.
5. **Credit Transaction:** Any transaction, whether processed electronically or through the use of a paper draft, whereby you reverse a Sales Transaction due to the return of the merchandise, refund, order cancellation, or other adjustment requested by the Cardholder.
6. **Merchant Depository Account:** The account at your bank that is credited with your card transaction deposits and debited for chargebacks, adjustments, and fees.
7. **Non-Qualified Transactions:** Sales Transactions that may not qualify for the lowest interchange rate due to not being authorized, not being deposited within required time frames, or do not have electronically obtained authorizations through magnetic stripe reading.
8. **POS Device:** Equipment that the merchant uses for electronic authorization and/or capture of Card Transactions.
9. **Positive Identification:** A current, official government identification document that bears the Cardholder's signature.
10. **Procedures:** Rules and regulations set forth by VISA, MasterCard, SHAZAM, and the FI that are currently in force and which may be amended from time to time.
11. **Qualified Transactions:** Sales Transactions that qualify for the lowest interchange rate. The card must be swiped through the card reader of an electronic terminal that is capable of reading the full unaltered contents of the magnetic stripe, the card must be authorized and captured in a single transaction, and the transaction must be deposited no later than one calendar day from the authorization.
12. **Sales Transaction:** Any transaction, whether processed electronically or through paper, between you and a Cardholder as the result of a Card sale or lease of goods or services provided by you to the Cardholder.
13. **Script:** A paper receipt which, when presented to a merchant, is redeemable for goods, services, or cash.

MERCHANT'S DUTIES REGARDING CARD PROCESSING

1. ACCEPTANCE:

The merchant will accept, without discrimination, any valid Card product that Merchant has elected to accept, regardless of the amount of the transaction provided that:

- a. The merchant has checked the expiration date, and any "Valid From" date on the Card.
- b. The Card must contain a valid hologram.
- c. The merchant has compared the embossed account number on the Card with the encoded number displayed on the POS Device or the number that is printed on the receipt if you process electronically.
- d. The merchant will use their best efforts to recover, by peaceful means, any Card on which the embossed account number does not agree with the encoded number or if the Card does not have a valid hologram.
- e. The merchant may not require any special agreement, security, or condition from a Cardholder in connection with any Sales or Credit Transaction.
- f. The merchant may not charge any additional fee because their customer chooses to use a Card for payment.
- g. The merchant must compare the signature on the Card with the signature obtained on the Sales Draft.
- h. If the signature panel on the Card is blank, the merchant must review Positive Identification of the Cardholder, and record such ID on the Sales Draft. (i.e. State of Issue and Driver's License Number) Additionally, the Cardholder must sign the signature panel on the Card prior to completing the sale.
- i. The merchant may not accept Cards for the purchase of Scrip or to make cash advances to himself or herself or anyone else.
- j. The merchant may not require a Cardholder to provide any personal information as a condition of honoring Cards. (i.e. address, phone number, or driver's license number)

2. AUTHORIZATION:

Merchants must authorize all transactions above their Authorization Floor Limit for Card products that Merchant has elected to accept. Paper Processing merchants generally have floor limits of \$50.00 on VISA transactions and \$75.00 on MasterCard transactions. Electronic Processing merchants all have floor limits of \$0.00. The FI reserves the right to adjust floor limits at any time.

- a. The authorization number must be recorded on each sales draft.
- b. If a negative authorization response is received, the merchant may not complete the transaction.
- c. The merchant must obtain an authorization regardless of the specified floor limits if the card is unsigned at the time of presentment or if the card is suspicious, (IE counterfeit or stolen).
- d. The merchant shall not split any transaction with a single cardholder into two or more transactions for any reason.

3. COMPLETION AND DEPOSIT OF SALES DRAFTS:

The merchant agrees that the following information will be included on all Sales Drafts and that deposits will be made in compliance with this section.

- a. All cards will be either imprinted or electronically swiped.
- b. The cardholder's signature will be on all Sales Drafts.
- c. The transaction date will be recorded on all Sales or Credit Drafts.
- d. The authorization number that was obtained will be recorded on all Sales Drafts.
- e. A description of the goods or services sold will be on all Sales Drafts.
- f. The amount of the transaction including the applicable sales tax will be included on all Sales or Credit Drafts.
- g. The merchant's name, city, and state where the transaction occurred will be included on all Sales Drafts.
- h. If the merchant is authorized by the FI to accept Mail or Telephone orders, or pre-authorized recurring transactions, the merchant is not required to imprint the card or obtain a cardholder signature. However, the merchant should write MO (mail order), TO (telephone order), or PO (pre-authorized order) in the space provided on the Sales Draft for the cardholder signature.
- i. The merchant must provide one copy of the Sales Draft to the cardholder and must retain one copy for their records.
- j. If the merchant is processing via paper, one copy of the Sales Draft must be delivered to the FI within three (3) business days of the transaction date.
- k. If the merchant is processing electronically, the merchant must deposit the transactions no later than the day following the transaction date in accordance with the established Procedures.
- l. The merchant may not deposit any Sales Drafts that are not a result of a sale of goods or services as identified on their merchant application to the FI. The merchant may not substantially change the type of goods or services they offer to cardholders without prior notification to the FI. The merchant may not deposit any transactions from any third party including one in which the merchant may be a partner or corporate officer unless specifically approved by the FI.

LAUNDERING TRANSACTIONS IS STRICTLY PROHIBITED AND IN MANY STATES MAY BE CONSIDERED A CRIMINAL ACT.

4. **CREDIT TRANSACTIONS:**

- a. The merchant will issue Credit Drafts for any return of merchandise, refund, adjustment, or cancellation of a Sales Transaction.
- b. The merchant will not submit a Credit Transaction without having completed a previous Sales Transaction with the same Cardholder for the goods or services being credited.
- c. The merchant will not under any circumstances reimburse cash for any refund or adjustment that originated as a Card Transaction.
- d. If the merchant has a specific return and refund policy, the merchant agrees to post it at the point of sale and print it on the Sales Draft.(i.e. no refunds or in-store credit only).

5. **CONFIDENTIALITY:**

- a. The merchant agrees to store all media containing Card Account information, (i.e. Sales Drafts or Credit Drafts) in a limited access area. The merchant agrees to discard and destroy such media, at the appropriate time, in a way that will make the information unreadable.
- b. The merchant agrees that they will not sell, purchase, provide, disclose, or exchange Card Account information in any form except as requested by FI, or court order.

6. **RECORD KEEPING:**

- a. The merchant agrees to promptly reconcile their monthly statements. The merchant must promptly notify FI of any adjustments request. FI will not be obligated to make adjustments if the request relates to Sales Transactions, which occurred three (3) or more months prior to the request.
- b. The merchant understands that there may be fees associated with requests for copies of documentation that relate to Sales Transactions which occurred more than three (3) months prior to the request.
- c. The merchant agrees to preserve records of all Sales Transactions for a minimum of three (3) years from the dates of such transactions.
- d. FI may require the merchant to provide these records at any reasonable time.

7. **CHARGEBACKS:**

Merchant understands that FI does not arbitrate any disputes between the merchant and their customers. If a chargeback is received, and it complies with all association rules regarding that type of chargeback, FI will process the chargeback. If the FI finds that the chargeback does not comply with the association rules, FI will reverse the chargeback for merchant.

- a. The merchant agrees to reimburse FI, or agrees that FI may without notice charge the Merchant Depository Account for the amount of any Sales Transaction that has been or FI believes will be returned through the chargeback process.
- b. Some of the more common reasons for chargebacks are as follows:
 - Transaction exceeds Authorization Floor Limit.
 - Transaction was not authorized by the Cardholder.
 - Cardholder is disputing the Sales Transaction, or the quality of the goods services provided.
 - The signature on the Sales Draft does not match the signature on the Card.
 - The expiration date or "Valid From" dates were not checked and are invalid.
 - Merchant failed to follow proper Card acceptance procedures.
 - The Sales Draft was not provided when requested by the FI.
- c. The merchant agrees that a legible copy of the Sales or Credit Draft will be provided when requested by the FI within three (3) business days of request.
- d. The merchant agrees that their chargeback to sales ratio will not exceed two (2) percent in any given month. The merchant also agrees that no more than one (1) percent of these chargebacks will be consumer dispute chargebacks.
- e. The merchant understands that they are strictly liable for the amount of any Sales Transaction generated by a mail, telephone, or pre-authorized order which is unpaid for any reason whatsoever.

8. **EQUIPMENT:**

- a. If the merchant uses a POS Device provided by the FI, the merchant is responsible for loss or damage once the device has been delivered.
- b. If the POS Device malfunctions, the merchant is responsible for calling SHAZAM Merchant Services at: 1-800-383-3000 within one (1) business day. SHAZAM, Inc. will arrange for repair or replacement at the price established by the FI for this service.
- c. The FI may charge a fee for any additional assistance in POS Device operation other than the malfunction of the device or the system if requests for such assistance become excessive.

- d. The merchant is responsible for filing all tax returns, if applicable, and for paying all personal property taxes, sales tax, and any other state or local tax levied by a taxing entity in connection with the POS Device. In the event that the law imposes a tax on the FI, the merchant agrees to reimburse the FI.

9. **OTHER TRANSACTIONS:**

The merchant may request that the FI provide authorization services for transactions on Discover or American Express Cards (“Other Transactions”). If so, the merchant must:

- a. Enter into separate agreements with the issuer of the Other Transaction card types.
- b. Comply with all operating procedures established by the issuers of the Other Transaction card types.
- c. Comply with all reasonable requests of the FI in regard to these Other Transactions.
- d. The FI will not provide settlement for these Other Transactions and in no event will the FI be liable if the merchant does not receive credit or payment for Other Transactions from the other card issuers.

10. **RESERVE ACCOUNT REQUIREMENTS:**

The FI may require a reserve account to be established if there is reasonable cause to believe that the merchant processing may result in a high level of chargeback activity or credits. Based on the merchant activity, the FI may require that an established reserve account be increased. The amount to be deposited will be determined by the FI based on a reasonable anticipation of expected chargebacks or credits.

- a. If the FI requires the merchant to establish a reserve account or to increase the amount required to be kept in the reserve account, the merchant agrees to deposit the funds necessary to comply with this request within two (2) business days from the date of notification.
- b. The requirement to establish or maintain a reserve account will survive the termination of the Agreement by 180 days.
- c. The merchant understands that the reserve account may be held after the Agreement expires, not to exceed one (1) year.
- d. To secure the merchant's obligations and undertakings with regard to this Agreement, the merchant hereby grants the FI a security interest in all deposits, regardless of source, to the Merchant Depository Account.
- e. If the FI reasonably determines that a potential breach of any of the merchant obligations has occurred, the FI may make an immediate withdrawal from or freeze the Merchant's Depository Account without notice or demand and withhold funds otherwise due to the merchant and deposit these funds in a reserve account established by the FI until the amount reserved meets the amount reasonable determined to be necessary to cover potential chargebacks or credits.

11 **CARD SECURITY FEATURES:**

The following are security features of VISA and MasterCard that the merchant should look for when accepting Card Transactions.

MasterCard:

- a. Is the card valid?
 - The card should bear one of the three (3) valid MasterCard holograms.
 - The card should not be physically altered in any way.
 - The date of the transaction should fall within the valid dates embossed on the face of the Card.
 - If the unique security character (“MC”) appears on the face of the Card, confirm the account number is indented printed on the signature panel.
- b. Signature Panel:
 - Make sure a repetitive MasterCard design appears on both traditional and new signature panels.
 - The signature on the card must match the signature on the Sales Draft.
 - An altered signature panel may appear discolored, glued, painted, or show erasure marks on the surface.
- c. Magnetic Stripe:
 - If the merchant has an electronic terminal, make sure that the account number displayed matches the embossed number on the card.
 - Make sure that the magnetic stripe is on the back of the Card.
- d. Embossing:
 - The Card's embossed characters should be the same size, height, style, and all within alignment.
 - If the Card has been re-embossed, original numbers or letters may be detected on the back of the Card.

- The embossed account number should contain only 16 digits.
 - A re-embossed Card is counterfeit. If re-embossing has occurred, the hologram may be damaged.
- e. Optional Security Features:
- Indent printed account number followed by a three (3)-digit validation code (printed on the signature panel).
 - Unique security character (“MC”) embossed on the front of the Card.

VISA:

- a. Bank Identification Number:
- The Bank identification number is printed directly above the first four (4) numbers embossed on the card. These two (2) numbers must be identical.
 - If they do not match, the card has been altered or is counterfeit.
- b. Embossing:
- The embossed account number begins with a four (4) and must have 13 or 16 digits that appear clear and clean. Also, look for the unique embossed “Flying V” symbol shown as “CV”, “BV”, or “PV” for Classic, Business, or Gold VISA Cards.
 - Check for “Ghost Images” in the embossing. This indicates that the original embossed numbers have been flattened and new numbers re-embossed onto the Card. Ghost Images also can appear in the hologram.
 - If a Card has been re-embossed, the numbers may appear distorted.
 - If the merchant’s terminal prints or displays the account number, make sure that it matches the embossed number on the Card. For a quick check, compare the last four (4) digits.
- c. Signature Panel:
- Make sure that the repetitive VISA name, printed in blue on a 45-degree angle, is clearly visible on the signature panel.
 - Compare the signature on the Card with the signature on the Sales Draft.
 - Check for any signs of tampering such as scratching, white tape, or whiteout applied over the panel, or writing over another name with a felt tip pen.
 - The repeated printed word “VOID” will appear if the signature panel has been erased.
- d. Hologram:
- Look for a three-dimensional hologram depicting a flying dove on the side of the Card. If the image does not appear to “move” when the Card tilted back and forth in the light, or if you cannot see the dove, be suspicious.

ADDENDUM

This Addendum is entered into by the undersigned Financial Institution ("FI") and the undersigned Merchant ("Merchant"). This Addendum is affixed to the Merchant Agreement entered into by and between FI and Merchant.

WHEREAS, as a result of a settlement of a lawsuit initiated by Wal-Mart and other merchants forming a class action against VISA U.S.A. and MasterCard International, certain new requirements have been imposed by VISA and MasterCard dealing with acceptance of card products of VISA and MasterCard. As a result of these new requirements and conditions on card acceptance, VISA and MasterCard had issued operating rule amendments requiring certain provisions to be included in merchant agreements such as that entered into by Merchant and FI.

NOW, THEREFORE, in consideration of the premises, the parties agree to the following additional terms and conditions to be incorporated into the Merchant Agreement by virtue of this Addendum.

VISA Merchant Contract Disclosures

For any contracts established before January 1, 2004, financial institutions providing acquiring services to merchants must honor merchant requests to discontinue acceptance of VISA consumer debit products or VISA credit products effective January 1, 2004 with thirty (30) days advance written notice from the merchant. Such financial institution acquirers are required to inform current merchants of these options on a monthly basis through December 2003 through existing communication channels.

Effective January 1, 2004, if a financial institution acquirer signs a new merchant, renews a contract with an existing merchant or responds to a request for a change in acceptance options, the merchant agreement must clearly specify the limited acceptance options and the merchant's selection, if any, of one of those options. The Merchant Agreement must also specify all card acceptance fees, such as discount rates or other pricing methodology associated with the limited acceptance category. This means that each merchant agreement must include a description of each of the options available (1) credit/business; (2) consumer debit/prepaid; or (3) both, with applicable pricing spelled out for each. Should a merchant elect to accept only one of the categories as described above, but later submits a transaction outside of its selected category, there is no requirement for the financial institution acquirer to reject the transaction.

VISA Limited Acceptance Merchants

To enable limited acceptance merchants to identify the appropriate category of products at the point of sale, VISA Operating Regulations have been modified to permit FI to provide a list of U.S. consumer debit BINs to Merchant (and its agents). Upon request, FI must provide this BIN information to Merchant. Additionally, FI must ensure that Merchant or its agent:

- Only uses this BIN information for product identification purposes at the point of sale
- Does not disclose this proprietary and confidential VISA BIN information to any third party without prior written permission from VISA U.S.A.

The VISA Operating Regulations have also been modified to allow a limited acceptance merchant to selectively reject or decline authorization requests for account numbers that are within a BIN (product category-credit/business credit & debit vs. consumer debit/prepaid cards) not accepted by the Merchant.

VISA requires to be informed of all merchants that choose to limit VISA card product acceptance. This process is intended to enable VISA and its members to better manage potential customer service, compliance and operational issues that may arise as a result of new card acceptance options. Should Merchant choose a limited acceptance category (credit/business or consumer debit), FI is responsible to register Merchant with VISA U.S.A. via a Limited Acceptance Merchant Registration form. This form must be completed and submitted to VISA U.S.A. at least ten (10) business days prior to the effective date of the limited acceptance selection.

If Merchant chooses to limit VISA acceptance to one product category (either credit/business products or consumer debit), this will require updated signage to communicate the revised policy to cardholders. FI will provide revised signage to Merchant opting for limited acceptance and ensure that such signage is displayed. Signage is available now using the VISA Limited Acceptance Merchant Registration form on VISA Online or by calling 1-800-VISA-311 or by e-mail at visa.fulfillment@merrillcorp.com. VISA does not impose a charge for Limited Acceptance Merchant POS signage; however, nominal shipping costs are billed by VISA to the FI. The FI may negotiate pass-through of the shipping costs:

Check One:

- The undersigned FI will pass-through signage shipping costs to Merchant
- The undersigned FI will assume shipping costs for POS signage

MasterCard Merchant Contract Disclosures

For merchant/financial institution acquirer agreements existing on January 1, 2004 for MasterCard merchant processing, a merchant may stop accepting MasterCard-branded POS debit devices or other MasterCard products by providing a thirty (30) day advance written notice to its financial institution acquirer. Beginning January 1, 2004, a merchant will have an option to accept MasterCard-branded POS debit devices, other

MasterCard products, or both. The agreements will include statements of applicable merchant discount rates for all products. MasterCard-branded POS debit devices are those cards issued to consumers, and include: any MasterCard card that directly accesses deposit or asset accounts; stored value cards; electronic benefits transfer cards; payroll cards; and prepaid cards. In the event MasterCard modifies its Operating Regulations to require registration of limited acceptance merchants with MasterCard, Merchant agrees to abide by all instructions and requirements communicated to it by the undersigned FI. Additionally, if MasterCard amends its Operating Regulations similarly as VISA U.S.A. has done, whereunder a financial institution acquirer may provide its merchants with a list of U.S. consumer debit BINs to the merchant and their agents, Merchant (or its agents) must assure:

- Use of the BIN information is for product identification purposes only at the point of sale
- Merchant or its agents shall not disclose proprietary and confidential MasterCard BIN information to any third party without prior written permission from MasterCard International.

IN WITNESS WHEREOF, this Addendum has been entered into as of the latest date appearing below as evidenced by signatures of authorized representatives of each party.

“MERCHANT”

“FI”

(Merchant Name)

(Name of Financial Institution)

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



APPLICATION INFORMATION FORM - ENTITY ACCOUNTS



Banks Name and Address: Midwest Community Bank, 510 Park Crest Drive, Freeport, IL 61032

Documentary Verification of Entity

Name of Entity, Street Address, SSN/EIN, Business Phone, and checkboxes for Corporation, LLC, Partnership, Sole Proprietorship, LTD or LLP, Non Profit Organization, Trust, Estate.

Identification of Authorized Person Opening the Account

Name, SS#, DOB, Physical Address, City, State, Zip, Home Phone #, Mother's Maiden Name

Table of identification documents: Unexpired Driver's License, Pass port, Military ID, State ID, Green Card, Immigration Card, Government ID (Visa), Other Document. Columns include Place of Issue, Issue Date, Exp Date.

Type of Secondary Identification (Need one secondary)

Checkboxes for Social Security Card, Voters Registration Card, Birth Certificate, Credit Card/Bank Card, Company Identification, School Identification, Police Identification, Other.

Non-Documentary Verification

Checkboxes for Letter of Welcome, Other, Third Party Verification: Type Check Systems, Credit Report, Secretary of State's Office.

OFAC

Identification of Authorized Person Opening the Account

Name, SS#, DOB, Physical Address, City, State, Zip, Home Phone #, Mother's Maiden Name

Table of identification documents: Unexpired Driver's License, Pass port, Military ID, State ID, Green Card, Immigration Card, Government ID (Visa), Other Document. Columns include Place of Issue, Issue Date, Exp Date.

Type of Secondary Identification (Need one secondary)

Checkboxes for Social Security Card, Voters Registration Card, Birth Certificate, Credit Card/Bank Card, Company Identification, School Identification, Police Identification, Other.

Non-Documentary Verification

Checkboxes for Letter of Welcome, Other, Third Party Verification: Type Check Systems, Credit Report, Secretary of State's Office.

OFAC