



PROGRAM CHARGES

e.service[®] Merchant Services
for Thrivent Financial for Lutherans' Simply Giving[®] Program

NOTE: *The following fees are the responsibility of your Lutheran congregation, school or institution.*

REGISTRATION FEE **\$25.00** One-Time

DISCOUNT RATES

These rates represent the percentage of each transaction that is assessed for processing individual credit cards. These fees will be deducted from your daily deposit.

- Discount Rate – Includes credit and debit cards.
 - Visa, MasterCard, Diners Club and Discover..... **2.75%** Per Transaction
 - American Express..... **3.50%** Per Transaction

NOTE: All transactions are subject to a "billback." Billbacks occur when a transaction is cleared at a different rate than what is priced above. If this occurs, you will be charged the difference between the clearing rate and the priced rate.

CHARGEBACK FEE..... **\$25.00** Per Transaction

This fee is deducted if the Cardholder or Card Issuer initiates a dispute. See Client Procedures for more information regarding Chargebacks.

REPORTS

- Reports sent via email or accessed online..... No Charge
- Reports sent via fax..... **\$5.00** Per Month

OPTIONAL SERVICES

The following fees are only assessed if you sign up for these optional services.

VIRTUAL TERMINAL..... **\$7.50** Per Month

Enables you to authorize, process and manage real-time credit/debit card transactions via Vanco's secure Online Service Center. This fee is charged only if Virtual Terminal is utilized during a given calendar month.

INTERNET PAYMENT GATEWAY

This API enables posting of EFT and/or credit/debit card transactions initiated on your secure website. Check with your website developer for integration capabilities. Contact Vanco Services for API specifications.

- Setup fee..... **\$25.00** One-Time
- Gateway hosting fee..... **\$10.00** Per Month



CLIENT PROCEDURES

e.service® MERCHANT SERVICES

(Credit/Debit Cards)

Contact Information

CLIENT SERVICES DEPARTMENT:

Local Phone..... 952-983-8660
Toll-Free..... 800-675-7430
Fax..... 952-983-8665

cs@vancoservices.com

MAILING ADDRESS:

Vanco Services, LLC
12600 Whitewater Drive, Suite 200
Minnetonka, MN 55343

Table of Contents

1. Introduction	1
1.1. Common Terms	1
1.2. The Transaction Lifecycle	1
1.3. Vanco Rules and Best Practices	2
1.4. The Service Center	2
1.5. Service Center Requirements	2
2. Card Association Rules and Best Practices	2
2.1. Card Descriptions	2
2.2. Expiration Dates	3
2.3. Recurring Transactions	3
2.4. Honoring Cards	3
2.5. Deposits of Principals	3
2.6. Cash Payment/Disbursement	3
3. Authorization	4
3.1. Written Authorization	4
3.2. Internet-Initiated Authorization	4
3.3. Telephone Initiated Authorization	4
3.4. Retention of Records	4
4. Processing & Settlement	5
4.1. When Transactions are Processed	5
4.2. Entry of Authorization Information	5
4.2.1. Entering Data via the Service Center	5
4.2.2. Sending a Data File	5
4.2.3. Faxing/Mailing Data	5
4.2.4. The Confirmation Report	5
4.3. Settlement	5
4.4. Refunds	6
5. Chargebacks and Other Debits	6
5.1. When a Chargeback Occurs	6
5.2. Chargeback Reasons	6
5.3. Billbacks	7
6. Account Maintenance	7
7. Managing Risk	7
7.1. Compliance with Visa, MasterCard, & Vanco	7
7.2. Address Verification Service (AVS)	8
7.3. Vanco's Risk Management Tools	8
8. Reports	8

1. Introduction

Thank you for choosing Vanco's **e.service® MERCHANT SERVICES** for your card processing needs. These Client Procedures are designed to provide you with the guidelines for processing credit card and/or debit card transactions through Vanco Services. The term "credit card" is used throughout this document to denote both credit cards and debit cards.

1.1. COMMON TERMS

Throughout this guide, we will use the following terms to refer to the individual parties involved in processing your credit card transactions.

- **Merchant:** The recipient of funds (you) from an authorized transaction.
- **Cardholder:** The individual who authorizes you to transfer funds from their credit card account.
- **Vanco:** Vanco Services (often referred to as "we") is the service provider responsible for facilitating the processing of your credit card transactions and the holder of the Merchant Account.
- **Acquirer:** The financial institution, which has contracted with Vanco Services to acquire your transactions and distribute them to the appropriate Card-Issuing Bank.
- **Issuing Bank:** The financial institution that issued the credit card to the Cardholder and bills that individual for transactions they authorize.
- **Associations:** The associations of banks that electronically exchange credit card transactions and Chargebacks for credits and debits. Visa U.S.A., Incorporated (VISA) and MasterCard International Incorporated (MasterCard) are both Associations.
- **Independent Card Issuers:** Includes American Express/Optima, Diners Club/Carte Blanche, Discover, and JCB. These cards have their own rules and best practices independent from the Associations described above.
- **ACH Network:** The Automated Clearing House (ACH) Network is the nationwide electronic funds transfer system through which funds are transferred to or from your designated bank account. The operating rules and business practices for the ACH network are set by the National Automated Clearing House Association (NACHA – www.nacha.org).

1.2. THE TRANSACTION LIFECYCLE

Each credit card transaction has a lifecycle, which begins when the Cardholder provides Authorization and ends with the settlement of funds into your designated account. For guidelines regarding Authorization and Settlement please refer to sections 3 and 4 respectively. The individual steps involved in a transaction lifecycle are:

AUTHORIZATION

1. Cardholder gives Merchant the Authorization to charge their card.
2. Merchant transmits the Authorization to Vanco.
3. Vanco transmits the Authorization to Acquirer and processes the transaction request accordingly.
4. Acquirer transmits the Authorization to the appropriate Association.
5. Association transmits the Authorization information to Issuing Bank.
6. Issuing Bank either approves or rejects the Authorization.

SETTLEMENT

1. Upon approval, Issuing Bank electronically transmits the transaction data and funds to Association.
2. Association transmits the transaction data to Acquirer.
3. Acquirer transmits the transaction data to Vanco.
4. Vanco directs the funds from Acquirer's account to Merchant's appropriate bank account via the ACH Network.

The timing in which card transactions are processed depends on the type of card used. All transactions transmitted through the Associations are conditional and subject to reversals and adjustments. The Associations have developed rules and best practices (the "Association Rules") that govern their member banks in the procedures, responsibilities, and allocation of risk for this process. The Association Rules and applicable banking laws give Cardholders and Issuing Banks certain rights to dispute transactions, long after funds have been settled in Merchant's bank account. These disputed transactions are referred to as Chargebacks.

Vanco does not decide which transactions are charged back, or rejected, and we do not control the ultimate resolution of the Chargeback. While we can attempt to reverse a Chargeback to the Issuing Bank, we can only do so if the Issuing Bank agrees to accept it or the Association requires the Issuing Bank to do so after a formal appeal process. In some cases, the Cardholder may be able to successfully charge back a credit card transaction even though Merchant has provided services and are otherwise legally entitled to payment from Cardholder. While Merchant may still be able to pursue claims directly against Cardholder, Vanco will not be responsible for such transactions.

1.3. VANCO RULES AND BEST PRACTICES

As we begin processing your credit card transactions, Vanco suggests the following in order to enjoy an easy, hassle-free experience with us.

- Record your assigned Client ID number (ES #####) for easy reference when calling Vanco.
- Make time for our Implementation Department to train you in on the following:
 - Using the Service Center
 - User ID & Password
 - Policies
 - Timelines
 - Reports
- Review all Confirmation Reports to verify Adds, Changes, and/or Deletes.
- Reconcile your Merchant Services Deposit Report to your bank account in a timely manner.
- Address all items in the “Failed Transactions” section of the Merchant Services Processing Report in a timely manner.

1.4. THE SERVICE CENTER

Vanco Services encourages you to take advantage of our Web-based Service Center for three main reasons:

- Setting up new Cardholders is easier and more economical via the Service Center,
- You will be able to manage all credit card transactions processed through Vanco 24 hours a day, 7 days a week from any computer with Internet access, and
- You will have the ability at any time to view all transactions and operational reports.

To gain access to the Service Center call our Client Services Department at 800-675-7430. For each authorized user we will need the following information:

- First and last name
- An eight character User-ID
- A valid email address
- Level of desired access (Full-Access or Read Only)

1.5. SERVICE CENTER REQUIREMENTS

128-bit Encryption: Vanco requires that you use a browser capable of 128-bit encryption. Encryption is a security measure whereby information is scrambled as it is transmitted over the Internet to ensure confidentiality. Having a browser with 128-bit encryption will ensure maximum security during your Service Center sessions.

Upon logging in to the Service Center, you can confirm that your session is encrypted by locating a small icon. Netscape Navigator and Internet Explorer users will see a padlock icon in the lower right corner of the browser. For information about your browser’s specific security capabilities go to the help section on the browser menu. If your browser needs to be upgraded, we recommend downloading the latest version of your browser.

Virus Protection: Vanco requires that you run anti-virus software before transmitting data through the Service Center. The anti-virus software you run should be commercially available and updated no less than once per month.

2. Card Association Rules and Best Practices

This section focuses primarily on the MasterCard and VISA Associations’ operating rules and best practices and provides you with guidelines for a sound credit card program. The information provided in this section is designed to help you decrease your Chargeback liability and to help you train your employees.

2.1. CARD DESCRIPTIONS

To help prevent fraud, make sure you verify the credit card being used. The following is a description of authorized Visa and MasterCard credit cards:

VISA cards have the VISA symbol on the right-hand side of the card. Above the VISA symbol is the three-dimensional hologram of the VISA Dove design. The expiration date must be followed by one space and the symbol “V”. VISA account numbers are either 13 or 16 digits and the first digit is always a four (4). In addition, the Classic and Preferred Cards have the first four digits of the account number printed directly below the embossed number. You must always check these numbers carefully to ensure that they are the same. Only VISA cards fitting this description may be accepted.

MasterCard cards are issued under the following names: MasterCard, EuroCard, Access, Union, Million and Diamond). The MasterCard symbol appears on the right-hand side of the front or back of the card. MasterCard and the Globe designs appear in a three-dimensional hologram above the symbol. In addition, the words Classic, Preferred, Gold, or Business may appear. MasterCard account numbers are always 16 digits and the first digit is always a five (5). The first four digits of the account must be printed directly below the embossed number. Only MasterCard cards fitting this description may be accepted.

Discover account numbers on cards are made up of four groups of digits totaling 16 numbers and always start with 6011. The embossed numbers should be clear and uniform in

size and spacing and should extend into the hologram. The expiration date appears in a MM/YY format after the words "Valid Thru." A special embossed "n" or "D" appears on the same line as "Member Since" and Valid Thru." All cards display the logo of either Discover or Novus. The Discover hologram appears with the images of a sphere, water, and stars.

American Express/Optima account numbers on cards are made up of three groups of digits totaling 15 numbers. In addition, there is a four digit Card ID number, which is printed on the card rather than embossed.

2.2. EXPIRATION DATES

Carefully verify the expiration (valid to) date. Do not accept a card which has expired or where the expiration date has passed.

2.3. RECURRING TRANSACTIONS

The following are rules and regulations for processing Recurring Transactions (e.g., monthly membership fees, regular contributions, orthodontic payments, etc.):

- Cardholder must complete and deliver to you a signed Authorization Form specifying the transaction amounts, the frequency of recurring charges and the duration of time for which the Authorization is valid.
- If the Recurring Transaction is renewed, the Cardholder must complete and deliver to you a subsequent Authorization Form for the continuation of such services to be charged to the Cardholder's account.
- You may not complete a Recurring Transaction after receiving a cancellation notice from the Cardholder or Issuing Bank or after an Authorization has expired or been denied.
- A Recurring Transaction may not include partial payments for services purchased in a single transaction.
- You may not impose a finance charge in connection with a Recurring Transaction.

2.4. HONORING CARDS

The following rules are requirements strictly enforced by MasterCard and VISA:

- You cannot establish minimum or maximum amounts as a condition for accepting a card.
- You cannot impose a surcharge or fee for accepting a card.
- You cannot establish any special conditions for accepting a card.

- You cannot establish procedures that discourage, favor or discriminate against the use of any particular Card.
- You must include any tax required to be collected in the total transaction amount.
- You cannot submit any transaction representing the refinance or transfer of an existing Cardholder obligation deemed uncollectible.
- You cannot submit a transaction or sale that has been previously charged back.
- You cannot submit a transaction or sale to cover a dishonored check.

Effective January 1, 2004, the "honor all cards" rule has been revised to allow you to choose the category of Visa and MasterCard cards you will accept. As of January 1, 2004, you can choose to:

1. Accept all cards, including consumer credit and debit, and commercial cards.
2. Accept consumer credit and commercial cards only (those Merchants choosing this option must accept *all* MasterCard and/or Visa credit and commercial products including Visa business check cards).
3. Accept consumer debit only (those Merchants choosing this option must accept *all* MasterCard and/or Visa consumer debit card products).

The new acceptance options apply only to domestic transactions. If you accept any MasterCard or Visa product bearing the MasterCard or Visa flag symbol, you must continue to accept both debit and credit card products issued by non-U.S. Members.

2.5. DEPOSITS OF PRINCIPALS

Owners, partners or officers of your business establishment are prohibited from depositing sales transacted on their own personal bankcards, other than transactions for valid purchases of services (e.g., cash advances are prohibited).

2.6. CASH PAYMENT/DISBURSEMENT

You must not accept any direct payments from Cardholders for services that have been included on an Authorization Form. It is the right of the Card-Issuing Bank to receive such payments. Taxes on Card transactions must be included in the amount charged and may not be collected by you in cash. You may not make any cash disbursements to a Cardholder as part of a Card transaction except to the extent expressly indicated in the Association Rules or on the signed Authorization Form.

3. Authorization

This section focuses on the rules and best practices as suggested by both Vanco Services and Card Associations that should be acknowledged when obtaining Authorization for credit card transactions.

In order to process a credit card transaction, you must first obtain Authorization from the Cardholder. Failure to do so may result in a Chargeback and/or the termination of your agreement. A Cardholder's Authorization indicates the Cardholder's willingness to allow you to charge his/her card for the exchange of a service. It does not warrant that the person providing Authorization is the rightful Cardholder, nor is it an unconditional promise or guarantee that you will not be subject to a Chargeback or debit.

Upon receiving Authorization, Vanco will submit the transaction to the appropriate Association where it will be assigned an "Authorization Code". The Authorization Code authorizes Vanco to process the transaction. Vanco stores all Authorization Codes.

The three forms of Authorization allowed by Vanco are Written (Authorization Form), Internet-Initiated, and Telephone-initiated. All Authorizations must include the following:

- Name on credit card
- Cardholder's billing address, city, state and zip *
- Credit card type
- Credit card # and expiration date
- Transaction amount
- Frequency of charges and duration (if recurring)
- Signature of Cardholder or electronic equivalent
- Date of Authorization

* The Cardholder's billing address is required and used with our Address Verification Service (AVS) to protect against fraud.

3.1. WRITTEN AUTHORIZATION

Vanco Services recommends using one of our pre-designed Authorization Forms. If you choose to design your own authorization form, Vanco must review and approve it to make certain that it complies with Association Rules.

3.2. INTERNET-INITIATED AUTHORIZATION

Internet-Initiated Authorizations must include all the appropriate Authorization information listed in Section 3. To accept Internet-Initiated transactions via your Web site, ask your Vanco Services marketing representative about **e.service® by Web**. If you currently have secure payment pages for your Web site or have the ability to develop them in-house and would like Vanco to process your Internet-initiated transactions, ask about Vanco's Internet Payment Gateway (IPG).

3.3. TELEPHONE INITIATED AUTHORIZATION

If you use the telephone to obtain Authorization for a credit card transaction, you must adhere to the following guidelines:

- Telephone-Initiated transactions are one-time transactions only.
- TEL entry may be transmitted only in circumstance in which (1) there is an existing relationship between consumer and organization, or (2) there is not an existing relationship, but the consumer has initiated the telephone call to the organization.
- Additional credit card charges require written Authorization from the Cardholder and must be initiated by the Cardholder.
- Write "TO" on Cardholder's signature line.

Telephone-Initiated Authorizations must include all the appropriate Authorization information listed in Section 3, along with the date of Cardholder's verbal Authorization and a business telephone number for the Cardholder to call during normal business hours.

NOTE: In order to minimize your risk, you should verify the identity of the Cardholder. As an originator of a Telephone-Initiated entry, you are required to utilize commercially reasonable procedures to verify the identity of the Cardholder. Methods include the use of a directory or database to verify the Cardholder's name, address and phone number.

3.4. RETENTION OF RECORDS

Written and/or Telephone Initiated Authorization:

A copy of the Authorization Form or the original confirmation of the Cardholder's Authorization must be retained for a minimum of three (3) years following the termination or revocation of the Authorization.

For the security and privacy of cardholders' personal information, Vanco Services highly recommends storing signed Authorization Forms in a secure place (i.e. a locked cabinet).

Document Destruction:

Card association rules require that authorizations be destroyed after three years from the date of the last transaction. Vanco will issue a Document Destruction Report prompting the recipient to destroy the listed authorizations.

The only time Vanco will retain the Authorization is if you fax or mail it to us for entry into our system. Otherwise, you are required to retain the Authorization.

Internet-Initiated Authorization:

You are not required to retain any records regarding Internet-Initiated Authorizations. Vanco will store Authorizations made via the Internet in our system.

4. Processing & Settlement

Only valid debits that arise from a transaction between a bonafide Cardholder and your establishment may be presented for settlement. If you deposit or attempt to deposit sales between Cardholders and any establishment other than yours, you will be subject not only to a Chargeback, but also to immediate termination of your agreement and/or legal action.

4.1. WHEN TRANSACTIONS ARE PROCESSED

- **Prescheduled transactions** (one-time or recurring) are processed at **3:00 a.m. CT**. Any necessary changes must be completed by this time.
- **New transactions** (one-time or recurring) **with a start date of today** are processed at **3:00 p.m. CT**. Any necessary changes must be completed by this time.

4.2. ENTRY OF AUTHORIZATION INFORMATION

In order to process your credit card transactions, the Authorization information listed in Section 3.1. must be entered into our **e.service®** system. You may enter Authorization information yourself through the Service Center, send a data file with the Authorization information, or fax or mail the Authorization information to Vanco and we will enter it into our system for you.

4.2.1. Entering Data via the Service Center

The Service Center is an excellent option for entering Authorization information. It lowers your costs and gives you more control over your transactions.

4.2.2. Sending a Data File

You can program your software to generate a file using Vanco's standard layout. This option also lowers your costs, as it automatically enters data into our system.

4.2.3. Faxing/Mailing Data

Simply fax or mail a copy of the Authorization to us and we will enter the appropriate information into our **e.service®** system for you. Make sure all the necessary information is included before sending.

4.2.4. The Confirmation Report

The day after new Authorizations have been entered into our system or changes have been made to current Authorizations, a **Confirmation Report** (see Section 8) is sent to you. It is your responsibility to make sure all information on the Confirmation Report is accurate. If you have any discrepancies regarding the information on the Confirmation Report, make sure the corrections are made.

4.3. SETTLEMENT

After transactions have been processed, Vanco will direct funds into your designated account within the following card-specific timelines.

Note: The term "business days" refers to all calendar days other than Saturday, Sunday, and Federal holidays.

VISA & MasterCard: 2 business days

Discover: 3 business days

American Express: 4 business days

These timelines are based on transactions that have been successfully processed. If a Chargeback occurs, settlement may be delayed.

The net dollar amount that is credited to your account is the gross amount of funds from your processed transactions minus the program charges (transaction fee plus the discount rate).

The net amount will be listed on your bank statement with a transaction description that includes the first sixteen (16) characters of your business name followed by "MERCHDEP" (e.g. COMPANY ABC MERCHDEP). Vanco will direct settlement funds to your account through the Automated Clearing House (ACH) Network.

TIMELINE FOR PROCESSING A RECURRING TRANSACTION

M	T	W	TH	F
11	12	13	14	15
Transactions processed at 3:00 a.m. or 3:00 p.m. CT.		VISA & MasterCard transactions settled to your account.	Discover transactions settled to your account.	American Express transactions settled to your account.

4.4. REFUNDS

The following are rules and best practices for issuing refunds:

- Complete and submit Vanco's **Stop-Change-Credit Form** for the total amount of the refund due to a Cardholder.
- Authorization is not required for refunds.
- Refunds may only be credited back to the original card.
- You cannot intentionally submit a transaction and an offsetting credit at a later date solely for the purpose of debiting and crediting your own or another individual's account.

- Avoid giving cash, check or in-store credit refunds for credit card sales.
- For Internet-Initiated Authorizations, we recommend you post your return policy and have the Cardholder click an "accept button" to accept the terms of your return policy prior to completing the Authorization.

Refunds must be initiated by Vanco Services, not via the Service Center.

5. Chargebacks and Other Debits

A "Chargeback" is a transaction that has been returned as unpaid due to a dispute by the Cardholder or Issuing Bank. You are responsible for all Chargebacks and related costs arising from your credit card transactions. Your Settlement Account may also be debited in the event we are required to pay Association fees, charges, fines, penalties, or other assessments as a consequence of your transaction activities.

5.1. WHEN A CHARGEBACK OCCURS

After the Cardholder has disputed a transaction, the Issuing Bank has the following two options depending on what the Cardholder has indicated as the reason for the dispute:

- a) Request a copy of the sales record – "Media Retrieval Request". Vanco will contact you for the appropriate sales information.
- b) Request that the transaction be charged back to the Merchant. Vanco will notify you when Chargebacks occur and debit your account accordingly.

Vanco will provide you with copies of these requests so that you can provide a response.

You must respond to Chargebacks immediately! If you do not respond to a Chargeback in a timely manner, you will be subject to a "non-receipt of requested sales slip" Chargeback. This type of Chargeback is non-reversible.

Issuers have the right to charge back transactions for up to 120 days. If the Issuing bank has submitted a Chargeback, your account is immediately debited for the amount of the dispute and will not be reversed until the Cardholder and/or Issuing Bank accepts your defense. You have fourteen (14) calendar days from the date on the request to gather as much information about the transaction as possible and provide us with a comprehensive response to the request.

5.2. CHARGEBACK REASONS

The following are common reasons for Chargebacks:

- Transaction was not authorized.
- Transaction was processed on an account not found on an Issuing Bank's master file.

- Transaction was processed more than once to the same Cardholder.
- Credit was not processed.
- Cardholder never received service requested or service was not performed as represented by Merchant.
- Cardholder claims they neither authorized nor participated in the transaction, or a fictitious account number was used to complete the transaction.
- Card was used before effective date or after expiration date.

Other Chargeback Reasons:

- Services not rendered.
- Services are paid by another method (i.e., cash, check, another card).
- Error in addition was made when calculating transaction amount.
- Incorrect/invalid account number.
- A valid Authorization was not obtained for a transaction and Cardholder neither authorized nor participated in transaction.
- Credit was posted/processed as a debit or a debit was processed as a credit.
- Cardholder did not receive proper credit.
- Transaction was processed for an incorrect amount.
- Services received by Cardholder did not match Merchant's description.
- Counterfeit transaction.
- Account number was listed on exception file.
- Transaction was completed after Authorization was declined.

- Transaction was not processed within VISA, MasterCard, Discover, or American Express time frames.
- No Cardholder signature was obtained.
- Cardholder claims Merchant changed amount of transaction without permission.
- Fraudulent transaction occurred with a Merchant who has prior history of fraudulent transactions.
- Transaction was suspicious.
- Cardholder disputes the validity of a transaction.
- Cardholder cancelled transaction/order.

Other Debits:

- Association fees, charges, fines, penalties, or other assessments as a consequence of your transactions.
- Reversal of deposit posted to your account in error.
- Debit for summary adjustment not previously charged.
- Reversal of credit for deposit previously posted.
- Debit for Chargeback never posted to your account.

- Debit and/or fee for investigation and/or Chargeback costs related to our termination of the Agreement for cause or for costs related to our collection activities including reasonable attorneys' fees.
- Incorrect transaction date submitted.

5.3. BILLBACKS

When a Merchant processes a transaction, the transaction clears at an assigned interchange level, normally the same interchange level at which you were priced or at the interchange level where the majority of your transactions typically clear. When a transaction clears at a different interchange level other than where you are priced, you are charged or credited the difference between the clearing interchange rate and the priced interchange rate. This is called a "billback". Some common reasons why transactions clear at a different level are:

- Foreign card processing
- Purchase Cards
- Processing changes (such as a delay in settlement)
- Missing Information

6. Account Maintenance

Please contact Vanco Client Services if you:

- Change your DDA (Settlement Account) Number.
- Change your Legal Name or Structure.
- Change your Company DBA Name, Address or Telephone Number.
- Change your type of business.

If a change occurs to your Settlement Account, you must promptly complete and forward to Vanco a **Banking Authorization Change Form**. If any change occurs to a Cardholder's Authorization information (i.e., change in credit card number, change in scheduled transaction amount, etc.) or if a credit needs to be issued, you must promptly enter such information on the Service Center or complete and forward to Vanco a **Change-Stop-Credit Form**.

7. Managing Risk

According to Visa and MasterCard rules, Merchants that accept card payments and do not obtain a signature at the time of sale are responsible and liable for transactions in the event of a Cardholder dispute. Cardholder disputes can result in Chargebacks. To help prevent fraud and Chargebacks:

- Make every effort to know your customer. The amount of exposure you have to Internet fraud depends on your business policies, operational practices, fraud prevention and detection tools, and the type of service you sell.
- Make sure all employees have a thorough understanding of the fraud risk associated with any Internet transactions.

7.1. COMPLIANCE WITH VISA, MASTERCARD, & VANCO

Vanco, along with both VISA and MasterCard have Chargeback Monitoring and Fraud Review guidelines that are designed to mitigate fraud risk and curb Chargebacks. Your transaction activity is tracked to ensure compliance within

those guidelines. If you generate more Chargebacks than the guidelines allow, VISA and MasterCard will send several warning letters asking that you take steps to decrease your Chargebacks—if there is no improvement, penalties may be assessed. In certain circumstances, fees and fines are

immediate. However, it is the responsibility of the Merchant to monitor their account, not Vanco Services.

7.2. ADDRESS VERIFICATION SERVICE (AVS)

AVS is a valuable tool to help verify Cardholder information. AVS checks the billing address that a Cardholder provides for Authorization against the billing address on file with their Issuing Bank. Vanco requires AVS.

7.3. VANCO'S RISK MANAGEMENT TOOLS

Vanco is dedicated to mitigating risk. Some of the ways we help manage risk for you and the Cardholder include:

- **Delaying funding:** Instead of immediate funding, Vanco may delay funds up to seven (7) business days. This

allows the financial institution an opportunity to review the daily activity prior to releasing the funds.

- **Capturing Reserves:** This may be required and can be captured from daily funding holds or from another agreed upon method.
- **Monitoring of your account:** Daily transaction monitoring may occur to check for any unusual activity. Our **e.service® Hawk System** is a comprehensive risk management system, which constantly monitors system irregularities for the detection and prevention of fraud.

In addition, Vanco periodically conducts a credit review of your Merchant account. When this occurs, we may contact you for updated financial information.

The risk components discussed above are subject to change.

8. Reports

Once generated, Vanco's operational reports may be accessed 24/7 via the Online Service Center. Reports may also be emailed or faxed according to your preference. It is your responsibility, as a client of Vanco, to review all reports for accuracy.

CONFIRMATION REPORT

Description: Details all new Cardholders and transactions as well as any changes and stop payments that have been entered into Vanco's **e.service®** system.

Timing: Generated at 2:40 a.m. Central Time the day after new entries, changes, or stop payments have been entered.

PROCESSING REPORT

Description: Lists all credit card payments to be processed. Transactions listed on this report **cannot** be stopped from being settled.

Timing: Generated at 6:00 p.m. Central Time.

DEPOSIT REPORT

Description: Shows the net dollar amount (gross dollar amount minus program charges) to be deposited into your bank account. If you prefer, Vanco can add a "transaction detail" section to this report, which details each individual transaction processed (call for details). Transactions listed on this report have already been processed and **cannot** be stopped from being settled.

Timing: Generated at 3:00 p.m. Central Time two business days prior to each settlement date. A "business day" is any calendar day other than a Saturday, Sunday, or Federal holiday.

CREDIT CARD EXPIRATION DATE REPORT

Description: Shows all Cardholders whose cards have an expiration date in the current month, the following month, and those that have already expired.

Timing: Generated on the 1st of each month.